



## ROLE OF CORPORATE SECTOR IN SUPPORTING EDUCATIONAL INSTITUTES IN INDIA

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### ABSTRACT

*India holds an important place in the global education industry. The country has more than 1.4 million schools with over 227 million students enrolled and more than 36,000 higher education institutes. India has one of the largest higher education systems in the world. However, there is still a lot of potential for further development in the education system.*

### INTRODUCTION

Since the time of independence the Indian higher education sector has come a very long way from 20 universities and 500 colleges to over 650 universities and more than 33,000 colleges in 2011-12 to become the one of the largest in the world. India now ranks second after China in terms of enrolment of students. The government has set a target to achieve a Gross Enrolment Ratio (GER) of 30% by 2020. This sharp increase will be made possible in part due to the large number of private institutions of higher education set up by the private sector and the support of corporate sector. Currently more than 60% of higher education institutions are private institutes<sup>1</sup>. During last decade several other private universities have been established with the support of the different corporate sectors in India.

India has become the second largest market for e-learning after the US. The sector is currently pegged at US\$ 2-3 billion, and is expected to touch US\$ 40 billion by 2017. The distance education market in India is expected to grow at a Compound Annual Growth Rate (CAGR) of around 34 per cent<sup>5</sup> during 2013-14 to 2017-18. Moreover, the aim of the government to raise its current gross enrolment ratio to 30 per cent by 2020 will also boost the growth of the distance education in India.

### Market Size

The education sector in India is poised to witness major growth in the years to come as India will have world's largest tertiary-age population and second largest graduate talent pipeline

globally by the end of 2020. In FY 2015-16, the education market was worth about US\$ 100 billion and is expected to reach US\$ 116.4 billion in FY 2016-17. Currently, higher education contributes 59.7 per cent of the market size, school education 38.1 per cent, pre-school segment 1.6 per cent, and technology and multi-media the remaining 0.6 per cent.

## Investment

The support of big corporate sector goes back a long time, like support of Tata and Birla to start colleges for higher education and research. Likewise JK Organization, one of the leading Indian corporate of the country with a rich heritage of more than 100 years, is strongly committed to support the Education and Healthcare. It started JK institute of Applied physics and Technology, Allahabad (1949), JK cancer institute and hospital in Kanpur. To ensure a good quality education JK Organization established a multidisciplinary university JK Lakshmipat University (JKLU) at Jaipur in Rajasthan in 2011 focusing on Engineering and Management. The responsibility of these top universities of India such as JKLU is to transform the students into a learned and skilled professional so that he can work well for the socio economic growth of India.

The total amount of Foreign Direct Investments (FDI) inflow into the education sector in India stood at US\$ 1,256 million from April 2000 to March 2016, according to data released by Department of Industrial Policy and Promotion (DIPP).

The education and training sector in India has witnessed some major investments and developments in the recent past. Some of them are:

- The Government of India aims to increase digital literacy to at least 50 per cent of Indians from currently 15 per cent over a period of next three years.
- Training and skills development firm NIIT has partnered with US-based edX to offer online courses from leading international universities including MIT and Berkeley to about 5 lakh people over the next three years.
- Byju's, an education technology start-up, has raised US\$ 100 million from the Chan Zuckerberg Initiative, founded by Facebook founder Mark Zuckerberg, and existing investors Sequoia Capital, Sofina SA, Lightspeed Venture Partners and Times Internet Ltd.
- India and Germany have signed an agreement on vocational education and skill development with a budget of US\$ 3.37 million, which will help create and improve cooperative workplace-based vocational training in India's industrial clusters.

- Cisco Systems plans to invest US\$ 100 million in India over the next 2 years, will be used to fund early-stage and growth-stage companies in the country, open six new innovation labs, three centres of expertise and train around 250,000 students by 2020.
- Neev Knowledge Management Pvt. Ltd, which offers online and classroom-based certification courses under the brand name EduPristine, has raised US\$ 10 million from Kaizen Management Advisors and DeVry Inc., which will be used to increase its course offerings, and increase its presence to 15 cities across the country.
- BRS Ventures & Holdings Ltd, owned by Abu Dhabi-based billionaire Mr B R Shetty, plans to invest US\$ 1.8 billion in Amaravati in the state of Andhra Pradesh across projects in healthcare, tourism, hospitality, infrastructure, and education sector.
- US based multinational technology major Intel Corporation, has partnered with Extramarks Education, a digital learning solutions provider, to tap the US\$ 40 billion private school sector in India and thereby provide optimised learning solutions and extend computing technologies to students and schools in the country.

