



Confederation of Indian Industry  
Northern Region



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# TAKING HIGHER EDUCATION TO THE NEXT ORBIT

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AGENDA FOR REFORMS IN THE NORTH

13 October 2012 : Chandigarh

Knowledge Partner

**wazir**  
Management Consultants

# Foreword



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The Education sector is a big contributor to any economy. The sector is solely responsible for laying the foundation for propelling the country towards becoming a global superpower by preparing scores of students every year in terms of skill and knowledge. This sector, especially the higher education segment thus needs special attention and in-depth analysis to identify the current gaps, estimate the additional infrastructure requirements and accordingly define the future roadmap of the Higher education sector in India.

The increased budgetary outlay on the sector by the government is a welcome step, but it has not been able to bridge the funding gaps present across the sector. This makes private sector participation necessary and important. Unfortunately, as it stands now, India does not find much presence on the radar of international students who are looking to go abroad for higher education. There is a pressing need for raising the standard of education offered by the system, which would help increase the inflow of international students and improve global acceptance and competitiveness. It is also important to note, that while the number of students graduating from universities is increasing every year, the skill levels are not pacing up with the job requirements, due to lack of synchronization between teaching curriculums and industry demands. This calls for additional investments in terms of time and money by the industry.

Given the current scenario in the Northern region, the idea is to develop a multi-pronged strategy to address all these challenges and make India a global education superpower. This is the intent of the Conference and this knowledge paper which covers the following broad themes – the Reforms for Universalising Quality Education, Encouraging Private Funding, Becoming a Global Education Hub and Encouraging Industry Academia Collaboration.

CII has been actively engaged with the Education sector in placing sector development initiatives and reform agenda on the priority list of the concerned authorities. To provide further stimulus and to leverage the growth potential of the sector, CII has organized EduSummit 2012, which is another positive step forward in this direction.

We look forward to have your inputs during, and even after, the Conference.

# Executive Summary

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The education sector is one of the most pivotal ones for a growing economy, as it singularly dictates the future talent pool creation for the country. A pulsating education sector should fundamentally have private public partnerships working together to create a quality oriented system, geared towards constantly improving the standards of learning and training in the country.

The sector had been primarily driven by government funding and initiatives. The government, through its five year plans, has been pumping increasing levels of monetary resources into the system. As a part of the 11th Five Year Plan 2007-2012, for example, the government decided to raise public spending on education to 6% of Gross Domestic Product (against ~4%, previously). Further, in the 12th Five Year Plan, total outlay for the sector has been increased by 155 per cent to Rs.4,53,728 crore. Budgeted expenditure on Higher education has also been increased to Rs 1,10,700 crore, reflecting an increase of 178%. The government has also taken initiatives to improve quality, accessibility, accountability and transparency in the system. While these government initiatives have had an impact on improving basic literacy levels in the country, however, they have come short against the needs of a fast growing service oriented economy.

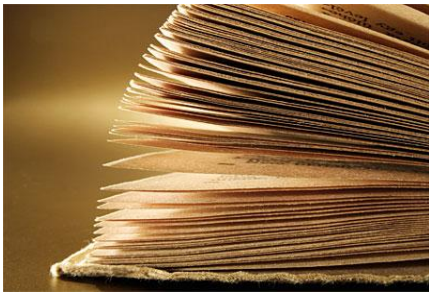
Parallel to this trend, there has been a rapid increase in private initiatives and funding in the education sector over the past decade, which has helped bridge the gap left by government efforts. Infact, not only have these initiatives helped bridge the wide supply-demand gap in the system (of skilled work force), these private institutes have also raised the bar of education quality in the country, and are now treading the international standards. Different private institutes have adopted different funding models for the education sector. While some of these models like Greenfield Investments have been more popular, some innovative models have also been taken up in some cases, which make good case studies for future private initiatives. More initiatives need to be taken to encourage various public-private partnership models in the system.

Gradually, it can be envisioned that with the rapidly growing investment and infrastructure development in the sector, it is plausible that the Indian education sector starts attracting scores of international students, seeking quality and high value education. International education is a multi-billion dollar global market, and growing globalization means that this market is expanding. Several western economies have benefited from this sector both economically and otherwise. For example, in 2010, international student contribution to the economies of the US, UK and Australia was around Rs 101,000 crore, Rs38,500 crores and Rs 48,500 crores respectively. Given the right direction and positioning, India could also be a major player in imparting international education and benefit from this huge market. For this, policy makers could look to learn from international success stories, and follow their lead in terms of strategy planning, marketing initiatives, legislation etc, to position itself as an international education center.

Moreover, there is a pressing need to address the staggering skill gap situation prevalent in the country. Estimates suggest that only one in four of all graduates and post graduates are employable. Four in every five job seekers are without any professional skill at all. There is thus a need to establish deeper industry-educational institute collaboration, which is a key to bridging this gap, and bringing the talent pool in the country closer to the desired skill level expectation. Industry internships, research initiatives, joint curriculum designing etc, are some of the initiatives discussed in the last section of this document which could induce the desired change in the skill gap situation in the country.

# Contents

Introduction	5
Bringing Reforms for Universalising Quality Education	7
Encouraging Private Funding	18
Becoming a Global Education Hub	25
Encouraging Industry Academia collaboration	37



## Current Status of Education Sector

The Indian education system is one of the largest in the world. From only a few colleges and universities at the time of independence, India has come a long way to establish more than 600 universities and 33,000 colleges now. This has largely been possible due to the continued focus of the Indian government towards the development of the country's human resources and the vision towards becoming a global knowledge superpower.

*Government's continued focus and thrust has put the sector on the path of higher growth trajectory*

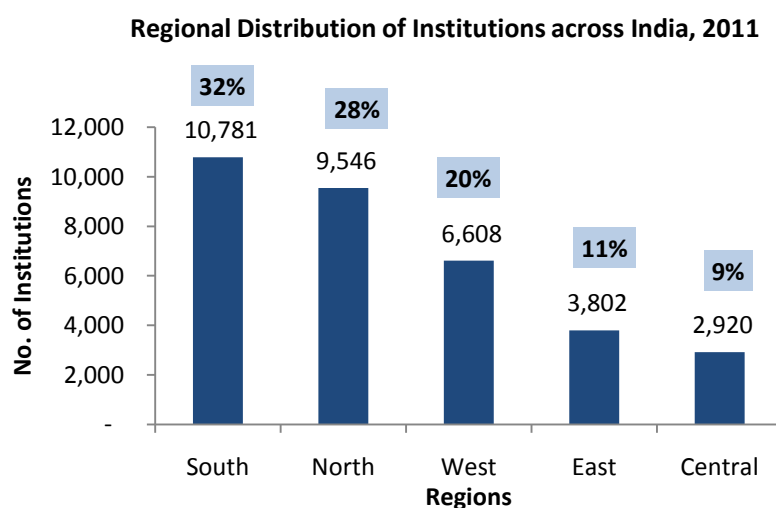
Institutes in India, 2011	
Type of Institutions	No. of Institutions
Colleges	33,023
Universities	634
<b>Total</b>	<b>33,657</b>

Source: MHRD, UGC

Though the government's efforts have resulted in substantial increase in the number of institutions in the country, however this growth has been skewed towards certain regions, thereby resulting in a regional imbalance of education infrastructure. Southern region, for example, accounts for nearly one-third of the country's entire educational infrastructure. Northern region has shown impressive development with the establishment of many colleges and universities in recent years, and accounts for around 28% education infrastructure. The central region remains the most under developed and least penetrated among all, consisting of only 9% of the total institutions in the country.

*The growth has been skewed towards the Southern and Northern regions resulting in regional imbalances*

### Significant regional imbalances exists in the educational sector



Source: MHRD, UGC

Among North Indian states, Uttar Pradesh has emerged as the leader, accounting for 12% share of the total institutions in the country followed by Rajasthan (7%) and Haryana (3%). Chandigarh and the capital city of Delhi are among the lowest contributor of institutions to the region.

Institutes in North India, 2011					
States/UT's	No. of Universities	No. of Colleges	Total Institutions	Population (In Mn)	Literacy Rate (%)
Uttar Pradesh	58	3,859	3,917	200	70
Rajasthan	48	2,412	2,460	69	67
Haryana	22	902	924	25	77
Punjab	17	852	869	28	77
Uttarakhand	19	360	379	10	80
Himachal Pradesh	18	344	362	7	84
Jammu & Kashmir	11	328	339	13	69
Delhi	25	243	268	17	86
Chandigarh	3	25	28	1	86
Other States/UT's	413	23,698	24,111	842	75
<b>Total</b>	<b>634</b>	<b>33,023</b>	<b>33,657</b>	<b>1,210</b>	<b>74</b>

Source: MHRD, UGC

The states of Uttar Pradesh and Rajasthan have relatively more no. of universities and colleges. At the same time, these are the most populated north Indian states with a population of 200 Mn and 69 Mn respectively. Both these states lag behind in average literacy levels, which are 70% and 67% only, the lowest among all North Indian states. Chandigarh and Delhi are at the forefront of education in the Northern region with a literacy rate of 86% followed by Himachal Pradesh consisting of 84% literate population.

*Within Northern region, states of Uttar Pradesh and Rajasthan have larger no. of universities and colleges owing to the large population base*

# 1

## Bringing Reforms for Universalising Quality Education



## Role of government

Indian education sector is regulated by two agencies appointed by the government to look after the health of the industry. These are:

The higher education sector is regulated by two government authorities - .  
University Grants Commission (UGC) and All India Council for Technical Education (AICTE)



### UGC

- University Grants Commission (UGC) developed through the UGC Act which controls the establishment of private universities in the country.



### AICTE

- The All India Council for Technical Education (AICTE) developed through the AICTE Act which has the sole authority to plan and maintain technical education in the country.

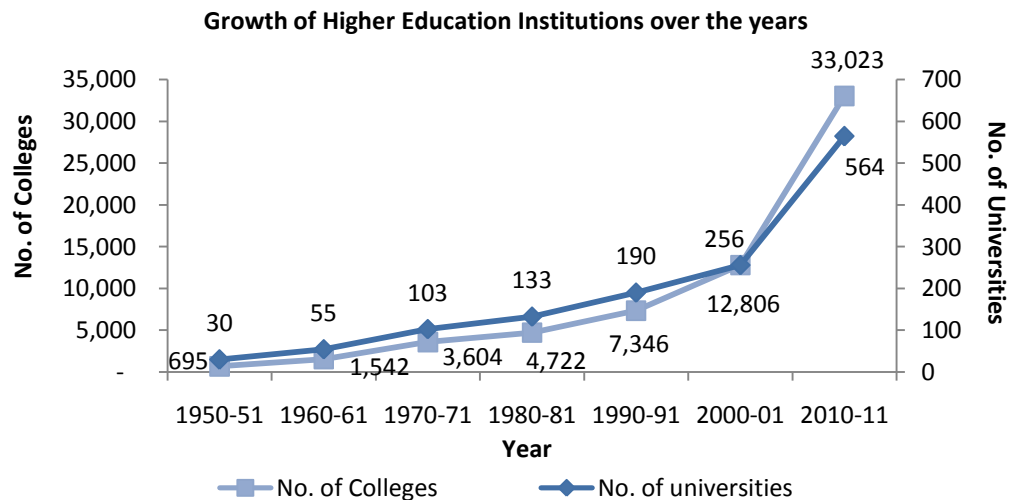
These two authorities work actively, in close coordination with each other, to look after the development of education framework in a sustainable and beneficial manner while maintaining the quality of education. Most of the initiatives taken by these government bodies are determined by the direction set through the Government's Five Year Plans.

