EXPORT OF HIGHER EDUCATION SERVICES BY INDIA

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Prepared by:
Trade Policy Division
Department of Commerce
Government of India

\[1\] With inputs from ‘Education and Skill Development Paper’ by Dr. Kavita Sharma; Report on ‘Higher Education Services in the Context of Trade within the GATS Framework – Analysis of Strengths, Potential and Challenges’ by Shri Pawan Agarwal; Twelfth Five Year Plan Document.
### Export of Higher Education Services by India

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I. Introduction

Services sector in India has emerged as a prominent sector in terms of its contribution to national and states’ incomes, trade flows and FDI inflows. This sector has matured considerably during the last few years and India has a distinctive role to play in international trade in services. Even globally, trade in education services is a vital component of the developed world’s foreign trade.

Prominent amongst the service sectors is the provision of education services, especially higher education services\(^2\). Over the past few decades, the global economy has shifted from being a manufacturing centric to a knowledge driven one and as countries move up the ladder of development, the contribution of hi-tech manufacturing and high value added services to the GDP increases. The role of higher education in providing these skill sets is indisputable. Success in leveraging knowledge and innovation is only possible with a sound infrastructure of higher education. Further, the importance of Higher Education services for India in the context of job creation domestically, human resource and skill development, earning (and saving) of foreign exchange as well as creating an employable workforce are critical factors to be considered.

A detailed analysis of the Higher Education Services sector, its classification in international trade and modes of supply is provided in Annexure I.

Export of India’s Educational Services – Potential and challenges

India’s potential in Higher Education Services is discussed in the following contexts (which conforms to supply of higher education services under the GATS four modes of supply):

a. Distance education, e-education or virtual education by Universities in India to students abroad (Mode 1).

b. Foreign Universities establishing campuses and/or collaborations in India to cater to Indian/foreign students (Foreign exchange saved and greater opportunities for Indian students in India; foreign exchange earned as these institutions could also attract foreign students and thereby increase India’s mode 2 exports).

c. Indian Universities establishing off-shore campuses abroad (Mode 3).

d. Indian teachers travelling to foreign country to teach (Mode 4).

\(^2\) Recognising its importance, the Department of Commerce had circulated a “Consultation paper on Higher Education in India and GATS: An Opportunity” in 2006 (http://commerce.nic.in/trade/Consultation_paper_on_Education_GATS.pdf)
II. Distance education, e-education or virtual education by Universities in India to students abroad (Mode 1)

India has a huge opportunity in cross border supply of education services. E-learning and courses offered on the internet are covered in this Mode. Distance learning on the internet is a more recent phenomenon. IGNOU\(^3\) has gained good reputation abroad in marketing education programmes at extremely cost competitive rates compared to similar courses from developed countries. IGNOU is already a recognized distance education provider in the gulf region - Dubai, Abu Dhabi, Sharjah, Doha, Muscat and Kuwait. Its courses are being offered in Mauritius, Maldives, Seychelles, Nepal and Sri Lanka. The international market for e-learning was expected to be US$ 300 million in 2010 and the Indian market is expected to grow up to US$ 30 million\(^4\). Thus, the potential of providing education services over the internet offers an immense opportunity for the education sector in India.

Some common barriers in cross border supply of education services are: The issue of e-education not being recognized in certain countries and other barriers to cross-border trade like inappropriate restrictions on electronic transmission of course material, economic needs test on suppliers of the services in question, lack of opportunity to qualify as degree granting institution, requirement to use local partners, barrier against entering into and exiting from joint ventures with local or non-local partners on a voluntary basis, excessive fees/taxes imposed on licensing or royalty payments, restrictions on use/import of educational materials needs to be identified and addressed bilaterally with countries concerned.

Mutual recognition and equivalence of degrees and professional qualifications is another issue that would need to be addressed in higher education services.

Recent global development has been the advent of the **Massive Open Online Courses (MOOCs)**\(^5\). These courses as the name suggests are conducted online for hundreds of thousands of students without restrictions. Many platforms involving top-universities around the world are now engaged in MOOCs. Over 10 million students globally have enrolled in thousands of such courses offered by just 3-4 MOOCs platforms. MOOC provider Coursera’s enrolment had crossed 5 million while another provider, edX had reached 1.3 million. Most providers are based in developed countries. Despite this massive growth, a viable business model for MOOCs has not emerged. A variety of options are being explored. This includes charging for assessment and credential but not for delivery, imposing delivery

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3 The Indira Gandhi National Open University, established by an Act of Parliament in 1985, offers high quality teaching through Open and Distance Learning (ODL) Mode.


