

Higher Education in India – Opportunities and Challenges for Foreign Universities

Presented by

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Introduction

India is a country in the Asian continent it uses only 02.4% of the worlds land and accommodates 17.5% of the world's population. It is the 02nd most populous country after China with 1.2billion people and the most populous democracy in the world.¹ By 2025, the number of 15-24 year olds is expected to rise to 100million—twice the number of young adults in North America and 25 percent more than in all of Europe. According to the open door report on International Education Exchange India sends more than 1, 04,000 students to the US and approx 85,000 students to the UK for Higher Education.² India is the highest contributor to the growth of education in these two countries. On the other hand the GRE of India is just 12.4%³ which is one of the lowest in the world which brings us to the question is the Indian Higher education system geared up to train the pool of young Indian population which constitutes nearly 52% and 65% the population is blow 35 years of age (Census, 2011). According to the US Census Bureau, 2002 India is expected to be the supplier of manpower to the rest of the world it is expected to have a surplus of 47 million working population by 2020.⁴ Even after adjusting for government actions, it was estimated that the net workforce shortage in developed countries will range between 32 and 39 million by 2020. Amongst such nations, the U.S., Japan, Spain, Canada, and the U.K. are

¹ Retrieved from <http://www.india.gov.in/knowindia/profile.php> on 22nd July 2012

² Chow Patricia, Cho Kimberley (July 2011), Expanding U S Study Abroad to India: A Gui de for Institutes, retrieved from <http://www.usief.org.in/India-Study-Abroad-Capacity-Report.pdf> on 05th August 2012.

³ Government of India, (2012) , The Economic Survey of India a, Oxford University Press, pg 319-325

⁴ US Census Bureau and BCG (2002), Vision 2020 Global Availability of Human Resource, retrieved from <http://www.ibef.org/download/IndiaNewOpportunity.pdf> on 06th August 2012.

expected to face the largest shortages.⁵ The population demographic in India can act as a demographic dividend for the country (Basu, 2007)⁶, However if the population is not trained will act as a demographic burden. This is where the education system in the country plays a vital role in shaping the country population in to an asset.

