

From Policy to Practice: Governance Reforms and Commercialization in Indian Higher Education

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ABSTRACT

Commercialization has become one of the most influential forces reshaping higher education in India, particularly in the decades following economic liberalization. While global market pressures are often viewed as the central driver, this paper argues that commercialization is largely the outcome of deliberate state action—expressed through legislative reforms, regulatory restructuring, judicial interventions, and shifting public-finance priorities. Drawing on an in-depth analysis of national policies, Five-Year Plans, major committee reports, regulatory statutes, budget documents, and international frameworks, this paper traces the evolution of state-led commercialization from the National Policy on Education (1986) to the National Education Policy (2020). The analysis reveals how the government's changing governance approach transformed higher education from a welfare-oriented public service into a system increasingly shaped by competition, private participation, cost recovery, and performance-based mechanisms. The paper examines the gap between policy objectives and actual practice and highlights the consequences of commercialization for equity, quality, and accountability. It concludes that commercialization is now structurally embedded in Indian higher education, with the State functioning simultaneously as enabler, regulator, and promoter of market-oriented reforms.

KEYWORDS: Commercialization, Higher Education Policy, Privatization, NEP 2020, Academic Capitalism, Governance, Regulation, India

1 INTRODUCTION

India's higher education sector has experienced significant transformation over the past three decades, and one of the most notable changes has been the steady movement toward commercialization. The term "commercialization" refers to the adoption of market-driven principles—such as private investment, fee-based models, competitive behaviour, and consumer-oriented services—within institutions that were historically public and heavily state-funded. Although global economic trends and the rise of knowledge-based industries have contributed to these developments, the Indian experience shows that commercialization has been intentionally advanced through state policies rather than emerging solely from market forces.

For decades, higher education in India was viewed as a public good. Government funding, strong regulatory control, and subsidized access were central to the system. Private institutions existed but played a limited role. The economic reforms of the early 1990s fundamentally altered this structure. Confronted with rising demand for higher education, fiscal constraints, and changing national priorities, the government gradually shifted from direct provider to facilitator—encouraging private sector involvement, promoting self-financed courses, and reshaping governance frameworks.

In light of these shifts, this paper seeks to explore several key questions:

1. In what ways have government policies actively facilitated commercialization?
2. How have legal, regulatory, and financial decisions widened the space for private and profit-oriented institutions?
3. What role have judicial rulings and international influences played in reinforcing commercialization?
4. How do policy goals compare with on-ground implementation and institutional realities?

2 LITERATURE REVIEW

Commercialization has been widely studied across global and Indian academic contexts. The literature may be categorized into three major strands.

2.1 Theoretical Foundations: Neoliberalism and Academic Capitalism

Neoliberal theory reframes education as an economic investment rather than a public entitlement. Under this framework, policies emphasize competition, reduced state intervention, cost recovery, accountability, and institutional flexibility. This shift aligns with the concept of academic capitalism, introduced by Slaughter and Rhoades, which explains how universities engage in entrepreneurial behaviour to secure revenue—through patents, consultancy, international partnerships, and self-financing programs. These theoretical perspectives provide a foundation for understanding the trajectory of Indian reforms.

2.2 Indian Scholarship and Empirical Evidence

Researchers in India have documented several trends signalling commercialization. Tilak (2015), Agarwal (2006), Jayaram (2021), and others highlight the steady decline in public funding, rapid growth of private colleges and universities, and widespread adoption of self-financing programs in professional disciplines. Studies consistently show that more than three-quarters of higher education institutions are privately managed, and many public universities now rely heavily on market-generated income. However, concerns regarding quality, equity, and affordability persist.

2.3 Policy, Regulation, and Governance Studies

Commercialization in Indian higher education has largely emerged through deliberate policy and governance reforms rather than as an unintended outcome. Scholars such as Varghese (2013) and Choudaha (2014) note that reforms promoting autonomy, efficiency, and diversified funding paved the way for market-oriented practices, a trend further reinforced by NEP 2020 through global competition, foreign university entry, and digital expansion. Recent studies, however, point to uneven implementation due to institutional capacity constraints, regulatory complexity, and infrastructural gaps (Kulal, 2024; Granthaalayah & ShodhKosh, 2023–2024). At the same time, digitalization and the growing role of EdTech firms have intensified commercialization by embedding techno-commercial logics into teaching and administration (Hansen, 2023; Villalobos, 2024; Cowan, 2024). Overall, the literature highlights a persistent gap between policy ambitions and institutional realities, underscoring the need to examine governance reforms within broader processes of commercialization.

