

A New Era of Economic Development: The Role of Private Universities in India

Sumana Karan | 17.09.2024



India, with its burgeoning population and rapid economic growth, is experiencing a transformative shift in its higher education system. A key player in this evolution is the rise of private universities. These institutions, once regarded as complementary to the public university system, are now becoming key catalysts for economic growth. They are transforming the educational framework and playing a crucial role in driving the economic progress of the country. Let's explore how private universities are contributing to this new era of economic growth.

Expansion of Private Higher Education

The expansion of private higher education in India has been remarkable. As of 2023, the country boasts over 400 private universities, a substantial increase from just 20 in the early 2000s. This growth is fuelled by the rising demand for higher education, driven by economic growth and higher income levels. The number of higher education institutions in India has expanded by more than 400% since 2001, with much of this growth occurring in the private sector.

For instance, **Amity University**, established in 2005, has rapidly expanded with multiple campuses across India and abroad. It offers over 300 programs and has become a prominent name in higher education, enrolling more than 150,000 students. Similarly, **Manipal Academy of Higher Education (MAHE)** has grown significantly, with over 28,000 students and a strong presence in both India and abroad.

The Gross Enrollment Ratio (GER) in higher education has also seen a notable increase, rising from 8.1% in 2001 to 27.1% in 2019-20. This increase is a testament to the growing accessibility and demand for higher education in India. The National Education Policy (NEP) 2020 aims to further increase the GER to 50% by 2035, highlighting the government's commitment to expanding higher education.

Expanding Access and Choice

One of the most significant contributions of private universities to India's higher education framework is their ability to expand access to quality education. As the country's economy grows and the demand for skilled professionals surges, public universities have struggled to keep pace with the increasing number of students seeking higher education. According to the All India Survey on Higher Education (AISHE) 2021-22, the gross enrollment ratio (GER) in higher education in India has increased from 25.8% in 2011-12 to 27.3% in 2021-22. While this is progress, it still falls short of the global average. Private universities have played a crucial role in filling this gap by offering a wider range of educational programs and options.

Private universities in India operate under diverse governance models and fee structures, providing students with a greater degree of choice. This flexibility allows students to select programs that align with their career aspirations, personal circumstances, and financial capabilities. Moreover, private universities often specialize in specific fields or industries, offering specialized programs that may not be available at public universities. This can equip students with the skills and knowledge they need to succeed in niche sectors and contribute to India's economic growth. For instance, some private universities have established strong programs in emerging fields like artificial intelligence, biotechnology, and renewable energy, providing students with the opportunity to develop expertise in these areas.

Economic Impact

The economic impact of private universities extends well beyond their immediate campuses. These institutions are significant job creators, employing thousands of faculty, staff, and administrators. For instance, Amity University alone employs over 6,000 faculty members and 10,000 administrative staff across its campuses. This employment contributes substantially to local economies by increasing demand for housing, services, and goods.

Moreover, graduates of private universities often enter the workforce with specialized skills and knowledge, making them valuable assets to businesses and industries. According to the Indian Brand Equity Foundation (IBEF), private universities produce over 1 million graduates annually, many of whom are equipped with industry-specific skills that enhance their employability. For example, Manipal Academy of Higher Education (MAHE) has a robust placement record, with over 2,500 companies visiting its campus for recruitment each year.

The presence of high-quality private universities can also attract foreign investment and talent, further boosting economic growth. Ashoka University, with its international collaborations and diverse student body, has attracted significant foreign investment, including a recent endowment fund increase to over INR 500 crores. This influx of capital not only supports the university's growth but also stimulates the local economy through increased spending and job creation.

Investment and Infrastructure

The involvement of the private sector in higher education has led to substantial investments in educational infrastructure and resources. In 2022, private universities collectively invested over INR 10,000 crores in infrastructure development. This significant investment has played a crucial role in improving the quality of education and making it more accessible to a broader population.

For instance, **Ashoka University**, known for its liberal arts education, has invested heavily in state-of-the-art facilities and faculty. The university's endowment fund has grown to over INR 500 crores, supporting its mission to provide world-class education. Ashoka University has built modern classrooms, advanced research labs, and extensive library resources, attracting students from across the country and abroad.

Similarly, **Manipal Academy of Higher Education (MAHE)** has invested over INR 1,200 crores in infrastructure over the past decade. This includes the development of new campuses, advanced medical facilities, and cutting-edge research centers. MAHE's focus on infrastructure has enabled it to offer high-quality education and attract top-tier faculty and students.

