



THE POLITICAL ECONOMY OF PRIVATE SCHOOLING: ASSESSING FINANCIAL STRUCTURES AND MARKET CHALLENGES IN JEETPURSIMARA'S EDUCATIONAL SECTOR

Mr. Netra Bahadur Shrestha¹, Dr. Bhrigumani Sarma², Prof. (Dr.) Sagar O. Manjare³

¹Research Scholar, Mahatma Gandhi University Meghalaya,

E-mail id: netra.shrestha@fiannepal.org

²Research Supervisor, Mahatma Gandhi University Meghalaya,

E-mail id: bhrigu777@gmail.com

³Dean, Mahatma Gandhi University Meghalaya,

E-mail id: sagar.manjare@gmail.com

ABSTRACT :

This study examines the financial architecture and market dynamics of private schooling in Jeetpursimara, Nepal, through a political economy lens. Data collected from 47 private schools, 312 household surveys, and 28 semi-structured interviews reveal systematic contradictions between profit-seeking behavior and educational access. Fee structures range from NPR 18,000 to NPR 156,000 annually, creating stratified market segments that reproduce class hierarchies. Regulatory frameworks remain ambiguous, enabling informal pricing practices while households allocate 23-41% of annual income toward schooling. Findings indicate that market saturation has intensified competition without improving affordability or quality. Teacher wages remain compressed despite rising fee revenues, pointing to accumulation patterns that prioritize expansion over pedagogical investment. This research contributes empirical evidence on how marketization operates in Nepal's semi-urban contexts, where state capacity remains limited and household vulnerability persists. The study proposes a tiered regulatory framework combining fee ceilings, transparency mandates, and community oversight mechanisms.

Keywords: Private schooling, political economy, fee structures, Nepal, educational marketization, regulatory frameworks

I. Introduction:

Private schools in Nepal expanded rapidly after the 1990 constitutional shift toward multi-party democracy and market liberalization. By 2022, private institutions enrolled approximately 34% of school-age children nationally, with concentrations highest in urban and semi-urban areas (Ministry of Education, Science and Technology, 2022). Jeetpursimara, a municipality in



Bara District, represents a critical case: neither fully rural nor metropolitan, it contains 73 registered private schools serving a population of roughly 87,000. This density translates to one private school per 1,192 residents a ratio that suggests market saturation rather than unmet demand.

The growth of private schooling across South Asia has been framed alternately as parental choice expansion, state failure mitigation, or neoliberal infiltration of public goods (Srivastava, 2016; Härmä, 2011). What remains under-examined is how financial structures and market competition interact with weak regulatory capacity in specific localities. In Jeetpursimara, private schools operate within a legal gray zone: registration requirements exist, but fee regulation remains inconsistent. Schools set prices based on perceived market positioning rather than cost recovery alone. Parents, facing low-quality government schools, bear escalating costs despite uncertain returns.

This study asks: How do financial structures and market forces shape private schooling's accessibility and sustainability in Jeetpursimara? What contradictions emerge between profit logic and educational equity? How do regulatory gaps enable or constrain market behavior? These questions call for a political economy approach one that situates schooling within broader structures of capital accumulation, household economic stress, and state-market relations.

The purpose of this research is to document the financial realities of private schooling from multiple vantage points: school owners managing thin margins, parents stretching budgets, teachers receiving stagnant wages, and policymakers navigating political pressures. Understanding these tensions matters for three reasons. First, households in Jeetpursimara spend substantial portions of income on education, often incurring debt or reducing other expenditures. Second, the proliferation of schools has not led to quality improvements, suggesting market failure. Third, regulatory ambiguity creates conditions for informal practices that disadvantage both families and educators.

Research on private schooling in developing contexts has grown considerably since the early 2000s. Tooley and Dixon (2006) argued that low-fee private schools serve poor communities more effectively than dysfunctional public systems. Their work, conducted in



India, Ghana, and Kenya, suggested that market competition drives quality improvements. Yet critics have challenged this optimism. Srivastava (2016) demonstrated that marketization reproduces inequality by creating hierarchical school segments accessible only to those with resources. Härmä (2013) found that even low-fee private schools remain unaffordable for the poorest households in rural Uttar Pradesh.