3 METHODOLOGY

This study adopts a qualitative methodological approach to examine the role of the State in shaping the commercialization of higher education in India. Given the policy-driven and governance-oriented nature of the research problem, a qualitative approach is appropriate for capturing structural changes, regulatory shifts, and evolving policy rationales that cannot be adequately explained through quantitative indicators alone.

3.1 Research Design

The study follows a qualitative, descriptive–analytical research design grounded in document analysis. This design enables a systematic examination of policy documents, regulatory frameworks, judicial rulings, and institutional reports to trace changes in governance, funding mechanisms, and market-oriented reforms in Indian higher education over time.

3.2 Data Sources and Selection Criteria

The study is based entirely on **secondary data** obtained from reliable and publicly available sources. These include national education policy documents (1986, 1992, and 2020), reports of Five-Year Plans and major government committees, legislative and regulatory documents issued by bodies such as the UGC, AICTE, and the Ministry of Education, landmark Supreme Court judgments related to private participation in higher education, and relevant peer-reviewed scholarly literature on higher education reforms, privatization, and commercialization in India. Documents were selected on the basis of their relevance to higher education governance and financing, their credibility as official or peer-reviewed sources, their ability to capture key policy transitions between 1986 and 2020, and their analytical usefulness in explaining state-led processes of commercialization.

3.3 Analytical Framework

The analysis follows a **thematic and chronological approach**. Through careful reading and interpretive analysis, key themes were identified, including state withdrawal and cost-sharing, the expansion of private and self-financing institutions, regulatory restructuring and institutional autonomy, and the adoption of market-oriented reforms such as performance-based funding, competition, and internationalization. Based on these themes, policy developments were grouped into analytical phases, allowing for a systematic examination of both continuity and change in the State's role and helping to trace the gradual institutionalization of commercialization over time.

3.4 Data Analysis Procedure

The selected documents were carefully reviewed and manually coded using thematic categories. Policy goals, regulatory changes, and funding strategies were interpreted in relation to broader socio-economic developments such as liberalization, globalization, and the expansion of higher education. Judicial decisions were examined to understand how legal interpretations either enabled or restricted private participation and commercialization. Overall, the analysis adopts an interpretive policy approach, treating policies not as isolated texts but as expressions of evolving state priorities and governance rationales.

3.5 Validity and Trustworthiness

To ensure the **credibility and reliability** of the analysis, findings were triangulated by cross-checking policy documents, judicial rulings, and scholarly literature. The use of well-established and widely cited sources further strengthens the trustworthiness of the interpretations. Clear documentation of document selection and analytical procedures adds transparency to the research process.

3.6 Scope and Limitations

This study is confined to **policy-level and institutional analysis** and does not incorporate primary data from stakeholders such as students, faculty members, or administrators. While this limits insights into lived experiences, it enables a focused examination of the **structural and systemic drivers** of commercialization in higher education. Relying on qualitative document analysis of policy texts, legislative frameworks, judicial rulings, and institutional reports is appropriate, as commercialization in higher education is largely shaped by governance reforms rather than quantifiable indicators alone. Consequently, the findings are intended to contribute to policy analysis and academic debate rather than to provide micro-level institutional assessments.

4 Government's Role in Shaping Commercialization

Commercialization emerged through a phased policy evolution, guided by government decisions that reshaped funding models, regulatory structures, and institutional autonomy.

