

# Private higher education provision in India

Neil Kemp and Joy Jyoti Nandi

## Context

There has been strong and fast-growing demand for higher education places in India over the last few years, driven by the increased number of young people in the 18 to 23 age range coupled with larger proportions of students exiting upper secondary schools. Government investment in providing additional places in higher education is unable to match this demand. As a result, private sector education providers are developing their own institutions to capitalise on opportunities in the billion-rupee student market.

*With several competing demands on public funding, the task of meeting the growing demands in the higher education sector will have to be in part shouldered by the private sector.*

– Pranab Mukherjee, President of India, April 2013

This demand is set to continue, as recognised in the Government of India's 12th Five-Year Plan (2012–17),<sup>1</sup> and private provision will likely account for more than half of the total of over 35 million higher education enrolments by 2016–17 (see Figure 1).

Indian law forbids the 'commercialisation' of education and private providers must be registered as a not-for-profit trust or society. The investment and operational costs of private institutions are met through charging fees to their students, which range from £600 to over £20,000 per annum. Any surplus revenues generated by a private education provider must be ploughed back into the trust or society rather than taken as profit.

Private fee levels contrast with those in the public sector, which are in the range of £100–500, with the average across all public sector institutions estimated at £300 per annum. However, some public providers, such as the Indian Institute of Management, Bangalore, do charge much higher fees.

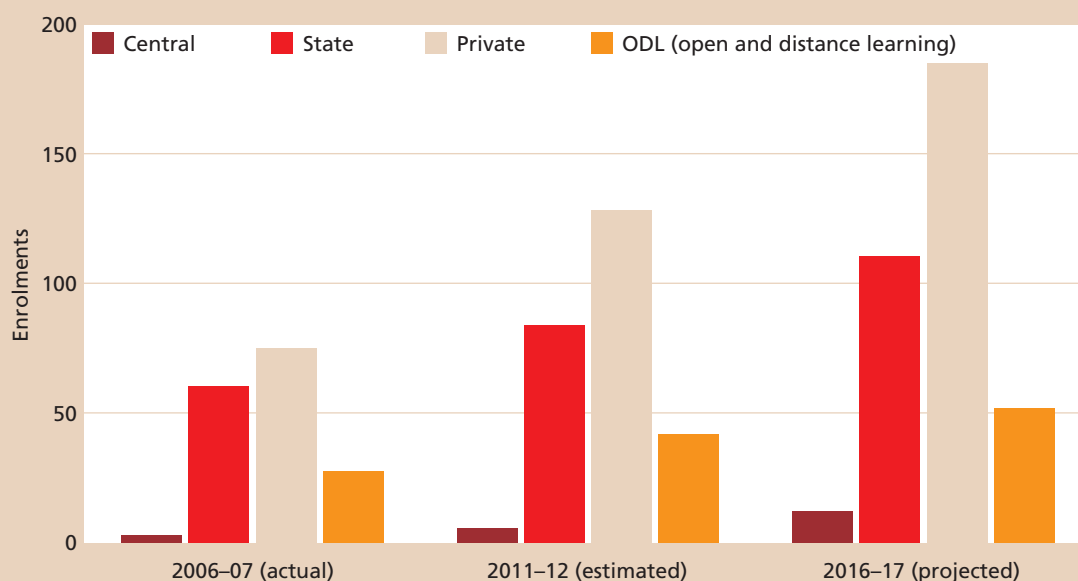
## The nature of higher education provision

In India, higher education, at a very general level,<sup>2</sup> is delivered through three main types of institution, according to their ownership:

- **Central government:** the provision of education is normally the responsibility of state governments, not the central government.

Figure 1

Total student enrolments in Indian higher education according to ownership of institution



Source: Government of India's 12th Plan (2012–17), Volume III

However, there are some institutions that are funded by the central government and these include the likes of the Indian Institutes of Technology; the Indian Institute of Science, Bangalore; large universities, including Delhi and Jawaharlal Nehru universities; and smaller specialist institutions, including the National Institute of Design, Ahmadabad

