

Presence Of Foreign Institutions In India

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Abstract: The twentieth century witnessed the transformation of knowledge society and flow in the form of people, idea, goods and services around the world and thus created a global knowledge economy. Education is one of the sectors impacted by such globalization and especially the higher education is not more constrained with geographical boundaries. It surges to become national institutions towards internationalization of curriculum, aim of global rankings and transnational research. The country's growth is determined by both internal reforms coupled with swift logical responses to external influences. To compete with rapidly growing global demands, countries including India had encouraged cross-border education and presence of foreign institutions in home country. The study reviews initiatives on setting-up / collaboration of foreign institutions in India and its impact.

Index Terms : cross border education, Mobility, GATS , Internationalization

1. INTRODUCTION

Proven beyond doubt, over centuries, that knowledge plays a vital role in promising high standard of living and the characteristic of knowledge is viewed as production factor. The global economy treats the entire world as one region and encourages higher education to flow across borders so as students, programme and institutions. The developed countries enjoy high share of students from India for higher studies and jobs. This has pros and cons. The Indian nationals are recognize, improved their living standards, distributed across nations and inward remittance flows to country. They have access to knowledge resources and quality higher education from foreign countries. However it has also effect on brain-drain and loss to nation as the tendency is settling down in abroad (GOI, 2006). The prediction of student outflow will be high in the coming years. The Indian institutions are having collaborations with foreign institutions for internships, dual/ twinning degrees, exchange programmes and research. The Indian government is keen on inviting top ranked foreign institutions to set up campuses in India. The research reviews the internationalization of higher education with respect to India.

2 CROSS BORDER EDUCATION

Internationalization is the process of integrating international, intercultural, and global dimensions into the various domains and functions of education such as teaching, research, service and delivery etc. The internationalization may happen both at internal and across nations with different cross border activities.

The increased worldwide demand for higher education has resulted in diversity and cross border education as shown in Fig 1 (Knight, 2006). The enhanced generations of cross-border education with details is listed in Table 1 (Knight, 2012).

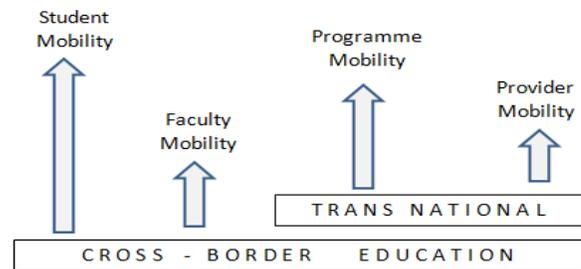


Fig. 1. Framework of Cross-Border Education

Table 1. Generations of Cross-border Education (Source : Knight, 2012)

Generation	Category	Forms and Conditions of Mobility		
		Development Cooperation	Educational Linkages	Commercial Trade
First	People Students, Professors Scholars, Researchers Experts, Consultants	Semester / Year Abroad /Full degrees Field / Research work /Internships Sabbaticals /Consulting		
Second	Programmes Course, Programme, Sub-degree, Degree, Post graduate	Twinning , Franchised Articulated / validated Joint / Double award Online / Distance Education		
	Providers Institutions Organizations Companies	Branch Campus, Merger / acquisition Independent Institutions Virtual Universities		
Third	Education Hubs Countries attract foreign students, researchers, workers, programmes, providers, R&D companies for education, training, knowledge production, innovation purposes	Student Hub Students, Programme, providers move foreign country for education purpose Talent Hub Students, Workers move to foreign country for education and training and employment purposes Knowledge / Innovation hub Education researchers, scholars, Higher education Institutions, R&D centres move to foreign country		

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3 TRADE OF EDUCATION SERVICES

The World Trade Organization (WTO) deals the trade of goods, services, intellectual properties between nations. General Agreement on Trade in Services (GATS) is set of rules for such international trade services, established from year 1995. GATS cover 12 service sectors including education, where the exceptions are for exercise of governmental authority and air traffic rights. The inclusion of educational services in the current trade services has triggered many concerns about the liberalization of post-secondary education in the education community. However, the trade of service covers only the commercial activities of cross border education initiatives which are usually intended to be for profit. GATS gave a dimension of commercialization for higher education in International arena (Knight 2008). The trade in higher education can occur in any of the four modes with set of barriers as shown in Fig. 2.

