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# **University Development Zones for India**

*(Concept Introduction on Science & Technology Education for Higher Development)*

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**Abstract:** It will be a reformative foray in Indian Higher Education, especially in S&T areas, if a new-age University can be established as a for-profit business corporate while retaining its higher academic objectives. This may sound a little inappropriate to higher education Regulators but it would be in the best interest of both University participants and prospective industry partners to collaboratively progress in the making of a resurgent 'talent-development-and-transfer' goal under the 'Make in India' initiative of Government of India. The paper purports to put forth a thought point in form of a diverse knowledge-skills-economy inclusive University eco-system – "University Development Zone" (UDZ) in the lines of SEZs (Special Economic Zones) under Government of India, where the cultivation and application of knowledge and skills for economic development can be fostered as a part of an Inter-Ministerial mission. A typical UDZ architecture may comprise one anchor University (of say, Science & Technology) as the nucleus along with associated institutions of -- vocational technology, R&D, education, testing and business development clusters with linkages to SEZs and other Industries and markets. A UDZ model can be enacted under the new 'Make in India' policy framework towards advancing the 'sector-wise' investment climate in the region. UDZ can also compliment the 'Skills India' and 'Digital India' mission objectives that can bring more value in the chain of knowledge creation, application and employability dividends.

**Keywords** – Science & Technology Education, For-Profit University, Development

## **1. BACKGROUND**

India has witnessed significant economic reforms influencing shifts in its national development strategies that can embrace a market-driven growth in the times of global integration and liberalization. As a result there has been a felt impact in the present system of employable education where the Government spending has been more in primary education and less to lesser in higher education thereby opening up possibilities for private participation in higher education in national interest. Since the days of 21<sup>st</sup> Century there has been a felt need for an innovative engineering of the present state of S&T education and making it future-ready (while also keeping an achievable Gross Enrolment Ratio of 30 by year 2030) that would put India in the top league of sustainable development leaders by the turn of year 2025. Besides, according to World Bank Report, 2008, India can do much more to leverage its strengths in today's knowledge-based global economy when supported by the right kind of government policy incentives. It

can increase its economic productivity and the well-being of its population by making more effective applications of cutting-edge S&T knowledge. The role of university-level institutions assumes increased significance in this context for being part of a progressive economy with competitive advantages. The greatest challenge for India is to equip its advanced learners with multiple skills that can harness best the fruits of knowledge economy. With our present literacy rate of 52 per cent, we are landing into a situation where half of the world population will be Indians. There is an urgent need for an unprecedented expansion of higher education that can address the twin issues of access and quality. Its higher education system will require a policy-backed overhauling. And the time is just right given the 'Make in India' policy driven by the Prime Minister himself.

According to the European Commission, the GATS is "first and foremost an instrument for the benefit of business." The WTO has explicitly stated that one of the advantages of the GATS is that it will help "overcome domestic resistance to change". Only about 10 per cent of the total student population enters higher education in India, as compared to over 15 per cent in China and 50 per cent in the major industrialized countries. India's future generation needs to be better prepared, more conscious, and adequately organized to face the realities of life as compared to their present day G-20 counterparts. In a world where globalization and technology are the by-words, where economy and societies are knowledge driven, the role of Technical Higher Education and its impact on modern societies cannot be underestimated. National Policy of Education (1992) laid down many objectives for the development of education system in India but it has not been successful in achieving all of them. The education in India seems to encourage rote learning instead of experimentation and questioning. There is some disparity in assessment as all the State Boards have different standards of evaluation. The Punnayya Committee (1992-93) was set up by the University Grants Commission made valuable recommendations on the need for the Universities to identify various other means of revenue generation apart from student fees and government aids. Dr. Swaminathan Panel (1992) was set up by the All India Council for Technical Education (AICTE) also made important observations on the mobilization of additional resources for technical education in India by way of collecting educational tax from industries and other organizations. The Birla-Ambani Committee (2000) instituted by then Prime



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Minister's Council on Trade and Industry, highlighted the important role of the Government in the Primary education and that of private sector in higher education. It also recommended the passing of the Private Universities Act and for business houses to establish Educational Institutions.

