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INDIA INC IS LOOKING AT EDUCATION — NOT JUST AS PHILANTHROPY BUT AS
Krishna Gopalan

Do you know what connects Baba Kalyani, chairman and managing director, Bharat Forge; Raja Reddy, chairman and CEO, Sierra Atlantic; Gulu Menuchandy, chairman and managing director, Dushu; and Mahendra chief-minister Prithviraj Chavan? They are all alumni of BITS Pilani, among India's oldest and best-known engineering colleges. Know that already? Well, did you also know that the BITS story began as a single-teacher publication back in 1960? It had two students, one of whom was Gnan-

shyamdas Birla, who would go on to become a leading industrial-

ist. Three decades after the school started, GND transformed it into an intermediate college. In the 1950s, MIT set about transforming the col-

lege into a premier engineering school, with help from the Massa-

chusetts Institute of Technology. Over the past several decades, the Birlas — across the various fami-

lies and business groups — have been at the forefront of establish-

ing educational institutions across India, of which BITS is perhaps the best known. The AV Birla Group, the largest in the Birla fam-

ily, for instance, runs the Sarada Birla Public School, the 80-school strong Aditya Birla Public School chain. The teacher-student ratio is 1:35 and the group employs over 1,700 teachers across all schools.

Shyamal Ganguli, chief education officer, Aditya Birla Management Corporation, explains there are 40,000 students in all. "The poorest students pay barely Rs.30 a month as fees," he says. Last year, the group gave a subsidy of Rs.5 crore for its school project.

It's not the Birlas alone; almost all leading industrialists of pre-

ceding and newly independent India have done their bit towards education.

That interest in education continues even today, and entrepreneurs of liberalised India are joining the older business families in setting up schools and colleges. Of late, though, India Inc's interest has grown beyond the mere concept of philanthropy — many companies have been attracted by the busi-

ness potential of the education sec-
tor and are drawing up plans for for-profit initiatives as well.

NOT JUST THE BOTTOMLINE...

While older business families like the Tataas and Birlas funded education initiatives as corporate ventures, many new groups and industrialists are investing part of their personal fortune in the sec-
tor. Take the Shiv Nadar Univer-

sity (SNU) named after its founder, who started HCL and is chairman of HCL Technologies and is said to have invested Rs.1,000 crore of his personal fortune in the univers-

ity. Work on the "transformative" university began over five years ago and Nikihi Sinha, vice-chancellor of SNU, recalls accompany-

ing Nadar to Harvard, MIT, Yale, NYU, Oxford and Cambridge. "It gave us a good understanding of how education was imparted and helped us draw up a structure," he says. In April 2011, Sinha drafted a while paper for SNU to be a multi-disciplinary research institution. Among other things, it introduced a new pedagogy, which included four-year undergraduate degrees, international partnerships, a multi-disciplinary approach to education and emphasis on research. The approach, Sinha says, is similar to an American university.

"While there is a common curricu-
A brand new skill set

Indian industrialists perceive education to be a genuine business opportunity

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NEW INDUSTRIALISTS HAVE JOINED OLD BUSINESS FAMILIES IN INVESTING IN THE EDUCATION SECTOR

Like Nadar, another IT stalwart, Wipro chairman Azim Premji, has committed Rs 8 billion of his own money to improving education in India. He’s also turned over 213 million shares from his holding in Wipro to the Azim Premji Trust, which helps improve facilities at government schools in rural India.

Last year, the trust also started the Azim Premji University in Bengaluru, which offers courses in education and development.

It’s not only IT barons who are sharing their wealth. G.M. Rao, founder, NM group, has pledged his personal stake in the business to the GMR Varalakshmi Foundation, which runs schools and colleges for underprivileged youth. Similarly, Reliance Industries’ Dharmendra Hinduja International School is the flagship institution of the Reliance Foundation, started in 2003 to just for the group’s employees but also outsiders. Two years ago, the group set its sights on a university in Guwahati, offering courses, from liberal arts to technology. Like the school, the university, too, will be under the Reliance Foundation and will be run by its chairperson, Nita Ambani.

“Outsourcing projects are underprivileged children in rural India, especially girls. We do not charge any fee and also provide mid-day meals,” says Chadda. In his opinion, the benefits of the school project extend beyond the children. “Locals have been provided employment. There are also indirect beneficiaries like the vendors who organise the meals, stationery for the children etc.,” he explains.