## Government's Five Year Plan

Education has been a major thrust area in the 11<sup>th</sup> Five Year Plan aimed at developing education infrastructure and increasing student enrolment

Government has played a key role in establishing and expanding the reach of higher education system in India and improving its accessibility to the wide population base of the country. Infact, the 11<sup>th</sup> Five Year Plan had laid down a major thrust on the expansion and promotion of higher education in the less penetrated districts. This continued focus and persistence of the government has helped in significantly increasing student enrolment & the country's education infrastructure.

### Driven by government initiatives number of institutes have grown rapidly over the past decade



Source: MHRD, UGC



With the significant achievements of the 11<sup>th</sup> Five Year Plan in mind and a strong sense of purpose towards sustainable improvement in the education sector, government has developed the 12<sup>th</sup> Five Year Plan. It has been laid down with the objective of increasing the accessibility of higher education without compromising on quality, through the optimal use of infrastructure already created during the 11<sup>th</sup> Five Year Plan.

*Riding on the success of the 11<sup>th</sup> Five Year Plan, government has come up with its 12<sup>th</sup> Five Year Plan to take the reform agenda forward*

### Key Objectives for the education sector from the 12<sup>th</sup> Five Year Plan

- Achieving higher access to education
  - Promoting parity at all levels and reducing regional/disciplinary/gender imbalances
  - Strengthening of infrastructure to provide greater access and retention
  - Promotion of quality and excellence through capacity building and capability enhancement initiatives
  - Support for curricular and academic reforms with an impetus to vocational education
- Promoting private sector participation

### Initiatives taken by the government

In line with the objective of promoting education and increasing its accessibility, the Government of India has taken several steps in the past. Initiatives have been focused on eliminating the key challenges faced by the sector. Some of these initiatives and their driving challenges are discussed below.

#### Funding

Providing impetus to higher education requires infrastructure as well as capacity augmentation, which can be achieved either through setting up new universities/institutions or through expansion of the existing ones. The influx needed into higher education will require an increase in the budgetary outlay by the government from the historical levels of 1.25% of the GDP (in the year 2009-10). There have been several steps taken in this direction by the government, some of the most recent ones are:

1. Outlay for education sector for the 12<sup>th</sup> Five Year Plan increased by 155% to Rs. 4,53,728 crores
2. Focus on setting up infrastructure for higher education by increasing the budgeted expenditure to Rs. 1,10,700 crores, an increase of 178%

*The budgeted expenditure on higher education for the current year has been raised by 178% to bridge the sector funding gap*

3. Plan to implement various financing schemes with an objective of covering a minimum of 50% students
4. Emphasis on promoting public-private partnerships and private sector participation to decrease the funding gap
5. Levying education cess to provide and finance higher education

### Quality

Development of infrastructure alone cannot guarantee the future growth of higher education sector. Shortage of qualified faculty to fill up vacant positions in colleges and universities can be a big deterrent to the progress of the sector. The absence of any Indian university on the list of top 200 universities announced by QS World University shows the weakness of current education framework. This unavailability of quality institutes force many students to take up courses in foreign universities. Proactive role of the government is required to bring up the quality of higher education and prevent students' migration to foreign universities. The initiatives taken by the government for providing quality education are:

1. Implementation of a new system across all universities for evaluation of student's performance through continuous internal assessment and semester system
2. Revision of the course curriculum every three years with continuous updation to reflect the needs of the market
3. Redesigning national and state eligibility tests to recruit only qualified faculty
4. Introduction of 'Sakshat', a portal for addressing everyone's learning need, from students to teachers

### Accessibility

Many of the country's districts are devoid of a proper and effective education system due to inadequate penetration of the education framework. A significant percentage of the youth do not have ready access to higher education owing to their poor socio-economic conditions. Insufficient infrastructure and a wide regional disparity often limit the number of students getting enrolled for higher education which is reflected in a very low Gross Enrolment Ratio (GER) of ~17% only. Some initiatives taken by the government in this regard are:

1. Low-cost devices such as tablets including Akash, Akash-2 and mobile phones to be distributed to harness the power of internet
2. Implementation and utilization of cloud-computing to help increase accessibility in various remote regions
3. Construction of an Information highway connecting 2.5 lac villages through fibre optics for expanding open education resources and providing courses online
4. Development of a strong communications infrastructure to make students capable of

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*Absence of any Indian university on the list of top 200 universities published by QS World University reflects the lagging competitiveness of the sector*

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*Government has been proactive on increasing the accessibility of education to push the Gross Enrolment Ratio from the current ~17% to 30% by 2020*

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working with machines and carrying out lab experiments online

5. Launch of meta varsity university project to allow students choose the course of their interest across disciplines from different universities
  6. Establishment of Indira Gandhi Tribal University to cater to the learning needs of tribal population in Madhya Pradesh
  7. Starting of Rashtriya Uchch Shiksha Abhiyan (RUSA) to achieve a national Gross Enrolment Ratio of 25 per cent
  8. To set up 1,000 Polytechnics, 800 colleges in existing 40 Central universities & 20 exclusive women universities and completing the establishment of 374 Model Colleges in educationally backward areas
- 

### Accountability and Transparency

The policies laid and reforms enacted by regulatory bodies use control as a way of ensuring quality rather than enabling transparency. This political approach of using control for reforms needs to be replaced by information based approach to bring transparency and accountability in the system. This will help students remain updated on the performance of each institution, thus helping them in taking informed decisions. In addition, legislations should be passed to ensure clarity in matters of admission and institution's fee. Steps taken by the government for attaining these objectives are:

1. Enactment of various bills like 'education tribunal bill', 'accreditation bill' and 'unfair practices bill' which can go a long way in supporting the reform agenda in higher education
  2. Introduction of a mandatory accreditation system for all institutions
  3. Setting up an independent regulatory authority for higher education to eliminate the overlap of functions between various regulatory bodies
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*Implementing various reform bills, Introducing mandatory accreditation system and eliminating commonality of functions between bodies can bring in more accountability and transparency in the system*

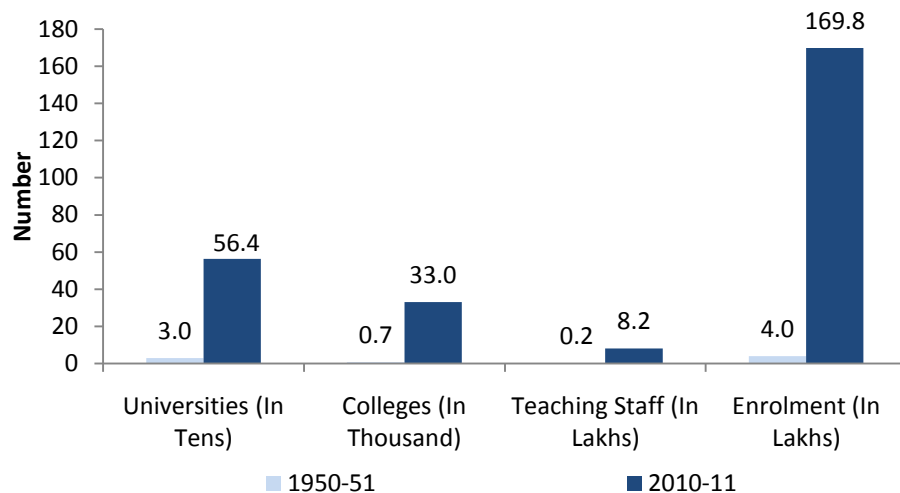
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## Problems Faced: Why the sector is still lagging

The Indian government, in recent times, has been proactive in identifying the problems being faced by the education industry and taking appropriate actions. But several challenges still remain that need to be addressed before the Indian education system can be placed against global standards. The graph given below depicts the inability of physical infrastructure and human resources to keep pace with the growing enrolment of students.

### The upsurge in student enrolment has outpaced the growth in infrastructure

Growth in Student Enrolment and Higher Education Infrastructure



Source: MHRD, UGC

Some of the prevailing weaknesses in the system with respect to the key concern areas of the sector are:

Funding	Quality	Accessibility	Accountability & Transparency
<ul style="list-style-type: none"> <li>• Inadequate Funding</li> <li>• Absence of FDI in Education</li> <li>• Low Private Sector Participation</li> </ul>	<ul style="list-style-type: none"> <li>• Shortage of Qualified Teachers</li> <li>• System Inefficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Unavailability of adequate infrastructure</li> <li>• Skewed Distribution of Institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Prevalent Red Tapism and Lack of Government Interest</li> <li>• Lack of Transparency and Regulatory Oversight</li> </ul>

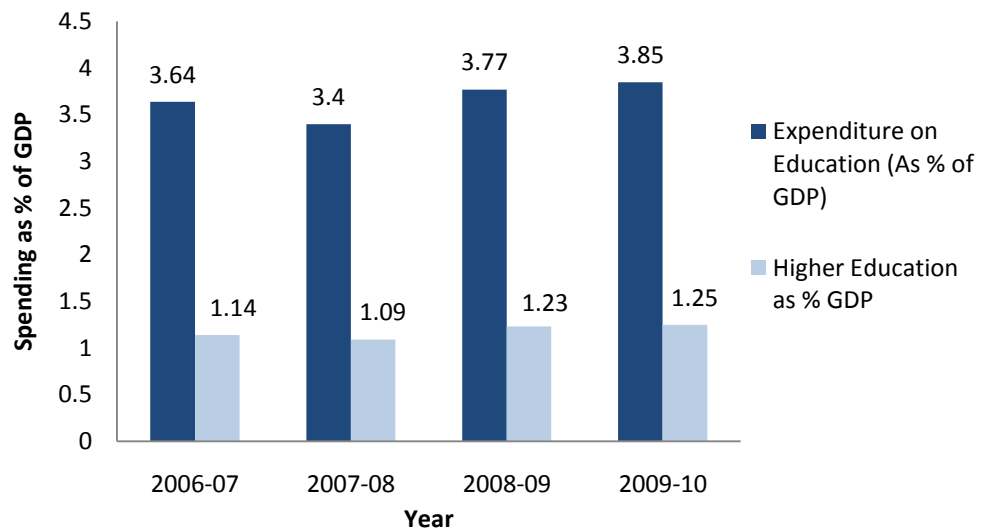
## Funding

### 1. Inadequate Funding:

In spite of the increase in budgetary outlay for the education sector, government lacks the capacity to expand the education sector to the level necessary. On the recommendation of Kothari Commission in 1966, the government decided to invest ~6% of the GDP in building up the country's education sector but this figure has never risen beyond the maximum of 4.3% of the GDP.

