Dear AIEA colleagues,

I am sending you an op-ed article on India opening up its doors to foreign universities, published in one of the leading newspapers in India. Thought some of you might be interested in reviewing it.

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India's open door to foreign universities

Philip G. Altbach

What will an open door mean for Indian higher education — and to foreign institutions that may be interested in setting up shop in India?

India may finally open its doors to foreign higher education institutions and investment. The Cabinet has approved Human Resource Development Minister Kapil Sibal's proposed law, and it will be voted in Parliament in the near future. Indian comment has been largely favourable. What will an open door mean for Indian higher education — and to foreign institutions that may be interested in setting up shop in India? Basically, the result is likely less than is currently being envisaged, and there will be problems of implementation and of result as well.

Political & educational context

Everyone recognises that India has a serious higher education problem. Although India's higher education system, with more than 13 million students, is the world's third largest, it only educates around 12 per cent of the age group, well under China's 27 per cent and half or more in middle-income countries. Thus, it is a challenge of providing access to India's expanding population of young people and rapidly growing middle class. India also faces a serious quality problem — given that only a tiny proportion of the higher education sector can meet international standards. The justly famous Indian Institutes of Technology and the Institutes of Management, a few specialised schools such as the Tata Institute of Fundamental Research constitute a tiny elite, as do one or two private institutions such as the Birla Institute of Technology and Science, and perhaps 100 top-rated undergraduate colleges. Almost all of India's 480 public universities and more than 25,000 undergraduate colleges are, by international standards, mediocre at best. India's complex legal arrangements for reserving places in higher education to members of various disadvantaged population groups, often setting aside up to half of the seats for such groups, places further stress on the system.

Capacity problem

India faces severe problems of capacity in its educational system in part because of underinvestment over many decades. More than a third of Indians remain illiterate after more than a half century of independence. On April 1, a new law took effect that makes
primary education free and compulsory. While admirable, it takes place in a context of scarcity of trained teachers, inadequate budgets, and shoddy supervision. Minister Sibal has been shaking up the higher education establishment as well. The University Grants Commission and the All-India Council for Technical Education, responsible respectively for supervising the universities and the technical institutions, are being abolished and replaced with a new combined entity. But no one knows just how the new organisation will work or who will staff it. India's higher education accrediting and quality assurance organisation, the National Assessment and Accreditation Council, which was well-known for its slow movement, is being shaken up. But, again, it is unclear how it might be changed.

Current plans include the establishing of new national "world-class" universities in each of India's States, opening new IITs, and other initiatives. These plans, given the inadequate funds that have been announced and the shortage of qualified professors, are unlikely to succeed. The fact is that academic salaries do not compare favourably with remuneration offered by India's growing private sector and are uncompetitive by international standards. Many of India's top academics are teaching in the United States, Britain, and elsewhere. Even Ethiopia and Eritrea recruit Indian academics.

This lack of capacity will affect India's new open door policy. If India does open its door to foreign institutions, it will be unable to adequately regulate and evaluate them.

Why welcome foreigners?

Minister Sibal seems to have several goals for permitting foreign universities to enter the Indian market. The foreigners are expected to provide the much needed capacity and new ideas on higher education management, curriculum, teaching methods, and research. It is hoped that they will bring investment. Top-class foreign universities are anticipated to add prestige to India's postsecondary system. All of these assumptions are at the very least questionable. While foreign transplants elsewhere in the world have provided some additional access, they have not dramatically increased student numbers. Almost all branch campuses are small and limited in scope and field. In the Persian Gulf, Vietnam, and Malaysia, where foreign branch campuses have been active, student access has been only modestly affected by them. Branch campuses are typically fairly small and almost always specialised in fields that are inexpensive to offer and have a ready clientele such as business studies, technology, and hospitality management.

Few branch campuses bring much in the way of academic innovation. Typically, they use tried and true management, curriculum, and teaching methods. The branches frequently have little autonomy from their home university and are, thus, tightly controlled from abroad. While some of the ideas brought to India may be useful, not much can be expected.

Foreign providers will bring some investment to the higher education sector, particularly since the new law requires an investment of a minimum of $11 million — a kind of entry fee — but the total amount brought into India is unlikely to be very large. Experience shows that sponsoring universities abroad seldom spend significant amounts on their branches — major investment often comes from the host countries such as the oil-rich Gulf states. It is very likely that the foreigners will be interested in "testing the waters" in India to see if their initiatives will be sustainable, and thus are likely to want to limit their initial investments.

Global experience shows that the large majority of higher education institutions entering a foreign market are not prestigious universities but rather low-end institutions seeking market access and income. The new for-profit sector is especially interested in global expansion as well. Top universities may well establish collaborative arrangement with Indian peer institutions or study/research centres in India, but are unlikely to build full-fledged branch campuses on their own. There may be a few exceptions, such as the Georgia Institute of Technology, which is apparently thinking of a major investment in Hyderabad.

At least in the immediate and mid-term future, it is quite unlikely that foreign initiatives will do what the Indian authorities hope they will accomplish.

Half-open door

India's open door comes with a variety of conditions and limitations. It might better be called the "half-open door." These conditions may well deter many foreign institutions
from involvement in India. The proposed legislation requires an investment of $11 million upfront by a foreign provider in the India operation. Moreover, the foreign provider is restricted from making any profit on the Indian branch.

It is not clear if the Indian authorities will evaluate a foreign institution before permission is given to set up a branch campus or another initiative — or if so, who will do the vetting. It is not clear if the foreign branches will be subject to India's highly complicated and controversial reservation regime (affirmative action programmes) that often stipulates that half of the enrolments consist of designated disadvantaged sections. If the foreigners are required to admit large numbers of students from low-income families who are unlikely to afford high foreign campus fees and often require costly remedial preparation, creating financially stable branches may be close to impossible.

A further possible complication may be the role of State governments in setting their own regulations and conditions for foreign branches. Indian education is a joint responsibility of the Central and State governments — and many States have differing approaches to higher education generally and to foreign involvement in particular. Some, such as Andhra Pradesh and Karnataka, have been quite interested. Other States such as West Bengal with its communist government may be more sceptical. And a few, such as Chhattisgarh have been known to sell access to university status to the highest bidders.

Foreign institutions will need to deal with India's often impenetrable and sometimes corrupt bureaucracy. For example, recent reports have evidence that some Indian institutions were granted a coveted “deemed” university status after questionable practices between the applicants and high government officials. It is unclear if the foreign branches will be evaluated by the Indian authorities or overseas quality-assurance and accrediting agencies will be fully involved.

In short, many unanswered questions remain on just how foreigners will be admitted to India, how they will be managed, and who will control a highly complex set of relationships.

Likely scenario

India's higher education needs are significant. The country needs more enrolment capacity at the bottom of the system as well as more places at its small elite sector at the top. The system needs systemic reform. Furthermore, fresh breeze from abroad might help to galvanise local thinking. Yet, it is impossible for foreigners to solve or even make a visible dent in India's higher education system.

Foreign institutions, once they realise the challenges of the Indian environment, are unlikely to jump in a big way. Some may wish to test the waters. Many others will be deterred by the conditions put into place by the Indian authorities and the uncertainties of the local situation.

The involvement of foreign higher education providers in India is perhaps just as murky as it was prior to Mr. Sibal's new regime.

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