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## India Private Colleges Fill A Void

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By Paul Glader and Peter Wonacott

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NOIDA, India - "India's continued economic success depends in part on what is happening in this city on the outskirts of New Delhi, where construction workers lay brick for new science buildings, libraries and dormitories for the rapidly expanding Amity International School. A wave of private universities -- the most high-profile of which are backed by Indian business moguls -- are sprouting up to meet the exploding demand for skilled workers. While the private universities are adding much-needed capacity for higher education, questions have arisen about the quality of their degrees and the motives of some of their wealthy backers. Amity, one of the fastest-growing private universities in India, started as a small management college about 16 years ago funded by Ashok Chauhan, whose AKC Group of Cos. made a fortune in plastic products and herbal medical products. Now, with 45,000 students at two university campuses near New Delhi, plus various grade schools and high schools, the school is adding 4,000 dormitory rooms and about a million square feet of buildings in the next year. Amity plans to expand throughout India, says the school's chancellor, Atul Chauhan, the 33-year-old son of the founder.

"The number of good students applying to top universities who don't get in is huge," he says. "Why should they lose out? They should have opportunities."

For decades, India's higher education relied mainly on publicly funded institutions, such as Delhi University and the highly competitive Indian Institutes of Technology and Indian Institutes of Management. But a lack of university capacity has resulted in a lower proportion of youth ages 17 to 23 enrolled in higher education in India than in China, the Philippines or Malaysia. Now, because of wealthy backers such as the Chauhan family, more private universities are opening with impressive infrastructure, including elaborate science labs and well-outfitted dormitories.

"The more private institutions that come up, the more options we have" for recruiting, says Sankaranarayanan Padmanabhan, global head of human resources for Tata Consultancy Services Ltd., India's biggest outsourcing company by revenue. However, India's nationwide accreditation system is only about a decade old, and the process is voluntary in most states, so there is little incentive for universities to acquire it. Because so few institutions are accredited, TCS and other big employers have developed their own systems for measuring the caliber of the schools, public and private. The new institutions raise other difficult issues.

"The government is not very comfortable with the growth of the private sector," says Pawan Agarwal, a former government official in the higher-education field and now a scholar at the Indian Council for Research on International Economic Relations. The government's concern is that some of the new colleges and universities may be taking advantage of the rising middle class. Although private universities in India by law must be nonprofit, many charge high fees. While students at even the top publicly funded schools pay less than \$1,000 a year in tuition, the private institutions charge two to three times that amount, with some going as high as \$10,000. At the same time, prospective students have few independent sources for assessing quality, in contrast to the U.S., where a student can look at not only government accreditation but also independent rankings by magazines, newspapers and other sources.

"The concern is that the private colleges are exploitative. They create the impression of high quality and ask for high fees," Mr. Agarwal says.

Nevertheless, the Indian government is gradually allowing more private colleges and universities, many started by businesspeople. The national University Grants Commission sets rules and criteria for the new institutions, and states are responsible for ensuring they are enforced. India's legislature also is expected to vote next month on a law that would allow foreign universities to set up branches in India, although with extensive restrictions. This week, the heads of several U.S. universities and colleges are in India meeting with government leaders. Among U.S. universities considering expanding to India is the Georgia Institute of Technology, which, according to spokeswoman Lisa Govenstein, is "investigating the possibility of establishing a presence in India, most likely in partnership with a local Indian university, that could offer joint degrees."

A private engineering college started by one of India's original technology tycoons, Shiv Nadar, near the high-tech hub of Chennai, earned a high mark from TCS. Sri Sivasubramaniya Nadar College of Engineering, named after Mr. Nadar's father, was approved in 2003 by the National Board of Accreditation. The school, known as SSN, is affiliated with the nearby Anna University, formed in 1978 from the merger of several public and private colleges. Anna designs

the programs and grants degrees to SSN students, but SSN is seeking university status, which would allow it to grant degrees in its own name.

Over the past decade, Mr. Nadar, 61, has poured about \$37 million into SSN to build facilities and fund scholarships, according to Kala Vijayakumar, SSN's president. SSN's School of Advance Software Engineering offers a graduate program that sends select students to study in the U.S. at Carnegie Mellon University in Pittsburgh. Jayalakshimi, the daughter of a picture framer who goes by one name, almost didn't go to college because banks refused to lend to her low-income family. Then she received a full scholarship to SSN and, most recently, an offer to work for HCL Technologies Ltd. after graduation in May. As a software engineer, the 21-year old will earn a salary seven times what her father makes. "I really must thank Mr. Nadar," she says.

Anil Agarwal, the billionaire founder of mining firm Vedanta Resources PLC, pledged \$1 billion last summer to start a university with 100,000 students in the state of Orissa. Mr. Agarwal himself never went to university, rising from metal trader to mining tycoon. "A huge amount of students can't go outside of India," he says. "This is a university that can look after them." But some government officials question Mr. Agarwal's motives. Noting that his mining firm is seeking deals for mineral rights and mining operations in Orissa state, they suspect the university is a veiled attempt to win support. Another issue is funding, as some of the \$1 billion personally pledged by Mr. Agarwal is tied up in company stock and dedicated to his family foundation.

Mr. Agarwal says there is a "Chinese wall" between the university project and his company. "We don't want anything free," he says, adding that he expects other donors to contribute to the university as the project proceeds. Amity has had trouble with government regulations. In 2002, India's Chhattisgarh state launched a Private Sector University Act to encourage private universities to start up in the region. But as 100 or so private schools sprang up -- some with offices in Chhattisgarh but campuses elsewhere -- regulators realized that loose rules were allowing many of the schools to function as diploma mills. India's Supreme Court knocked down the act in February 2005.

Amity, which has headquarters in the state, had gained an official accreditation under the act and was caught up in the legal tangle. Special legislation was passed in the state of Uttar Pradesh, where Amity's largest campuses are located, to keep it operating. The university faces another problem now: A regional official says the management program, with 150 students, isn't up to standard. Amity has challenged the ruling and Mr. Chauhan, the chancellor, says he is confident it will be overturned. However, such incidents are having a palpable effect on public perceptions and recruitment. "The degree doesn't hold value if the university is devalued as an institution," says Kanika Anand, 18, who chose to attend Miranda women's college at publicly funded Delhi University instead of Amity, though Amity offered her scholarship options. "I didn't think that university is worth going to."

Mr. Chauhan says the hiccups are normal. He looks up to universities such as Stanford and Harvard in the U.S., and he sees the U.S. Ivy League as a model for private universities in India. "This whole concept of private education is a revolution that is happening," he says.

Binny Sabharwal contributed to this article.

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