

digitalLEARNING Education Investment Summit, April 23, 2010, New Delhi

# Exploring the Investment Space in Education

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The Education Investment Summit 2010, held on April 23, 2010, at The Claridges, New Delhi, brought together India's top-notch educational entrepreneurs, CEOs, private equity

Investors, Entrepreneurs, Policy Makers, Educationists, Senior Management from Schools, Colleges, Universities, Professional Training Centers, Education Technology Vendors & eLearning

## EMERGING INDIAN EDUCATION SECTOR - CREATING OPPORTUNITIES THROUGH STRATEGIC INVESTMENTS

The first session, 'Emerging Indian Education Sector' witnessed deliberation on the potential avenues of investment in the education sector.

According to Sharda Prasad, Director General, Directorate General of Employment & Training, "Education investment is an emerging area and has tremendous possibilities. Education and skill development have been the focus at the Directorate General of Employment



Sharda Prasad, Director General, Directorate General of Employment and Training



Bhanu Mehrotra, Member - Infrastructure Advisory Group, International Finance Corporation

fundors, venture capitalists, bankers, advisors and educational consultants to explore opportunities in private equity, venture capital and institutional investments in various streams of education sector.

The Education Investment Summit became a prolific interface between investors and entrepreneurs aspiring to be part of the emerging education growth story of the country. At a broader level, it also helped all stakeholders to explore newer potential for their growth and an opportunity to build new partnerships and refresh existing collaborations.

The summit witnessed high-level participation from leading Private Equity & Venture Capital Funds, Institutional

Companies, IT Solution Providers & Suppliers, Educational Consultants.

Some of the top issues that caught recent limelight includes - 'Right To Education Act'; the Cabinet Committee's approval for establishment of a National Knowledge Network (NKN) to be implemented by National Informatics Centre (NIC) of Government of India; announcement of the revised 'ICT in Education Policy' for introduction of computer-based education at secondary and senior secondary levels of nearly 108,000 government and government-aided schools across the country; and National Skills Development Mission.

and Training, which was given a head start by Pt Nehru in the 1950's. However, the urgency is now even more pronounced. The median age of India is 24 years currently. While the rest of the world is aging, India has a population which is young and dynamic. Planners of the country have felt the need to use this opportunity to the best advantage. The 11th Five Year Plan is actually called a plan for education development and a lot of funds are being allotted for skills development."

"In skills development, we have now



L to R: Dinesh Agarwal, Institute of Clinical Research India; Sanket Deshpande, Fortress Financial Services; Sandeep Aneja, Kaizen Private Equity; Satish Jha, OPLC India Foundation, Astitva Pandey, YES Bank.

started with sectoral training. Until recently, the industry was not involved in skills development. But of late, industry linkages have been encouraged. The Yashpal Committee Report for reforms in higher education sector has recommended the setting up of the National Council for Higher Education and Research for addressing systemic issues in higher education. The government has realised that for such a mammoth task, the PPP model is mandatory."

One of the issues relating to SDC's is the provision for training of trainers. 15 training of trainer institutes will be set up in the PPP model. In terms of gender parity, it has been observed that there has been increasing rate of women's participation in the workforce. Rs120 crores will be set aside for skills training of girls and training of trainers.

According to Bhanu Mehrotra, Member - Infrastructure Advisory Group, International Finance Corporation, India invests 3.2%- 4.4% of the GDP in education. As against the required 6%. Public funding is inadequate. IFC fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing capital in the international financial markets, and providing advisory services to businesses and governments.

#### ANALYSING INVESTMENT LANDSCAPE OF EDUCATION SECTOR - STAKEHOLDER PERSPECTIVES

The key panelists in the session included Sanket Deshpande, Asst. Vice President, Fortress Financial Services; Sandeep Aneja, Managing Director, Kaizen Private Equity; Astitva Pandey, Director-

Corporate Finance, YES Bank; Dinesh Agarwal, CFO, Institute of Clinical Research India; Satish Jha, Chairman, OPLC India Foundation.

According to Sanket Deshpande, "In India, the population between the age group of 2-24 years is more than 50 crore. This segment will be the key focus of the education sector. Investment has huge opportunities in the higher education and school education sector. Creating a pool of skilled workforce is also an urgent requirement which the government of India has increasingly emphasized upon."

Sandeep Aneja, mentioned that his company, Kaizen has been interested in companies that bring in good corporate training and management skills. New models in schools and technology enabled campuses would be a draw for investors. There is increased opportunity in the test preparation segment in the K-12 sector.

According to Dinesh, Clinical Research in India has always looked at creating cutting edge courses for new industries. Biotechnology is a huge industry across the world. India can also tap into the potential. Creating opportunities for the population in the research and development area will be necessary. The health care industry is also attracting huge investments and so should be the research focus.

The criterion for investment for YES Bank have included: adequate background research of the promoters, with plans that have long term strategies and investment sustainability options; strong emphasis on the quality of

education imparted, since quality is a major criterion by which an investment can survive in the long run; and ventures that are also willing to invest in technology for advancement.

#### PPP MODELS FOR EDUCATION SECTOR

Subhash C Khuntia, Joint Secretary,



Subhash C Khuntia, Joint Secretary, Ministry of HRD, Government of India

Ministry of HRD, Government of India, in his keynote address reiterated that the demographic advantage of India leaves it at a better position than other countries. Education will remain very relevant in the 11th Five Year Plan. The Right to Free and Compulsory Education has now become a law, the implementation of which will require enormous amounts of fund.

India requires many more knowledge workers, which means that investment in education needs to be increased. The private sector needs to move in to fill the gap. Public Private Partnership models are being worked out to ensure that the overall objectives are achieved. The aim now is to establish model schools in each block with around 1500 students in each school. Encouragement will be provided to the private sector for management of the schools, who will have full autonomy to run these schools. Government will sponsor meritorious students and reimburse their fee. For the private sector it becomes an investment opportunity.

Similar will be the case for skill development initiatives, where more than 1000 polytechnics will be set up in the PPP model. The infrastructure so created can be used further for training of youth in skills. To improve the Gross