

FDI AND HIGHER EDUCATION IN INDIA

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ABSTRACT:

For economic growth every country seeks larger amount of funds to invest, when this need is not fulfilled within the country then they look for funds from abroad. Foreign Direct Investment has always been a matter of concern for India, when it comes to education sector 100% FDI is allowed by the Government but, besides its advantages, it has some limitations or disadvantages also. In this paper an attempt has been made by the authors to highlight the good and bad effects of FDI in Education Sector.

KEYWORDS: FDI, Higher Education, Regulatory Bodies

Introduction:

Higher education is a typical word to define; its meaning is different in different areas. In India a higher education qualification at degree level takes a minimum of three years to complete, more typically four. It will have a theoretical underpinning, it will be at a level which would qualify someone to work in a professional field and it will usually be taught in an environment which also includes advanced research activity. Shortly, Higher education mainly and generally means university level education. It offers a number of qualifications ranging from Higher National Diplomas and Foundation Degrees to Honors Degrees and as further step, Postgraduate programmes such as Masters Degrees and Doctorates. These are recognized throughout the world as representing specialist expertise supported by a wide range of skills that employers find very useful. Further education is generally includes those post graduate studies in where you can gain your Master and Doctorate degree

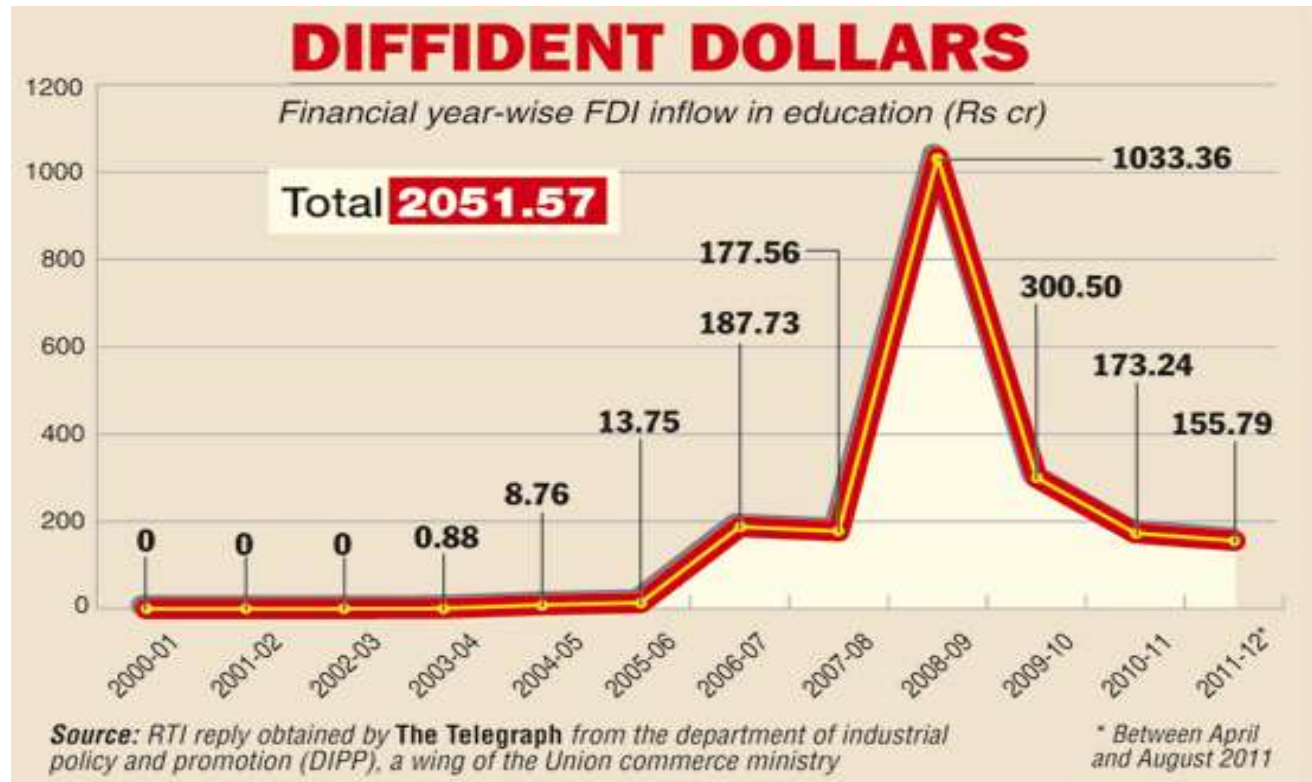
Higher Education in India-Current status:

