

Contribution of
Private Higher Education

in India's journey towards a

\$5 trillion economy

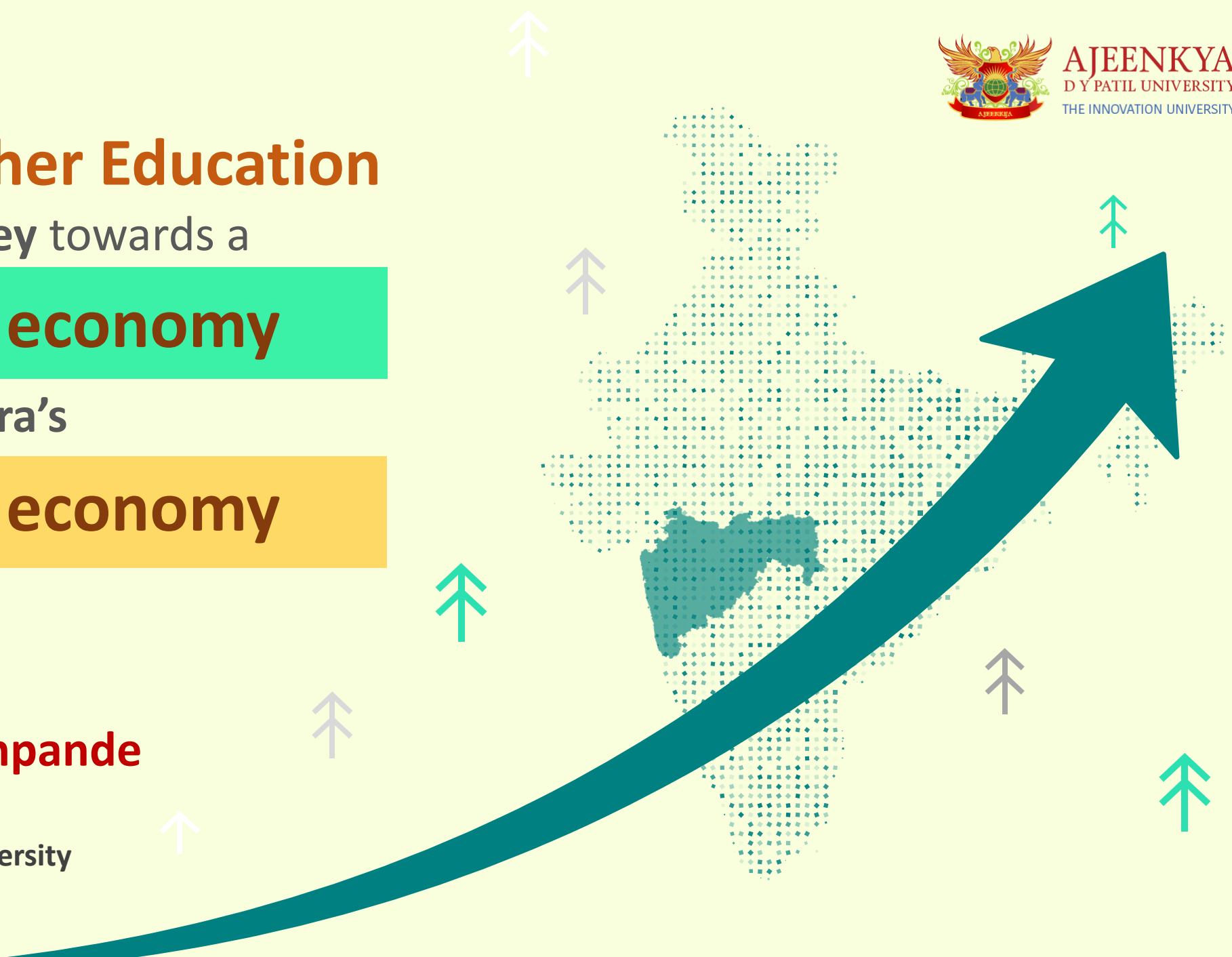
and Maharashtra's

\$1 trillion economy

Hrridaysh Deshpande

Vice Chancellor

Ajeenkya DY Patil University



India
\$5 trillion economy

Maharashtra
\$1 trillion economy

India



Target GDP 2027
(nominal) \$5 trillion+



Required growth
rate (nominal) 10%+



Current GDP 2022
(nominal) \$3.1 trillion



Maharashtra

Target GDP 2030
(nominal) \$1 trillion+



Required growth
rate (nominal) 10%+



Current GDP 2022
(nominal) \$0.5 trillion



Private Higher Education

Linear Growth or Exponential Growth

With Linear Growth

- 4% contribution to SGDP
- 30 lakh direct & indirect employment by 2030
- Student Enrolment of 71 lakhs students' by 2030
- Rs. 31,000 crores capital investment by 2030

