Corporate Sector Participation: Much Needed Elixir of Life to Indian Higher Education System

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Abstract  Higher education sector is one of the major drivers in uplifting the Indian economy, but with striking challenges. Traditional ways of imparting education, poor governance and lack of finance are all responsible for the dismal scene showcasing low GER, absence of India from the list of countries having world’s best institutions and sufferings of Indian students searching for quality education abroad. The three needs -Competitive, Protective and Protractile- calls for professional governance of educational institutions and investment there in by corporate sector. New Companies Bill 2012 also proposes compulsory contribution by corporate sector for CSR activities. If companies contribute to the area of education by Five-way corporate participation model suggested in this paper, higher education of India can be elevated.

Keywords : Corporate sector, Higher education.


I. INTRODUCTION

Higher education has its indispensable role in the development of our Indian economy. Over the years, this role has shifted from just transferring theoretical concepts from books to imparting pragmatic knowledge. Undoubtedly, Higher education is the major driver in uplifting the economy but there are striking challenges. Traditional ways of imparting education, age old institutions (which are reluctant to change with the times and adapt to newer teaching pedagogies) and poor governance are all responsible for the absent mark of Indian educational institutions from the list of World’s best institutions. Shortage of funds further aggravates the problem. There are a very few number of institutions which are trying to keep up the kinesis of development.

India has one of the largest higher education systems in the world, with 21.8 million students enrolled in more than 45,000 degree and diploma institutions in the country yet it is still beleaguered with several challenges,
Despite that India introduced globalization in 1991, uptill today, it has not been able to create a name for itself in the top colleges or universities in the world. Education is a sector that had been inviting attention of administrators from the very beginning but of late this is sad that none of our educational institutions could make it in the QS World University Rankings of the top 500 Global Universities. Government of India has set for itself an aggressive target of attaining 30% GER in Higher Education by 2020. As per recent estimates by NUEPA, in order to achieve this target an additional investment of Rs. 9.5 lakh crore , which includes capital expenditure and operating expenditure, has to be made (www.deloitte.com.in).

As Government all alone cannot cater to this sector in terms of investment fully, so, the corporate sector is required to play a much needed role. Last decade has witnessed increase in number of private sector institutions which have proved their worth by producing students who are industrially and professionally competitive.

In India, corporate sector is the biggest user of educated manpower but still there are very few who have plunged in the educational sector to produce the required personnel. Participation of Corporate sector in education will help bridge the gap between demand and supply of skill. The corporate sector should set up educational institutions because the amount of public resources available for education is limited. So allowing funds to move from business houses can initiate upward movement of higher education.

II. Present gloomy scenario of Indian Higher Education:

“Its a worrying sign that even though the 3rd largest number of graduates in the world every year is produced in India, only 15 percent of our boys and girls passing out of college have the skills required to become employable! This brings in concern that students are getting degrees, but not getting employable hands-on skills“

– Smt. Pratibha Patil, former President of India

The statement starts with a positive note but leaves a gloomy picture eventually. A lot need to be done even after 66 years of independence. It highlights the fact that even if students are getting degrees but they still are not industry-ready. Recently, President of India, Pranab Mukherjee at the 45th Convocation of Utkal University in Odisha pointed out that the enrolment rate for the 18-24 years age group in India is very low as compared to other countries.
of the world. This effectively denies many bright students the opportunity to acquire higher education. Building accessibility will be an important exercise in inclusion. Also as many as 374 districts have been identified where the GER is even less than All India average (Gupta and Gupta, 2012).

During the academic year 2010-11, among the students enrolled for higher education in India, enrollment in undergraduate programs was 86%. And only 12% of the total number of students was enrolled in post graduate programs and just 1% to pursue research as seen in Figure 1.

![Students Enrolment by Level of Education in Higher Education in 2010-11](chart.png)

*Figure 1: Source: Higher Education at Glance, UGC, 2010-11.*

This reflects a gap - a gap between movement from Undergraduate level to Post graduate level and then to Research. In fact, even from school to college, one can find a huge gap.

In the vista of higher education, many universities and colleges are found to be below average. One reason for all this could be redundant faculty. The fact can be traced from the NAAC report, which clearly brings out the unsatisfactory performance of many Academic staff colleges. Another major reason could be lack of professional governance. Systems to improve are either not present or are not effectively implemented. Students find it easier and better to study abroad. But, then some of them fall prey to fake universities and colleges. Also outward movement of students leads to brain drain.