Amity University has also made substantial investments in its infrastructure, with over INR 2,000 crores allocated to the development of its campuses across India and abroad. These investments include the construction of modern academic buildings, residential facilities, and recreational centers, enhancing the overall student experience.

The **National Education Policy (NEP) 2020** has further encouraged private sector investment in higher education by promoting the establishment of new institutions and improving existing ones. This policy aims to increase the Gross Enrollment Ratio (GER) in higher education to 50% by 2035, highlighting the importance of private sector involvement in achieving this goal.

Innovation and Research

Private universities have played a vital role in fostering innovation and research in India. These institutions often have greater flexibility in curriculum design and resource allocation, allowing them to invest in cutting-edge research facilities and faculty. This environment encourages academic exploration, leading to groundbreaking discoveries and advancements in various fields.

Flexibility and Investment

Private universities can quickly adapt their curricula to meet emerging industry needs and incorporate the latest technological advancements. For example, **Amity University** has established over 300 research centers and laboratories, focusing on areas such as nanotechnology, biotechnology, and artificial intelligence⁴. This flexibility allows them to stay at the forefront of innovation and provide students with relevant, up-to-date education.

Research Output

The research output of private universities has been impressive, **Manipal Academy of Higher Education (MAHE)**, for instance, has published over 10,000 research papers in reputed journals and has been granted more than 100 patents. This high level of research activity not only contributes to academic knowledge but also drives technological and scientific advancements.

Industry Collaboration

Private universities frequently collaborate with industry partners, bridging the gap between academia and the real world. These collaborations often result in applied research that addresses societal challenges. **Ashoka University**, for example, has partnered with several leading companies and research institutions to work on projects related to sustainable development, public health, and social innovation. Such partnerships ensure that research conducted at private universities has practical applications and can directly benefit society.

Funding and Resources

The ability to attract funding is another significant advantage for private universities. In 2022, private universities in India received over INR 5,000 crores in research grants and funding from various sources, including government agencies, private companies, and international organizations. This funding supports a wide range of research activities and helps in the development of state-of-the-art facilities.

Global Recognition

Several private universities in India have gained global recognition for their research contributions. **OP Jindal Global University** was ranked among the top 700 universities globally in the QS World University Rankings 2023, highlighting its commitment to research excellence⁵. This recognition attracts top-tier faculty and students from around the world, further enhancing the university's research capabilities.

Policy Shifts

Recent policy changes have significantly encouraged private sector participation in higher education. The **National Education Policy (NEP) 2020** is a cornerstone of these changes, aiming to increase the Gross Enrollment Ratio (GER) in higher

education from 27.1% in 2019-20 to 50% by 2035. This ambitious goal highlights the importance of private sector involvement in expanding access to quality education.

The NEP 2020 introduces several measures to facilitate the growth of private universities. It emphasizes the need for transparent mechanisms for fee regulation, ensuring that private institutions can operate sustainably while offering scholarships and financial aid to students. Additionally, the policy encourages the establishment of new, high-quality higher education institutions (HEIs) by simplifying the regulatory framework and promoting private philanthropic engagement.

One notable example of the impact of these policy shifts is the establishment of **Jio Institute** by Reliance Industries. Announced in 2018 and operational by 2021, Jio Institute aims to provide world-class education and research opportunities. With an initial investment of INR 1,500 crores, the institute focuses on interdisciplinary research and global collaborations, reflecting the NEP's vision of creating globally competitive institutions.

Also, the NEP 2020 promotes the internationalization of higher education, encouraging private universities to establish partnerships with foreign institutions. This initiative aims to enhance the quality of education and research in India by facilitating the exchange of knowledge and best practices. For instance, **Ashoka University** has established collaborations with several leading global universities, attracting international faculty and students and fostering a diverse academic environment.

Conclusion

Private universities in India are pivotal to the nation's economic development. Their rapid expansion, significant investments in infrastructure, and commitment to innovation and research have transformed the higher education system. Supported by favourable policies like the NEP 2020, these institutions are not only enhancing the quality of education but also driving economic growth by creating jobs, producing skilled graduates, and attracting foreign investment. As India continues to evolve, the role of private universities will become even more crucial in shaping a prosperous and globally competitive future.

Sumana Karan

MA (Economics), Ph D