With Exponential Growth

- 9% contribution to SGDP
- 70 lakh direct & indirect employment by 2030
- Student enrolment of 1.7 crore students' enrolment by 2023
- Rs. 75,000 crores capital investment by 2030

Private Higher Education Contribution

Private higher education contributed **Rs. 1.1 lakh crores** i.e. **4%** to the **state GDP of Rs. 28 lakh crores in 2020**

This contribution, at a moderate growth rate of **10%** will increase to **Rs. 3 lakh crores in 2030**

With the support of the state government, at a growth rate of **20%** of this sector, its contribution could increase to **Rs. 7.1 lakh crores by 2030**, or **9%** of **Rs. 80 lakh crores SGDP target of Maharashtra**

Private Higher Education Contribution to GDP

- It is estimated that private higher institutions in Maharashtra contributed around 4% to the SGDP in 2020
- With a linear growth of the sector, the contribution will remain same as 4% to SGDP by 2030
- **With the state government impetus, PHE can contribute to 9% of the target SGDP of \$1 trillion by 2030**

Private college in Maharashtra	Unit	Figures
Enrolment in 2020	lakhs	27.5
Avg fee per annum	Rs. lakhs	2.0
Avg Revenue generated per annum	Rs. Crores	55,000
Other income (10% of revenue)	Rs. Crores	5,500
Total revenue contribution	Rs. Crores	60,500
Avg expenses per annum (70% of revenue)	Rs. Crores	42,350
Avg capital expenditure (20% of revenue)	Rs. Crores	12,100
Total contribution to SGDP in 2020	Rs. Crores	1,14,950
Maharashtra SGDP in 2020	Rs. Crores	28,18,554
% contribution to state GDP in 2020	%	4%
Projected linear growth in contribution to SGDP	2021-2030	10%
Contribution to state GDP in 2030	Rs. Crores	2,98,150
% contribution to state GDP in 2030	Rs. Crores	4%
Projected growth with government impetus	2021-2030	20%
Projected contribution after government impetus	Rs. Crores	7,11,740
Maharashtra projected SGDP in 2030	Rs. Crores	80,00,000
% contribution to state GDP in 2030	%	9%

Contribution to State and Central Revenue

Private higher institutions, except income tax, pay all regulatory taxes like **CGST, SGST, Stamp Duty, Property Tax, etc.**

By the estimate of considering **90%** of revenue as expenses towards operations and capital investments, **in 2020**, private higher institutes contributed **Rs. 4,900 crores to the state exchequer as SGST**

To the state revenue of **Rs. 3 lakh crores in 2020**, only **CGST** contribution from higher education was around **2% (not considering other taxes)**

With government impetus, at a growth rate of **20%**, this contribution can increase to **Rs. 30,000 crores, 4% of state revenue by 2030**

How Private Higher Education contributes to growth?

1. Ensures the availability of qualified human resource which attracts investments in all existing and emerging sectors of the economy

2. Creates direct and indirect employment

3. Acts as an initiator and breeding ground for start-ups

4. Attracts investments for setting up colleges, universities and in the form of establishing infrastructure and facilities

5. Supports the socio-economic growth of the region by attracting students and faculty from all corners of the world

1. Enrolment Growth & Economic Contribution

- Private colleges in Maharashtra enrolled 27.5 lakhs students in 2020*
- At a growth rate of 10% per annum, the enrolment figure in 2030 will be 71 lakhs, one of the highest figures among all states in India.
- At a growth rate of 20%, this enrolment figure can go up to 1.7 crores, the highest among all states.
- **From these enrolments of 1.7 crores students in 2030, economic activity of at least Rs. 10 lakh crores would be generated.**

**Source: All India Survey on Higher Education 2020*

2. Direct and Indirect Employment Creation

- Private Higher Education in Maharashtra supported 11.5 lakhs people through direct and indirect employment in 2020 (~1% of total state population)
- They have the potential to support ~30 lakhs people by 2030 if they continue to grow at 10% per annum, 2% of total population of 13 crores in 2030
- **At a 20% growth rate, the sector can support more than 70 lakhs people by 2030, ~5.4% of the total population**