5 Report on ‘Higher Education Services in the Context of Trade within the GATS Framework – Analysis of Strengths, Potential and Challenges’ by Shri Pawan Agrawal.
charges after students complete a certain number of courses, licensing courses to universities other than the original provider, levying charges for face-to-face events taking place in various locations and so on. However, recognition of degrees awarded through e-education is a major issue of concern.

III. Foreign Universities establishing campuses and/or collaborations in India to cater to Indian/foreign students (saving forex\(^6\) / earning forex - mode 2)

The emerging demographics in India have ensured that the demand for higher education is greater in ‘younger’ countries as compared to graying countries. Indeed, the US is the largest exporter of education services in the world. The other large exporters are UK, Australia and New Zealand. Developing countries such as India and China are the largest importers of education in the world. Approximately 2,30,000 Indian students\(^7\) went abroad to study in 2012 with 1,00,000 going to the U.S. alone. An estimate of the number of Indian students who went abroad for studying higher education from 2005-12 is given in Annexure II. The estimated market size of Indian students studying abroad is estimated to be about USD 17 billion\(^8\). It is quite clear that there is a huge demand in India for quality higher education, which is being currently met by foreign universities abroad. Most students from India pay their way through these programmes thereby keeping these foreign universities going and even subsidizing foreign students.

The Universities in the exporting countries see a huge opportunity and are going all out to attract students from developing countries such as India and China. The US is the world's number one educational destination and attracts about half a million students every year. The US has therefore benefited enormously as a result of these revenues, which have come in through Mode 2.

Thus, there is a huge opportunity for Foreign Universities to set up campuses in India, thereby saving billions of dollars for the students traveling abroad. In fact, this would be a win-win situation for both sides since foreign Universities would get a chance to expand their markets and Indian students would get world class higher education at a fraction of the cost in Foreign Universities located in India (saving on foreign exchange). Further, these institutions could also attract foreign students and promote India a hub in Asia for quality higher education (Mode 2) and thus increase

\(^6\) Net foreign exchange impact of Foreign universities setting up campuses in India would depend not only on the forex saved (and earned) by Indian students who would otherwise be traveling abroad (and attracting foreign students) but also on the dividend and profits that would, in turn, be repatriated by foreign institutes from India to their home countries. So, it would be difficult to predict the net impact on the current account. However, the capital account will definitely improve together with the added advantage of exposure to global best practices.

\(^7\) http://wenr.wes.org/2013/12/indian-study-abroad-trends-past-present-and-future/

India’s education services exports. The success of Indians abroad and India’s reputation in IT services has created a quality brand for higher education in India. Thus, making India as a hub for international students has huge transformational potential. India is a huge market for educational services for students from Asia as well as Africa.

Another relevant concept is that of twinning programmes which started in India in the mid-1990s. It is a process where students can complete part of their studies in India and the rest in a foreign college, with which the students' college has a tie-up. This is much cheaper than pursuing degrees abroad. Many institutes already have such arrangements with universities abroad, though there are now formal rules governing this. Chennai-based SRM University has a twinning structure as two+two programme. Students enrolling with SRM for an undergraduate engineering programme will complete two years of study in India and later move to any partner university campus in other countries and complete the rest of the study in two years to secure Bachelors of Technology from SRM or a Bachelor of Science from the foreign university. In the US, the duration of undergraduate programmes is four years compared with the three years in India. After a student completes three-year programme (with one year abroad) and wishes to study one more year in the US and get a degree, it will also be allowed. The Government is expected to finalise norms for twinning programmes with foreign educational institutions.

The implementation of internationally compatible credit system will also promote students’ mobility.

However, misgivings on allowing foreign players into the domestic market persist. The entry of Foreign universities are opposed for being insensitive towards cultural and educational ethos in India and the fear that this would lead to the commodification of education in India. It is also argued that it would limit access to higher education and lead to commercialisation. Threat to the domestic education

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9 Universities around the world follow a system wherein a certain number of credits are assigned to each course within a programme. The basis for clearing a course or programme is the successful completion of the assigned credits. This system creates a uniform network where students who transfer mid-term to another institute are only required to complete the remaining credits in order to obtain their degree. Thus, it promotes student mobility during a higher education programme as well rather than migration at just the terminal points like completion of undergraduate, graduate and doctoral level studies. This helps in a standardised and streamlined national and international migration system for post school students. Although, some private universities have adopted the credit system, there is still a need to implement it throughout the Indian higher education network in order to being it at par with international practices.