State – of – art Infrastructure and resilient systems are needed to assimilate professionalism in educational systems. On record, we can find that institutions run by corporate sector have done well over the past few years. Again the connection could be professional governance, required infrastructure managed by robust systems and policies. Autonomous colleges and universities are
coming up with professional courses having contemporary and industry relevant curriculum. Subsequent paragraphs will highlight the need to revamp higher education structure with more facts and figures.

III. Need to elevate higher education sector in India

Education sector need utmost attention now. Not only quantity, but Quality is also equally important. Governmental capacity is not sufficient to meet the challenges of rising investment for sustaining and substantiating the education sector of India (Yadam, 2013). It is apparent that private sector’s role is very important to advocate for increased level of academic performance (Economist Intelligence Unit report, 2009). Not only adding the new infrastructure is required in terms of more colleges and universities but the need is also to sustain the existing infrastructure and make them better enough to compete. The need of revamping education sector can be categorized into three heads:

3.1 Protractile Need

There is a dire need to increase the infrastructure and availability of seats to absorb more no. of students. At present GER in higher education is 17.9%; enrolling about 21.8 million students from 33023 no. of colleges and 659 universities (FICCI Report, 2012).

In Higher education summit with US which revealed gaps, Mr. Kapil Sibal noted that to increase the gross enrolment ratio in India to 30% by 2020, India would need to build an additional 1,000 universities and 50,000 colleges (US India Higher Education Summit, 2011). The goal of achieving 30% GER by 2020 is possible, if additional 25 million seats are created. But the other side of bridge is facing around 40% and 35% shortage of faculty in state and central universities, respectively (FICCI Report, 2012). According to a recent report

<table>
<thead>
<tr>
<th>Form of presence (46,430)</th>
<th>University and university-level institutions</th>
<th>Colleges</th>
<th>Diploma-granting institutions</th>
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<tr>
<td>Central</td>
<td>659</td>
<td>33,023</td>
<td>12,748</td>
</tr>
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<td>State</td>
<td>152</td>
<td>669</td>
<td>Central</td>
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<tr>
<td>Private</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>9,541</td>
</tr>
<tr>
<td>Enrollment in 2012 (million)</td>
<td>18.5</td>
<td>Enrollment in 2012 (million)</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: The FICCI-E&Y Report supported by Planning Commission titled “Higher Education in India: Twelfth Five Year Plan (2012-2017) and beyond".
of a Committee appointed by Planning Commission on Higher Education (submitted by N.R. Narayan Murthy), we need to mobilize an additional 5,500 faculty members through a mix of international recruitment. Also development and improvement in the quality of domestic Ph.Ds, and involvement of leading practitioners from the Indian industry is needed (Report of Committee on Corporate Sector Participation in Higher Education, 2012).

### 3.2 Competitive Need

India’s higher education system is the third largest in the world but its GER is much below the world average of 27%, as well as that of other emerging countries such as China (26%) and Brazil (36%). Global comparison of student-teacher ratio for India is 26 whereas Developed economies average stood at 15.3. Therefore there is an urgent need for Quality improvement and to make existing higher educational system world class.

62% of universities and 90% of colleges are found to be average or below average on the basis of NAAC accreditation (FICCI Report, 2012). Out of total 66 Academic Staff Colleges in India, only 13 have been marked as Performer; 46 as Under performer and 7 as Non performer by NAAC. The colleges meant for training teachers have this pathetic statistics then what can be the fate of teaching!

If our institutions are not able to meet the standards set by our own domestic rating agencies, how can we think of finding a place at the International level? According to the National Employability Report - MBA Graduates 2012, only 25% of technical graduates and 10% to 15% of other graduates are considered employable by the IT/ITES industries. Employability of management students ranges between 10% - 20% for roles involving client interaction. It remains below 10% for any functional role in the field of HR, Marketing or Finance. For instance, only 7.69% MBA-finance students are employable in the BFSI (Banking, Financial Services and Insurance) sector, which has created a very large number of jobs in the last decade. 32% management graduates lack English and Cognitive skills. At least 50% students are not employable in functional areas because of lack of conceptual understanding and knowledge of the area (National Employability report, 2012). The basic aim of management education is to equip students with skills needed to perform various functional roles. This data is disturbing and calls for an urgent intervention.

### 3.3 Protective Need

According to a study, more than 53,000 Indians went abroad in 2000 and at the end of the decade; the number rose up to 1.9 lakh (Times of India, 2012). Asians account for 52% of all the students studying abroad and largest
number of students are from China, India and Korea. (OECD, 2012). Because of limited count of seats due to reservation policy, expensive and unregulated management quota seats and exorbitant cost associated with quality education in India, a larger number of students prefer and find it easy to get a seat and have an experience of studying abroad.