## 2. REVIEW ON SEZS

A brief review of the earlier research studies in the global context is pertinent here to highlight the role of SEZs in the economic transition and growth of nations. In the case of China, SEZs have undoubtedly contributed to the country's economic growth (Sampat, 2008). There have also been studies which suggest that SEZs' contribution towards regional development is arguable in the context of integration of countries into the global economy. A study (EXIM, 2000) conducted on export processing zones in southern Africa concludes that EPZs are not really successful in achieving self-sufficiency and sustainable development of the region; nor are they able to effectively support the socio-economic growth of the population. Certain scholarly studies also raise concerns about the sustainability of special zones. According to (World Bank, 2008), while development zones have been successful in attaining the economic goals for which they were initially established, there are doubts over the sustainability of these zones due to the growing developmental imbalances among the regions. Further, a study (Mukhopadhyay and Pradhan, 2009) appears to confirm this global analysis in the Indian context. The study attempted to examine in considerable detail the hypothesis that a majority of the SEZs in India are concentrated within a few states; and within these states, they are located in districts with industrialization and urbanization levels higher than the median for the country. The findings reveal that 183 out of the 247 notified SEZs (i.e. 74 per cent) are located in 43 districts where the urbanization level is more than the median. The existing literature has mainly judged the success of SEZs/EPZs in terms of employment generation, export growth, linkages to the host economy, foreign exchange and GDP growth. Several of these studies have used a cost-benefit analysis to compare the benefits arising from SEZs with the cost of establishing them in the form of subsidies, administrative costs, social costs and infrastructure costs (Johansson 1994). The review of these studies reinforces the suspicion that while the investment—both economic and social—in the establishment of SEZs is substantially high, the benefits accruing from them is not appreciably significant. As on 31st March, 2008, Rs. 77839.22 crore investments took place in the Indian SEZs, out of which the share of FDI (Foreign Direct Investment) was only 9.4 per cent. Though the share of FDI in the total investment of central government SEZs increased from 11.0 per cent to 22.2 per cent during the period 1997 to 2008, but the share of FDI in total investment remained less which shows that SEZs failed to attract FDI. It was against the expectation of the government. No doubt, the SEZs have been able to attract domestic investment, but FDI has been quite

limited. Besides, there have been problems off late relating to land matters.

## 3. UNIVERSITY DEVELOPMENT ZONE: INTRODUCTION

The scientific idea behind setting up of UDZ is to strategically integrate the Teaching-Learning-R&D-Industry developments in a for-profit business environment. There is no doubt in modern-minds that University needs to partner with Industry to actuate new interdisciplinary combinations for collaborative knowledge and business development. The creation of UDZs can be a step in that direction and shall help to accelerate the fund-flow for 'Lab-to-Land' and 'Mind-to-Market' initiatives for furthering the economic development in line to the SEZs administered by a single body (Ministry of Industry & Commerce), offering certain incentives to businesses which physically locate within the zone.

With a view to overcome the multiplicity of controls and clearances, the absence of world-class infrastructure, and an unstable fiscal regime, and to attract larger foreign investments in Indian Higher Education, the idea of UDZ in the lines of SEZ may be formulated by the Government of India involving a strategic cluster of Ministries'. The UDZ policy may be intended to serve as an engine for knowledge-economy growth, supported through higher fund-flow in quality infrastructure directly from the Central Government under the ambit of its 'Make-in-India' mission, where there can be 'knowledge-corridors' befitting its 'industry-corridors' with minimum possible regulations and 'inspector-raj'. The SEZ Act could be amended to include/incubate the establishment of UDZs with a set of rules and guidelines for private and/or public participation with significant scope for FDIs. The least that could happen would be a 'low-to-zero' induction period of human resources in the UDZ's expanding consortium of Industry on one hand and on the other there could be a quantitative enhancement of intake in UDZ's and also in its allied skills centers (leveraging its expansive knowledge-infrastructure). Besides, in qualitative terms UDZs could match the excellence of the very best of educational institutions like-- ISIs, IITs and IIMs. The State Governments (of the region) can also use policy guided incentives (offered by Central Government sources) for the establishment of Industrial units, skills training units etc. in the UDZs for effective talent utilization, technology transfer, marketable products and services etc.

## 4. OBJECTIVES

- Attract private investments to create S&T University under an Inter-Ministry (Human Resource Development, S&T, Industry & Commerce etc.) policy backed UDZs akin to SEZs or UDZ within the ambit of SEZ.
- Generate SEZ demanded intellectual resources for the wider 'Lab-to-Land' and 'Mind-to-Market' growth