Studies specific to Nepal have highlighted similar dynamics. Pherali (2011) examined how privatization deepened educational stratification during the post-conflict period. Caddell (2007) noted that private schools in Kathmandu Valley appeal to middle-class aspirations but offer uneven quality. More recent work by Bhatta (2020) analyzed regulatory challenges, showing that enforcement mechanisms remain weak even when policies exist on paper. What the literature lacks is detailed financial analysis of how schools operate economically at the municipal level, particularly in semi-urban areas where competition is intense but resources are limited.

The political economy framework applied here draws from Marginson (2013), who theorized education as both a public and private good caught within contradictory logics. Private schooling becomes a site where household investment strategies, entrepreneurial profit motives, and state regulatory efforts collide. Understanding this requires examining not just outcomes but the economic structures that produce them. In Nepal's case, the 2015 constitution granted local governments greater authority over education, yet municipalities like Jeetpursimara lack technical capacity and political will to regulate effectively (Khanal, 2021).

At this point, one might ask: If regulations exist but go unenforced, what explains this gap? Political economy perspectives suggest that school owners, often local elites, wield influence that constrains regulatory action. Parents, though burdened, rarely organize collectively because schooling is framed as individual family responsibility. Teachers, meanwhile, remain atomized and vulnerable to arbitrary dismissal. These power asymmetries shape market outcomes in ways that purely economic analyses miss.

Jeetpursimara's private school sector operates within a fundamental contradiction. On one hand, schools position themselves as businesses seeking financial sustainability and profit. On



the other, they provide a service—education—widely understood as essential for social mobility and equity. This tension produces several observable problems.

First, fee structures lack transparency and regulatory oversight. Schools set prices based on market positioning rather than cost calculations. Parents receive minimal information about how fees are allocated. Registration with municipal authorities does not include fee disclosure requirements. Second, market saturation has not improved quality or affordability. Instead, competition has led to defensive strategies: schools copy competitor fee levels, invest in superficial branding (new buildings, uniforms), and minimize labor costs. Third, teachers experience wage stagnation despite rising school revenues. Monthly salaries for primary teachers range from NPR 8,000 to NPR 18,000, often without contracts or social security benefits.

These problems intersect with broader household economic stress. Fieldwork conducted between January and August 2022 revealed that families earning NPR 300,000 annually often spend NPR 90,000-120,000 on schooling for two children. This allocation crowds out health expenditures, savings, and nutritional adequacy. Parents articulated feelings of being trapped: government schools are perceived as failing, but private fees escalate annually. One parent in Pipara Simara stated, “We cut meals, not school fees. What choice do we have?”

The regulatory gap enables these conditions. Municipal education offices have staff of two to three individuals responsible for overseeing 73 schools. Inspection visits occur irregularly, if at all. Fee complaints from parents receive no formal adjudication mechanism. School owners describe regulations as “suggestions” rather than enforceable rules. This regulatory vacuum allows economic logic to dominate without countervailing public interest protections.

II.Objectives : The research pursues three primary objectives:

1. To document and analyze the fee structures, revenue models, and expenditure patterns of private schools in Jeetpursimara, identifying how financial decisions reflect market competition and profit orientation.
2. To assess household education expenditures as a proportion of income across different economic strata, examining the relationship between affordability, access, and quality perceptions.



3. To evaluate existing regulatory frameworks and enforcement mechanisms, identifying gaps that enable financial practices contradicting educational equity principles.

Each objective connects directly to the research questions and provides evidence for policy recommendations.

III. Methodology:

This study employs a mixed-method approach combining quantitative financial data with qualitative stakeholder interviews. The design is explanatory sequential: quantitative findings on fee structures and household expenditures are explored and interpreted through qualitative insights from school owners, parents, and teachers.

Jeetpursimara, located in Bara District, Madhesh Province, covers 77.51 square kilometers with a population of approximately 87,000. The municipality contains both urban cores and surrounding settlements. Economic activities include small-scale trade, agriculture, and remittance-dependent households. The area has experienced rapid educational expansion over the past 15 years, with 73 registered private schools alongside 22 government schools.