**The government expenditure on higher education has remained abysmally low**

Expenditure on Higher Education in India (As % of GDP)



Source: MHRD

*Kothari Commission recommended investing 6% of the GDP towards development of education but this figure has never risen beyond 4.3%*

### 2. Absence of FDI in Education:

In addition, there has been a delay in allowing FDI in education to bring foreign universities in the country, which could potentially bring in the necessary funding and knowledge base to improve university standards comparable to international ones.

### 3. Lack of Private Sector Participation:

The lack of clarity on the issues of funding, incentives and regulatory mechanism prevents private sector involvement in supporting higher education.

## Quality

### 1. Shortage of Qualified Teachers:

The sector is plagued by non-availability of qualified and competent faculties who can impart quality education. This state of affairs can be partially attributed to the inability of government in creating good skill development institutes. Even the existing teacher education institutes do not have the updated course curriculum in tune with the market demand.

### 2. System Inefficiency:

The sector is marred by poor governance at various levels and high absenteeism of teachers in rural as well as urban areas.

## Accessibility

### 1. Unavailability of Adequate Infrastructure:

The increase in physical infrastructure has not been able to match the many fold increase in the enrolment of students for higher education. There is a huge gap to be filled to support the growing number of enrolments in the institutions.

### 2. Skewed Distribution of Institutions:

There is a considerable imbalance in the distribution of colleges and institutions across different regions of the country which hampers the accessibility of education.

## Accountability and Transparency

### 1. Prevalent Red Tapism and Lack of Government Interest:

The whole process of obtaining permissions and taking the necessary regulatory approvals for setting up a higher education institute is lengthy and cumbersome. This is accompanied by the lack of resources and political will to provide the required support for development of education. Ineffective functioning of the state governments and stalling of bills in the parliament is a matter of grave concern hindering the development of the sector.

### 2. Lack of Transparency and Regulatory Oversight:

The sector lacks a strong governance mechanism due to the absence of an independent and autonomous apex body with legislative powers. Overlapping functions and multiplicity of regulatory bodies together with the lack of coordination among them displays the absence of a well-defined regulatory mechanism.

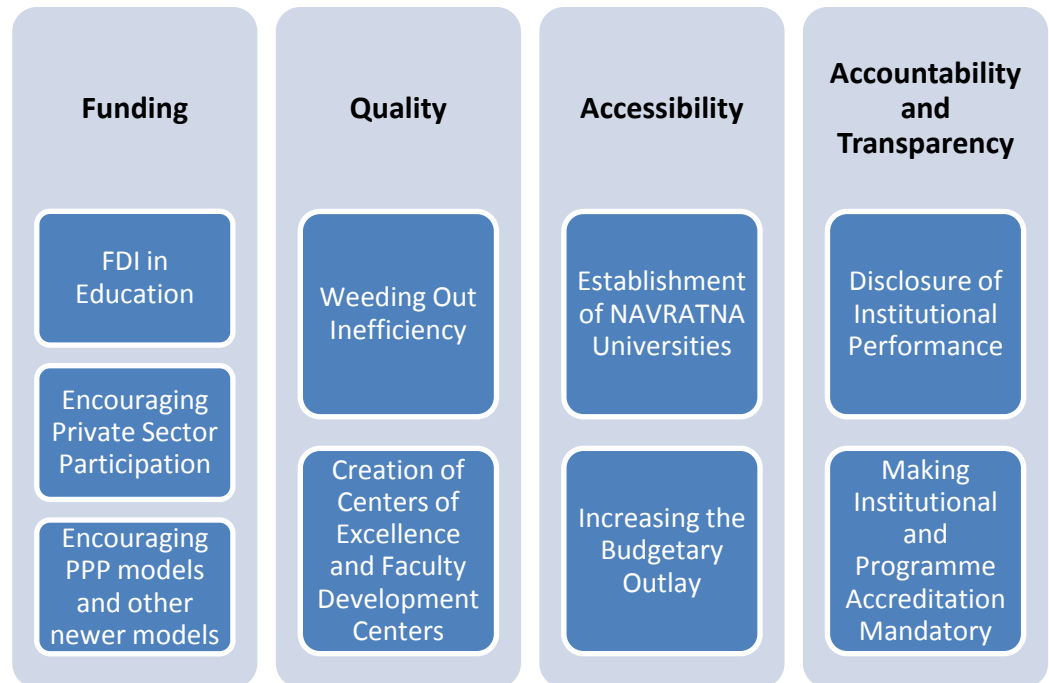
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*The passing of important bills like National Commission of Higher Education and Research Bill will help in strengthening the regulatory mechanism*

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## Ways to Spur up the Sector

There is a need to develop strategies which revolve around the objectives of the 12<sup>th</sup> Five Year Plan for addressing these issues currently faced by the sector. A coordinated and holistic approach towards the development of the sector will help it in realizing its true potential. Some of the recommendations for eliminating the challenges are:



### Funding

#### 1. FDI in Education by Deregulation:

Allowing FDI in education will carve the pathway for entry of foreign universities into the country. This would directly improve the education standards in the country and also create the necessary competition which would in effect force existing institute to raise their standards to competitive levels as well. Further, FDI in education would create new institutions and infrastructure that would generate employment in the country. Moreover, this would also help in curbing the outflow of Indian students to foreign universities for higher studies by providing them with adequate choices within the country.

#### 2. Encouraging Private Sector Investment:

Private sector has been the major contributor to the growth of higher education in the country. However, it has not received adequate encouragement and attention from the government in terms of policies. Government should look to develop a well-defined policy framework to bring clarity and boost investments by the private as well as

corporate sector. Learning in executing this could be had from the case of Kerala, where the private sector is way ahead of the government sector in promoting higher education.

### 3. Encouraging Public Private Partnership (PPP) and Other Models:

The government should incentivize private sector for promoting and maximizing the potential of Public Private Partnership (PPP) in higher education. This would provide the needed support not only for setting up new universities and colleges but also for sharing quality infrastructure between the existing institutions. Apart from this, newer models of investment should be explored and supported by the government.

## Quality

### 1. Weeding Out Inefficiencies:

The government should proactively work towards reducing absenteeism in government owned institutions by undertaking stringent reforms like making it mandatory for all the teachers to put a certain number of hours in college, as is being done in all universities across Kolkata.

### 2. Creation of Centers of Excellence and Faculty Development Centers:

In order to attract and retain the best talent in the industry, the government should strive to make teaching a lucrative career destination through its assistance programs. It should work towards the development of centers of excellence and faculty development centers which can bring about qualitative improvement in higher education by offering various training programs, specific refresher programs, etc.

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*UGC's proposal of setting up 20 faculty development centers in the current five year plan is first of the many steps to be taken to raise education standard*

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## Accessibility

### 1. Establishment of NAVRATNA Universities:

The government can identify some Indian Universities which have enormous potential to reach world standards and adhere to the international norms of teaching and research. Assistance can be given to these universities in setting up campuses all over India and abroad.

### 2. Increasing the Budgetary Outlay:

The increase of budgetary outlay for education by 178% has been welcomed by the sector. The government needs to make sustained effort for continuing its thrust on education in coming years.



## Accountability and Transparency

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*Passing of the National Academic Depository Bill will pave the way for mandatory disclosures by all educational institutions to bring in accountability*

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### 1. Disclosure of Institutional Performance:

High level of transparency can be achieved by making it mandatory for all the educational institutions to disclose their performance data at regular intervals of time and feeding it into a national database. This mandate of data disclosures by institutions can help students in taking informed decisions just like the financial system and role played by SEBI in India.

### 2. Making Institutional and Programme Accreditation Mandatory:

Transparency and accountability of an institution can be increased by making it mandatory for all the institutions to take an accreditation from the concerned body. This will help in promoting the quality of education in each university and college.

# 2

## Encouraging Private Funding in Higher Education



## Encouraging private funding

*GER targeted at 30% by 2020 from 17% currently, thus needs massive investments in quality infrastructure*

Imparting education is generally perceived as the responsibility of the government; however, lack of financial and managerial capacity often impede government’s ability to provide the same. Currently, gross enrollment ratio in Indian higher education is 17% and MHRD has set a goal to take it to 30% by 2020. This calls for more facilities in the Higher education space and additional infrastructural investments. Private participation can be of significant importance in meeting the additional infrastructure requirements of the sector.

## Need for private participation in the sector

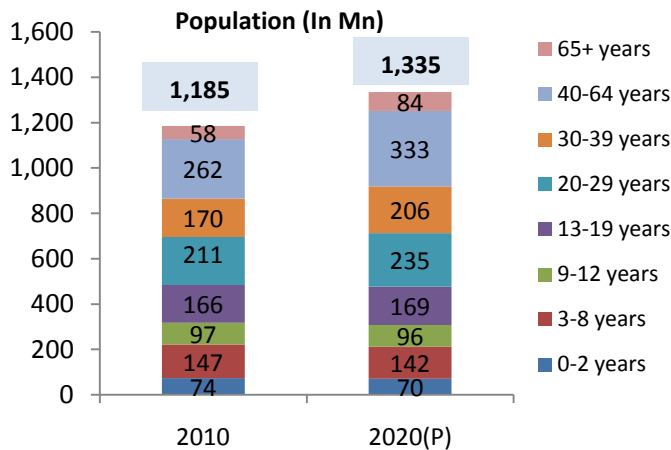
Private participation in the education sector should be encouraged to meet the broader socio-economic objectives of increasing access to higher education, improving quality of education and bringing in more efficiency into the system. Private players can play a pivotal role and various innovative models can be framed. While there are certain challenges which need to be addressed to ensure the essential private participation, there exist ample opportunities which should attract private investments in the sector.

Education sector is an evergreen sector and the economic downturns have little bearing on its growth. With India becoming more of a service-oriented economy, demand for skilled professionals is on a rise and so is the demand for Higher Education.

*18% of population between 20-29 years, with increasing awareness on need for education is arousing interests of private players*

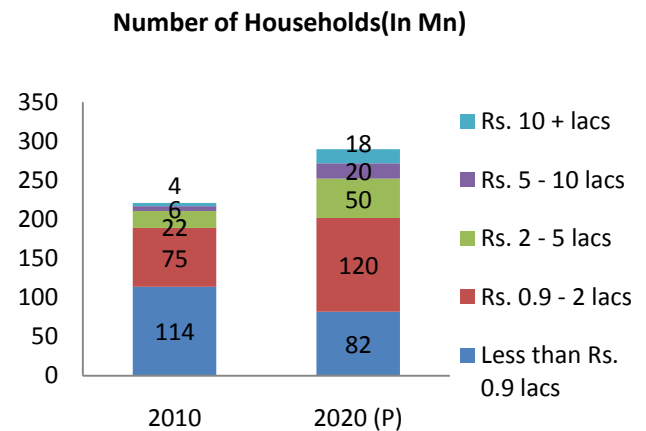
This is also propelled by the increasing consumerism and awareness of the need for higher education. Presently, majority of the parents want their child to seek higher education irrespective of family’s income level or child gender. As Indian economy is a young one (with about 210 mn people accounting for 18% of the population between age group of 20-29 years), there is large population base that is in the right age to demand higher education.