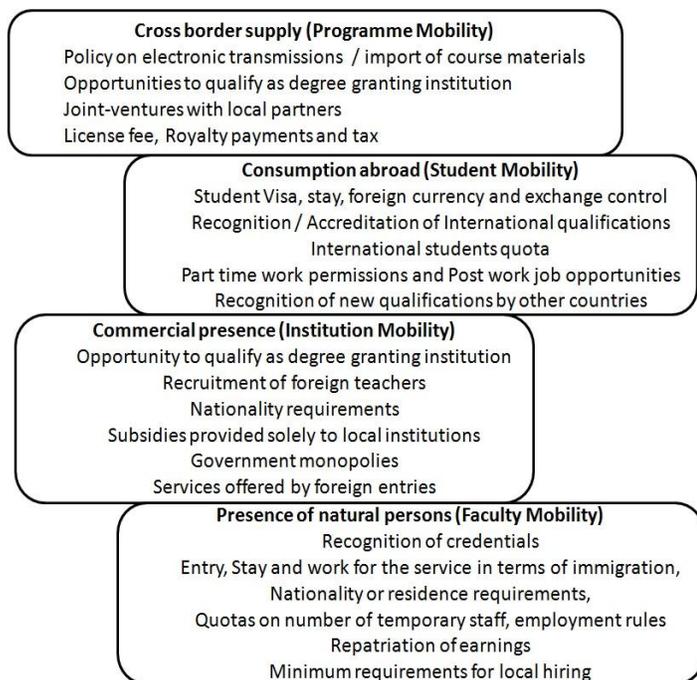


Fig. 2. The modes of higher education in GATS

All the four components are in operation even without the signing of GATS. Though the concept of mobility exist over centuries, the for-profit mode of operation is a new concept with the effect of GATS. The beneficiaries are the advanced countries, but they also sought explanations and making suggestions for modifications. Since these countries are already enjoying the rights and they do not want to commit themselves to the new obligations.

4 IMPACT OF INTERNATIONALIZATION TO DOMESTIC

The impact of internationalization to domestic institutions (Guruz, 2008 & Henard et al. 2012):

- Internationalize curriculum
 - International curriculum which broaden the subject area through international or intercultural approaches
 - Align course content, learning activities and assessment with international perspectives

- Add contemporary learning outcomes to student experience
- Demonstrate sensitive and inclusive teaching practices
- increases the access for local students, but, at the same time, the relevance of curriculum to local context may not exist
- Improve student preparedness, provide diversity to its faculty and staff
 - Produce skill to adapt new ways of using knowledge and organizing works, services internationally
 - Teaching which increase learning capacity and entrepreneurial skill
 - Encourage interactive cultural exchanges and openness to diversity
 - Expand academic community with benchmarked activities
 - Better utilization of internal intellectual resources
- Enhance the international profile of the institution, strength in the research and knowledge production
 - Increase national and international visibility
 - Enrich institutional capacity through international strategies and partnerships
 - Institutions should not be insular to the world of business and the academic research should produce commercial activities
 - Recommend revisions in organizational structure to promote effective / efficient operations and profitable for all stakeholders in the global market.

The institutions face challenges in expanding beyond national borders due to the restrictions imposed by the government policies (Henard, 2012). The government policy must attract skilled workers / international students, permit to import/export education services and to exercise "soft-power". The government should ensure both the expansion of internationalization as well as safeguarding the quality. The internationalization framework on long vision should enable government to develop national university with global knowledge, skilled work force with multi-cultural competencies and benefit from trade-in education services.