Quantitative Sample: 47 private schools selected through stratified random sampling based on fee levels (low, medium, high) identified in preliminary mapping. School financial data were collected through document review and administrator questionnaires. Household surveys reached 312 families with children enrolled in these schools, selected through systematic random sampling from school rosters.

Qualitative Sample: 28 semi-structured interviews conducted with school owners/principals (12), parents (10), teachers (4), and municipal education officials (2). Participants were selected purposively to capture diverse perspectives across market segments.

Data collection occurred between January and August 2021. School financial data included fee schedules, enrollment figures, expenditure breakdowns, and salary structures. Household surveys captured income levels, education expenditures, financing methods (savings, loans, remittances), and satisfaction assessments. Interviews explored decision-making processes,



regulatory experiences, and perceived challenges. Municipal documents on registration and oversight were reviewed.

The study applies political economy of education frameworks (Marginson, 2013; Robertson & Dale, 2015) that analyze schooling as embedded within capitalist market relations and state governance structures. Marketization is understood not as neutral choice expansion but as processes that redistribute resources, create hierarchies, and shift risks onto households. This lens directs attention to power relations, profit motives, and regulatory capacity.

Quantitative data were analyzed using descriptive statistics and correlation analysis in SPSS. Fee structures were mapped across school segments. Household expenditure-to-income ratios were calculated across income quartiles. Hypothesis testing used regression analysis controlling for household size and location.

Qualitative data were coded thematically using NVivo software. Codes included “fee-setting rationale,” “competitive pressures,” “household coping strategies,” and “regulatory experiences.” Themes were developed inductively and deductively, grounded in transcripts but informed by the theoretical framework.

Research approval was obtained from the university ethics committee. Informed consent was secured from all participants. Anonymity was maintained for parents and teachers; school identities were coded. No data were collected from minors directly.

The study could not access complete financial records for all schools, as some owners declined to share detailed accounting. Household income data rely on self-reporting, which may contain inaccuracies. The research captures dynamics at one point; longitudinal analysis would strengthen causal claims.

IV.Result and Discussion:

A.Result:

4.1 Fee Structures and Market Segmentation



Analysis of 47 schools revealed three distinct market tiers. Low-fee schools (n=18) charged NPR 18,000-36,000 annually, serving primarily lower-middle-class families. Medium-fee schools (n=22) charged NPR 42,000-84,000, targeting aspirational middle-class households. High-fee schools (n=7) charged NPR 96,000-156,000, marketing themselves as “English medium” with superior facilities.

Fee composition varied minimally across tiers. Tuition accounted for 60-65% of total fees, with the remainder divided among admission fees, exam fees, activity charges, and miscellaneous costs. Hidden fees—charges for events, materials, or “infrastructure development”—added 12-18% to advertised rates. Parents reported surprise at these additional costs, which schools introduced mid-year without prior notification.

Fee increases averaged 8-12% annually across all tiers, substantially exceeding Nepal’s inflation rate of 4-6% during the study period. School administrators justified increases by citing rising operational costs, but detailed expenditure data did not support proportional cost inflation. Instead, increases appeared driven by competitive positioning: schools matched or slightly exceeded competitor fees to signal quality parity.

4.2 School Revenue and Expenditure Patterns

Schools in the medium-fee tier, which enrolled the largest student numbers (average 347 students), generated revenues of NPR 14-29 million annually. Expenditure breakdowns showed that salaries consumed 38-46% of revenue, infrastructure and maintenance 18-24%, administrative costs 12-15%, and the remainder allocated to marketing, events, and profit retention.

Teacher salaries formed the largest expenditure category but remained low in absolute terms. Primary teachers earned NPR 8,000-15,000 monthly; secondary teachers NPR 14,000-22,000. These figures fall below Nepal’s legal minimum wage of NPR 17,300 for formal sector workers. Schools classified teachers as contractual rather than permanent, avoiding social security contributions and severance obligations. Teacher-to-student ratios ranged from 1:28 to 1:42, suggesting understaffing as a cost-control strategy.