**Age Segmentation**



Source: Euromonitor International

**Income Segmentation**



Data Source: Mckinsey, Analysis by Wazir

## Investment models for private participation

Considering these socio-economic and demographic factors, the sector does offer tremendous opportunities for the private players to consider it for potential investments. Following is a description of various investment models that private player can look towards when investing into the sector:

1 Private sector endowment model

2 Private Greenfield Investments

3 Acquisition model

4 Public Private Partnership Model

5 Private Equity Funding

### 1. Private Sector Endowment model:

Private sector endowment model in education essentially involves funding into the sector by high-profile corporate investors. This is typically possible for an institute of repute which has a strong brand name and known for its quality in education.

#### Case Study

#### Business groups come up to promote ISB-Mohali campus

ISB-Mohali campus has been backed by four high-profile investors hailing from Punjab, wherein each of the investors contributed Rs 50 crores, thus accounting for Rs 200 cr. The founder supporters include the Bharti Group, the Max India Ltd., the Hero Group and the PunjLlyod Group.

Each of these business groups have created four Centres of Excellence (COE) in infrastructure, manufacturing, public policy and healthcare, namely:

1. Bharti Institute of Public Policy
2. Max Institute of Healthcare Management
3. Munjal Global Manufacturing Institute
4. Punj Lloyd Institute of Physical Infrastructure Management

These COE's will offer specialized training in industry verticals rather than in generalized functions such as marketing or finance. They would also offer management courses in areas in which they transact business. This will ensure availability of talent pool in their areas of operation as well as focused research initiatives that can be undertaken.

This corporate backing has been a reality for ISB for its Mohali campus because of its reputation and the quality of education it renders.

*High profile corporate investors are funding institute of repute and establishing their Centres of Excellence*

## 2. Private Greenfield Investments:

Private investments in Education sector may also take place through private entrepreneurs or leading private groups. In addition to the commercial objectives, the spirit of transforming lives of people and bringing about change in the society drives these private individuals/groups to venture into the sector.

### *Case Study*

#### **Lovely Professional University**

Lovely Professional University (LPU) is indeed a good example of a private entrepreneur venturing into the field of education. The journey was undertaken by Lovely group which has established its name in the state of Punjab for its sweets as well as dealership for automobiles.

Lovely Professional University is one of the largest private universities in India in terms of number of students on a single campus, with enrolment of more than 25,000 students from 26 states and 16 countries.

LPU is duly recognized by University Grants Commission (UGC) and other Apex Bodies such as Association of Indian Universities (AIU), Distance Education Council (DEC), etc. and has memberships and accreditations of various national and International bodies and associations. The private university has created a mark for itself in the field of education.

## 3. Acquisition Model:

There are also ample investment opportunities into existing institutions as well. The acquisition model is an attractive one as it allows for investment into existing setup, rather than building it from scratch. Many-a-times, target company/institution also view a good value proposition and better value for their institution and thus, accept it willingly.

### *Case Study*

#### **Laureate International Universities Network takes over Pearl Academy of Fashion**

Pearl Academy of Fashion is a premier fashion, design and management institute of India offering variety of courses in design, fashion management and retail. The Academy was promoted by House of Pearl Fashions Ltd., which is one of India's largest export houses. It was acquired by Laureate International Universities network, which is the largest private international network of degree-granting post-secondary institutions located around the world.

The acquisition enabled Laureate's prestigious university to expand its network in India and bring in their skills and expertise to the country. Pearl Academy of Fashion also reaped benefits of the strong international name associated with its institute. The institute is thus envisaged to be the best institute across the globe with its world class infrastructure facilities, along with linkages with leading institutions and industry in India as well as Internationally.

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*Acquisitions/Investments  
by foreign private  
universities brings in  
International branding  
and expertise along with  
funding support*

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**4. Public Private Partnership model:**

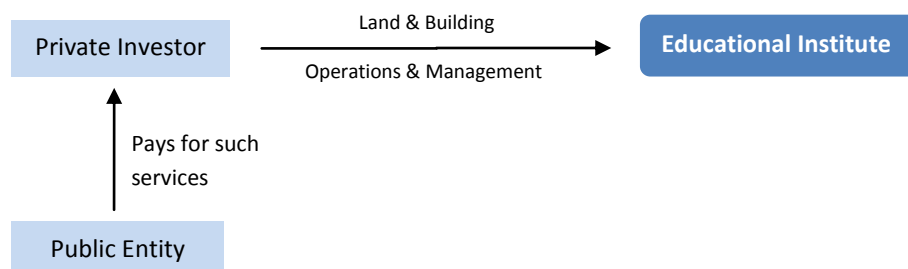
Public private partnership can complement and enhance the role of the government in the provision of education. The key rationale for developing public private partnerships (PPP's) in education is to increase access as well as quality of education. It also allows governments to take advantage of the specialized skills of the private organizations and to overcome operating limitations faced by organizations in the public sector. At the same time, private sector depends on the government for multitude of factors such as infrastructure and financial support; and also to overcome the challenges in recruiting and enrolling candidates.

The University Grants Commission has proposed 4 new PPP models so as to maintain flexibility in the investment pattern. These models are:

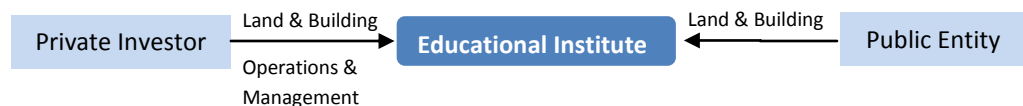
1. **Basic infrastructure model:** The private sector invests in infrastructure and the government runs the operations and management of the institutions, in turn, making payments to the private investor.



2. **Outsourcing Model:** Private sector invests in infrastructure and runs operations and management and the responsibility of the government is to pay the private investor for the specified services.



3. **Equity/Hybrid Model:** Investment in infrastructure is shared between government and private sector while operation and management is vested with the private sector. The model will ensure quality education and even Indian institutes can offer education services to other countries.



*Different PPP models exists to encourage partnership possibilities and bring in the synergies to meet the objectives of increasing access and quality of education*

4. **Reverse Outsourcing Model:** Government invests in infrastructure and the private sector takes the responsibility of operation and management. This model requires larger financial commitments by the government but can ensure provision of quality education to larger group of students.



PPP models have been prevailing since long; though have not been as popular as they should have been in the education sector.

### Case Study

#### Manipal University

Manipal University has entered into various PPP models:

- Sikkim-Manipal University, established in 1995, is the first PPP University in India
- First PPP in Medical Education in India utilizing the Mangalore Govt. Hospitals for Medical teaching purpose
- Unique partnership between Manipal Education and Govt. of Sikkim in 1995, SMU-DE has since revolutionized not just the domain of distance learning but has also brought about a new era of practical industry oriented teaching

Government has proposed twenty more Indian Institutes of Information Technology (IIITs) under the Public-Private partnership (PPP) model, to be launched in every major state of India. Each of the IIIT is proposed to be set up as a fully autonomous institution, through the PPP model. The partners will include Ministry of Human Resource Development, the governments of respective states where each IIIT will be established and the industry members.

Various PPP models can be explored for partnerships between private players and Government for infrastructural facilities like leasing of college premises, lab provision, etc.; service support mechanism such as management of institutions, teaching support; strategic partnerships which have more of corporate involvement like curriculum development, on-the-job training, industrial research, etc.

### 5. Private Equity Funding

The PE investment scenario in the sector has been more prominent in the non-formal space – coaching classes, vocational training, online content developers, etc. This is because PE firms face certain hurdles while investing in the higher education space. These include:

- Non-profit requirements for colleges and the mandate of running these as a trust or society
- Requirement for certification/affiliations to boards like AICTE

- Vested interests of politicians as lot of these are owned by politician or have backing of a politician
- Restrictions/Lack of policy framework on Foreign investments in higher education
- Lack of clear regulatory framework

Most of the concerns are related to regulatory issues as the sector is seen as over-regulated sector, making it unattractive for the corporate or private investors.

Despite these challenges, PE players have been investing in the sector and capitalizing on the opportunities that prevail. Some of the PE deals that have taken place in the recent past include:

*Most of the Private Equity deals take place in the non-formal space such as coaching institutes, e-learning, vocational institutes, etc. due to regulatory challenges*

PE Firms	Investee	Investee Type	Year of Investment /Deal	Deal Size (INR Crore)
AzimPremji Private Equity Fund	Manipal Global Education Services	University	June 2012	200
New Silk Route	Sri Chaitanya Educational Group	University	Jan 2011	131
Matrix Partners	FIITJEE Ltd.	Test Preparation	Feb 2011	100
India 2020 Opportunity Fund	iDiscovery Education	Training Program	Sep 2010	53
Norwest Partners	I-Prof Learning	E-Learning	Apr 2011	22
Mumbai Angels	DEXL Educational Services	Vocational Program	Dec 2010	5
Aavishkar India	Butterfly Edufields Pvt Ltd	Teaching& Training	Sep 2010	5
Times Private Treaties	DMC Education Limited	Training	Oct 2010	3

Source: Wazir research

## Conclusion

There has been a rising demand for higher education in India. However, in spite of the increased budgetary allotment on education, government has not been able to meet the infrastructural and operational requirements. This is resulting in widening the demand-supply gap which calls for greater private participation.

In the recent decade, there has been an increase in Private Greenfield Investments and Public Private Partnership to spur up investments. Moreover, acquisitions and private equity deals are also picking up in the sector.

However, most of the concerns in private participation are related to regulatory issues. Hence, there is a need to further simplify regulatory framework while focusing on quality, to encourage greater private sector participation in Indian higher education.



