ENTRY OF FOREIGN EDUCATION PROVIDERS INTO THE INDIAN ENVIRONMENT – AN ANALYSIS

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ABSTRACT
The establishment of the WTO and the subsequent signing of the GATS Accord on 1st January 1995, has led to internationalization of higher education, the emergence of private players and entry of foreign education providers. Multinational/Transnational Education generally refers to the service of education on the global scale or on cross border level, involving educational institutions, students and academicians of more than one nation. These foreign education providers operate through four different Modes namely: Cross Border Supply; Movement of Consumers; Commercial Presence; and Presence of Natural Presence. Foreign Transnational Providers have both their merits and demerits. As of now, there is no law regarding, governing of the entry of foreign institutions into the Indian education market. For India to be a global knowledge leader, she needs a sound regulatory policy that will govern foreign education players. The point to be remembered is that Foreign Educational Providers play an important part in creation of institutional excellence and in providing opportunities to the different sections of society. The entire issue revolves around how challenges are converted into opportunities, keeping in mind the rapidity of their adaption to the changing environment.

Keywords: Transnational Education; Indian Higher Education; Regulatory Measures

INTRODUCTION
World Trade Organization, which has replaced GATT, an international organization for monitoring and regulating international trade, came into existence on 1st January 1995. The Uruguay Round of Trade negotiations which took place between 1986 and 1994 broadened the scope of world trade rules to include services for the first time in the history of trade negotiations. This led to the setting up of the General Agreement on Trade in Services, popularly known as GATS, on the same day as WTO.

The introduction of the process of liberalization in 1991 and the subsequent signing of the GATS Accord in 1994, has given a new flavor to education in general and higher education in particular. There has resulted in commodification of higher education on one hand, and has laid the platform for emergence of private providers and the entry of both foreign education providers and foreign investment, having profit maximization as their main objective.

The entire issue has given rise to a number of issues. While India has witnessed a sizeable growth in education, it has not however been accompanied by improvement in quality. In view of the gravity of the situation this Paper attempts to look into the concept of foreign education/transnational providers, examine the current status of higher education in India, and discuss the need for foreign education providers along with the merits and demerits and to look into the regulatory measures adopted by the government.
OBJECTIVES OF THE STUDY

The study has the following objectives:

1. To understand the concept of Foreign education Providers;
2. To discuss the advantages and disadvantages of these education providers; and
3. To examine the regulatory measures existing in India and see how best to make use of these services.

Concept Of Foreign Education Transnational Providers Of Education

Multinational/Transnational Education generally refers to the service of education on the global scale or on cross border level, involving educational institutions, students and academicians of more than one nation. It is covers cross border mobility of students, academicians, programmes of study and institutions.

Cross-Border Higher Education can emerge from various sources. Apart from conventional or open universities it can also emerge from media companies, finance companies, and corporate universities, network of universities, professional qualifications and IT companies.

Modes of Operation

There are Modes of operation which have been enlisted in Article 1:2. They are:

Mode 1 – Cross Border Supply

This comprises all the services provided through distance or through telecommunication or mail and through services embodied in exports.

Thus from the point of view of education, this Mode would include: Distance education offered by universities; National Open Universities; education software; and corporate training through Information and Communication Technology.

Examples of this Mode are Manipal Institute of Technology and AHLA, USA; and Dr. DY Patil Institute of Hotel Management and Catering Technology and AHLA, USA.

Mode 2 – Consumption Abroad – (Movement of Consumers)

In this case the service is delivered outside the territory of the member making the Commitment. With reference to education it could imply education of foreign students in the institutions of the host country – that is joint study programs which involves mutual recognition and credit transfers.

An example of this Mode is Joint Degree and Twinning arrangement between ITM and University of London. The general feeling is that this Mode favorably affects the developed countries that possess competitive environment, at the cost of developing countries like India who ranks as the top supplier of students.

Mode 3 – Commercial Presence

This implies the actual presence of private investors in the host country, and is inclusive of inter alia corporations, joint ventures, partnerships, respective offices and branches.

This Mode can take forms such as opening up of an institution be made operational through opening of an institution or branch campus abroad; opening of an institution or branch abroad; courses by domestic private providers resulting in Degrees of foreign universities; twinning and franchise arrangements etc.

Examples of twinning are SIES College of Management Studies and University of London; and UKTVB School of Habitat Studies and University of London. Wigan and Leigh have been operating through the Franchise Mode since a long time.
Mode 4 – Presence Of Natural Persons

This is inclusive of natural persons who themselves are both service suppliers as well as employees of service suppliers.

In the context of education, a classic example would be the movement of a teacher to a foreign country to teach, popularly called Faculty Exchange Program.

Student exchange programs are conducted by institutions like IIM Ahmedabad and Fuqua School of Business Duke University and IIM Bangalore and Stanford University.

SP Jain Institute of Management has set up branches in Dubai and Singapore. Central Institute of English and Foreign Languages has launched an English language teaching Program in Kyrgyzstan.