4 FOREIGN INSTITUTIONS IN OTHER COUNTRIES

A study on the prevailing situations in many countries will be noteworthy and shall provide useful information on how they allow foreign educational institutions to establish in their lands and at the same time preserve the national interests and priorities set by regulatory authorities and public policies. The foreign institutions in China insist entry through invitation, must partner with Chinese institutions, run on non-profit mode, 50 % of board of governors must be Chinese, and institutional Presidential post must also be Chinese. There is a prior approval required to increase fee structure and the instructional language should also be in Chinese. The branch campuses from English speaking countries attract their own home country students with a benefit of reduced programme fee. The Ministry of Education, Malaysia has invited several foreign institutions to set up campuses. Most of them established with Malaysian ownership. The institutions have to be registered with the government, require permission for each programme, accreditation and approval of programme in

the home country and recognized by an appropriate professional association in Malaysia. The country would like to offer new provision outside the major metropolises for brain gain in rural areas. Branch campuses were helping Malaysian students, stemming the outflow of currency. (Observatory, 2004) report has recorded that the foreign campuses in Malaysia has tough challenges on attracting students over potential enriched & matured domestic campuses in last decade. Though the situation is tough for new entrants, Malaysia has many other advantages including political stability. Singapore invites only elite universities to set up the campuses after thorough analysis. Also, there is possibility of offering courses through local partners with prior approval. The gulf countries had a shift in last decade and established knowledge hub to extend their economy from oil and gas resources (Forestier et al. 2013). Qatar has more international branch campuses and United Arab Emirates (UAE) has the knowledge village to have branch campuses of foreign institutions. The knowledge hubs are considered as free trade zones in countries like Malaysia, Qatar and South Korea. The countries which are considered to possess the most favourable environments for transnational education are Hong Kong, Malaysia, Singapore and the UAE. Some of the incentives for foreign providers are tax exemption, free land and financial loans. The list of incentives and subsidies given in few countries is listed as follows.

- Qatar : Academic buildings,
- Mauritius : Tax exemption,
- Singapore : Financial grants and loans
- Vietnam : Land.

5 INDIA'S STAND ON FOREIGN INSTITUTIONS

As per the terms and conditions of GATS and WTO, no country can stop the entry of foreign universities and private institutions establishments in its place. The Ministry of Commerce permits service negotiations to set foreign institutions to avoid brain drain and save outflow of currency. The motivation and challenging factors are listed in Fig 3. (Grant Thornton, 2010. The young generation growth who are in middle income group, aspire international higher education as entry-visa to improve living standards recommends that Australian education institutions to establish collaboration with Indian Institutions (Feith, 2008).

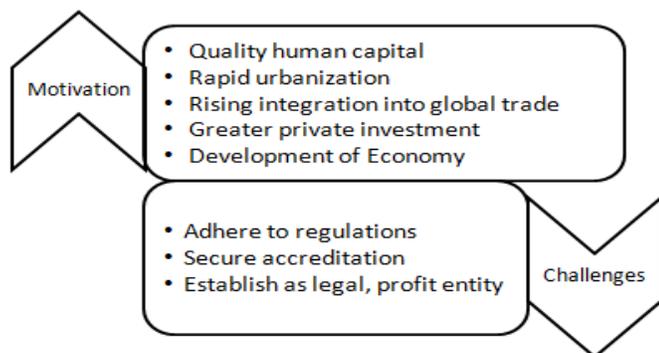


Fig. 3. Foreign institutions investment : Decision factors

Establishing foreign institutions in India will improve the higher education development and promote competitiveness (Bhushan, 2006). The previous foreign educational institution bill 2010 has lapsed and India is still in the nascent stage to

permit full-fledged foreign educational institutions. The foreign institutions are also expected to follow the similar regulation routine applicable to domestic institutions. Some of the restrictions include fee fixation through appropriate authority and no capitation fee / profiteering / commercial presence (Altbach, 2012). Also, the regulatory authorities insist that only the top world class universities can establish collaboration with institutions accredited with high scores in India. But there was not much attention given to regulate existing foreign collaborations in India and award of foreign degrees (Booker, 2011). The list of operations in the existing practices of foreign institutions are listed below, where most of them are for management and technical studies.