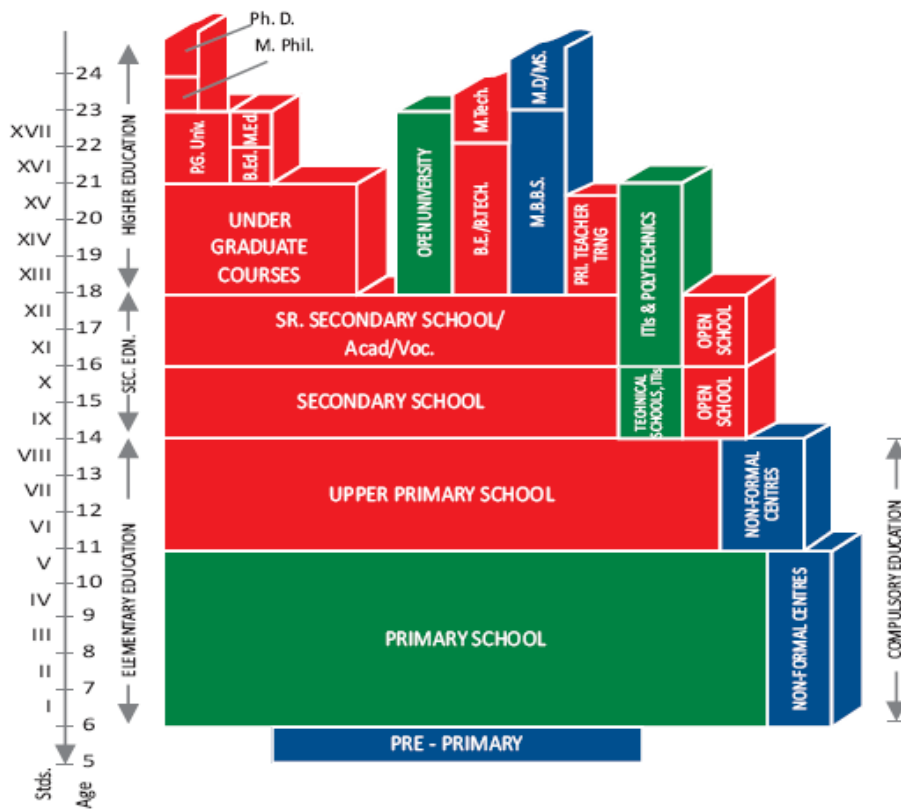
Structure of Indian Education System

Indian higher education system is one of the largest education systems in the world, in terms of number of students and student enrolment. Education is a concurrent item in the Indian constitution - and thus is regulated by both the Centre and respective state governments.

⁵ All India Management Association, BCG, (Feb 2003), India's New Opportunity – 2020 Report of the High Level Strategic Group, retrieved from <http://www.ibef.org/download/IndiaNewOpportunity.pdf> on 06th August 2012.

⁶ Basu Kaushik (July 25th 2007) , India Demographic Dividend, BBC News, retrieved from <http://news.bbc.co.uk/2/hi/6911544.stm> on 06th August 2012.

EDUCATIONAL STRUCTURE IN INDIA



Source: Prakash Ved (Feb 2012), 'Higher Education in India at a Glance', Universities Grants Commission.

The above figure shows the structure of Indian Education. The government of India has increased focus on primary education by implementing the Right to Education Act 2009 (*Sarva Siksha Abhiyan*)⁷. It mandates that every child has a right to elementary education of satisfactory and equitable quality in a formal school which satisfies certain essential norms and standards. Higher Education institutes include Universities and Colleges that provide undergraduate education

⁷ *Sarva Siksha Abhiyan*: Free and Compulsory Education for all children in the age group of 6 and 14.

(UG), Post graduate (PG) and Doctoral degree program. Most UG courses take 3 years except professional courses like engineering and medicine. PG courses are generally 2 years of duration and doctoral degree ranges from 2 years to 5 years depending on the scholar. Vocational education institutes include institutes/polytechnics that primarily provides certificate and diploma courses, the duration of which vary between three months to three years. While Industrial Training Institutes (ITIs)/ Industrial Training Centres (ITCs) providing courses with relevance to specific trades (such as turning, fitting, wiring, etc) have been in existence for a long time, many private institutes have emerged to meet the demand from upcoming industries such as aviation, retail, hospitality, etc⁸.

Not for Profit Registration – Mandatory

Educational institutions in India cannot be set up 'for profit' and business structures such as partnerships, private and public companies etc are prohibited from setting up educational institutions. Hence, institutions are either set up by government entities or by the following private sector entities:

1. A society registered under the Societies Registration Act, 1860.
2. A public trust registered under the Indian Trust Act, 1882, or under corresponding state laws such as the Bombay Public Trust Act 1950.
3. A 'not for profit' company under section 25 of the Companies Act, 1956.

The key common feature amongst all these entities is that profits cannot be distributed to the providers of capital either as dividend or otherwise. This serves

⁸ E & Y, FICCI, (2009) Making the Indian Higher Education system future ready , FICCI Higher Education Summit 2009. Retrieved from <http://education.usibc.com/wp-content/uploads/2010/09/EY-FICCI-report09-Making-Indian-Higher-Education-Future-Ready.pdf> on 06th August 2012.

as a disincentive to private players, thereby restricting private investments in the education sector.⁹

The higher education in India has not been defined in any document. This is despite that globally there has been some attempt to bring about homogeneity in defining contour of education at various levels. The advent of GATS has expedited the process as there was a need to have uniform understanding of education and to come an understanding to what extent they are covered under provisions of globalization. There has also been considerable debate whether education services come within the purview of GATS. This is because of the **Article-I (1.3.b)** of WTO that talks about services (for the purpose of inclusion under GATS) mean any services in any sector except services supplied in the exercise of governmental authority. The next sub-section (**1.3.c**) defines “services supplied in the exercise of governmental authority” as any service which is supplied neither on a commercial basis nor in competition with one or more service suppliers. What it means is that if any services are exclusively provided by the government free of cost or at cost (not for profit) and there are no private players in respect of the said service, they shall be outside the purview of GATS. This is definitely not true for educational services in India and therefore, they definitely come under the jurisdiction of GATS.¹⁰

⁹ Crisil Research, retrieved from <https://www.crisilresearch.com/CuttingEdge/industryasync.aspx?serviceId=685&State=null#storyId#11822#sectionId#2053> on 07th August 2012.

