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In India: No Foreign Colleges Need Apply Politics stall a proposal to allow overseas universities to set up campuses

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New Delhi

Since it began market reforms, in the early 1990s, India has rolled out the welcome mat for many American corporations. Coca-Cola, General Motors, and Citibank all have operations here, helping push foreign direct investment to nearly \$16-billion last year. But while foreign soft drinks, cars, and banks are welcomed, foreign universities are not.

Despite overtures from dozens of American colleges, the Indian government has yet to allow any foreign institution to create a legally recognized degree program in India. And judging from the political hot potato the issue has become, outsiders may have to wait awhile — some say a long, long while — before that is likely to change.

Some administrators here are keen to allow foreign universities in, but efforts to do so have been strongly opposed by the Communist political parties and some leading academics, who say the government would do more good by putting more money into higher education than by farming out the task to foreigners.

The resulting standoff has caused a legislative stalemate. A draft bill allowing foreign universities to set up campuses in India was scheduled to be introduced in Parliament last March but has yet to see the light of day.

No one disputes that the country's higher-education system needs help. No more than 10 percent of India's 90 million college-age citizens go to college. While the most underprivileged members of that age group don't even make it through high school, many students in the country's rising middle class, too, are finding themselves squeezed out of public higher education because the system is so small. India has very few good government-approved institutions.

Nor does anyone deny that some of the foreign universities interested in entering India are among the top institutions in the world. The huge underserved student market is a potentially lucrative one, and foreign institutions — including the likes of Cornell, Columbia, and Stanford Universities and the University of California — have sent delegations of high-ranking officials here to explore the opportunities.

India's main Communist party, though, likens those delegations to "traveling salesmen." For left-leaning politicians, allowing foreign players into India's higher-education system would only exacerbate inequalities.

"We don't want them here," says Nilotpal Basu, a member of the Communist Party of India (Marxist). "It's a very minuscule portion of society and students who will really benefit, because fees will be so high that only they can get access to these foreign universities who come here."

Since India gained independence, in 1947, government policy has focused on subsidizing higher education to make it accessible to everyone, regardless of income. At the University of Delhi, for example, annual undergraduate tuition is \$100 to \$120.

Keeping the Money in India

The access argument is a faulty one, says Pratap Bhanu Mehta, president of the Centre for Policy Research, an independent think tank. Almost 160,000 Indian students go abroad every year to study, he says, depriving the country of \$4-billion annually.

"The de facto reality is that students who can afford to go abroad are seceding from the system anyway," says Mr. Mehta. He doesn't mind if foreign institutions in India would charge higher tuition than Indian universities do. "You are already sending huge amounts of money abroad," he argues, "and the only thing that could slow the flow is creating more opportunities in India."

The language of the proposed legislation has complicated matters further. It calls for strict regulatory controls over any foreign-based provider of higher education. The country's higher-education regulator, the University Grants Commission, would have the power to grant — and to take away — university status. It could conduct inspections whenever it chose, just as it does with domestic universities. And foreign universities would be required to keep at least 100 million rupees, or about \$2.5-million, in a reserve account in India. (The bill doesn't say anything about whether most institutions must keep profits in India or can send them back home.)

As a result, some supporters of foreign-university involvement oppose the legislation itself. If the only requirement is a healthy bank account and a willingness to subject oneself to endless regulation, they say, then India may draw a lot of foreign interest — just not from the kinds of universities the country needs.

"It's the kind of bill where you will get the worst of both worlds," says Mr. Mehta. "You will get many players, and you won't get high quality. The better the institution, the more it wants autonomy, because it has a name to protect."

Strict Regulation Sought

Other supporters of foreign involvement like the bill, for the very reason that it offers stringent oversight. Some want even stricter regulations. They are unhappy with an element of the proposed legislation that would allow the government to exempt a few foreign universities from some regulations — the bill doesn't specify which ones — if they satisfy certain conditions, like being a majority investor in their Indian branches. (They would, however, have to place government education officials on their advisory boards.)

Some influential higher-education experts go so far as to say that India should allow only world-class institutions to set up branch campuses.

"We should welcome only top foreign universities, like Harvard and Cambridge, whose credibility is beyond question. But even they should be regulated," says P.M. Bhargava, a former vice chairman of India's National Knowledge Commission, which advises the government.

According to the draft bill, any university that is exempt from regulations must reinvest its profits into its operation in India. Some observers of international education, however, say requiring foreign universities to keep all of their profits in the host country is excessive. "Even for top

institutions, part of the lure for foreign collaboration [or branch campuses] is to make money," says Philip G. Altbach, director of the Center for International Higher Education at Boston College. "If you totally shut that door, it is a problem."

Some Indian academics agree. "I don't mind if they take \$1-million out of the country," says P.V. Indiresan, a former director of the elite Indian Institute of Technology at Madras.

Mr. Mehta, of the Centre for Policy Research, argues that profits are only one way to measure a university's impact. "At the end of the day, foreign investment generates jobs locally," he says, "even if the foreign entity takes money out of India."

Those arguments are precisely the sort that raise the hackles of the left, as well as of those who believe education is not a commodity.

"Even in their own country, the not-for-profit universities reinvest any excess income they make back into the parent institution," says R. Natarajan, a former director of India's regulatory agency for technical education. "Similarly, any excess of income over expenditure here should be reinvested in the Indian campus, and not abroad."

With so many differences of opinion on the draft legislation, its prospects do not look good. "I think the bill will fall by the wayside," says Mr. Mehta, "because there is so much opposition to it from so many different sources."

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