But many untoward incidents have happened with Indian students studying abroad due to their falling prey to fake universities and colleges. Government is considering formulating a policy to check the mushrooming growth of educational agents, who lure students to study abroad without proper verification of colleges. Recently, Union Minister of State for External Affairs, Preneet Kaur pointed out that there is no check on the ‘study-abroad educational agents’ in the country and the government will soon come out with a policy on this. This concerning statement came up on the sudden closure of a number of private colleges in Australia which left many Indian students baffled. Around 2,000 agents have been working in Punjab alone and they have taken e-visa facility from colleges in Australia and other countries.

Not only at the international level that our students need to be protected but in India itself career of students is shot by fake universities and colleges. Recently, MHRD (Ministry of Human Resource and Development) had considered derecognize as many as 44 deemed universities. These 44 deemed universities have on roll 1,19,363 students at the undergraduate and postgraduate levels. In addition, there are 2,124 students pursuing research at MPhil and PhD levels and another estimated 74,808 students pursuing distance education programmes (Times of India, 2010). Hence, to avoid brain drain and to protect our young generation indigenously and internationally, recognized, regulated and quality institutions are the need of the hour.

IV. Elevating Indian Higher Education Sector with Corporate Leverage

With several competing demands on public funding, the job of meeting the escalating demands in the higher education sector will have to be partly shouldered by the corporate sector. To a large extent, corporatization will bring the required financial investment. Implementation of new Companies Bill will require these big giants to compulsorily contribute at least 2% of their profits for CSR. Though, even if entire 2% is dedicated to education itself (which is not a compulsion), it will not cover the gap fully but certainly reduce it. 2% would be just a minimum mandate (India education review, 2013). There are companies in record who have been contributing to this noble cause even beyond this rate. Govt. must recognize and motivate such companies and encourage many others to come to the front and take this challenge. But for
those, who don’t want to run educational institutions as mere CSR endeveour, Govt. should still embrace those who want to run on Profit basis. Infact, tax incentives and awards should be given to them to appreciate their endeavour. Government should provide autonomy to corporate - run institutions so that they are able to pursue their objectives and mission of imparting pragmatic education. It was autonomy that helped IIM-A reach pinnacle in the management education of India (Panday, 2004).

According to Abraham Maslow’s Need hierarchy theory of motivation, a person strives to satisfy his higher needs of status and self actualization. These Indian titans will always remain sensitive towards their status. Hence, to maintain their standard they will run colleges as carefully as possible because their name and goodwill is associated with it. They have earned not only huge profits but their name too because of adherence to discipline, systems and policies. Similarly that professionalism will percolate down to the lowest level in the educational structures too. “A lot of corporates with deep pockets have entered the education space in the past few years, giving a further boost to a sector which was already hot. With huge investments, they want good people to run such units. The sector is growing at a compounded annual rate of 16.5% during FY05-FY12, and is estimated to be a 341,180-crore market. It will grow to 602,410 crore by FY15 due to demand for quality education” according to India Ratings, a Fitch Group Company (Economic times, 2013).

More recently, as per the recommendation of committee constituted by Planning Commission on corporate sector participation in higher education (2012), corporations can collaborate with the academia in several ways, with varying fund requirement. Corporate sector can play a pivotal role in the betterment of present scenario and also meeting the future aspirations. Hence, corporate sector can be invited to this arena more rigoursly as this venture will fetch them not only goodwill but good employees and financial returns as well.

4.1 Five forms by which Corporate Sector can participate

The above discussion so far has brought to spotlight the need to revamp higher education sector. Certainly panacea to all the problems is the corporate participation. It can act as elixir of life to higher education sector. We have in this paper suggested five ways by which Corporate Sector can participate (Flowchart 1).

1. Institutions run independently by a Company

Big industrialists can open and run independent institutions; whose governance will be entirely controlled by them. Financial as well as professional investment
all will flow from that company. The company may run these institutes by constituting a trust to govern and monitor the functioning of such institutes.

**Case Example**

**Sri Aurobindo College of Commerce and management, Ludhiana, Punjab**

This college, affiliated to Panjab University, Chandigarh, is run by textile conglomerate Vardhman Textiles limited led by Padma Bhushan S.P. Oswal. This college though new but has created landmarks in the short time span of nine years by bagging positions in academics as well as other frontiers ranging from Panjab University level to National level. SACCM offers its students the very best in terms of infrastructure and resources. The learning environment of the college is challenging and requires disciplined conduct from the students and teachers. The teaching learning pedagogy is a blend of conceptual and experiential learning. Lectures are supplemented with Case Studies, Management Games, Role Plays, Presentations, Practical Assignments, Group exercises, Team Projects, Personal Skill Workshops and Industrial Visits. The faculty uses innovative teaching methods synergizing their research knowledge and corporate experience to train the student on professional lines.