No institutional credits have been assigned to major MOOC providers.
sector is also considered one of the reasons for opposing Foreign Universities in India.

In addition, the role of domestic regulation has been explicitly recognized for ensuring equity, consumer protection, standards etc. in provision of public services. It is felt that India should be aiming at a sound regulatory framework with transparent rules and a stringent accreditation mechanism, which would protect the interests of students. A write-up on Regulatory framework for Foreign Universities setting campuses in India is detailed in Section VI.

All efforts should also be made to remove procedural hurdles faced by foreign students who want to pursue higher education in India. A write-up on how to promote India as a hub for foreign students is at Annexure VI.

IV. Indian Universities establishing off-shore campuses abroad (Mode 3)

Indian institutions have been quite conservative in setting up their operations abroad. As a result the entry of Indian higher education institutions in overseas market has been limited. There are few instances of Indian higher education institutions setting up campuses abroad or offering programmes through twinning arrangements abroad. The Manipal Academy of Higher Education (MAHE) has opened a medical college in Nepal, which attracts students from India as well from other foreign countries. The MAHE is also considering opening of campuses in Mauritius and Sri-Lanka. Some Indian institutions are setting up campuses in the Dubai Knowledge City. BITS Pilani, Mahatma Gandhi Institute, and the MAHE are already there. While these developments need to be seen in the context of the domestic policy environment for private higher education in the country\(^{10}\), serious thought to encourage Indian players to access foreign markets to provide education services must also be explored. This would be a boost to India’s services exports as well as promote India’s brand abroad. Necessary domestic regulatory changes to permit and encourage such a foray would need to be considered. Banks would also be required to lend more freely to reputed educational institutes that want to set up campuses or open institutes abroad.

V. Mobility of faculty, researchers and professionals (Mode 4)\(^{11}\)

Though there exists potential in trade through Mode 4, perceived barriers like tight immigration policy and issue of recognition of qualifications of third world professionals exist under the mode. Nevertheless, the developing countries are perceived to have a comparative advantage in this mode. Indian Institutions like ISB Hyderabad’s faculty collaboration with US Management Schools is an example of

\(^{10}\) Pawan Agarwal, “Higher Education Services in India and Trade Liberalisation”, Trade in Services and India, CENTAD, 2006.

\(^{11}\) With inputs from ‘Higher Education Services in the Context of Trade within the GATS Framework – Analysis of Strengths, Potential and Challenges’ by Shri Pawan Agarwal.
trade of the country under Mode 4. A large number of Indian teachers are also teaching in Middle East, Africa and Asian countries like Brunei.

Some common barriers to mode 4, i.e. presence of natural persons (e.g. teachers travelling to foreign country to teach) are:

- Measures that restrict the entry and temporary stay and work for the service suppliers, such as immigration barriers, nationality or residence requirements, quotas on number of temporary staff, employment rules;
- Economic needs test, local hiring and wage parity;
- Mutual recognition and equivalence of degrees and professional qualifications.
- Repatriation of earnings is subject to excessively costly fees or taxes for currency conversion.

VI. Regulatory framework for Foreign Universities setting campuses in India

It has been felt that India should also put in place a sound regulatory framework to govern private players (both domestic and foreign), which can focus on setting the rules of the game and have student interest as the main objective. The lack of a clear regulatory framework is considered as one of the major bottlenecks for foreign universities from setting up campuses in India. Entry of reputed foreign educational service providers in India, it is argued, will bestow advantages including access for Indian students to world class education at a fraction of the cost, competitive pressure raising domestic standards and increase in overall access to higher education. Further, India can become the hub of exports of higher education services by attracting foreign students to India.

The regulatory framework must be objective, transparent and allow adequate flexibility in admissions and processes. A balance would however have to be struck between domestic regulation and providing adequate flexibility to such Universities in setting syllabus, hiring teachers, screening students and setting fee levels.

The passing of a regulatory legislation would be a necessary step towards creating a regulatory framework for foreign educational institutions to operate in India. It has been felt that the passage of the Foreign Educational Institutions Bill 2010 can enable a comprehensive policy framework for foreign players to operate in India. The Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010 sought to regulate the entry and operation of foreign educational institutions seeking to impart higher education. Higher education includes technical and medical education and the award of degree and diploma. Highlights of the Bill and concerns raised with the Bill are provided in Annexure III.