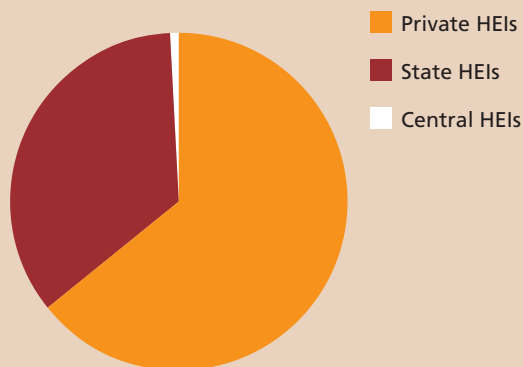
- **State government:** these have the primary responsibility for delivering education in India and they comprise many large universities (for example, the University of Kolkata) plus more than 13,000 affiliated degree colleges, which provide degree-level programmes, with the awarded degree validated by a state university. State governments also support higher education delivered through open and distance learning
- **Private higher education institutions:** private provision in India comes in many forms and is delivered through approximately 200 universities and over 30,000 colleges; the latter institutions are affiliated to universities who validate their degrees. There is great variation in quality, levels of study and the subject ranges on offer. The number of approved private providers varies according to the state government in whose jurisdiction they are located, with the most established in Maharashtra, Karnataka and Uttar Pradesh

Figure 2 indicates the current number of higher education institutions according to type of ownership. What is clear is that the majority are privately owned – a proportion that is set to grow further as more students exit secondary education.

At present, very few of the country's private universities and institutions undertake research. However, evolution continues and a good number now offer master's degree programmes and have joint activities with foreign universities (see below). Given that quality enhancement is all important in higher education, it would seem inevitable that the Indian private sector will embrace qualitative change for a number of reasons: competition for the best students will get tougher; staff retention will only be achieved if viable academic careers are possible; and Indian institutions will need to compete in a highly competitive global market.

**Figure 2**

**Institutional ownership of higher education institutions (HEIs) in India: private, state and central (2012)**



Source: Government of India's 12th Plan (2012–17), Section III

## Implications

State and central governments have a real challenge in terms of balancing their education budgets. While student numbers in primary education have grown well and initial enrolment rates of over 90 per cent have generally been achieved, drop-outs remain commonplace, and in some areas less than half of those students initially enrolled manage to complete primary school. Faced with the challenge to meet the education needs of their poorest citizens, the Indian state and central governments find it difficult to justify the allocation of additional resources to meet the fast-growing demand for higher education places for those who are relatively better off. The net result is that the private sector has grown rapidly to absorb the additional students exiting secondary education.

There remains controversy around what is seen as the 'marketisation' of higher education. However, the importance of the private sector is well established and the debate is moving to consider how it is delivered rather than focusing on its legitimacy. Some of the concerns include:

- **Quality assurance:** this remains a real challenge given the large number of private institutions involved
- **Access and equity:** while the government's reservation policies<sup>3</sup> might offer public university places to students from poor communities, a model to include the private sector has yet to be established
- **Student experience:** there is little information concerning the relative learning and support experiences of students as they pass through each of the forms of public and private institutions. This area needs to be more thoroughly researched
- **Staff shortages:** there are both chronic shortages and a lack of trained staff in many of the private colleges. There is currently neither the capacity nor funding available to provide research support for staff wishing to acquire a PhD

## Foreign partnerships

There is strong interest in India in studying for a foreign degree. Over 200,000 Indian students are currently enrolled at universities overseas, with approximately 100,000 in the USA and 31,595 in the UK.<sup>4</sup> Much of the demand is at the postgraduate levels – for master's degrees and PhDs. International study is mainly privately funded, thus Indian families are paying on average over £18,000 per annum to cover fees and living costs.

At the same time it is now possible for students to study for international qualifications in India as many foreign universities have developed local partnerships for the delivery of their degree programmes; the majority of these are with Indian private institutions and must conform to Indian regulatory requirements. Below are some examples to provide a flavour of such partnerships:

- **Indian School of Business (ISB), Hyderabad**, was established through partnership with the leading US business schools: Wharton at the University of Pennsylvania and Kellogg School of Management. ISB offers a number of postgraduate programmes in business and finance, and includes options to study in one of their prestigious international partner institutions
- **Pearl Academy, New Delhi**, is a private institute that delivers undergraduate and postgraduate programmes in design. It has a

long-term partnership with Nottingham Trent University, UK, offering fashion design courses that are validated by Nottingham. The large US education corporation, Laureate International Universities, recently acquired Pearl Academy

- **GD Goenka International World Institute, Gurgaon**, is a well-established education company with ownership of schools and higher education institutions in a number of Indian locations. It has a partnership with Lancaster University, UK, with whom it offers a variety of undergraduate and postgraduate programmes, with the degree awarded by Lancaster University. There are also opportunities for students to transfer to the UK campus

## India's foreign education legislation

There has been interest within the Indian Government in encouraging high quality foreign universities to open a branch campus in the country. A number of reasons for this include the need to attract foreign direct investment into higher education and also, through exposure to foreign competition, that standards of Indian higher education provision will be driven up.