4.1 Phase I: Foundational Shifts (1986–1999)

4.1.1 National Policy on Education, 1986

This policy signalled a clear shift in the government's approach to higher education, as it openly acknowledged the mounting financial pressures on the public system and called for alternative strategies to sustain institutional growth. It encouraged a greater role for private actors in expanding educational capacity, emphasized the need for shared financial responsibility between the State and students, and supported the rapid development of technical and vocational programs to meet emerging labour-market demands. At the same time, the policy advocated enhanced institutional autonomy, enabling universities and colleges to exercise greater flexibility in academic, administrative, and financial matters. Together, these measures marked the beginning of a more market-responsive orientation within India's higher education framework. These changes opened early pathways for market-oriented operations.

4.1.2 Programme of Action, 1992

With the introduction of economic reforms in the early 1990s, the Programme of Action (1992) laid a concrete foundation for commercial tendencies within higher education. It authorized universities and colleges to introduce self-financing courses, particularly in high-demand professional fields, thereby reducing reliance on state funding. The policy further encouraged institutions to build partnerships with industry to enhance financial resources, curriculum relevance, and employability outcomes. In addition, POA 1992 endorsed a range of alternative funding mechanisms that shifted the financial burden from the government to institutions and students. Collectively, these measures created the first structured framework through which commercialization began to take shape in Indian higher education.

4.2 Phase II: Liberalization and Expansion of Private Sector (2000–2010)

The approach to higher education during the 10th and 11th Five-Year Plans further accelerated the commercialization process by reshaping the sector's financial and regulatory

landscape. The 10th Plan promoted public–private partnerships, encouraged fee-based institutional models, and supported large-scale expansion to accommodate rising demand. Building on this momentum, the 11th Plan placed stronger emphasis on the growth of private universities, the strengthening of accreditation frameworks, and the improvement of research quality. Together, these two planning periods laid a strategic foundation for a more market-responsive higher education system and reinforced the shift toward privatization and performance-oriented governance.

4.2.1 Judicial Interventions

Several key Supreme Court decisions—particularly the T.M.A. Pai Foundation case, the Islamic Academy ruling, and the P.A. Inamdar judgment—marked a turning point for private institutions in India. Through these rulings, the Court granted private colleges and universities much greater freedom to decide how they set their fees, manage admissions, and run their day-to-day administration. With fewer restrictions from the government, private institutions were able to operate more like independent entities, shaping their policies based on their own priorities. This expanded autonomy created conditions that made commercial practices easier to adopt and, in turn, significantly accelerated the overall trend of commercialization in the higher education sector.

4.2.2 Private and Deemed Universities

During this period, states passed legislation enabling private universities and deemed institutions. Public universities, facing budget constraints, increasingly introduced self-financing programs.

4.3 Phase III: Regulatory Reforms and Global Integration (2010–2020)

Reforms introduced by bodies such as the UGC and AICTE during this period played a major role in shaping the commercial direction of higher education. These changes included the introduction of graded autonomy, which allowed institutions with stronger performance records to make independent decisions about their academic and administrative functions. Accreditation processes were also revised to focus more on measurable outcomes and institutional competitiveness. In addition, funding support increasingly shifted toward loan-based mechanisms through agencies like HEFA, reducing the dependence on traditional government grants. Together, these reforms encouraged universities to think and operate more competitively, pushing many of them toward revenue-generating strategies as a means of sustaining growth and improving their standing.

4.3.1 Foreign Collaboration Policies

During this period, the government also introduced several initiatives aimed at strengthening international engagement within higher education. These measures supported the launch of joint and dual degree programs, allowing Indian institutions to collaborate closely with foreign universities to offer shared academic pathways. Twinning programs were encouraged as well, enabling students to complete part of their studies in India and the remainder abroad. The policy environment further promoted international research collaborations, opening doors for shared projects, faculty exchange, and cross-border knowledge creation. Additionally, the government explored proposals to allow reputed foreign universities to establish a presence in India. Collectively, these steps expanded the scope for global partnerships and created new opportunities for institutions to diversify their academic and financial strategies.

4.3.2 National Rankings and Quality Assurance

NIRF rankings introduced competitive benchmarking, incentivizing institutions to invest in branding, research, and global visibility—core features of commercialization.

