

**GOVERNMENT OF INDIA  
HUMAN RESOURCE DEVELOPMENT  
LOK SABHA**

UNSTARRED QUESTION NO:1706  
ANSWERED ON:10.08.2011  
COMMERCIALIZATION OF EDUCATION  
Jaiswal Shri Gorakh Prasad ;Rama Devi Smt.

**Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:**

- (a) whether education is increasingly becoming commercialized in the country;
- (b) if so, the reaction of the Government thereto;
- (c) whether Judiciary and other several organizations have also expressed its serious concern over commercialization of certain sectors of education;
- (d) if so, the details thereof; and
- (e) the corrective measures taken or proposed to be taken by the Government in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF HUMAN RESOURCE DEVELOPMENT (DR. D. PURANDESWARI)

(a) to (e): It has been stressed in National Policy on Education as well as in several judicial pronouncements that education is a not-for-profit activity and commercialisation of education is to be avoided. Further, as per the UGC Act, 1956, the Commission has been empowered to take steps to ensure that no candidate secures admission to any course of studies by reason of economic power and thereby prevents a more meritorious candidate from securing admission to such course of study. The UGC Act provides that no college shall accept, whether directly or indirectly, any payment otherwise than by way of fees; or any donation of gift (whether in cash or kind), from, or in relation to, any student in connection with his admission to, and prosecution of, any course of study.

In its judgement dated 31st October, 2002 in the matter of T.M.A. Pai Foundation & Ors. Versus State of Karnataka, the Supreme Court of India had held that in setting up reasonable fee structure by private un-aided non-minority education institutions, the element of profiteering is not as yet accepted in Indian conditions. The fee structure must take into consideration the need to generate funds to be utilized for the betterment and growth of the educational institutions, the betterment of education in that institution and to provide facilities necessary for the benefit of students. The fixing of a rigid fee structure would be unacceptable condition.

In the matter of Islamic Academy & Ors. Versus the State of Karnataka & Ors., the Supreme Court had directed that in order to give effect to the judgement in TMA Pai's case, '...the respective State Governments/concerned authority shall set up, in each State, a Committee headed by a retired High Court Judge who shall be nominated by the Chief Justice of that State.....The Committee will be at liberty to approve the free structure or to propose some other fee which can be charged by the institute....'

In the matter of P.A. Inamdar & Ors. Versus State of Maharashtra & Ors., the Supreme Court of India had held that capitation fee cannot be permitted to be charged and no seat can be permitted to be appropriated by payment of capitation fee.

The Government has taken several initiatives to curb commercialization of education. Section 13 of the Right of Children to Free and Compulsory Education (RTE) Act, 2009 clearly prohibits collection of any capitation fee. As regards higher educational institutions, a legislative proposal namely "The Prohibition of Unfair Practices in Technical Educational Institutions, Medical Educational Institutions and Universities Bill, 2010" has already been introduced in the Parliament.