*Source: www.saccm.in.*

Similarly, many other colleges, which are marching forward towards newer heights, are run by business houses (may be through creation of a trust) like Birla, Hero, Wipro, TATA etc.

2. **As consortium of leading companies**

New institutions can be opened, if not alone, then by consortium of leading industrialists. The members of the group will have representation on the governing board like the one of School of Inspired Leadership (SOIL).

**Case Example**

**School of Inspired Leadership (SOIL)**

The School of Inspired Leadership (SOIL), founded in 2009, offers postgraduate management courses and executive education programmes. It has been co-created by a group of leading companies from across industry verticals like Nokia, Maruti, Dabur, Infosys, Asian Paints and L&T. SOIL, which has 32 industry practitioners on it, has on record a placement percentage of 96% with an average salary of 0.65 million–0.85 million (FICCI Report, 2012). It
Corporate Sector Participation: Much needed elixir of life to Indian Higher Education System

Source: www.soilindia.net

3. Through PPP mode

Amongst various alternatives of PPP model put forward by govt., the authors prefer two alternatives: Reverse Outsourcing Model wherein Government invests in infrastructure and the private sector takes the responsibility of operation and management. The other can be Equity/Hybrid Model wherein Investment in infrastructure is shared between government and private sector while operation and management is vested with the private sector.

Like in the case of newly proposed IITs, land for the purpose would be made available free of cost by state governments concerned. An IIT would be established at a capital cost of Rs.128 crore each to be contributed in ratio of 50:35:15 by centre, state and industry partner respectively. On entry of corporate sector in technical education, AICTE has allowed public/private limited company with 100 crore turnover for last three years to establish a new technical institution in engineering and technology, pharmacy, architecture and town planning, hotel management and catering technology (Times of India, 2012). PPP mode brings finance and governance to higher education by the partnership of government and corporate sector.

The above three modes can run traditional courses, professional or vocational courses as affiliated institutes or independent ones. For vocational institutes, it is hereby proposed to set up region-specific industry-linked vocational institutes. Government should allow corporate sector to impart teaching and training in vocational areas in a contemporary manner so that students are industry ready when they come out of such institutes. Concentration of a particular type of industry in a region should be considered while designing a course structure and curriculum content of an institute of that area. The result will be proximity-based synergy of co-location of companies and education (skill) providers (OECD, 2009).

This will help easy accessibility for students on one hand and supply of local employees to industry located in that area on the other. National Skill Development Corporation (NSDC) plans to develop 500 million skilled people by 2022 (Anjum and Tiwari, 2012). Following examples can help achieve the target.
Ludhiana is a hub of textile and hosiery manufacturing units. Hence, students, if are equipped with skills in the related process, will be industry ready, soon after they come out of these courses. Similarly, sports goods manufacture related courses can be run by the Corporate established educational institutes in Jalandhar (Punjab) so that students get easily assimilated in the industry without having to leave their home town and family. Though there are institutes imparting vocational education but the techniques are outdated and students have to have their hands on obsolete technologies. If such institutes have corporate representation on board, updation and relevance becomes easier. Problem of unemployability can be curbed.

Likewise, Indian Diamond Institute in Surat (hub of diamond business) is sponsored by Ministry of Commerce and Industry. Government of Gujarat has long back rated IDI as a “Centre of Excellence”. Establishing vocational institutes which focus more on local industry related faculties will help companies in procuring required skilled personnel from the local market itself. Availability of workforce which is equipped with the latest knowhow will reduce the cost of training as well. Curriculum of such courses can be decided mutually by UGC and industry. Govt. may give them some incentives of tax exemption or grants in aid if they continue to do well.

4. For upgradation of existing ‘C’ grade colleges

Apart from opening new institutions, a group of industrial luminaries be created who will look after the revival and upgrading of existing colleges with grade “C” as per NAAC rating. Even UGC had abandoned various colleges by describing them as academically non-viable and ineligible for assistance (Azad and Chandra, 2008).