- Offer dual/joint/twinning programmes
- Permit students to pursue semester abroad programme / internships, (Indian institutes accept the credit transfer upon successful completion)
- Engage students participation in geographically distributed project scheme
- Franchise programme without any proper supervision and quality control
- Admit students in online education, either in full programmes / select courses
- Collaboration for research and development
- Organize conferences/workshops/training combined with Indian institutions
- Facilitate faculty exchange programmes
- Offer scholarships/internships to talented students/faculty (Institution & Government)
- Participate in Advisory committees
- Extend services to evolve best-practices in teaching, research, skill development and training

They offer twinning programmes or certification under Foreign Investment Promotion board. There is a question of accreditation in their own countries for such programmes. The given fact throws the question on foreign education institution investments in real sense (Sharma, 2007). The world class institutions would like to collaborate only with outstanding public sector research institutions (Rizvi et al. 2013). Considering the existing collaborations at large scale, both University Grants Commission (UGC) and All India Council for Technical Education (AICTE) have come up with formal guidelines for international collaborations in the year 2012 and 2016 respectively. The regulation insisted Indian institutions to get approval prior to formalizing agreements. One important aspect is both Indian and foreign institutions must have accredited with top scores in their home country respectively. The expected growth in the higher education market size, possible structures, foreign investment in the higher education sector and taxation procedures are discussed in (NishitiDesai, 2015). Despite the measures to liberalize and regulate the sector, deterrents to foreign universities or institutions entering India could be the affirmative action, not-for-profit character, non-existence of uniform regulations which vary from one state to another, presence of multiple regulators, transfer of existing infrastructure and human resources which may lead to legal disputes, and other government norms. Also, the foreign institutions must understand the tax norms and relaxations practiced in India:

- Educational institutions should be set up through 'not-for-profit' trust as per Income Tax Act (ITA) 1961, and charitable purpose.
- Training for unregulated courses would be subject to service Tax liability.
- The service tax is applicable to the managerial, administrative and other services of educational institutions..
- The income received, deemed to be received, accrues or arise in India is only taxable for non-residents.. Before investing in India, it would be useful to explore various structuring options including double tax avoidance agreement. The newly proposed General anti-avoidance rules (GAAR) to be studied.
- The situation to be analysed for identifying the right opportunities in terms of
 - The low capital base and deal size of educational groups over developed
 - Focus strengths and weakness of the target market needs
 - Understand legal process of exchange and taxation law
 - Issues such as regulatory approvals, revocation and expiries

The country's positioning in education hub is considered as half-door open policy (Yeravdekar, 2014). The draft national education policy, (MHRD, 2019) addressed the issues and encourages institutional collaborations and re-insists the previous bill of inviting top 200 foreign institutions to establish operations in India. It is assured to draft a legislative framework at the earliest. "Internationalization of Indian Higher Education", a round table conference arranged by AIU at the University of Mysore, submitted its recommendations to government as "Mysore statement" in year 2001 covered in detail the way forward of international collaboration mentioned in new policy. Several foreign institutions have decided that partnership-focused Indian strategies are the way forward. With the lack of regulatory regime there may a chance of unethical and unfair practices of commercialization. India should put in a place of sound regulatory framework to govern foreign institutions and evolve a viable financing model.

6 CONCLUSION

The phenomenal growth of human capital, expansion of private institutions and the expectations of quality higher education has triggered the entry of foreign universities venturing into establishment or tie-ups with the institutions of the nation. The federal Government has a huge responsibility of regulating and monitoring them and also ensure that the students receive quality knowledge and education commensurate with the amount and time spent on higher education. Before permitting foreign institutions in India, the perspective and desired outcomes have to be clearly articulated, and also should be carefully and frequently monitored. Apart from regulatory norms, government must also ensure whether the kind of programme offered is equivalent to those offered in home campuses and also accreditation, recognition are on par with those offered in home campuses. As both public and private bodies contribute their best in the academic arena with tight regulations the entry of foreign institutions / universities shall not affect or disorganize or nullify the contributions of Indian players.

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