# 3

## Becoming a Global Education Hub

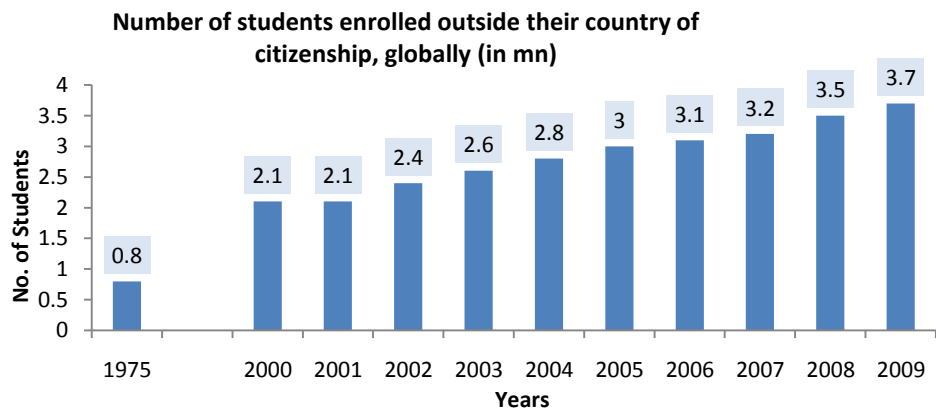


## The Global Education Sector

One of the significant effects of an increasingly globalized world is the growing trend of international student travel abroad for education and training. This trend is backed by a rising demand for graduates with international education and exposure which in turn is pushed by a globalizing economy. Today, scores of students travel abroad to international destination, seeking quality education and an international experience. In 2009, over 3.5 million students were enrolled in education institutes outside their country of citizenship.

Over 3.5 million students were enrolled in education institutes outside their country of citizenship, in 2009

Student enrolled outside their country of citizenship has been constantly increasing



Source: OECD 2011

International education is now a multi-billion dollar industry and is a major contributor to the economies of several countries. The education sector, if managed appropriately, can prove to be a major cash source for a country's government. Monetary funds generated from the education sector can significantly boost the economic condition of a country, as has been the case with Australia. Moreover, if invested strategically back into the education sector, can create a self-perpetuating cycle of improvement and transformation of the education system. A few examples of the contribution of the education sector to an economy are given below:

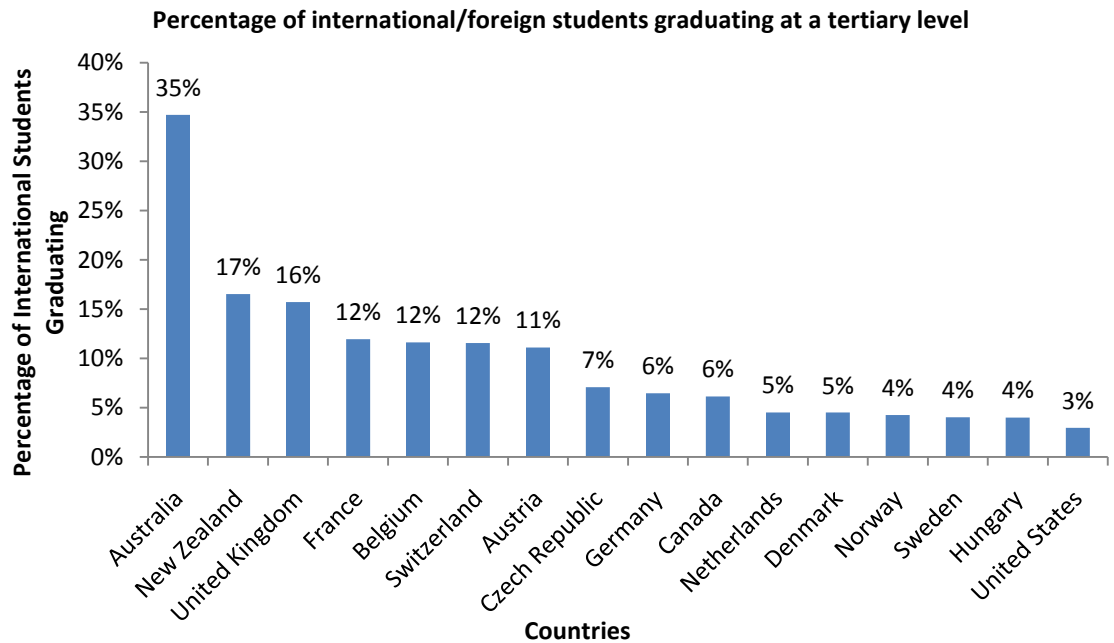
International students contribute to billions of dollars to the economies of the US, UK, Australia, Canada

Country	Contribution of international students to the economy (2010)
USA	USD 20.2 bn
UK	USD 7.7 bn
Australia	USD 9.7 bn
Canada	USD 6.9 bn

Source: Wazir Research

In fact, international students tend to be a major contributor to the education structure of many major countries like Australia and New Zealand, which are overly dependent on international students to support their education structure.

**Countries like Australia and New Zealand have a high proportion of international students**



Source: OECD 2011, Percentage, 2009 or latest available year

The most important destinations of international higher educational student mobility are the following: Australia (35%), New Zealand (17%) and the UK (16%). The largest contributors to the education sector of these countries are the rapidly industrialized countries of Asia, as China and India.

*Asian economies of China and India are the largest contributors to the pool of international students globally*

It is thus evident that internationalization of education and opening its door to international students is a logical step for any economy, which holds true for India as well. So it is important to understand the key steps and methods utilized by countries, which have been successful in the sphere of International education. Hence, two case studies of Australia and Canada are discussed, both of which have successfully built themselves as major education hubs over the past decade. While both the nations have followed similar trajectories to reach the position they are in, there are specific learnings which can be studied and incorporated in Indian context.

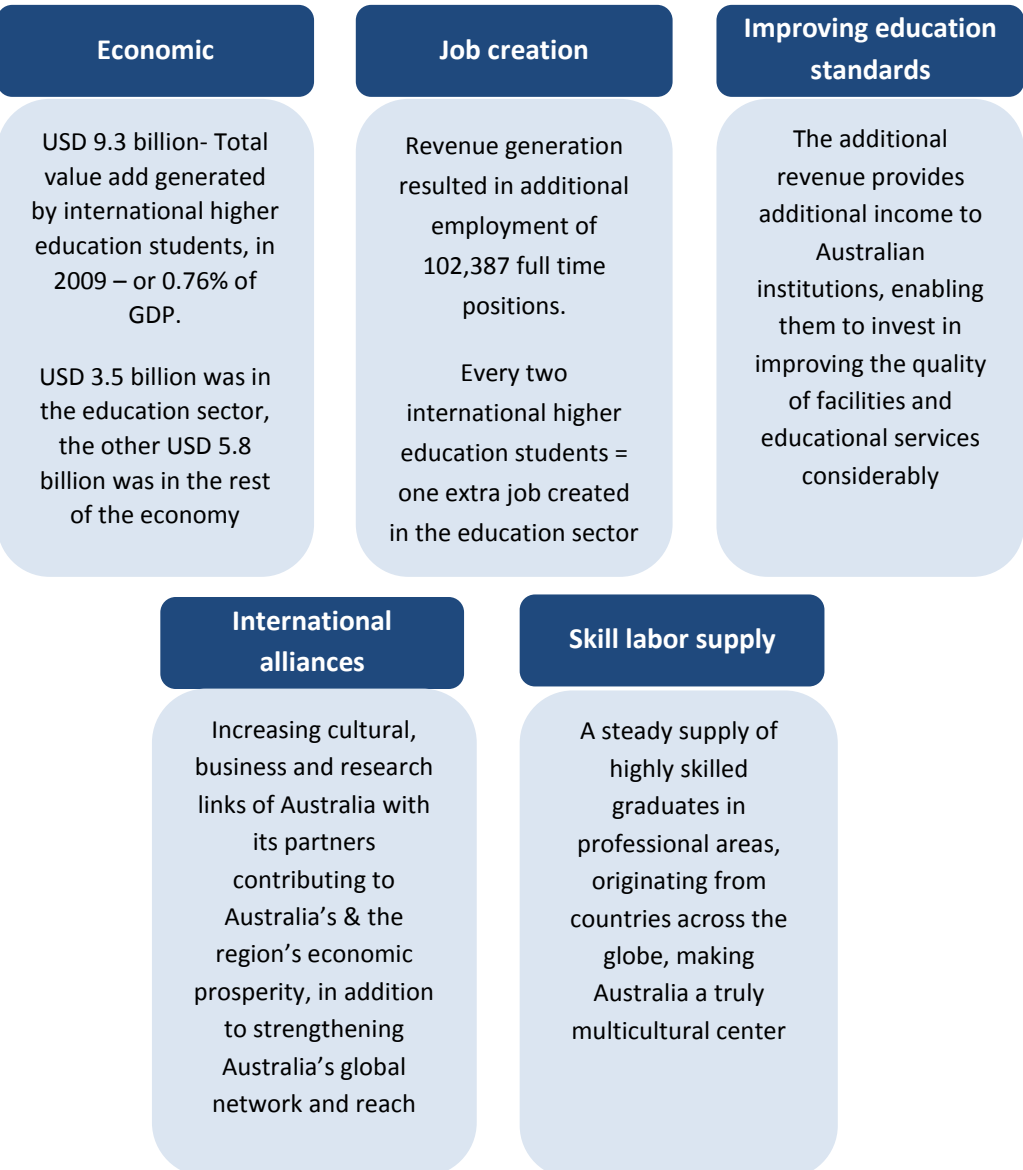
## Case Study: Australia- Focusing on Higher and Vocational education

*The education sector is the largest service export industry of Australia*

The growth of education tourism in Australia lends a lot of learning opportunity for India. Australian education institutions today are scarcely reminiscent of their image 20 or 30 years ago. In 2010–11, there were 282,000 international student visa applications lodged in Australia, including both onshore and offshore applications. Overall, education is Australia’s largest service export industry, with onshore activity contributing billions to the Australian economy every year, along with job creation. Booming of the education sector has had several advantages for Australia.

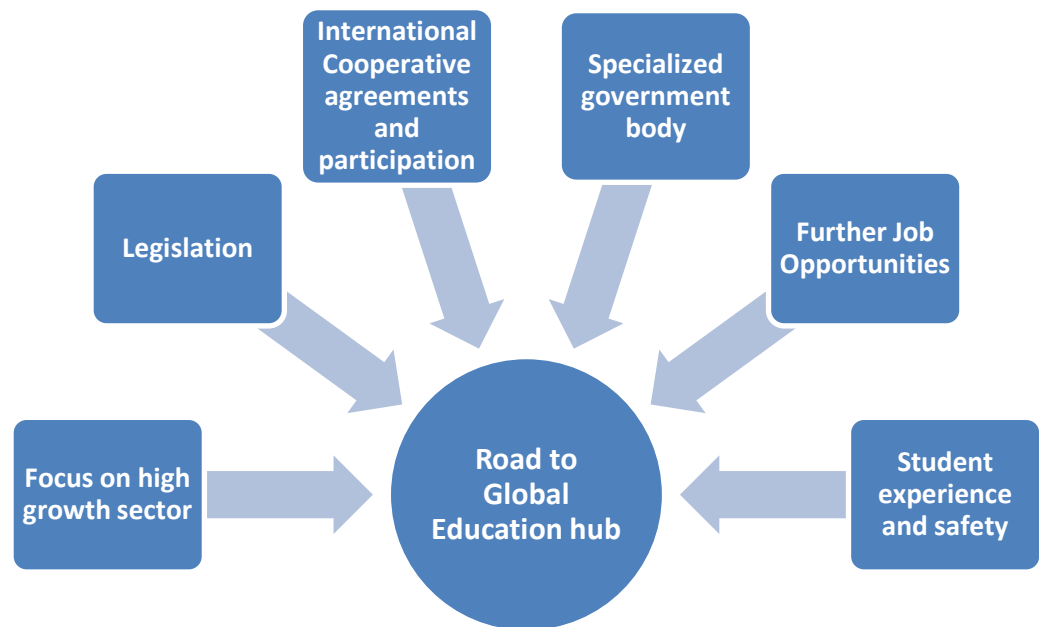
### Advantages of spread of international education, for Australia

*International student spend on higher education amounts to nearly 1% of Australia’s total GDP. It also leads to over 1 lac job creations in the country*



**The platform for this growth**

Several factors have come together to make Australia one of the sought after global destination of education. Supportive Government policies which have helped Australian institutions respond to global forces. Australia’s multicultural history, its reputation for education and its lifestyle have also encouraged students to choose the country as a study destination. High level of accountability, sophisticated business intelligence and quality assurance also plays a huge part in assuring students. Moreover, regulatory regimes, both government and sectoral, along with clear visa legislation have brought assurance and protection to international students. Lastly, extensive institutional partnerships and networks have been established overseas to provide the basis for ongoing international activity including research collaboration and transnational programs.