4.4 Phase IV: Institutionalized Commercialization under NEP 2020

The National Education Policy (2020) marks one of the most far-reaching shifts toward market-oriented governance in India's higher education system. It opens the door for leading global universities to operate in India, while granting domestic institutions greater academic and administrative autonomy. The policy places strong emphasis on digital and online modes of delivery and introduces funding mechanisms that link financial support to institutional performance. It also calls for restructuring the sector by consolidating institutions into larger multidisciplinary universities. Together, these provisions embed commercialization more firmly into the fabric of higher education, shaping institutions to operate with greater flexibility, competitiveness, and responsiveness to market demands.

5. DISCUSSION

The analysis shows that commercialization in Indian higher education is not an accidental outcome of market forces but a **deliberate result of state-led policy reforms**. Over time, the State has shifted from being a direct provider to acting as a regulator and performance manager, gradually embedding market principles within public governance. This challenges views that see commercialization mainly because of privatization or globalization, instead highlighting the central role of the State.

5.1 State-Led Commercialization as a Governance Strategy

Rather than withdrawing, the State has restructured its role through regulatory reforms, cost-sharing arrangements, and selective institutional autonomy. Policies supporting self-financing programmes, differentiated fee structures, and private institutional growth reflect a strategy of governing "at a distance." While autonomy is presented as an academic value, in practice it has often transferred financial responsibility from the State to institutions and households. Evidence from NEP 2020 implementation suggests that limited funding and uneven institutional capacity have increased market dependence, indicating a shift toward **market-oriented re-regulation** rather than deregulation.

5.2 Equity–Access Paradox

A key tension emerging from the findings is the **equity–access paradox**. Although reforms have expanded enrolment and institutional capacity, they have also intensified social and financial stratification. The growth of private and self-financing institutions has widened access numerically but shifted costs onto students and families, raising concerns about affordability and mobility for marginalized groups. Judicial rulings, while formally restricting profiteering, have legitimized "reasonable surplus," thereby normalizing regulated forms of commercialization.

5.3 Digital Commercialization and Platformization

Commercialization has accelerated through digitalization and the expansion of EdTech platforms. Post-pandemic studies show that digital learning has introduced new forms of commodification, standardization, and data-driven governance, often reinforcing existing inequalities. Digital platforms increasingly operate as commercial intermediaries, shaping teaching practices and institutional priorities. These trends align with NEP 2020's emphasis on digital infrastructure and online education, further embedding market logics through technology.

5.4 Regulation–Deregulation Tension and Performance-Based Funding

The analysis also reveals a continuing **tension between autonomy and control**. While policies promote flexibility, they simultaneously intensify oversight through accreditation, rankings, and performance-based funding. Such mechanisms increasingly link funding to measurable outputs and competition. International evidence suggests that these models often encourage strategic compliance rather than genuine quality improvement, particularly disadvantaging institutions serving vulnerable populations.

5.5 NEP 2020 as Policy Consolidation

NEP 2020 is best understood as a **policy consolidation rather than a rupture**. Its focus on multidisciplinary education, internationalization, digital expansion, and alternative funding extends earlier commercialization trends within a unified framework. Despite its reform-oriented language, the policy further institutionalizes market-oriented governance norms consistent with global neoliberal trends.

5.6 Policy Implications

The findings highlight the need for stronger policy reflection. Without renewed public investment and effective redistributive measures, commercialization risks deepening inequality and institutional stratification. Addressing this requires not only regulatory oversight but also a clear commitment to higher education as a public good, supported by sustained state financing and inclusive governance.

6. CONCLUSION

Commercialization in Indian higher education has been a **deliberate, state-led process** rather than an unintended shift. Since the mid-1980s, policy reforms have gradually moved the system toward market-oriented governance, expanding institutional capacity and access while also generating concerns about rising costs, inequality, and uneven academic quality. Addressing these challenges requires a balanced approach that strengthens public investment, ensures effective regulation, and maintains consistent quality standards across institutions. As higher education becomes more globalized and digitally driven, policies must prioritize inclusion to prevent the deepening of regional and socio-economic disparities. A model that balances institutional autonomy with equity, quality, and public accountability is essential for ensuring that commercialization contributes positively to national development.

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