Current State of Higher Education In India

Higher education refers to a range of advanced courses and qualifications available for those interested in pursuing further studies. Basically Indian Universities can be classified as

1) Unitary Universities who offer Graduation and Post – Graduation instructions and are confined to a single campus. And

2) Affiliating Universities, having a central campus which covers departments/schools imparting both Post – Graduation instructions and research. A number of colleges come under its purview.

In addition there are two other types of University Institutions:

1) Deemed-to-be Universities, which have been given this status by the UGC (University Grants Commission) with the approval of the Department of Education, Ministry of Manpower and Human Resource Development, Government of India on the basis of their teaching experience and specialization and experience in a particular field; and

2) Institutions of National Importance.

They are given this status by an Act of Parliament and play an important part in developing skilled personnel. They have the privilege of granting degrees, which generally is the prerogative of universities.

Colleges in turn can be classified as: Government colleges, privately managed colleges, university colleges and Professional colleges.

Private higher educational institutions can be classified into two categories:

1) Self-financing institutions; and

2) Institutions supported by a few corporate bodies.

Growth of Higher Educational In India

Gross enrolment index is a measure of the total number of students enrolled and is always expressed as a percentage of the eligible population.

Table 1. Gross Enrolment Ratio In India – (Ger)

<table>
<thead>
<tr>
<th>Year</th>
<th>GER in Higher Education (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>8.1</td>
</tr>
<tr>
<td>2005-06</td>
<td>11.6</td>
</tr>
<tr>
<td>2008-09</td>
<td>13.7</td>
</tr>
<tr>
<td>2010-11</td>
<td>19.4</td>
</tr>
<tr>
<td>2012-13</td>
<td>21</td>
</tr>
</tbody>
</table>
The Graph clearly shows an upward trend, showing that the Gross Enrolment Ratio is increasing in India, but is low as compared to other countries.

Table 2. Tertiary Level Enrolment Growth 2006-2012

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>41.4</td>
</tr>
<tr>
<td>a) Central</td>
<td>81.6</td>
</tr>
<tr>
<td>b) State</td>
<td>39.3</td>
</tr>
<tr>
<td>2 Private</td>
<td>70.7</td>
</tr>
<tr>
<td>3) Distance</td>
<td>53.2</td>
</tr>
<tr>
<td>4) Overall</td>
<td>56.6</td>
</tr>
</tbody>
</table>

In this Graph the contribution to the tertiary level enrolment is maximum from central universities, followed by private institutions.

**Need For Foreign Education Providers in India**

Countries like India which are classified as developing require quality institutions, qualified faculty and quality inputs of different kinds. The focal point is to give a thrust to India as a hub of innovations, business and education which is driven by policies aiming at economic development. Attracting foreign students will become a net foreign exchange earner. This is a difficult but not important task. What is required is a balance between rich Indian heritage and culture, with modern and scientific education.

A sense of realization is dawning in India that human resources form the basis of any strong economy and should therefore be nurtured through investment in education and vocational training. Indian
universities have to learn to balance teaching and research and convert fundamental research into applied research.

One can cite three reasons why foreign institutions would be attracted to India:

a) India offers a huge education market and boasts of the youngest population in the world;
b) She has comparatively lower recruitment and research costs; and
c) The country provides an opportunity to offer executive education and consulting services to Indian firms.

Foreign education is required for the following purposes:

I. To supplement the inadequate current amount being spent by the resource starved government on higher education;

II. Best Foreign players would not come in adequate numbers if they are not accorded the same status as private public institutions in India;

III. India’s priority today is not so much being an exporter of service, as much as ensuring good quality higher education.

Merits and Demerits of Foreign Education Providers

The signing of the GATS Accord, globalization and subsequent internationalization of higher education has been the centre of controversy. The entry of foreign education providers has both merits and demerits. Let us examine them.

Merits

One, the tag of a Foreign Degree carries a lot of weightage in India. By providing foreign education within the country we can check the menace of Brain Drain;

Two, foreign entry will encourage research. Most Indian universities focus on teaching and hardly provide the students’ with research experience or skills, to prepare them for research careers. On the basis of available data it is estimated that only 12% of students are Postgraduates and 1% are doctorates.

Three, there would be saving of foreign exchange and increased revenue from these transnational providers of education.

Four, foreign entry would be accompanied by better infrastructural facilities. The resulting education would no doubt be a costly affair, but it would definitely be cheaper than going abroad for higher studies.

Five, there would be enhancement of quality in the new as well in the existing institutions. This would guarantee acquisition of skills and qualifications, which could be transferred across the globe.

Finally, high quality education would be imparted in unchanged cultural ethos. Foreign education would be imparted on the home soil.

Demerits

Firstly, these transnational providers of education are profit making entities. The result would be commercialization of Indian higher education, further leading to the problem of repatriation of profits.

Secondly, having foreign providers in the home country would deprive the students of the much needed international exposure got from actual physical presence.