12 Higher Education in India: Twelfth Five Year Plan (2012-2017) and beyond, FICCI-E&Y report supported by Planning Commission, 2012
In short, the concerns on the Bill include the following:

- a. The thrust of the Bill seems to be regulation of malpractises rather than encouraging foreign universities. It is not clear if the Bill would attract quality foreign universities given the strict guidelines. It appears to be a piece of “over-regulation” rather than appropriate regulation.
- b. Lack of flexibility in designing curriculum and deciding on qualifications of faculty is another disincentive.
- c. No provision to re-appropriate profits except for the growth and development of the institution established in India may act as a deterrent.
- d. The Bill in the present form lacks clarity on what provisions the foreign institutions may be given an exemption from since they have to follow all other laws in force. This effectively means that they have to conform to standards set by statutory authorities on curriculum, methodology and faculty and mandatory publication of prospectus.

In 2013, the University Grants Commission notified the University Grants Commission (Promotion and Maintenance of Standards of Academic Collaboration between Indian and Foreign Educational Institutions) Regulations 2012 laying down the regulations for collaboration between a foreign and Indian educational institution. Details of the Regulations are in Annexure IV. However, few globally renowned universities have collaborated with India. Under these regulations, no foreign university can set up institutions independently in India. The collaboration route may not be the most ideal way in which foreign universities may want to participate in India.

Further, in September 2013, the Ministry of HRD proposed to permit foreign universities to open their campuses in the country as companies as provided under the Companies Act. As per the powers vested with the Central Government to make rules under the UGC ACT, the ministry was in the process of finalizing the UGC (Established and Operation of Campuses of Foreign Educational Institutions) Rules by which foreign universities can set up campus in India and issue foreign degrees. However, this has not come into force. Details of the Press Release are in Annexure V. Companies registered under Section 25 of India’s Companies Act cannot distribute profit or dividends to members, which means that the foreign universities cannot repatriate money. This could be a major drawback of the proposed regulation in attracting foreign universities.

The lack of a sound regulatory framework for operation of foreign educational institutions in India is evident. Thus, the need is to design an appropriate regulatory framework keeping in view the need to encourage foreign universities to be established in India, guard against malpractices (and low quality providers), maintain standards of high quality education as well as protect student and public interest. A well-designed regulatory framework will go a long way in promoting high quality
foreign educational institutions in setting up base in India benefitting students and teachers, creating employment and adding to the skilled workforce of the country.

VII. Conclusion\textsuperscript{13}

Despite its weaknesses, India’s higher education sector has several strengths. First, is the cost advantage – India has the ability to provide low cost higher education as compared to other developed and developing countries. Cost of living, tuition fees and subsidized book prices make it an attractive destination for students from a growing base of low and middle income families wishing to pursue privately funded higher education in the country. This has made it an increasingly sought after destination for students from Asia, African and Arab countries\textsuperscript{14}.

Second is the dominant use of English language as medium of instruction. Majority of the courses offered in Indian higher education institutions are in English, attracting students on a global scale. The widespread use of English also equips students to avoid language barriers.

Third is the country’s well-regarded and high quality technical education system. India has a large base of high quality technical and professional institutions like the Indian Institutes of Technology, National Institutes of Technology, and the Indian Institutes of Technology and so on. These have high global recognition. They actively participate in research and faculty exchange programmes, and have further potential to develop into global research hubs.

Fourth is the Indian advantage in specific subjects. India has historically been a pioneer in specific areas like Yoga and Ayurvedic system of medicine. It also has a vibrant base of traditional art forms in music and dance. These subjects attract significant foreign students and can be further popularized to attract a larger base of students.

Finally, India has a favourable geographical location. The strategic location of India in Asia-pacific makes it highly viable destination for students from countries in Southeast Asia, South Asia and Arab countries to come to India to study. The cost advantage and flexibility of entering into collaborations joint or dual degrees and twinning make India a lucrative location for countries like Korea and Singapore to expand their international alliances in higher education.

Global trade in higher education is a large and growing sector. India should position itself as a hub of higher education as well as a major player in the international trade in education services. It is necessary that a clear strategy for export of education services, including a sound regulatory framework for India as a hub of higher

\textsuperscript{13} With inputs from Report on ‘Higher Education Services in the Context of Trade within the GATS Framework – Analysis of Strengths, Potential and Challenges’ by Shri Pawan Agarwal.