**Focus on high growth sector i.e. Higher education & Vocational Education and Training**

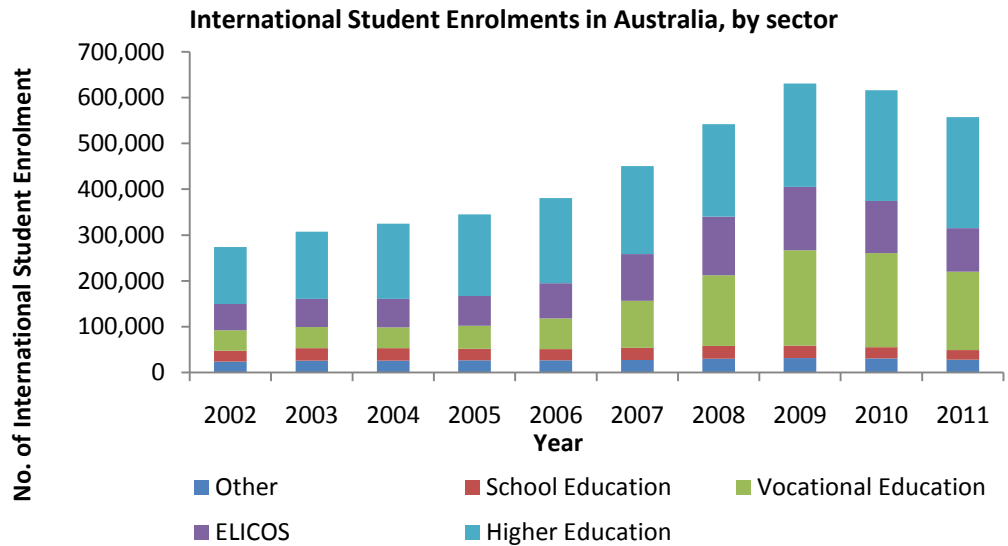
*Three in every four international student visa application in Australia pertain to either the Higher Education or the Vocational Education and Training Sector*

Almost half (43%) of international student visa applications in 2010–11 were within the higher education sector, and more than a quarter (30%) were for the Vocational Education and Training (VET) sector. In 2010, over three quarters (76%) of the international students were studying in the Higher Education and VET sectors.

This aspect has an important bearing, as higher education usually has higher value, and subsequently costs more too, which leads to higher contribution to the country’s coffers. On an average, each international higher education student studying in Australia spends USD 50,874 annually.

**A high proportion of international students enroll in Vocational or Higher education, in Australia**

Over 0.5 million international students enroll into Australia every year, most of these into Vocational or Higher education courses



Source: AEI (Australia Education International)

**Legislation**

- Australian legislation has been tailored and designed to support international students.
- The Education Services for Overseas Students (ESOS) Act 2000 regulates the education sector’s involvement with international students studying in Australia on student visas.
  - It also protects Australia’s reputation for delivering quality education services and safeguards the interests of international students.

**International Cooperative agreements and participation**

- Several formal bilateral agreements are in place between Australia and target countries like China and India, to encourage collaboration between academic and research institutions.
- Australia actively participates in global and regional forums like the Asia-Pacific Economic Cooperation (APEC) and the East Asia Summit, which provide an opportunity for Australian education sector representatives to engage students, and inform them about the prospects of international education in Australia.

### Specialized government body: Australian Education International (AEI)

Australian Education International (AEI), a government body, plays a key role in the development of Australia's international education relationships. The organization has the following responsibilities:

- Takes the lead in exchanging information and advice on educational issues with host governments, in-country institutions and organizations. Engages target countries like China, India, Indonesia, Japan, the Republic of Korea, Malaysia, the European Union and the USA.
- Manages the statistical collection of international student data, including enrolment trends such as student numbers and country of origin, sector and field of study and student demographics.
- Undertakes national surveys on international student experience, satisfaction with studies, security, quality of life, plans after graduation and research on career opportunities for graduates.

### Further Job Opportunities

- Government regulations, which encourage students to stay on after their education and pursue job opportunities in the country is geared towards encouraging student enrolment.
- In a bout to encourage inflow of international students, the Australian government has re-tweaked the laws around work visa.
  - As per latest policy renewal, the post-study work visa, will provide bachelor, master and doctoral degree graduates an opportunity to work in Australia for up to four years.
  - The new arrangements will also make Masters by Research graduates receive 3 years post-study work rights and PhD graduates four years post-study work rights.

### Student experience and Safety

Australia, with its long and elaborate multicultural history is perceived to be an ideal destination by students looking to have a global learning experience. Infact, a key reason for the success of Australia as an education hub is the unique student experience that it offers. This includes high quality learning outcomes, safe and welcoming living environments and relevant workplace opportunities.

Of these factors, safety in a foreign country is a key determining factor for the selection of destination by international students. The importance of this factor has especially become

prevalent in the recent few years, as Australia has witnessed a severe decline in the allocation of international students from India, following a series of incidents of racial violence against Indian students in the country. As these events got wide media coverage, the total number of applicants into the country reduced. During 2008-2011, the number of Indian applicants to Australia almost halved (51%), showcasing the importance of this aspect.

### Case Study: Canada- Gaining an edge by marketing the education sector

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*Canada has one of the highest rates of immigration per capita in the world*

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Canada is a relative latecomer to the top league of nations that attract international students. Since the year 2000, Canada has become one of the global forerunners in imparting international education. According to estimates, Canada has the highest rates of immigration per capita in the world. In total, 23% of Canadian workers in 2008 were born abroad, as were 49% of doctorate holders and 40% of those with masters' degrees. The advent of international students into the country has had the following impact on the country:

- Creation of over 81,000 jobs and generation of more than USD 445 million in revenue.
- Altogether, there were more than 218,200 long-term (staying for at least six months) international students in Canada in 2010.
- International student enrolment generated more than USD 6.9 billion for the Canadian economy.

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*International education contributes to around USD 6.9 billion for the Canadian economy*

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Canada has reached this standing through a systematic and sustained strategy of professionally driven reform to its education system. Following is documentation on some of the steps taken by the Canadian government, aimed at further enhancing Canada's global standing as an international education hub:

#### Marketing initiative and subsequent steps

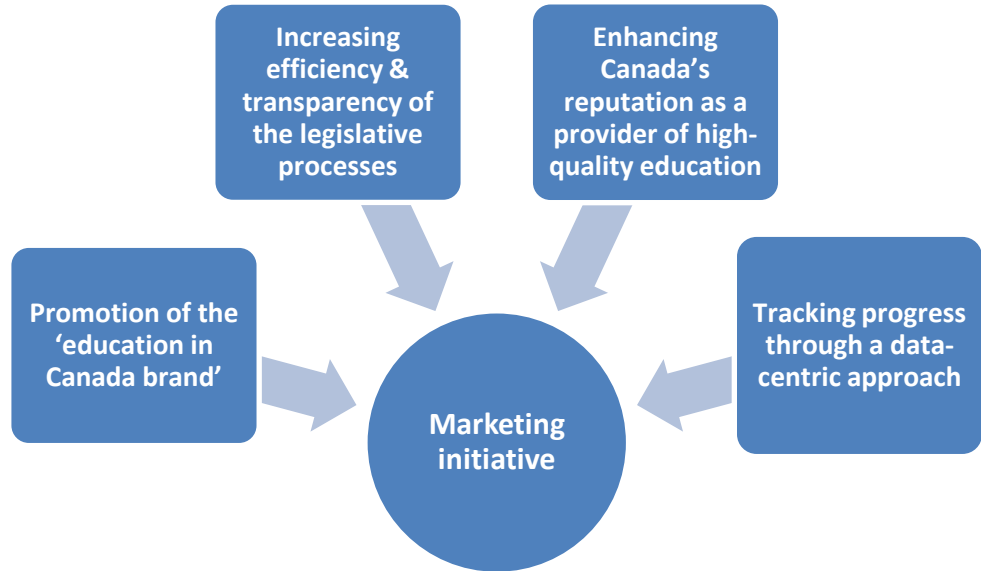
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*The Canadian government has set special agencies to promote marketing of Canadian education globally*

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The Council of Ministers of Education, Canada (CMEC), in partnership with provincial and territorial ministers of immigration has developed a plan to identify areas for investment and opportunities around marketing education globally. This plan aims to improve recruitment of international students and address related issue of retaining international students in Canada after they graduate. The objective and subsequent action points of this marketing plan lend a good learning opportunity for the Indian counterparts.