Thirdly, there is growing concern about the absence of adequate regulatory bodies. Today when the already existing bodies are not able to properly regulate Indian institutions, the question of them regulating foreign bodies may only become a distant dream.
Fourthly, economic benefits may be denied to the deserving students. An educational loan is available to an Indian student wishing to go abroad for further studies. However, there is no provision for such facility in case foreign education providers operating in India. This deprives the students of economic benefits.

Finally, there is no guarantee of quality and job security in the absence of adequate regulatory measures. Some of the transnational providers may be ‘fly by night’ operators. In the absence of proper regulatory policy there is a possibility of poor quality institutions entering Indian system of higher education.

Regulatory Framework For Foreign Education Providers

As of now, there is no law regarding, governing of the entry of foreign institutions into the Indian education market. The Foreign Education Bill was introduced by the then Human Resource Development Union Minister Hon Mr. Kapil Sibal in Parliament in early 2010, after being cleared by the Cabinet on 15th March 2010. The Bill aimed at allowing foreign education providers to establish campuses in India and grant Degrees, while simultaneously laying down rules and regulations governing the operation of the institutions.

The major provisions are:

1) Creation of a minimum 11 million dollar Corpus Fund by institutions to gain entry in India for operation purpose.

2) Each institute will have to register with the UGC or any other regulatory body in place at the time of registration. Institutions cannot remove surplus generated in India, but rather will have to reinvest it to further the expansion of its institutions in India.

3) These providers should not be involved in any activity such as consultancy projects.

4) The government has the freedom to reject an application of a university if it feels that the latter would have an adverse impact on national security.

5) An eight month bound format for granting approval to foreign educational providers to set up campuses.

6) It is mandatory for institutions to go through different levels of a registration process before being finally registered with the UGC or any other concerned regulatory body.

The Bill is an important initiative and landmark by the government as part of the reforms. To date however, it has not been passed in Parliament. As of now, there is no law regarding, governing the entry of foreign institutions into the Indian education market. At present Foreign Direct Investment is already allowed in India, under the Automatic Route, without any sectoral capital since February 2000. A Foreign Education Provider is required to maintain a corpus fund of a minimum of Rs. 10 Crores and certificate of validation from the Embassy or High Commission of India.

Foreign educational providers have been granted permission to enter our country. No prior approval of either the Government or Reserve Bank of India is required. The investors are only required to notify, to the concerned Regional Office of RBI, within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issue of shares of foreign investors. These procedures are laid down for registration as per AICTE and are notified by the regulations for entry and operations of foreign universities/institutions that are willing to impart higher education in India.

The UGC Ordinance on Foreign Education Regulatory Bill has instilled a ray of hope. According to the Ordinance foreign universities will be allowed to operate independently, set up campuses and offer degrees without any Indian partnership with any Indian institution.
The big question is whether foreign educational institutions will be allowed to operate. While, some believe that this will lead to healthy competition, others feel that it will only lead to commercialization and thereby provide limited access, depriving majority of the masses of this opportunity.

Experts like Philip Altbach feel, that India must develop a transparent policy together with effective regulatory framework. India needs a regulatory model that encourages cross border provision of quality education and yet prevents exploitation.

The thinking behind the Foreign Entry Bill which advocates regulated ‘open door policy’ is the entry of established foreign institutions, who while improving the quality of our institutions by infusing new ideas and practices would provide assistance for setting up world class institutions and bringing in finance.

The point to be noted is by and large foreign universities have their branches in specialized disciplines, do not promote academic innovations and do not spend substantial amounts of money overseas.

Experts group universities who are willing to come to India into three categories:

1) Prestige enhancing universities who do not look at India as a source of revenue but are rather interested in enlarging their global presence and prestige;
2) Prestige seeking universities who want to internationalize their brand as also increase revenue; and
3) Revenue maximizing universities who seek entry into India to generate income.

India should welcome the first category, and should lay emphasis on encouraging international student mobility and develop academic partnerships.

CONCLUSION

Service sector has emerged strongly as a prominent sector in terms of its contribution to National income, trade flows and Foreign Direct Investment inflows. Higher education services rank very high in this sector. Over the past two decades, higher education has been playing an important role in creating jobs, human resources and skill development.

There has been a significant quantitative expansion in Indian higher education. Her Brain Power is internationally acclaimed. India offers a lucrative market for the profit driven domestic institutions and Foreign Education Providers as also Trans-national Corporations.

Post economic reforms and subsequent liberalization, privatization and globalization, India has witnessed the entry of foreign providers. As discussed earlier, these education providers can be both beneficial as well as harmful. This is so because apart from upgrading our institutional capacity they can help in improving the qualitative aspects. However, based as they are on profit motive they can be detrimental to the country, leading to commodification of education far beyond the means of majority of the masses.

For India to be a global knowledge leader, she needs a sound regulatory policy that will govern foreign education players. The point to be remembered is that Foreign Educational Providers play an important part in creation of institutional excellence and in providing opportunities to the different sections of society. The entire issue revolves around how challenges are converted into opportunities, keeping in mind the rapidity of their adaption to the changing environment. This should be accompanied by attracting quality faculty. The essential ingredients would include ensuring competitive salaries, creating conducive environment and enabling flexibility.

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