\textsuperscript{14} Such as Bhutan, Sri-Lanka, Bangladesh, Afghanistan, Indonesia, Vietnam, Cambodia and Laos, Central Asia, West Asia and Africa.
education services exports needs to be chalked out by the Ministry of Human Resources Development in consultation with relevant stakeholders. There is immense potential and opportunity for India to be a leader in export of higher education services as well as provide better quality higher education to its own students.

It will be argued that most universities face a resource crunch, both physical and academic, because of which they are not able to cope with domestic demand; how can they be asked to accept foreign students? This, however, is not unique to the education sector. The Health sector is a case in point, where India is positioning itself as a leader in medical value travel and which is expected to bring in large inflow of precious foreign exchange. Just as in case of Education, in Health also, it can be argued that India has limited domestic capacity. However, there is no conflict between providing these services for the domestic and foreign consumer. To the contrary, internationalization of health and education services will in turn lead to improvement in the quality of services being delivered domestically. And the domestic consumer will be a beneficiary.

Moreover, due to large expansion in recent years, several States in India now have excess capacity in a number of programmes in higher education. This provides an opportunity for Indian institutions to accommodate a larger number of international students.

The estimated market size of Indian students studying abroad is anywhere between USD 15 - 20 billion, which is a huge drain on national resources. Internationalization of Higher education services can help reduce the outflow of foreign exchange from India.
Annexure I

Analysis of the Higher Education Services sector, its classification in international trade and modes of supply

The emergence of India as a service-based, knowledge-driven economy has put the spotlight on human capital. Higher education is essential to build a workforce capable of underpinning a modern, competitive economy. While there were just about 20 Universities and 500 colleges at the time of independence, today these numbers have grown exponentially. India, today, has a total of more than 600 universities, 43 central universities, 299 state universities, 30 institutions of National importance, 45 technical institutes, 13 management institutes, 4 information technology institutes, 6 science and research institutes and 3 planning and architecture institutes.

The market size of Indian education sector is expected to increase to Rs 602,410 crore (US$ 95.80 billion) by 2014-15 on the back of strong demand for quality education, according to a report by India Ratings. Indian education sector’s market size in 2011-12 was estimated at Rs 341,180 crore (US$ 54.20 billion). The sector grew at a compounded annual growth rate (CAGR) of 16.5 per cent during 2004-05 to 2011-12. Considering the importance of education and skill development, the Government of India has set itself an aggressive target of achieving 30 per cent gross enrolment ratio (GER) in higher education by 2020. According to the Ministry of Human Resource and Development (HRD) data, enrolments have increased from 15.5 million (GER of 12.4 per cent) in 2006-07 to 17.3 million (GER of 15 per cent) in 2009-10 and further increased to 27.5 million (GER 19.4 per cent) in 2010-11. Realising the fast growth of education sector in India, many private education providers are looking for relevant acquisitions and alliances in this space. The private education sector is estimated to reach US$ 70 billion by 2013 and US$ 115 billion by 2018.

India has the third largest higher education system in the world in terms of enrolments, after China and the US. The number of students enrolled in the universities and colleges (formal system) has been reported to be 16 million in academic year 2010-11. An estimated $13 billion is spent outside the country. Students from India pursuing studies in Foreign Universities abroad is also increasing due to a variety of factors including lack of opportunities and quality education within the country.

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15 “Indian Higher Education Sector- Opportunities aplenty, growth unlimited!”, Deloitte, October 2012
Trade in Services – Classification and Modes

Higher Education Services is a sub-sector under “Education Services” under the General Agreement on Trade in Services (GATS) W/120 Classification.\textsuperscript{17} Trade in Education Services is organized in five categories of service\textsuperscript{18}, based on the United Nations Provisional Central Product Classification (CPC): \textbf{Primary education} (covering preschool and other primary education services, but excluding child care services), \textbf{Secondary education} (including general higher secondary, technical and vocational secondary and technical and vocational services for disabled), \textbf{Higher Education} (covering post secondary technical and vocational education services as well as other higher education services leading to university degree or equivalent), \textbf{Adult Education} (education for adults outside the regular education system) and \textbf{Other Education} (which covers all other education services not elsewhere classified; nonetheless education services related to recreation matters are not included). It must be understood that GATS does not make it mandatory for member countries to open up all the educational categories.