Particulars	Figures	Remarks
Enrolment in 2020 (lakhs)	27.5	
No. of teaching staff (lakhs)	1.8	1:15 ratio of enrolment
No. of non-teaching staff (lakhs)	1.7	1:1.1 ratio of non-teaching
Total no. of teaching & non-teaching staff (lakhs)	3.5	
Direct supported population (lakhs)	10.5	Avg family size of 3
Capital investment (Rs. Crores)	12,100	
Jobs created per Rs. Crores of investment	2.5	As per World economic forum
Indirect jobs created from capital investment (lakhs)	1.0	Avg family size of 3
Total direct & indirect supported population (lakhs)	11.5	
Maharashtra population estimated in 2020 (lakhs)	1200	
% of total supported population in 2020	1.0%	

3. Breeding ground for start-ups

- Private Higher Education accounted for 90% of enrolment in the state in 2020
 - Considering that at least 50% of these start-ups were supported by private college graduates, the indirect contribution of private colleges in the start-up economy was 75,000 employment generation with a wealth creation (salaries) of Rs. 4,500 cr per annum.
 - With an average growth of 10%, the start-ups contributed by PHE will generate 2 lakhs jobs and salaries of Rs. 11,500 crores by 2030
 - **They have the potential to generate more than 4.5 lakhs jobs and salaries of Rs. 28,000 crores by 2030**
-
- Maharashtra has 13,000 start-ups out of a total of 73,000 in India*
 - These start-ups have so far generated 7.7 lakhs jobs in the country, out of which Maharashtra's start-ups alone generated 1.5 lakhs jobs
 - These start-ups were initiated by college graduates and grass root innovators

4. Attracts investments in education

- Private higher institutions contributed an estimated Rs. 12,100 crores of capital investment in 2020 in Maharashtra
- At a growth of 10%, these will amount to Rs. 31,000 crores in 2030
- With the support of the government, at a rate of 20%, these investments would be Rs. 75,000 crores in 2030
- **Addition of new private higher institutions in the state will attract a further investment of Rs. 5,000 crores (5 institutions with an average investment of Rs. 100 crores)**

- Private higher education institutions undertake investments in establishing new facilities and infrastructure in areas of research, new program launches, and centres of excellence in technology, art, design, media and others.
- These investments are spread across buildings, labs, equipment, hostel, etc.
- These investments have multiplier effects on other sectors of the economy by generating revenue sources and employment

5. Supports the socio-economic growth of the region

- The total number of foreign students in India was 50,000 in 2020
- Maharashtra has close to 5,000 international students
- Considering 90% of enrolment in private institutions, at a linear growth of 10%, foreign students in the state will reach to 12,000 by 2030
- **This number could be 28,000 by 2030 in the state at a growth rate of 20%.**
- **Foreign currency contribution in the state will increase to Rs. 1,120 crores considering Rs. 4 lakhs per foreign student**

- Influx of international students helps the growth of the region where the institution is established by way of an increase in consumption of various facilities in and out of the premises and contributes indirectly to the regional economy
- In the UK and Australia, private higher institutions attract most international students that not only act as a source of revenue but also support the local economy by improving demands of residential facilities, food, transportation, etc.

Conclusion

- Private Higher Education (PHE) sector directly contributes Rs. 1.1 Lakh Crores to the state economy besides indirectly contributing by way of employment generation, start-up creation, attracting investments to the state and supporting the socio-economic growth of the regions within the state
- **With impetus, support and autonomy by the Government of Maharashtra, the PHEs can grow exponentially at a 20% rate of growth and contribute over 7.1 Lakh Crore to the state GDP, which is 9% of the 1 Trillion USD objective.**
- **Over and above the significant contribution to the state GDP, the contribution by PHE would contribute;**
 - **Rs. 30,000 crores to the state revenue by way of taxes**
 - **Generation of employment equivalent to 5% of the population of the state**
 - **Generation of 4.5 lakhs jobs and about Rs. 28,000 crores in salaries through Start-ups**
 - **Investments of Rs. 80, 000 crores from existing and new PHEs**
 - **Foreign Currency contribution to the state upwards of Rs. 1,120 crores**
 - **Economic activity of Rs. 10 Lakh crores by way of student enrolment revenue**

Contribution of
Private Higher Education

in India's journey towards a

\$5 trillion economy

and Maharashtra's

\$1 trillion economy

Hrridaysh Deshpande

Vice Chancellor

Ajeenkya DY Patil University



Thank You!