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- UDZ become a global University brand and attract best of global teaching-learning-research –development talents
  - Mitigate the migration of knowledge seekers and/or workers to overseas destinations
  - Forge backward resources-linkages with reputed higher educational institutions and vocational institutions in the UDZ region
  - Forge forward linkages with the market and FDIs for talent and technology transfers within and outside the UDZ region
  - Become a world-class destination for talent sourcing and technology transfers.
  - Provide knowledge & skills support for Industry and help the cause of ‘Make in India’
4. SEZs that are inoperative or under-operative for more than 5 years may be allowed to operate additionally as UDZs in their allocated sectors and allied sectors as well.
  5. Also, above par performing existing SEZs may be given the first right of refusal for UDZ ventures in their existing unused land or in State-assisted additional land parcels
  6. UDZ may be given the status of for-profit Industry. Where, it can offer ---a) technical and vocational education under a deemed University status, b) set up environment friendly manufacturing and business units for exports, R&D, Testing, Consultancy etc around the areas that would be operative as in (7a), c) operate as a strategic business unit under the parent SEZ , d) substitute the SEZ in part or whole as UDZ
  7. Single window call for UDZ application through the State governments by Central government

## 5. APPROACH GUIDELINES

1. UDZ Approach Paper -- for policy discussions and advocacy by appropriate channels for needful implementation. Here, Government of India’s initiatives of -- ‘Make in India’, ‘Skills-India’ and ‘Digital-India’ may provide a favorable case for UDZs as part of its integrated value chain
2. UDZ as an policy instrument may be piloted under a broader SEZ act and articulated to target a significant pie from the trillion dollar higher education global market by 2025
3. Initially, two to three Ministries like -- Commerce & Industry, Human Resource Development and S&T, may jointly frame the UDZ policy instrument and place the same for needful legislation.

## 6. SCOPE AND LIMITATIONS

A number of SEZ approvals are stuck due to issues such as environmental clearance, among others that can create scope for proposals like UDZ. As per media sources, the UPA government’s SEZ scheme, aimed at creating infrastructure to facilitate exports, doesn’t seem to have succeeded in doing so and may instead end up turning into a real estate play. More than 60% of the total land notified as SEZs is vacant years after the scheme opened in 2006. So far, the government has notified 389 SEZs, envisaged as enclaves of export excellence. Of the total 47,803 hectares of SEZ land notified, only 17,689, or 37%, have been put to use so far, according to ministry of commerce and industry data. Only 185 of the 389 notified units are functional, defined as at least one working export unit.

Table 1: Land Use of notified SEZs

Notified SEZ	Total Notified Area	Total Area Utilized	Area Vacant
Cochin	3192.49	1298.04	1534
Falga	1264.64	571.73	774.25
Noida	4671.53	671.5	1288
Khandla	12889.99	6880.26	5172.89
Madras	5380.42	2202.64	2738.56
Vishakhapatnam	12168.68	4172.01	4425.85
SEEPZ	8236.02	1893.47	5376.4
Area in Hectares. Data as on Jan23, 2014. Source ET Bureau 21 Mar 2014			

Besides, many of the notified SEZs do not have full approvals while others are in the process of setting up infrastructure before units can be set up. In a lot of other cases, the units are not coming in. For example, in the state of West Bengal there has been two major political issues involving Singur and Nandigram that resulted in a kind of nation-wide stir on land acquisition (from farmers and/or unwilling land owners). Also, two SEZs there, one of Infosys’s and the other of WIPRO’s with 50 acres of land parcels each (in a premier location of

Rajarhat of Kolkata) is still vacant pending requisite approvals from State. Meanwhile, there has been a massive ‘real estate’ appreciation of the land vis-à-vis what the SEZ developers had paid to the government and arguably, it serves the ‘political’ interest as well in the holding of requisite SEZ approvals. Further, the Central and State Governments have to come to amicable terms on development initiatives in unused or partially used SEZ lands in the best interest of the economy. UDZ as an idea therefore could be tested to overcome the



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limitations of SEZs and serve the cause of national development.

### 7. CONCLUSION

Development interventions that serve good economics often not serve good politics. Which is why, sustainable development has always been a casualty. SEZs as incentivized platforms were meant to foster economic growth but have not yet yielded satisfactory outcome. It is here that a concept like UDZ could best fit the gap of a SEZ, both economically and politically. India has both the public compulsion and private capacity to create knowledge corridors that can fuel the growth of its economy. Besides, concepts like UDZ can be a transformer for SEZ value-generation and for-profit higher education can welcomed by India. As a way forward, India would do well to open-up technical education from the sole domain of Ministry of Human Resources Development to an Inter-Ministerial domain involving a set of Ministries from the likes of -- Commerce & Industry, Science & Technology, Finance, Defense, Railways and Transport etc. with massive development impetus on world-class technical education and research infrastructure for national development. .

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