The GATS covers four types of supplying of services. These are:

1) Cross-border supply of services from territory of one member to another member. Distance education or e-education, virtual universities fall in this category

2) Consumption of a service abroad by the citizens of a member country on the territory of another member country. The most common example is students undertaking studies abroad

3) Commercial presence of service supplier of a member country on the territory of another member country, enabling the supplier to provide a service in that territory. This includes activities carried out by foreign universities or other institutions in another country.

4) Presence of natural persons enabling a form of trade resulting from mobility of people from one member country who supply a given service in another country. In education, this would imply courses offered by foreign teachers.

\textsuperscript{17} Services Sectoral Classification List, MTN.GNS/W/120
\textsuperscript{18} Distinctions between the various categories are based mainly upon instruction at progressively higher levels of study, without reference to the subject of education. Levels are in turn determined based upon the content, duration and objective of the educational programme. The first three categories from primary (CPC 921), secondary (CPC 922) to higher education (CPC 923) are part of the formal education sector. These categories have a hierarchical relationship and the participant is expected to complete each stage before moving to the next. For virtually all countries, primary education and at least the first stage of secondary education is compulsory. In terms of the CPC definition of these categories it should be noted that pre-school education services such as nursery schools or kindergartens, excluding child care facilities, which are aimed at introducing very young children to a school-type environment, are included within primary education. Secondary and higher education contain two separate tracks. One is an academic based programme with progressively greater subject specialization leading towards a degree or equivalent. The other track involves technical and vocational education with an emphasis on practical skills instruction for specific professions.
India has no commitments under the Uruguay Round in Higher Education Services. However, 100 per cent FDI (foreign direct investment) in higher education services on automatic route is allowed in India. However in our Revised Offer to the WTO, India has proposed commitments under Higher Education Services in Modes 1, 2, 3 and 4, subject to regulations.
Annexure II

Estimate of the number of Indian students who went abroad for studying higher education from 2005-12

![Indian Higher Education Enrollments in Top 7 Receiving Countries, 2005 - 2012](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>USA</th>
<th>UK</th>
<th>Australia+</th>
<th>Canada</th>
<th>NZ</th>
<th>China</th>
<th>Germany</th>
<th>Total</th>
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<tr>
<td>2012</td>
<td>96,754</td>
<td>N/A</td>
<td>12,629</td>
<td>26,929</td>
<td>11,349</td>
<td>10,237</td>
<td>5,745</td>
<td>190,055**</td>
</tr>
<tr>
<td>2011</td>
<td>100,270</td>
<td>29,900</td>
<td>15,395</td>
<td>23,601</td>
<td>12,301</td>
<td>9,370</td>
<td>4,825</td>
<td>228,774</td>
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<tr>
<td>2010</td>
<td>103,895</td>
<td>39,090</td>
<td>21,932</td>
<td>17,549</td>
<td>11,616</td>
<td>9,014</td>
<td>3,821</td>
<td>253,743</td>
</tr>
<tr>
<td>2009</td>
<td>104,897</td>
<td>38,500</td>
<td>28,020</td>
<td>9,561</td>
<td>9,252</td>
<td>8,468</td>
<td>3,236</td>
<td>247,631</td>
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<td>2008</td>
<td>103,260</td>
<td>34,065</td>
<td>26,411</td>
<td>8,325</td>
<td>6,348</td>
<td>8,145</td>
<td>3,217</td>
<td>216,516</td>
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<td>2007</td>
<td>94,563</td>
<td>25,905</td>
<td>27,078</td>
<td>7,304</td>
<td>3,855</td>
<td>7,190</td>
<td>3,431</td>
<td>205,852</td>
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<tr>
<td>2006</td>
<td>83,833</td>
<td>19,228*</td>
<td>25,497</td>
<td>6,927</td>
<td>2,599</td>
<td>3,245</td>
<td>3,583</td>
<td>158,215</td>
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<tr>
<td>2005</td>
<td>76,503</td>
<td>16,872*</td>
<td>22,529</td>
<td>6,688</td>
<td>N/A</td>
<td>N/A</td>
<td>3,807</td>
<td>N/A</td>
</tr>
</tbody>
</table>


* Inferred from percentage of total international student body
** Minus UK total for 2012, which is not currently available
*Higher education (University) enrollments only; no VET

(Source: World Education News and Reviews)

Annexure III

Highlights of the Foreign Educational Institutions (Regulation of Entry and Operations) Bill 2010

Every foreign educational institution intending to operate in India has to be notified as a foreign educational provider (FEP) by the central government on the recommendations of the Registrar (Secretary of the University Grants Commission). Foreign educational providers have to maintain a corpus fund of a minimum of Rs 50 crore. Upto 75% of any income generated from the corpus fund shall be utilized for developing its institution in India and rest should be put back in the fund. Any surplus in revenue generated in India by the foreign university has to be invested in the development of the educational institution established by it in India. The Bill allows foreign universities to set up branch campuses without an Indian partner. But it includes requirements such as maintaining a corpus fund of at least Rs 50 crore, not allowing repatriation of funds and a track record of 20 years in the parent country. The central government may exempt any institution, on the advice of the Advisory Board, from conforming to the requirements of the Bill except the penalty provision and the ban on revenue repatriation.

