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*“Unlocking the full potential
of the U.S.-India relationship”*

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Elevating India’s Higher Education

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Education will jump to the top of the U.S.-India bilateral agenda next week when Secretary of State Hillary Clinton and Minister of Human Resource Development Kapil Sibal convene the first-ever U.S.-India Higher Education Summit in Washington. Some 300 higher education leaders and government officials, as well as private-sector leaders, are expected to attend. According to the White House, “The 21st century demands a new brand of cooperation on education.” This will include greatly expanded academic exchanges and collaboration, as well as enhancing the role of the private sector.

Both countries stand to benefit from this “new brand of cooperation.” For India, it could not come at a more opportune or critical time.

Dividend or Disaster?

As an emerging economy, India is perhaps best known for its pool of skilled workers that have catapulted the country to the top of the economic value chain in key knowledge-based industries. With over half its 1.2 billion population under the age of 25, this economic model should be sustainable. However, without many more quality institutions of higher education, it will not be.

India’s National Knowledge Commission estimates the country needs 1,500 universities compared to the current 370. According to the Indian Council for Research on International Economic Relations (ICRIER), India will have to quadruple the number of existing college seats and the number of professors by 2014 to reach an enrollment ratio of 20 percent. Its current enrollment stands at 12.4 percent. In short, without proper higher education infrastructure, and continuing investment in human capital, the country’s demographic dividend could morph into a demographic disaster. India knows it.

Government Plans and Spending

Minister Sibal has pledged to increase the percentage of eligible students enrolled in colleges and universities from today’s 14 million to 40 million by 2020. According to an industry chamber study, the size of India’s education sector is currently pegged at \$25 billion with the higher education market estimated at \$15 billion. Overall, the Indian government plans to spend about 5 percent of its GDP in the next five years on education.

Today in India, hundreds of new institutions are being set up, including large new public universities in each of India’s states. The numbers of prestigious Indian Institutes of Technology (IITs) and Management (IIMs) are also being expanded.

But Indian officials acknowledge that government alone cannot increase the capacity needed at universities. The private sector will have to play a major role. India’s government is therefore moving to relax restrictions on private educational institutions.

Help Wanted

Every sector in the Indian economy has a “help wanted” sign hanging out front. Unfortunately, India’s burgeoning youth population is not trained in a way that makes them easy to employ. Because of India’s rapidly expanding and changing economy, their skill sets don’t match what employers need.

Kapil Sibal is out to change that. He wants, and needs, to increase education levels and employment opportunities for India’s youth. This will soon apply to 500 million people, a monumental task by any standard. In addition to higher education, Sibal is putting his effort into strengthening basic education and providing vocational training to 160 million youth who do not attend universities—all by 2020. He plans to create a national vocational framework within a year.

Vocational and technical training is a key area where the United States and India can effectively collaborate to build India’s faculty capacity and train workers for market-relevant professions—in other words to provide skill development on a mass scale, with an emphasis on “employability.” India needs skilled workers for just about every profession: from the more traditional careers of doctor, lawyer, and engineer to its modern needs for city planning, hospitality, architecture, logistics, waste management, food security, medical tourism, entrepreneurship, and others.

Partnering with the United States and others is one way to adopt a community college-style system that can be adjusted to India’s specific needs. The Obama-Singh [21st Century Knowledge Initiative](#) encourages this.

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New regulations have been drafted that would affect 70 private universities that have been set up by various Indian states.

Private educational institutions are increasingly becoming part of India's landscape, particularly in professional education in information technology, engineering, medicine and management, where there is huge demand from the growing middle classes. But even this will not be enough to meet India's higher educational needs fully.

Enter the Overseas Providers

A possible major contributor to India's supply shortage is the Foreign Education bill. If passed, the bill would, for the first time, allow foreign universities to establish themselves in India. The legislation was introduced in the Indian parliament in 2010, but has since stalled. The bill has many critics. There are complaints that the legislation as initially proposed would be unable to attract enough universities to have a real impact on India's education system. Among the barriers to foreign investment included in the legislation is the \$11 million that institutions would have to provide to enter the Indian education sector and the provision that bars foreign universities from repatriating profits. These provisions are being reexamined.

But the bill also has its advantages. Even a marginal opening up of India's education sector could stimulate the industry. The growth of China's higher education sector provides a good example. According to Venture Intelligence, in 2000, the Chinese tertiary enrollment ratio was 6 percent, and the regulation on for-profit participation in higher education was murky. In 2002, the government issued a law permitting for-profit participation in the higher education sector. China's higher education enrollment increased from 14.7 million students in 2002 to 23 million in 2006. In addition, the influx of foreign investment and personnel immediately brought knowledge of educational best practices to China.

That there is strong interest among overseas education providers to enter the Indian market is not in doubt. According to the Ministry of Human Resource Development, over 50 foreign universities have evinced interest in operating out of India, including the Massachusetts Institute of Technology, Columbia University, Virginia Tech, Duke University, George Washington University, and the University of Southern California, among others.

There is also considerable interest in Minister Sibal's proposed Universities for Innovation bill that would allow setting up special universities with a focus on innovation and research. Yale University sees this as a promising potential area of collaboration, adding to the more than 50 academic collaborations it has already entered into in India.

"Unlock this Potential"

In a recent speech in New York, Finance Minister Pranab Mukherjee of India said: "There is tremendous potential for closer collaboration between the educational institutions of our two countries, and what is required is a jointly forged key to unlock this potential."

Forging that key will be the principal goal of next week's U.S.-India Higher Education Summit in Washington. It will also be the objective of Assistant Secretary of Commerce Suresh Kumar next week as he leads a delegation of 21 U.S. universities and colleges to India to explore collaborations in education. Both should make important contributions to Minister Mukherjee's admonition to "unlock this potential."

On October 11, CSIS will host Indian Minister of Human Resource Development, the Honorable Kapil Sibal, to speak about **Transforming India into an Education Hub**. [Click here to register for the event](#).

On October 18, CSIS will host Vikram Mehta, Chairman of the Shell Group of Companies, India, to discuss **India's Energy Options**. [Click here to register for the event](#).

Through the initiative, Montgomery College has already partnered with three technical institutes in India. The Indira Gandhi National Open University is also expected to partner with the U.S. community college system in the near future.

Public-private partnerships (PPP) are another available option. India's [National Skill Development Corporation](#) (NSDC) is a unique PPP, funding for-profit vocational training institutions, with the goal of fostering industry participation in skills-development. The NSDC recently collaborated with the American India Foundation (AIF) to hold a national knowledge seminar in New Delhi, called "Skilling India's Youth." AIF and the Citi Foundation are engaged in a market-aligned skills training program, which aims to provide 2,500 youth in Delhi and Jaipur with financial literacy training and entry-level service sector jobs.

An expanded system for vocational training is clearly something Minister Sibal understands. With a keen eye to quality and market relevance, India can successfully bridge its employment gap, "skill up" millions of under- and unemployed youth and ensure that its demographic dividend remains intact.

—*Persis Khambatta*

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