Corporations can collaborate with the academia in several ways, with varying funding commitment:

- **Direct Ownership And Management Of Institutions**
- **Collaborating with The Higher Education Institutions in Research, Faculty Development, Infrastructure Creation, Student Scholarships, And Governance.**

It is in this context that the Planning Commission constituted this Committee on Corporate Sector Participation in Higher Education.

The Committee's mandate was to examine and provide recommendations on the potential and modalities for corporate sector participation in higher education in

- Support of Development of National Education and Innovation hubs and the Institutions of National Importance (INIs) / centers of excellence, and models for industry-institution interaction to
- Act as Catalysts of Innovation and sustainable and inclusive economic and regional development.

The key challenge facing the government and policy makers is how to maintain quality while increasing the reach of the current system without exerting more pressure on public finances and how to create world-class universities in India to bring in competitiveness and enhance innovation.

In the last decade, though the government has been focused on expansion, equity through inclusion, and excellence in higher education. Despite the efforts taken, there are serious challenges.

- **Quality deficiency:**
  - **Faculty shortage**
  - **Deficient physical infrastructure**
  - **Poor academic standards**
  - **Unaccredited institutions**
  - **Employability**
  
- **Quantity mismatch, and Funding gaps**

### **Corporate participation**

To adequately leverage the corporate sector, it is important to look at the entire set of engagement models to ensure significant participation as well as diversity. The recommendations and ways to execute them effectively are suggested.

### **Recommendations**

Corporate participation in the higher education sector is vital however, to encourage this participation, it is important to create an enabling environment in the existing higher education system that allows existing institutions to become world-class, as well as facilitate the establishment of new world class institutions.

#### **A. Towards creating enabling conditions to make the higher education system robust and useful to attract investments.**

1. **Autonomy**– in financial, regulatory, academic and administrative aspects
  - a. Accountability
  - b. Governance
  
2. **Resources** – ensuring availability of land, infrastructure and connectivity

3. **Fiscal Incentives** – to encourage investments and attract funding
4. **Enabling Environment** – (such as visas) for free movement of faculty and students to promote collaboration with world-class institutions abroad
5. **Accreditation** - Freedom to accredit with global accreditation agencies to put Indian institutions on par with the best
6. **Access To Funding For Students** – through scholarships to enable students to pursue their chosen fields of study

### **B. Towards corporate participation in improving quality by enhancing research focus and faculty development.**

7. **Enhancing Research Focus** – through dedicated funding for research, sponsored doctoral programs, and part-time Masters and PhD programs
8. **Faculty Development** – by increasing the talent pool of faculty from corporates (working and retired), faculty development programs, and sponsorships of visits by expert faculty

### **C. Towards creation of new infrastructure through corporate investments in higher education.**

9. Setting up of new facilities by the corporate sector in existing universities and higher education institutions either as Centers of Excellence (CoEs) or in the form of technology parks.
10. Creating new universities and higher education institutions. (through Public, Private & PPP)
11. Developing new knowledge clusters / hubs

### **Road Ahead**

Various government initiatives are being adopted to boost the growth of distance education market, besides focusing on new education techniques, such as E-learning and M-learning. Moreover, availability of English speaking tech-educated talent, democratic governance and a strong legal and intellectual property protection framework are enablers for world class product development, as per Mr. Amit Phadnis, President-Engineering and Site Leader for Cisco (India).



Rakesh Bharti Mittal, Vice Chairman of Bharti Enterprises, talks about the role corporate sector can play in boosting India's education system. "The private sector can fill in wherever the government falls short. But the management needs to take charge of maintenance," he says.

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