**1. Promotion of the 'education in Canada brand' and increasing Canada's competitiveness in the marketplace:**

- i. Providing direct outreach to prospective students through trained personnel in key market
- ii. Implementing a publicity and brand strategy in key foreign markets
- iii. Offering an enhanced Web presence for the brand via social media
- iv. Presenting a more visible presence for the brand at international education trade events and conferences

**2. Increasing efficiency & transparency of the legislative processes and opportunities for students**

- i. Strengthening the International Student Program and other student immigration initiatives through collaboration with the Citizenship and Immigration Canada (CIC)
- ii. Working with CIC to explore ways to enhance visa-processing operations
- iii. Ensuring that annual immigration-level plans allow room for students who wish to remain permanently in Canada
- iv. Expanding opportunities for international students to work off-campus and after graduation

**3. Enhancing Canada's reputation as a provider of high-quality education**

- i. Developing a periodic survey of international students focusing on: satisfaction with their studies; financial situation; perception of their security and quality of life in Canada
- ii. Creating communications materials that are accessible to an international audience which provide quality assurance to the education sector
- iii. Share information about leading Canadian and international practices

**4. Tracking progress through a data-centric approach:**

- i. Provide data, market intelligence, and support to government officials and educational institutions in Canada to allow them to react more quickly and adjust their marketing activities
- ii. Conduct regular market research to better understand the aspirations and priorities of prospective international students
- iii. Strengthen pan-Canadian data sources on the enrolment and graduation of international students

### Creating an International Education Strategy

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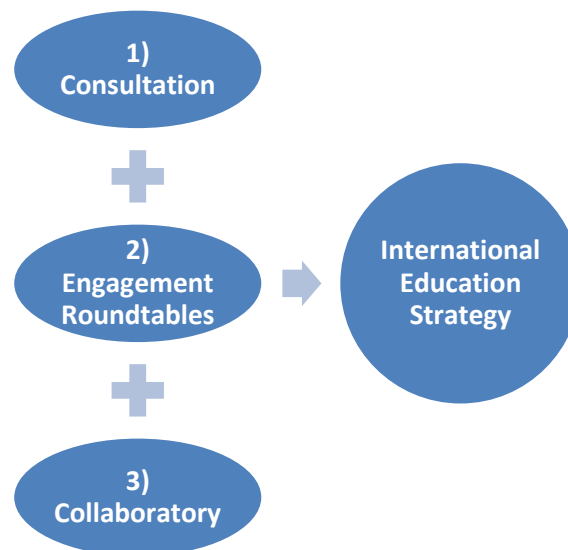
*The Canadian government has set Advisory panels to chalk out a planned strategy for promoting Canadian education globally*

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Additionally, the Canadian case study also lends good learning on how to achieve a sustained growth strategy for becoming an international education hub. The government of Canada has taken initiatives like setting up an ‘Advisory Panel on International Education Strategy’ to provide recommendations on a stronger education strategy to attract international students to Canada. The Advisory Panel, consisting of eminent Canadians from both the academic and the private sector, is required to consult with stakeholders in the education sector and develop recommendations that would reinforce Canada as a country of choice for those seeking to study and conduct world-class research, strengthen Canada’s engagement with emerging economies, and ensure greater collaboration between Canadian and foreign institutions.

Formation of this panel was following the commitment made in Budget 2011, which provided USD 10 million over two years to develop an international education strategy as part of the next phase of Canada’s Economic Action Plan. There are three main phases involved in this process:

## Phases of the process



### *Consultation:*

Inviting various parties involved directly or indirectly with the education sector, to identify the products or services they are interested in, the work that they are currently doing to promote international education, identify priority markets, and the support that they need in the future. This step would help in setting up goals for the project.

### *Engagement:*

Involves a series of **Roundtables** including partners and stakeholders, including the private sector, who will be asked to contribute their perspective to the strategy which will help achieve the goals set out in the consultation phase.

### *Collaboration:*

Formation of a **Collaboratory** where partners and stakeholders will come together with the Advisory Panel to discuss new ideas based on previous consultations and roundtables, approaches and shared commitments. This will lead to an overarching theme for strategy, priority markets, and allocation of resources from all parties, and the means to achieve strategy. The goal is to involve all of the key participants in decision making process that will lead to recommendations, and ensure that all of the partners and stakeholders are on the same page.

## Conclusion and Recommendations

It is interesting to note that countries which have been most flexible in encouraging international students into the country have been the forerunners in gaining from the opportunity created in the education sector. This is the major learning for transforming India into an international education hub; i.e. creating policies that cultivate the necessary conducive environment which encourages international students to perceive India as an ideal country for investing their time and money. Some key recommendations from the above discussion which should be applied in Indian context are:

### Focus on specific sectors

- Focus on the Higher education sector or specific skill development sectors, which would help develop proficiencies that could directly lead to employment for students. This step is in line with creating a unique positioning for the country's education sector in international circuits

### Legislation to encourage student inflow

- Easy visa legislations and application process, both for education and employment opportunities in India. This would also incorporate increasing transparencies in the legislative process, and making it more efficient

### Promoting/ Marketing the 'Indian education brand' internationally

- Create a centralized government body with the mandate to market Indian education globally. It would engage international students and represent India in international education trade events and conferences. This body would focus on promoting the quality of education provided by the Indian education system

### International student protection

- This government body could simultaneously work on protecting the rights of international student's and assuring delivery of quality education and opportunity. This would include initiatives like periodic surveys of international student's satisfaction, and tracking their progress post their education

### Setting up advisory panel

- This would be focused on delivering a refined strategy for expanding the international student base in India

# 4

## Encouraging Industry Academia collaboration

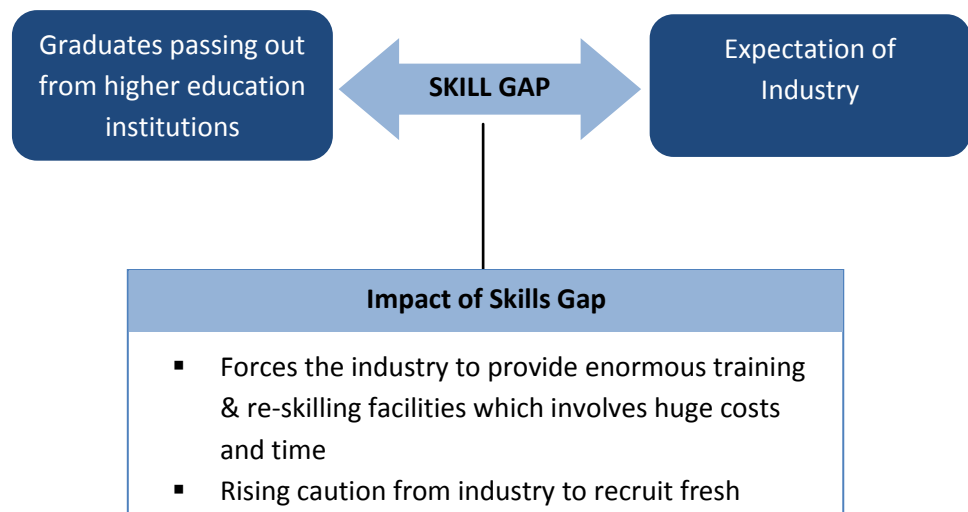


## Encouraging Industry Academia collaboration

Despite economic slowdown in major developed economies of the world, India has been growing at a modest rate of 6-8%. As per UNCTAD, there were FDI inflows of Rs. 190,000 crores in India in 2011. This is expected to increase further with relaxation of FDI norms in retail, aviation & broadcasting sectors. The domestic industry is experiencing growth and a plethora of international players are venturing into Indian markets.

All this translates to huge employment opportunities in the near future. Looking at India's huge population base, while there is no concern with respect to quantity of manpower but there is an eminent crunch in terms of quality manpower. According to industry estimates, only a quarter of all graduates and post graduates are employable and ~80% of the job seekers in employment exchange are without any professional skills.

*Huge crunch of skilled manpower in India; only 25% of all graduates and post graduates are employable*



*70-75% of training budget of corporates spent on training freshers; Infosys is spending Rs 750 crores annually on training of fresh recruits*

The emerging skills gap is resulting in a scenario where Indian corporates are spending huge resources, monetary and otherwise on training every year. As per industry estimates, almost 70 - 75% of the training budget is spent for training fresh graduates. IT major *Infosys* spends a massive Rs. 750 crores yearly on training of new recruits. This amount can well be utilized for increasing the foothold of companies and for the betterment of employees, if higher education institutes groom students as per industry requirements.

## Bridging the Skills gap with Industry-Academia Collaboration

To bridge the emerging skills gap, there is a need for greater interaction and collaboration between industry and academia. An industry-academia team will enable inclusion of industry expectations in academia's curriculum and way of teaching, which will be essential in making tomorrow's manpower more employable.

Collaboration initiatives will result in benefitting all the stakeholders – Industry, Academia and Students:

Industry	Academia	Students
<ul style="list-style-type: none"> <li>▪ Better talent entering the job market</li> <li>▪ Save time &amp; costs on training</li> <li>▪ Creates a talent pool for the future</li> <li>▪ Facilitate R&amp;D activities by students relevant to industry</li> </ul>	<ul style="list-style-type: none"> <li>▪ Helps improve and upgrade methods of teaching</li> <li>▪ Develop better infrastructure</li> <li>▪ Helps in standardizing skills</li> <li>▪ Enhance institute's goodwill</li> </ul>	<ul style="list-style-type: none"> <li>▪ Hands-on training and enhanced learning</li> <li>▪ Job ready candidates</li> <li>▪ Better meet the expectation of employers</li> <li>▪ Talent development and better career planning</li> </ul>

The different ways of collaboration can be:

- 1 Industry internships
- 2 Research initiatives
- 3 Joint curriculum designing
- 4 Faculty development program
- 5 Industry Interface
- 6 Industry Adoption Program
- 7 Finishing Schools for final year graduates

### 1. Industry Internships

Industry internships provide students an insight into the working of an organization along with achieving their learning objectives. Internships are a very important mechanism of industry- academia collaboration. It enables students to apply their theoretical knowledge in practical work environment and understand their abilities & skills with respect to industry expectations. Furthermore, internships could lead to full time position in organizations even before students finish their academic course. Internships benefit the industry in finding out the best fit for their companies and create a pipeline of talented individuals to be employed in future.

*Internships enable students to relate theory with practice and helps industry create a pipeline of talent to be employed in future*

**Way Forward:**

Internships are usually not a part of course structure of graduate and vocational courses; making them a compulsory feature will prepare students for corporate arena well in advance and help them sense further educational needs. Internships generally are of short duration which is 8 - 10 weeks; this should be increased to a longer duration depending on the dynamics of specific industries.

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*Industry-academia can indulge in research areas of common interest which would benefit the industry*

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**2. Research Initiatives**

Industry-academia collaboration for research initiatives benefits both sides tremendously. Industry brings real-world requirements into research while students bring the academic rigor & creative thinking to the collaboration. Academia should contribute to basic research and also indulge in exploratory studies in areas of mutual interest. On the other hand, industry can assign live projects and can test & validate their ideas/products/services from academia which would provide plenty of practical exposure to students. Research organizations like IMRB & CRISIL offer live projects to management students every year.

**Way Forward:**

While research initiatives provide multiple benefits, they do happen for only a handful of higher education institutes. There seems to be a gap from both the sides. Industries do not consider academic institutions as useful partners and they either go for costly in-house research facilities or outsource the same. On the other hand, most of the academic institutions are course driven & do not stress on research initiatives. To bridge this gap, academic institutions should foster a culture of research among students and faculty to bring about a change in the mindset of industry.

**Case Studies****IIM-Udaipur and Genpact tie-up**

IIM-Udaipur entered into a seven year agreement with BPO service provider, Genpact to create an analytics laboratory where the students & industry experts will work together to conduct advance research in asset-based lending stream. This will provide an opportunity for students to work on software tools and technology used in industry.