So far, the Foundation has reached out to 38,000 children; the aim is to impact 200,000 children over the next three years. The foundation has a corpus of 220 crore and will be using it over the next three to five years to reach out to children in hard-to-reach locations like tribal, desert areas. Interestingly, Birla’s initiative has caught the attention of others in India Inc — while JP Morgan CEO Kalaari Morparia has adopted two schools in Haryana, Google India has adopted 50.

...and not just CSR

Bharti’s Mittal has categorically declared that education will never be a business for the group, but for many in India Inc, education is fast becoming a serious business opportunity as well. Take the Yash Birla Group, for instance, which owns Birla Shiksha Education Technology, acquired in 1998 from Rathi Merge Industry.
"Education is a key foray for us. It's important not only to make profits, but also to create a visible business."

— KISHORE BIYANI
CEO, Future Group

15 schools in cities like Mumbai, Delhi, Patna, Hyderabad and Indore. Over the next decade, the plan is to extend the owner-and-franchised model to open at least 120 schools across four formats — Open Minds (K-12 schools), Shiksha schools (providing ICT solutions for education in government schools), super speciality schools and international schools. N Prickrishn, MD, points out that private education in India has taken off largely on the back of the public system not delivering. "The opportunities of the private sector are many and it includes training teachers, ICT and assessment skills," he thinks.

For the group, education is just another business, like engineering, chemicals and textiles. Prickrishn says a K-12 school takes seven to eight years to break even but points out that EBITDA margins can be as high as 49%. Add to this the findings of a Technopak report and it's easy to see why companies are being attracted to this segment. The report says that schooling, a $14 billion market, in which the K-12 segment has a two-thirds share, by 2020, the market will grow to $314 billion, while schools will retain their high share of the business.

Such numbers are attracting a diverse range of companies. Last year, the HDiC group announced its plans to set up K-10 and K-12 institutions in Bengaluru and Delhi. From scratch; it is estimated that the schools will be up and running three years after land is acquired. And it’s not a CSR activity; HDiC chairman Deepak Parekh has categorically said. "No one would mind if one makes a moderate profit by providing quality education," Parekh told a business newspaper in 2010. The company board has cleared the plug to set up a separate company, HDiC Educational and Developmental Services, for the foray into education. And it’s not just the school sector; HDiC has also announced plans to set up a two skill upgradation centre in Hyderabad and Ahmedabad to impart training in financial services, back office and hospitality.

Others, like Future Group CEO, Kishore Biyani, are looking at the vocational training as well as management education space. "We operate in businesses that are still untapped, so the objective is to create trained manpower," he says. Biyani’s focus is two-fold. Future Education, a joint venture with Nirma University, offers distance-learning programmes in management (in association with IN Whirligig Institute of Management Development & Research) as well as a two-year management course at the Institute for Future Education and Entrepreneurship and Development. Biyani’s other education venture is Future Learning, where he is working with Indira Gandhi Institute of Rural Developmental Science.

The agenda here is to impart skills such as marketing, business processes and customer retention. So far, the Future Group has trained 30,000 people and plans to train another 200,000 in the next two years. "Education is a key foray for us. It is important to make profits, but also critical to create a visible business," Biyani says.

For the government, the corporate sector’s growing interest in education is a welcome development. Last year, a British survey found that India will need at least 8 million civil engineers and about 500,000 architects by 2020, but will have only 642,000 civil engineers and 65,000 architects. And that’s in only one sector. There’s a crying need for doctors, teachers and other skilled workers and we just don’t have the means to provide them.

The training. Last month, the government announced it would encourage the development of 2,500 model schools and 3,000 industrial training institutes through the public private partnership mode. 

RBI minister Kapil Sibal admitted it would not be possible for the government to set up the required number of schools. And what the corporate sector has achieved so far barely scratches the surface. As Briti Shildon’s Sriramani puts it, "What the corporates together end up doing will cater to barely 5% of the opportunity." Given the potential as well as the need, there’s a lot more India Inc could be doing in education. For instance, Sibal has spoken bitterly about the difficulty in getting private players to invest in schools in rural areas. "Wherever we ask firms to consider projects in rural areas, they ask, ‘what’s in it for me?’”, he complained at a gathering a few months earlier. Perhaps he should tell them about RPS’ beginnings. ©

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