Higher Education in India has evolved in distinct and divergent streams with each stream monitored by an apex body, indirectly controlled by the Ministry of Human Resource Development. The 433 universities/ institutions are mostly funded by the state governments. However, there are 44 important universities called Central universities, which are maintained by the Union Government and because of relatively large funding, they have an edge over the

others. The engineering education and business schools are monitored and accredited by the All India Council for Technical Education (AICTE) while medical education is monitored and accredited by the Medical Council of India (MCI). Like-wise, agriculture education and research is monitored by the Indian Council for Agriculture Research. Apart from these, National Council for Teacher Education (NCTE) controls all the teacher training institutions in the country. The country has some ace engineering, management and medical education institutions which are directly funded by the Ministry of Human Resource Development of the Union Government. Admission to all professional education colleges is done through all-India common admission tests of which the IIT-JEE, AIEEE, CAT and CPMT are the most popular ones. Most of the institutions reserve a small percentage of seats for foreign students. Higher education is assuming a growing significance for developing countries, especially countries including like, India experiencing service-led growth. Higher education is all about generating knowledge, encouraging critical thinking and imparting skills relevant to this society and driven by its needs. Education general and higher education in particular, is a highly nation-specific activity, determined by national culture and priorities. The growth of India's higher educational institutions has indeed been spectacularly rapid. The numbers of universities have doubled since 1990-91, and enrolment has become more than doubled. But this has been at the expense of quality, increased rigidity in course design, poor absorption of knowledge, and growing lack of access to laboratory facilities, journals and opportunities for field work, etc. The average Indian graduate compares poorly with her/his counterpart in most countries, including many developing ones. The so-called elite institutions are extremely selective, and well-funded, but pose the problem of relevance and drain of talent. All this calls for reform, administrative changes, more funding, greater flexibility, quality improvement, etc. But this daunting task won't be remotely addressed by the entry of foreign universities.

FDI in Higher Education Sector:

Traditionally education is considered to be non-tradable; the govt. has used to fund education through domestic resource mobilization and channelization. In the higher education a period of 1990 to 2000 is the decade of deficiency of funds on secondary, higher and technical institutions. This resource crunch adversely affected both, public and promoted private sector in all levels of education. To raise the funds in education sector it may be argued that FDI may be used as a resource of investment at least in some selected areas. Against this view academia in education argues that foreign investment in education sector might lead to cultural imperialism. Therefore education should be national agenda purely funded through domestic resources. However this table shows the FDI in India during last 12 years.



India's education sector has witnessed significant expansion since the government approved FDI in April 2000, thus providing a huge opportunity for investment. Yet FDI remained zero in the first three years, increased till 2008-09 and then kept falling again. In the past 11 years, the total FDI in education has stood at Rs 2,051 crore, the yearly average of Rs 186 crore being one-tenth of one per cent of what the Centre and state governments annually spends in this sector. Government has proposed 100 percent foreign direct investment in higher education and hinted at making reservation mandatory in the institutions to be set up by foreign universities in the country. Once approved by the Cabinet and passed as law, the Foreign Education Providers (Regulation) Bill will grant deemed university status to such institutions. Recently Shri Arjun Singh, Minister HRD said, "I do not think that there are any ideological problems about FDI. But some kind of control has to be maintained. Education is a sensitive area". Before finalizing any policy on FDI in higher education, there are various issues that need to be discussed. There is now no law in the country to regulate the entry and operations of foreign education providers. That is why FDI inflow is not happening for setting up institutions or offering courses," he said. "The proposed law provides for a proper mechanism for investment in this sector." Sudarshan was less confident, citing how the bill retains the not-for-profit mantra. This newspaper has reported how the bill requires foreign universities to compulsorily deposit between Rs 25 crore and Rs 100 crore as a sort of security, and prods them to open campuses in backward regions. Under current rules, 100 per cent FDI is allowed in education through the "automatic route". This means a foreign company can directly invest in an Indian firm without prior approval from the government or the RBI. However, within 30 days of the receipt of the FDI, the Indian company is required to report to the RBI's regional office.

Over 75 per cent of the FDI in the past 11 years has come from Mauritius, a tax haven — most of it to Manipal Universal Learning from the Mauritius-based MEMG International Ltd. Educomp Solutions Ltd, too, has received Rs 93 crore in FDI, mostly from various Mauritius-based companies.

Quality Issue on FDI:

Argument in favor of FDI in education is that foreign institutions can bring quality programs with market orientation. Besides, updated curricula, teaching-learning processes, evaluation of processes may be internalized within educational institution in India. It may also reap the benefits of improved managerial and organizational skills to run the institutions. It is also argued that FDI could promote competitiveness in the education system as a whole. The critics maintain that the quality could be maintained in certain specific sectors, where FDI takes place, whereas in mass education sector the spillover effect of quality may not take place. In fact, it might lead to dualism in education. Hence, critics maintain that there should be no liberal FDI policy in education.

Conclusion:

At last it is not wrong to state that India badly need funds for the development of education sector as it is beyond the capability of country to cater the need of finance. In order to tackle this situation 100% FDI has been allowed by the Govt. but besides its advantages and it is having certain severe disadvantages which needs strict action on the part of Indian govt. A regulatory body should be framed otherwise India might face some bad consequences in context of culture and autonomy of foreign education providers.