**IBM's Center for Advanced Studies (CAS)**

IBM Center for Advanced Studies (CAS) conducts integrated collaborative research that is of significance to academia as well as of strategic business value to IBM. It facilitates exchange of academic research knowledge and real world industry challenges towards building and enhancing industry specific solutions.

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### 3. Joint Curriculum designing

Joint curriculum designing by industry-academia will potentially align the content according to the needs and dynamics of the industry which will eventually result in relevant and enhanced learning for the students.

*Industry should render help in regular updation of curriculum to make it more industry-oriented*

There should be recognition of various courses by the industry and companies can even share their internal study material created for training to make the courses more relevant. Industry-academia should jointly form expert committees to design and regularly update the curriculum or industry officials can even be represented on various universities' board of studies, so that the curriculums incorporate their needs.

Difference of Approach	
Academia	Industry
Prepares a generalist	Requires a specialist
Course driven	Research driven
Use of obsolete technology/ methods	Use of latest technology/ Methods

#### Way Forward:

Several higher education institutes do not revise their curriculum for years due to which the students are not able to keep pace with the latest developments in the industry. There is a need to update as well as periodically review the content to match the industry needs. Furthermore, institutes can adopt innovative methods of teaching like case study approach where in the theories are linked to various case studies of the industry to understand the dynamics and best practices of various companies.

#### Case Studies

##### MTNL & Welingkar Institute of Management establish industry-academia collaboration

Mahangar Telephone Nigam Ltd (MTNL) and Welingkar Institute of Management entered into a partnership to develop two management courses for the Telecom sector. These courses will help train the aspirants of telecom industry as well as the manpower of MTNL about the application of management principles in the rapidly advancing telecom sector.

##### Infosys BPO and IIM Bangalore join hands

Infosys BPO and IIM Bangalore came together to jointly develop a case study giving insights into BPO industry and its challenges along with sharing Infosys' best practices. The case study was intended to be used by IIM-B as well as other leading B-schools across the country.

#### 4. Faculty development programs

*Industry should facilitate in making faculties' knowledge and teaching methods more industry-driven which would create job-ready manpower*

The faculties of higher education institutes require regular updates to their knowledge base, as per industry trends and happenings in order to impart relevant teaching to the students. This would enable them to create an enterprising manpower for the industry.

Industry experts also need to conduct knowledge sessions for faculties in order to advance their knowledge about industry best practices, challenges & expectations.

##### **Way Forward:**

As majority of the institutes are course driven, faculties are made to undertake some non-core subjects which do not leave enough time for the faculty to engage in core subject's research. To ensure faculty development, institutes should generate motivation & interest among faculty members for research. Faculty should be given incentives in the form of a compensation or publishing research on national portals. Institutes can even offer sabbaticals to faculties in a corporate set up for upgrading their knowledge.

#### *Case Study*

##### **IBM and 500 Indian Universities collaborate for faculty development**

IBM partners with 500 Indian universities to impart training in business analytics to faculty members. This initiative will help faculties to include analytics in their existing courses and make students equipped to meet the demands of today's business scenario.

#### 5. Industry Interface

*Industry interface through guest lectures, workshops, and factory visits increases industry awareness*

Industry interface helps making students aware of industry trends and expectations. Industry-academia come together to arrange company & factory visits for the students to give a sense of real work environment. They jointly sponsor business plan competitions to make the students apply theoretical knowledge into business simulations. Furthermore, industry experts/corporate officials conduct classes on weekends, confer guest lectures and participate in student workshops.

**Way Forward:**

Industry interface is a common practice followed by majority of the higher education institutes. While it is implemented by them in different ways, the benefit lies in effective utilization of such initiatives. To make the most of such efforts, academia should well equip students with theory and clear business concepts and industry experts should be utilized to build on these concepts.

*Case Study***L&T brings together industry and academia**

As a part of an initiative by Larsen & Toubro Ltd, several companies are conducting lectures, upgrading facilities and assigning live projects to students at some of the institutes. Companies taking part in the initiative apart from L&T include Bharat Forge Ltd, Thermax Ltd, Hindustan Dorr Oliver Ltd and GW Precision Tools India Pvt. Ltd.

Some of the institutes involved include Amrita Vishwa Vidyapeetham University, Narsee Monjee Institute, Chitkara University and Manipal Institute of Technology. The initiative is expected to create job-ready candidates for these institutes.

**6. Industry Adoption Program**

Industry Adoption program benefits students the most. It allows students to undertake training while pursuing their education. Such programs are the best way to learn by finding congruence between theoretical and practical aspects of work. These were not present in India until recently.

*Case Study***Unique initiative by Baddi University**

Baddi University of Emerging Science and Technology (BUEST) started a unique program, the first in India, which provides academic knowledge along with practical exposure to students in industry while studying. Under the program, students will be given classes on weekends in the university while they will work in adopting industry on weekdays. They will also be paid a stipend ranging from Rs 6,000 to Rs 20,000, depending on the work done. Such an initiative will help bridge the existing skills gap.

*Industry adoption results in regular fine tuning of student's learning as per industry expectations*

The companies that have agreed to absorb the students post their course completion are Virtuous Solutions, Trade India , India Mart , AurthorGen Technologies Ltd , Clicklabs, North Star Fasteners and Him Teknoforge, etc. The university reports to have 150 more confirmations from the industry.

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### 7. Finishing Schools for final year graduates

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*Students get into finishing schools in their last semester to acquire industry-ready skills before entering the corporate arena*

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Finishing schools are centers of excellence which graduating students join in their last semesters or after completion of graduation to gain practical knowledge and also to learn soft skills and become job-ready. While this saves a significant amount of on-the-job training cost & time for the industry, it also helps students to be acquainted to industry practices very rapidly on joining jobs and become productive early.

#### Case Study

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##### TVS - IIT Madras Finishing School

TVS Group and IIT Madras entered into a joint venture to set up a finishing school which would offer 6-month certification course to fresh graduates on engineering design and analysis. The course aims to develop technical skills as well as soft skills like communication, team building etc. and make candidates job-ready when they enter corporates.

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### Other ways of Industry-Academia Collaboration

#### *Industry entering into higher education business*

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*Numerous corporates are entering into higher education to train students as per their requirements, which are eventually absorbed in their group of companies*

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To bridge the emerging skills gap, several business groups have set up their own educational institutes which provide specialized industry training to students. In one such initiative, Mahindra group and British Telecom formed a joint venture to set up an engineering college, Mahindra College of Engineering, which will equip engineers with industry-specific skills and learning. On successful completion of courses, most of the students are absorbed in various companies of these business groups.

Kirloskar Group, Taj Group of hotels, ITC's Welcome Group of Hotels are prominent business groups among many to set up higher educational institutions.

### *Specialized courses by Corporates*

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*Many corporates provide industry-relevant courses for fresh graduates to bridge the skills gap*

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There are a number of corporates which provide industry-led certification programs pushed by manufacturing and technology groups. Such programs are intended for fresh graduates to make them adaptable to updated technology and processes used in the industry. Major companies like Siemens, KPMG, Cisco provide such industry-specific courses.

While there are numerous benefits of such course, however, they add to the expenditure for the students. There is thus a need for such companies to collaborate with higher education institutes in rendering these industry-specific knowledge to students which will further help bridge the skills gap.

### **Conclusion**

India has one of the largest higher education systems in the world and there is growing preference for higher education and professional education in lieu of budding opportunities in the job market. While the enrollments into higher education have been on a rise, there is significant skills gap between what is delivered by way of teaching in the higher education institutions, versus what is expected when fresh graduates enter the corporate bandwagon.

The impact of this gap is huge amount of corporate resources spent on training of fresh graduates. To ensure these resources are utilized in the growth of corporate and hence the industry, the skills gap needs to be reduced. Industry-academia should collaborate through various initiatives discussed above and various other ways. The need of the hour is to understand the criticality of this emerging gap which will result in effective and output-driven collaboration.

# About CII

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the growth of industry in India, partnering industry and government alike through advisory and consultative processes.

CII is a non-government, not-for-profit, industry led and industry managed organisation, playing a proactive role in India's development process. Founded over 117 years ago, it is India's premier business association, with a direct membership of over 7000 organisations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 400 national and regional sectoral associations.

CII catalyses change by working closely with government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialised services and global linkages. It also provides a platform for sectoral consensus building and networking. Major emphasis is laid on projecting a positive image of business, assisting industry to identify and execute corporate citizenship programmes. Partnerships with over 120 NGOs across the country carry forward our initiatives in integrated and inclusive development, which include health, education, livelihood, diversity management, skill development and water, to name a few.

The CII Theme for 2012-13, '**Reviving Economic Growth: Reforms and Governance,**' accords top priority to restoring the growth trajectory of the nation, while building Global Competitiveness, Inclusivity and Sustainability. Towards this, CII advocacy will focus on structural reforms, both at the Centre and in the States, and effective governance, while taking efforts and initiatives in Affirmative Action, Skill Development, and International Engagement to the next level.

With 63 offices including 10 Centres of Excellence in India, and 7 overseas offices in Australia, China, France, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 223 counterpart organisations in 90 countries, CII serves as a reference point for Indian industry and the international business community.

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# About Wazir Advisors

Wazir Advisors is a management consulting firm based out of India that advises Indian and International companies on business strategies, mergers and acquisitions, joint ventures, funding and investments. Wazir is focused on the Indian consumer segments like Fashion, Retail, Education, Food & FMCG, Consumer Durables, Media & Entertainment, Health & Wellness and Automotive.

Wazir has worked with various stakeholders – Indian & International private sector players, investor groups, public sector organizations/government and thus, quickly develops a good understanding of client's business and objectives and enables them to take the right decisions – from strategy, to implementation, to value delivery.

With a team of experienced professionals, Wazir offers a comprehensive range of services to its clients to create, compete and develop their businesses in exciting and challenging markets. Wazir's team comprises engineers, MBA's, financial experts and economists from reputed institutes who have worked across industries.

Wazir has high-placed partners in key global regions of US, Europe, Japan and Turkey for facilitating cross-border businesses. This helps it to respond to business requirements and challenges immediately and cost-effectively.

## Wazir's service offerings:

Wazir offers to develop practical business strategies along with its clients to help them grow profitably and sustainably, and help implement these through organic and inorganic means, through partnerships and alliances, and also assist in funding it from value adding sources. Our services include:

### a. Strategic Advisory Services

- Assess market opportunity
- Develop business & sales strategy
- Conduct business & financial planning
- Support action planning & assist implementation

### b. Business Advisory Services

- Facilitate M&A
- Promote JV & alliances
- Provide funding & investment support

### c. Services for International Companies

- Develop market entry strategy
- Pursue M&A opportunities
- Identify local partners: JV, franchisee or licensee
- Facilitate setting up business in India

### d. Services for PE Funds

- Develop sector investment strategy
- Identify targets & facilitate investments
- Due diligence of target companies

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