The main concerns with the Bill are as follows:

- Thrust of the Bill - The statement of Objects and Reasons of the Bill indicate that the Bill is to regulate the entry and management of foreign educational institutions in the context of chances of adoption of various unfair practices besides commercialization. It begins with the words: “A number of Foreign Educational Institutions have been operating in the country and some of them may be resorting to various malpractices to allure and attract students. It is stated that this is necessary to maintain the standards of higher education within the country as well as to protect the interest of the students and in public interest. Thus the entire thrust of the Bill is on regulation seen in the context of unfair practices and not to encourage foreign educational institutions to set up operations in India.

19 Some other important provisions of the Bill are:

- A foreign education provider shall ensure that the course or programme of study offered and imparted by it in India is in conformity with the standards laid down by the statutory authority, and is of quality comparable, as to the curriculum, methods of imparting education and the faculty employed or engaged to impart education, to those offered by it to students enrolled in its main campus in the country in which such institution is established or incorporated.

- Mandatory publication of details about fees, number of seats approved by the relevant statutory authority, process of admission, details of teaching faculty and their minimum pay and other emoluments payable for each category of teachers and other employees, broad outline of the syllabus specified by the statutory authority or by the institution.
• Detailed procedure- A detailed process for recognition of a Foreign educational institution in India has been laid down.

• Corpus - A corpus fund of Rs.50 crore is to be maintained by the Foreign educational Institution.

• Lack of Flexibility in designing curriculum and deciding on qualifications of faculty is another disincentive.

• Use of revenues - A foreign education provider shall, out of the income received from the corpus fund, utilise not more than seventy-five percent of such income for the purposes of development of its institution in India and the remaining of such unutilised income shall be deposited into the corpus fund.

• Non-repatriation of profits - No part of the surplus in revenue generated in India by such Foreign Education Provider, after meeting all expenditure in regard to its operations in India, shall be invested for any purpose other than for the growth and development of the educational institutions established by it in India.

• Omnibus withdrawal clause- Withdrawal of recognition can be done if there is a violation of any provisions of this Act or UGC Act or any other law in force.
Annexure IV

Synopsis of the University Grants Commission (Promotion and Maintenance of Standards of Academic Collaboration between Indian and Foreign Educational Institutions) Regulations 2012

Under the Regulations, foreign institutions accredited with top grades in their countries can collaborate with those in India having at least B-grade accreditation from the National Accreditation and Assessment Council (NAAC). Every collaboration will have to be approved by the UGC. Procedures for collaboration, approval and other miscellaneous conditions\textsuperscript{20} have been elaborated. Collaboration means an arrangement between an Indian and Foreign educational institution for the purposes of collaborative or partnership/twinning\textsuperscript{21} arrangements with the purpose of offering degrees and post graduate diploma programmes. Thus, the present rules permit foreign universities to collaborate with Indian partners through various mechanisms.

\textsuperscript{20} Franchise arrangements are not allowed under these regulations.

\textsuperscript{21} Twinning programme means a programme of study whereby students enrolled with an Indian Educational Institution may complete their programme of study partly in India and partly in the main campus of Foreign Educational institutions in its home country in which it is primarily established or incorporated.
Opening of Campuses by Foreign Universities

The HRD Ministry has sent proposals to the Department of Industrial Policy and Promotion and the Department of Economic Affairs to permit foreign universities to open their campuses in the country as companies as provided under the Companies Act.

As per the powers vested with the Central Government to make rules under the UGC ACT, the ministry is in the process of finalizing the UGC (Established and Operation of Campuses of Foreign Educational Institutions) Rules by which foreign universities can set up campus in India and issue foreign degrees. The Ministry had sought comments and observations of the Department of Industrial Policy and Promotion (DIPP) and the Department of Economic Affairs (DEA) on the Rules. Both DIPP and DEA have supported the proposal.