Investment in pedagogical quality—defined as teacher training, library resources, and learning materials—constituted only 4-7% of expenditures. In contrast, visible infrastructure (new buildings, computer labs, playgrounds) received 18-24%. This pattern supports Hypothesis 1: schools prioritize superficial branding over quality inputs.

4.3 Household Education Expenditures

Household surveys (n=312) revealed that education spending consumed 23-41% of annual household income, with proportions inversely related to income levels. Households in the lowest income quartile (earning below NPR 250,000 annually) spent an average of 38% of income on schooling. Those in the highest quartile (above NPR 600,000) spent 24%. This confirms Hypothesis 2: lower-income households bear disproportionate burdens.

Financing mechanisms varied by income. Wealthier households paid fees from savings or regular income. Middle and lower-income families relied on combinations of strategies: 43% borrowed from informal lenders or relatives, 28% depended on remittance income, 18% reduced other consumption (food, healthcare), and 11% generated income through additional labor. Debt-financed education was common, with annual interest rates on informal loans ranging from 18-36%.

Parents across income levels expressed dissatisfaction with quality relative to cost. Survey results showed that 67% rated their child's school as "adequate" or "below expectations" despite paying substantial fees. Quality perceptions centered on teacher consistency, class sizes, and learning outcomes rather than infrastructure. Yet parents felt locked into private schooling by perceptions of government school inadequacy—a perception reinforced by media narratives and peer influence.

4.4 Teacher Wages and Labor Conditions

Interviews with teachers (n=4) and salary data from schools (n=47) painted a picture of labor precarity. Teachers typically worked on annual contracts renewable at the school's discretion. Contracts specified working hours (8:00 AM to 4:00 PM) but teachers often arrived earlier and stayed later for exam preparation and parent meetings—uncompensated labor.



Salary levels remained flat over time despite inflation and rising school revenues. One teacher with eight years of experience at a medium-fee school reported earning NPR 16,000 monthly in 2016 and NPR 18,000 in 2022—a nominal increase of 12.5% over eight years, representing real wage decline. Schools justified stagnant wages by citing market competition and claims of thin profit margins. Yet financial data showed per-student expenditure on teacher salaries declining from NPR 2,340 in 2019 to NPR 2,180 in 2022 in constant terms, even as total per-student revenue increased. This supports Hypothesis 3.

Teachers described feeling expendable. “If we ask for salary increases, they say ten others are waiting for our job,” one primary teacher explained. Unionization efforts were absent, partly because teachers feared retaliation and partly because the private sector lacks strong labor organizing traditions in Nepal.

4.5 Regulatory Framework and Enforcement Gaps

Nepal’s Education Act (2028 BS, amended 2063 BS) grants local governments authority to register and oversee private schools. Jeetpursimara’s municipal education office maintains a registry but conducts minimal oversight. Of 73 registered schools, only 22 had been inspected in the past three years. Inspection reports focused on physical infrastructure and teacher credentials, not financial practices or fee structures.

Fee regulation exists in principle: schools should charge “reasonable” fees based on “actual costs.” Yet no mechanism exists for reviewing cost structures or adjudicating fee disputes. Parents can file complaints with the municipal office, but only three complaints were lodged in 2022—a number administrators acknowledged likely reflects fear of school retaliation rather than satisfaction.

Municipal officials (n=2 interviewed) acknowledged capacity constraints. “We have two staff for 73 schools. We barely manage registrations. Fee monitoring requires accounting expertise we don’t have,” one official stated. Political pressures also constrain enforcement. School owners often have local political connections, making aggressive regulation politically costly for municipal leadership.



This regulatory vacuum enables the financial practices documented above: opaque fee-setting, hidden charges, wage suppression, and profit retention without quality accountability. The absence of enforcement does not reflect policy absence but state capacity limits and political economic constraints on regulation.

B. Discussion

The findings reveal that private schooling in Jeetpursimara operates according to logics that prioritize capital accumulation over educational access or quality. Market saturation has intensified competition, but competition has not produced the efficiency gains or quality improvements that market advocates predict. Instead, schools compete through superficial differentiation while systematically compressing labor costs and extracting maximum fees from households already under economic stress.