¹⁰ Sengupta, A. K. and Parekh, Vikram (2009) "Excellence in Higher Education in India: Way Forward," *Journal of Emerging Knowledge on Emerging Markets* : Vol. 1, Article 14. Available at: <http://digitalcommons.kennesaw.edu/jekem/vol1/iss1/14>

India's GRE¹¹ is 12.4% as compared to the world average of 26.2%. According to the Yashpal committee on 'Renovation and Rejuvenation of Higher Education' the target GRE is 21% by 2015. The National Knowledge Commission under the chairmanship of Mr. Sam Pitroda has the target of 15% GRE by the year 2015. With the GRE abysmally low as compared to the world average the regulators are focusing on Quantitative Expansion and on the other hand there is invisible wall between Industry and academia (Yashpal, 2008)¹². Indian Institutions in order to bring the GRE number to the world average are focusing on Quantitative expansion which raises a lot of concern on the quality education in India and many educationalist site this a major reasons why Indian students prefer to go to the USA and UK (Pratibha Jain,2005). Most Indian Universities are focused on Teaching as compared to the universities of the west which are focused on Research. There is a need to balance the orientation of the Indian Institutions to become ideal institutions of teaching and research.

The quality of graduates from institute of higher education is viewed as unemployable especially engineering graduates. Coordinated efforts should be taken by the IT industry and academic for making fresh engineering graduates employable as only 25% of those passing out of the colleges at present met the requirements of the firms, Member of Scientific Advisory Council to the Prime Minister Kiran Karnik said Delivering the inaugural address at a seminar

¹¹ GRE: Gross Enrollment Ratio, is a statistical measure used by the United Nations to measure education index of a nation. In the context of higher education, it measures the total population of all ages enrolled in different education programs to the total population of the country in the age group of 18-23.

¹² Yash Pal, (2008), 'Report of the committee on Renovation and Rejuvenation of Higher Education', Yashpal Committee Report

"ICTACT BRIDGE 2012", organised by ICT Academy and the National Association of Software and Service Companies (NASSCOM), he said the industry had failed take up the need for modifying the curriculum as per its requirement.¹³ The challenge is to produce employable graduates for that one needs effective facilitators/teachers, without good teachers investment in education is investment in brick and mortar. However 35% posts are vacant in Central Universities; 33.33% in National Institute of Technology and 35.1% in other central education institutions.¹⁴ Moreover most of the universities teachers who were non NET/SET¹⁵ and were approved go on strike as their status is not clear as if approved or unapproved and if they can get promotion or no. So practically during the strike period universities are operating at only 50% of their capacity as 35% posts are vacant and assuming only 15% of the staff is in a dilemma of their approval which is a highly probable number. There is a need for attracting quality talent to the teaching profession by creating a teaching cradler and remunerating them in a competitive manner. Teachers are the one who create the intellectual capital of the country and investing in teacher will give a

¹³ PTI (Feb 2012) "Only 25% of the graduates are directly employable", The Hindustan Times retrieved from <http://www.hindustantimes.com/India-news/Chennai/Only-25-of-engineering-graduates-directly-employable/Article1-815275.aspx> on 06th August 2012.

¹⁴ Parekh Vikram, (October 2010) Towards an Educated India – Improving the Gross Enrollment Ratio in Higher Education, The Free Press Journal, retrieved from <http://www.highereduforum.org/14grossenrolmentratioinhighereducation251010.pdf> on 06th August 2012.