The legislation to allow for foreign providers to operate in India, the Foreign Education Institution's Bill, has been passed through cabinet, although it has yet to be submitted to parliament and this now seems unlikely to happen before the 2014 national elections. Its progress to date has been fraught with problems as many political parties are concerned that a foreign university will attract many of the best students away from government and other private universities.

## Indian private universities and their international outreach

As a response to the growth of the international market for higher education, some of the well-positioned Indian private providers now operate internationally. Manipal University has established campuses in several countries, including Malaysia, Nepal and Dubai. The Manipal Education Group has 24 colleges in India with over 80,000 students enrolled, and is about to set up four new campuses. In 2008, it acquired the American University of Antigua, which provides students with the opportunity to complete their clinical sciences studies at a US teaching hospital.

Amity University has over 50,000 students enrolled at its two universities and 70 institutions in India. It also has campuses in Singapore, Dubai, London and Mauritius, and intends to expand into more locations. Some of the programmes on offer are delivered in partnership with foreign universities – for example, the MBA delivered at the Amity Business School in Singapore is validated by Anglia Ruskin University, UK.

## Conclusion

The Indian private sector is a strong and growing force in higher education provision. As Pawan Agarwal has pointed out,<sup>5</sup> many of the larger providers are growing through investment of the surplus funds they are generating, establishing chains of new institutions across India and also expanding internationally. It would seem inevitable that with increasing competition many thousands of small, low-fee private providers will either be acquired by larger enterprises as they seek to grow or be forced out.

However, this is very much new territory and, although other countries have large and growing private education sectors, many of the Indian initiatives have little precedent. A deeper awareness of the operation of the private sector is needed, particularly to understand better governance and financing arrangements of institutions, quality assurance, staffing and, most importantly, the relative experiences of students as they progress through their studies.

## Acknowledgement

*This article was adapted by the author from a presentation to the Council for Education in the Commonwealth (CEC) annual conference and meeting, 'For profit or not for profit? Private higher education in the Commonwealth', hosted by the British Council (London, June 2013).*

## Endnotes

- 1 Government of India: 12th Five-Year Plan (2012–17), Social Sectors (Volume III).
- 2 There are many variants but space does not allow discussing the detail in this paper. For further information, consult: Agarwal, P. (2009), 'Indian Higher Education: Envisioning the future', Sage Publications.
- 3 There are reserved places in public higher education institutions for certain disadvantaged communities, notably scheduled castes, scheduled tribes and other backward classes (OBCs).
- 4 2011–12 data: 'Open Doors' IIE, New York, & UK Higher Education Statistics Agency.
- 5 Agarwal, P. International Higher Education, Sept 2012 (Boston College); 'A New Direction for Private Higher Education in India'.

**DR NEIL KEMP**, OBE (neil.kemp@nkeducation.com), manages his own education consultancy and specialises in international higher education policy; transnational education (with J. J. Nandi); international student mobility; and private sector involvement in higher education. He is a visiting fellow at the Institute of Education, University of London, and his main country interests concern Indian and Malaysian higher education policy and developments. He was responsible for developing the UK-India Education and Research Initiative (UKIERI) and is also a board member of the Council for Education in the Commonwealth and Open University Worldwide. A physicist by background, he has contributed to a range of education and training projects in over 20 countries.

**JOY JYOTI NANDI** (joy.mbec@vsnl.net) is director of MB Educational Concepts (MBEC) and Innovative Education Networks (IEN), consultancy companies that provide market entry and business development services for a wide variety of education providers in Asia and Africa. He also has experience serving in senior positions in government and the public sector, and has delivered education projects funded by the World Bank, Asian Development Bank, the UK's Department for International Development (DfID) and other bilateral funding agencies, foreign governments and the Government of India. He was adviser consultant on education to the British Council, New Delhi, for ten years.