Three patterns deserve particular attention. First, the regressive distribution of education costs contradicts principles of equitable access. Lower-income households spend nearly 40% of income on schooling, creating severe opportunity costs. Families reduce food expenditures, delay healthcare, and incur debt strategies that jeopardize long-term wellbeing. This burden exists because government schools are perceived as non-functional, leaving families no viable alternative. The “choice” to attend private school is constrained choice, shaped by public sector failure.

Second, the compression of teacher wages despite rising school revenues points to accumulation strategies that treat education as a profit site rather than a public service. Schools minimize labor costs not because they face genuine financial stress but because labor markets allow it. Teachers’ precarity short contracts, arbitrary dismissals, no benefits reflects broader trends in Nepal’s informal economy, where workers lack protections and bargaining power.

Third, the regulatory gap between formal authority and actual enforcement enables these dynamics to persist unchecked. Municipal governments possess legal authority but lack capacity and political will to exercise it. This gap is not incidental but reflects how power operates in Nepal’s local governance: school owners, as local elites, shape regulatory environments to their



advantage. Parents and teachers, lacking collective organization, cannot counterbalance this power.

These findings complicate simplistic narratives about private schooling as either panacea or catastrophe. Private schools in Jeetpursimara are neither uniformly beneficial nor uniformly harmful. They provide educational access where public options are inadequate, yet they do so through mechanisms that reproduce inequality and extract value from vulnerable households. Understanding this requires political economy analysis that situates schooling within broader structures of class, power, and state capacity.

Comparing these findings with existing literature, the results align with Srivastava's (2016) emphasis on hierarchical segmentation but extend it by documenting financial mechanisms in detail. They diverge from Tooley and Dixon's (2006) optimism about market competition, showing instead that competition can coexist with market failure. The findings resonate with Härmä's (2013) work on affordability but add evidence on how costs are financed through debt and consumption reduction.

Put simply, Jeetpursimara's private school market demonstrates how marketization operates when regulatory capacity is weak and household alternatives are limited. Schools act rationally within market logics, but those logics produce outcomes inconsistent with educational equity or quality.

C.SOLUTIONS AND POLICY RECOMMENDATIONS

Addressing the contradictions documented requires interventions at multiple levels: regulatory reform, transparency mechanisms, and collective accountability structures.

Tiered Fee Regulation: Municipalities should establish fee categories based on school infrastructure, teacher qualifications, and enrollment size. Schools within each tier would face fee ceilings calculated from standardized cost inputs: teacher salaries at living wage levels, operational costs, and reasonable profit margins (e.g., 10-15%). Schools could charge below ceilings but not exceed them without demonstrating cost justifications. This approach balances market variation with affordability protections.



Mandatory Fee Transparency: Schools should publicly display fee breakdowns showing allocation percentages: salaries, infrastructure, administration, profit. Parents would receive annual financial reports in accessible formats. This requirement reduces information asymmetries and enables informed decision-making. Transparency alone will not solve affordability problems, but it creates accountability pressure.

Teacher Wage Floors: Regulations should set minimum wages for private school teachers at levels comparable to government school salaries (approximately NPR 25,000-30,000 monthly for primary teachers). Enforcement mechanisms could include salary audits and penalties for non-compliance. This addresses labor precarity while improving quality through better teacher retention and motivation.

Community Oversight Committees: Each school should establish committees including parent representatives, teacher representatives, and municipal nominees. Committees would review annual budgets, approve fee increases, and adjudicate complaints. This institutional mechanism empowers stakeholders otherwise excluded from governance.

Municipal Capacity Building: Provincial and federal governments should support municipalities with training, technical assistance, and funding for education oversight. This includes hiring additional staff with accounting and legal expertise, developing standardized inspection protocols, and creating inter-municipal networks for sharing regulatory practices.

Government School Revitalization: Long-term solutions require strengthening public education to provide genuine alternatives. This involves adequate funding, teacher training, infrastructure upgrades, and accountability systems. Without functional government schools, private sector dominance and its accompanying inequities will persist regardless of regulation.

Research and Monitoring Systems: Municipalities should establish data collection systems tracking school finances, household expenditures, and quality indicators. Regular research reports would inform policy adjustments. Civil society organizations and universities could partner in monitoring efforts, building local capacity while generating evidence.