¹⁵ The National Educational Testing Bureau of University Grants Commission (UGC) conducts National Eligibility Test (NET) to determine eligibility for lectureship and for award of Junior Research Fellowship (JRF) for Indian nationals in order to ensure minimum standards for the entrants in the teaching profession and research. SET is a State level test for the same. Retrieved from <http://oldwebsite.ugc.ac.in/inside/net.html> on 06th August 2012.

multiplier effect to the intellectual capital of the country. The article aims to throw light upon the issue of Teaching University v/s Research University and the what will be the ideal scenario for Indian Universities if 'Pasteur's Quadrant' where fundamental research should be converted in to applied research. The papers talks about the importance of industry academia partnership and how the students are ultimately the input of the corporate sector and how the corporate sector can be involved in Curriculum development, teachers to be involved in Consulting assignments and corporate partnership for applied research. The researcher highlights the need for corporate to invest in institutions building and training the students as per their needs as ultimately the output of the institute is the input of the corporation and if the input is not up to the mark as desired by the corporate they will have to invest time, money and other resources in training the input. The researcher predicts that corporate who will start universities with focus in their line of business and will produce quality trained output which will be ready to be employed in their company from day zero. Companies like NIIT has set up a university in Gujarat which trains staff of ICICI bank the visiting professors are from ICICI bank and share real live cases about customers and situations they have come across in their careers they also train the students on the software's used by the employees of ICIC bank. Students are given product and process training and then when they graduate are offered jobs at ICICI bank according to their skill sets which usually the students appreciate and accept.¹⁶

The presence of multiple regulators in the Indian higher education space is another challenge as institutes have to comply with norms from multiple regulators which create confusion and stress in the institutes.

¹⁶ Retrieved from <http://www.niituniversity.in/> on 06th August 2012

Regulatory Bodies

1. All India Council for Technical Education (AICTE) (1987)
2. Bar Council of India (BCI) (1961)
3. Central Council of Homoeopathy (CCH) (1973)
4. Central Council of Indian Medicine (CCIM) (1970)
5. Council of Architecture (CoA) (1972)
6. Dental Council of India (DCI) (1948)
7. Distance Education Council (DEC) (1985)
8. Indian Council of Agricultural Research (ICAR)
9. Indian Nursing Council (INC) (1947)
10. Institute of Cost and Works Accountants of India (ICWAI) (1959)
11. Medical Council of India (MCI) (1956)
12. National Council for Teacher Education (NCTE) (1993)
13. Pharmacy Council of India (PCI) (1948)
14. Rehabilitation Council of India (RCI) (1992)
15. State Councils of Higher Education (SCHE)
16. University Grants Commission (UGC) (1956)
17. Veterinary Council of India (VCI) (1984)

Source : Respective Websites

Source: Prakash Ved (Feb 2012), 'Higher Education in India at a Glance', Universities Grants Commission.

The National Knowledge Commission under the chairmanship of Prof Sam Pitroda recommended the setting up of a single regulator IRAHE¹⁷ (Independent Regulatory Authority for Higher Education) and also in 2008 Prof Yashpal Recommended setting up a single regulator NCHER (National Council for Higher Education and Research). The above two recommendations suggest a strong need

¹⁷ Prof Sam Pitroda, 2006, Indian Higher Education, National Knowledge Commission

for a single regulator as compared to the 27 regulators present for various faculties.

The government spend on education is just 13.63% as a percentage of education expenditure and 3.85% of the GDP which is one of the lowest spend on education in the world. India in order to retain the students in its own country has to invest in education infrastructure i.e. both physical infrastructure and training of teachers which will create a multiplier effect by in turn producing good quality students who are industry ready.

The Foreign Educational Institutions (Regulation of Entry & Operation) Bill, 2010 – Opportunity or Hurdle.