Therefore, just like Board for Industrial and Financial Reconstruction which was created by Govt. to revive sick industrial units, similarly a group of industrialists can be created to revive these colleges. These colleges can approach this group of intellects and ask voluntarily for revival. Or like Village adoption programme, College adoption programme be taken by a company as CSR endeavour (If it itself is not running a competitive college). For few years, college administration can be taken over by these companies. Observers can be appointed by a company (or group of companies) to monitor the discipline on part of teachers and students and ensure the compliance. If the reason is poor teaching pedagogies then also these companies can act as facilitators. In addition to arranging of workshops, making other arrangements for teachers to upgrade themselves and where ever possible allow Industry – academia interface to operate smoothly and more vigourously. Financial needs of the college during the recovery phase can be looked after more by UGC or MHRD
and partially from corporate as well. As 374 districts have been identified as educationally backward in terms of GER, so initially consortium can start operating in these states.

5. Other modes can be

- **Strengthening Industry – Academia interface**
  Companies should fix employees to look after students who come for projects or trainings. Inclusion of guiding of students for projects or giving guest/extension lectures in their (employees’) work profile is a must to create accountability. Employees normally feel it as an extra burden as no recognition is given for their efforts and they find it as interference in their routine. But if job description includes this then work can be assigned accordingly.

- **Developing Faculty**
  Especially in management and technical institutes, teachers must be allowed to approach industry and seek guidance on the practical implication/application of theoretical concepts that they teach in class rooms. Teachers should be allowed to come to the company’s campus and pursue a project. Again as a case example, Sri Aurobindo College has a formal programme wherein teachers go to Vardhman Units and pursue a project where they study the practical application of theoretical concepts that they teach in classrooms.

- **Participation from SMEs: Merit and Need based scholarship**
  Apart from reduced fees (govt. colleges) and loan facility, scholarships must form an important agenda in the list of Education governing bodies. According to NSSO 62nd round (2007-08) estimated that 21% of the persons had cited financial constraints as reasons for not pursuing education beyond secondary class. Therefore, merit and need based Scholarships should be given. In addition to big companies, medium and small scale industry can also contribute for the cause.

**Case Example**

**Massachusetts Institute of Technology (MIT)**

*MIT has been ranked number one on QS World University Rankings 2012. There are 4,232 undergraduate students studying at the institute. Estimated fees for undergraduate courses for 2012—13 amounted to $57,010 per annum. Through its need-based education financial aid services, the institute ensures that no deserving student is denied admission due to lack of funds. For the*
academic year 2011—12: around 74% of undergraduates were either awarded a merit-based or need-based scholarship. Also around 41% of undergraduates had student loan debt (average debt —$20,800) at graduation.

Source: FICCI Report, 2012

- **Member of development Council of Universities/ UGC**
  Industry must have a representation in the committee/ Council of govt. responsible for designing of curriculum and other teaching – learning processes. Since, majority of students, directly or indirectly, are going to cater to industry hence, it becomes imperative that corporate sector’s participation is there in these activities.
  From all the discussion we find that the need for corporate intervention is mainly for two reasons: required financial investment which perhaps our government may not be able to pool in and secondly, professional governance (See Matrix: 1) as many institutions in the past have revealed better results which have a corporate culture and rules compliant machinery.

## MATRIX 1: CORPORATE GOVERNANCE – FINANCIAL INVESTMENT MATRIX

<table>
<thead>
<tr>
<th>CORPORATE PROFESSIONAL GOVERNANCE</th>
<th>COMPLETE</th>
<th>PARTIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORPORATE FINANCIAL INVESTMENT</td>
<td>• Independent institutions</td>
<td>• Scholarships</td>
</tr>
<tr>
<td>COMPLETE</td>
<td>• Consortium mode</td>
<td>• Financial assistance for Projects</td>
</tr>
<tr>
<td>PARTIAL</td>
<td>• Revival of sick or ‘C’ grade colleges</td>
<td>• Public Private Partnership mode</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Other modes-Interface, Research Projects, Extension lectures</td>
</tr>
</tbody>
</table>

## CONCLUSION

The issues in higher education are complex and hence a lot of brain storming and well-built action is needed. Over the past few years, India’s higher education sector has witnessed tremendous growth yet problems of low GER, lack of world level quality, shortage of faculty, deficient infrastructure, unemployable graduates etc still persist. Corporate sector must plunge in to cover the gap of resources and governance which perhaps government may be unable to bring.
Country needs an education system that can deliver quality in terms of a skilled and industry-ready workforce, and help listing ourselves amongst premier institutes of the globe. Indian higher education needs to grow quantitatively and qualitatively. The corporate sector can be expected to play an instrumental role in achieving these outcomes through the creation of state-of-art infrastructure and competent faculty working with professional approach. The present paper has made a modest attempt to provide insights through five way corporate participation model on how to successfully create quality institutions, and thereby accelerate the process of development of higher education in India. Professional and pragmatic outlook of education can put Indian economy on a trajectory of ever rising heights.

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