These solutions are realistic and implementable within Nepal's current governance structures. They do not require massive resource infusions but rather strategic reorientation of existing authority toward public interest priorities. Political will remains the central challenge: implementing these reforms requires confronting local elite interests that benefit from the current regulatory vacuum.

V.Conclusion:

This research has examined private schooling in Jeetpursimara through a political economy lens, documenting how financial structures, market dynamics, and regulatory gaps interact to produce outcomes contradictory to educational equity. Private schools charge fees that burden households, particularly those with lower incomes, while compressing teacher wages and prioritizing superficial branding over quality investments. Market saturation has intensified competition without improving affordability or pedagogy. Regulatory frameworks exist but remain unenforced due to capacity constraints and political economic pressures.

The study contributes empirical evidence on how marketization operates in semi-urban Nepal, where dynamics differ from both rural areas and metropolitan centers. Findings challenge optimistic assumptions about market competition while avoiding blanket condemnations of private provision. The issue is not private schooling per se but the conditions under which it operates: absent regulation, market logics prioritize profit over access and labor exploitation over quality.

Policy interventions must address multiple levels: fee regulation, transparency requirements, labor protections, and community governance. These solutions are feasible within existing governance structures but require political commitment to prioritize public interest over elite advantage. Long-term equity demands revitalizing government schools to provide genuine alternatives, reducing household dependence on private markets.

This research opens directions for future inquiry. Longitudinal studies tracking how households and schools respond to regulatory changes would strengthen causal analysis. Comparative research across municipalities with varying regulatory environments would



identify effective enforcement mechanisms. Studies examining teacher organizing potential could illuminate pathways toward labor protections.

Education in Nepal stands at a crossroads. Marketization has expanded access but created new inequities and vulnerabilities. The path forward requires neither abandoning private provision nor accepting it uncritically. Instead, it demands governance frameworks that align market activity with public interest goals a challenge requiring sustained political will, technical capacity, and collective action. Jeetpursimara's experience offers lessons for other municipalities navigating similar contradictions, showing both the challenges of regulating education markets and the necessity of doing so.

References:

- 1] Bhatta, P. (2020). *Education in Nepal: Policies, reforms, and challenges*. Kathmandu: Martin Chautari.
- 2] Caddell, M. (2007). Private schools as battlefields: Contested visions of learning and livelihood in Nepal. *Compare: A Journal of Comparative and International Education*, 37(4), 463-479.
- 3] Härmä, J. (2011). Low cost private schooling in India: Is it pro poor and equitable? *International Journal of Educational Development*, 31(4), 350-356.
- 4] Härmä, J. (2013). Access or quality? Why do families living in slums choose low-cost private schools in Lagos, Nigeria? *Oxford Review of Education*, 39(4), 548-566.
- 5] Khanal, P. (2021). Fiscal federalism and local governance in Nepal: Opportunities and challenges in education sector. *Journal of Education and Research*, 11(1), 1-18.
- 6] Marginson, S. (2013). The impossibility of capitalist markets in higher education. *Journal of Education Policy*, 28(3), 353-370.
- 7] Ministry of Education, Science and Technology. (2021). *Nepal education in figures 2021*. Kathmandu: Government of Nepal.
- 8] Pherali, T. J. (2011). Education and conflict in Nepal: Possibilities for reconstruction. *Globalisation, Societies and Education*, 9(1), 135-154.
- 9] Robertson, S. L., & Dale, R. (2015). Towards a 'critical cultural political economy' account of the globalising of education. *Globalisation, Societies and Education*, 13(1), 149-170.



- 10] Srivastava, P. (2016). Questioning the global scaling up of low-fee private schooling: The nexus between business, philanthropy, and PPPs. In A. Verger, C. Lubienski, & G. Steiner-Khamsi (Eds.), *World yearbook of education 2016: The global education industry* (pp. 248-263). London: Routledge.
- 11] Tooley, J., & Dixon, P. (2006). 'De facto' privatisation of education and the poor: Implications of a study from sub-Saharan Africa and India. *Compare: A Journal of Comparative and International Education*, 36(4), 443-462.

www.ijirssc.in