Objective of the Bill

“The enactment of a legislation regulating entry and operation of all the foreign educational institutions is necessary to maintain the standards of higher education within the country as well to protect the interest of the students and in public interest. The object of the proposed legislation is to regulate entry and operation of foreign educational institutions imparting or intending to impart higher education or technical education or practice of any profession in India (including award of degree, diploma and equivalent qualifications by such institutions) and for matters connected therewith or incidental thereto”¹⁸.

Basically the objective of the bill is to regulate the entry and operation of Foreign Education Institutions (FEI) in India. FEI Intending to operate to be notified by

¹⁸ Parliament of India Rajya Sabha, (01st August 2011) The Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010. Retrived from http://www.prsindia.org/uploads/media/Foreign%20Educational%20Institutions%20Regulation/Foreign%20Universities%20Bill%20_SCR.pdf on 06th August 2012.

Government of India. FEI must have experience in providing education in its own country for 20 years. Which offers educational services in India or proposes to offer courses leading to award of degree or diploma or certificate or any other award through conventional method including classroom teaching method not including distant mode in India independently or in collaboration, partnership or in a twinning arrangement with any educational institution situated in India; Only conventional education allowed. Programs must conform to the standards laid down by Indian Statutory Authorities. FEI to maintain a corpus of INR 500 million (INR 50 Cr). Revenues generated must be used for the development of the institutes in India.

When the bill was tabled in the Rajya Sabha it did not get approved due to limited support to the bill. UGC called for a special meeting and the only two items on the agenda had the possibility of allowing foreign educational institutions to enter as 'deemed universities' under Section 3 of the University Grants Commission Act, 1956, or as private universities under the State laws, and drafting regulations on twinning programmes and joint degree programmes.

The UGC approved 'in principle' regulations on allowing twinning and joint degree programmes between the "top ranking foreign educational institutions and the best Indian universities." Only the best universities of the country would be allowed to have tie-up with the internationally accredited 500 foreign universities and the courses would have to be completed in both universities. As per the guidelines, foreign universities entering into tie-ups with Indian partners should be among the top 500 ranked by the Times Higher Education World University

Ranking or by Shanghai Jiaotong University. The degrees will be granted by the Indian universities.¹⁹

The enactment of draft Foreign Education Bill will not only dramatically enhance profile of higher education in India but help it save outflow of about 7.5 billion of foreign exchange per annum as large number of Indian students go abroad to receiving higher education, reveal findings of The Associated Chambers of Commerce and Industry of India (ASSOCHAM). A country like Australia earns nearly \$ 15 billion annually from around 4 lakh foreign students while the number of foreign students that are currently receiving higher education in India is less than 30,000. This is despite the Indian higher education is highly regulated and is also criticized for not imparting necessary skills as required by Indian industry to employ such students.

According to ASSOCHAM, the foreign universities have already put in place elaborate plans to set up their shops in India especially in places like New Delhi, Hyderabad, Chennai, Chandigarh, Pune, Mumbai and even Dehradun and are keenly waiting for this Bill to become an Act.²⁰

The reason for such increased regulations is not to discourage the best universities to enter Indian however to prevent errant universities to enter and misguide students about it being a renowned university in its country.

¹⁹ Dhar Aarti, (June 2012) UGC defers plan to allow foreign varsities, The Hindu Business Line retrieved from <http://www.thehindu.com/news/national/article3483922.ece> on 06th August 2012.

²⁰ Retrieved from <http://www.assochem.org/prels/shownews-archive.php?id=2361> on 06th August 2012.

Conclusion

India has the demographic dividend which is the largest student population in the world. India as a country has to train this young population and which can only be done through good quality world class education or else this demographic dividend will become a demographic burden and bring all social issues like unemployment, poverty, crime etc. Foreign Universities look at India as a potential market with tremendous potential for growth however the regulatory framework for Foreign Universities make it a difficult choice for Universities to decide their timing of entry. Most of the domestic institute fears that the popularity of Foreign Universities will display poaching of students and Faculty to these Universities. India has to provide a suitable investment climate for foreign universities to enter and make profits and it also has to ensure that the domestic institute's co exists with the Foreign Education Institutes.