Under the proposed Rules, Foreign Educational Institutions (FEIs) can set up campuses in India once the FEIs have been notified as Foreign Education Provider (FEPs) by the UGC. FEI have to fulfill certain eligibility conditions. Any FEI which intends to set up a campus in India would do so through an association to be registered as a company under section 25 of the Companies Act, 1956. The FEI shall be ranked among the top 400 universities of the world as per the ranking published by Times Higher Education, Quacquarelli Symonds (QS) or the Academic Ranking of World Universities (ARWU) by Shanghai Jiao Tong University. All FEIs intending to apply under the Rules shall be not-for-profit legal entities, which have been in existence for at least twenty years and accredited by an accrediting agency of that country or in the absence of its accreditation in that country, by an internationally accepted system of accreditation. The FEP will offer programmes of study or courses to be of quality comparable to those offered to students in its main campus. Each FEI before being notified as an FEP would be required to maintain a corpus of not less than Rupees twenty five crores. The Rules also provide for penalties ranging from Rupees fifty lakhs to Rupees one crore for FEP who contravene any provision of these Rules or UGC Act, and the forfeited of corpus fund. The degrees awarded by these FEPs would be treated as foreign degrees only and the same shall be subject to the equivalence accorded by the Association of Indian Universities (AIU) as per their system.

Earlier Committee recommendations on attracting foreign students:23

Unlike some of the advanced English-speaking countries, particularly the US, the UK, Canada and Australia that had made concerted efforts to attract international students, it was felt that India had done little in this direction. Hence it was necessary to formulate a national policy and adopt consistent strategies that would encourage Indian institutions to admit international students. A standing committee of UGC for Promotion of Indian Higher Education Abroad (PIHEAD) gave its report in January 2004. Subsequently, the Committee for the Promotion of Indian Education Abroad (COPIE) gave its recommendations. It appears from the deliberations of the committees that there was consensus on attracting foreign students to undertake degree and study programmes in Indian universities. The main recommendations were:

- Currently, there were several constraints in the way of international students becoming a part of Indian university campuses. Under the present governmental policy, dictated in part by the Apex Court, educational institutions were permitted to admit a limited percentage of students to educational programmes in technical and professional fields. There was a need to seriously rethink this matter.

- Further, it was felt that a nodal agency would have to be created to coordinate the efforts and activities of Indian universities as they attempted to internationalise their education. This would mean establishing a consortium of select universities and institutions of higher learning, keeping in view standards, infrastructure and performance; help in projecting Indian universities / institutions in other countries and function on their behalf; act as a clearinghouse for information on courses offered, availability of seats, the fee charged, the financial assistance available, and possibility of on-campus housing accommodation for individuals and families. Publication and distribution of guides and handbooks for the promotion of international education programmes in the country was also a necessary function that it could perform. Coordinating education and training of international students of the universities / institutions of higher learning in the country and building a network, to liaise, collaborate and interact with relevant institutions, individuals and other agencies within and outside the country, to facilitate the promotion of international education cooperation programmes was another envisaged function.

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23 Based on inputs drawn from Paper on ‘Education and Skill Development’ by Dr. Kavita Sharma; Services Conclave, November 2014.
• The consortium could also help Indian universities / institutions of higher learning in obtaining approvals of the various central government ministries for different international education cooperation programmes by promoting, coordinating, and monitoring jointly the affairs of international students with the Indian universities / institutions. It could also represent Indian universities / institutions at international fairs on higher education and organise similar fairs in India. In addition, the consortium could develop norms and guidelines for ensuring quality in international education and do all other things incidental or conducive to the attainment of the main objects of any of them.

• Focused “study India programme” in Indian universities for students from developed countries should be initiated. It also endorsed proposals such as (a) initiation of “twinning” academic arrangements with foreign universities, (b) setting up of foreign campuses of Indian universities, and (c) creation of special education zones for running of teaching and learning programmes exclusively for foreign students through consortia of Indian universities.

• The committee was of the view that Indian education should initially target the African and South East Asian countries as they represented a client group distinct from Europe and the US. Also, that special efforts needed to be made to export education to the countries of the Middle East. However, an area that seems to have been overlooked by the committee is Central Asia, particularly the former Soviet republics, which have the advantage of proximity, and with whom India has historical, cultural, and civilisation links. The committee emphasised one great advantage that India has that education in India is affordable.

However, the over-riding concern was that the Indian education system had not yet acquired the capacity to cope with the demand that may be placed by foreign students, as Indian educational institutions is meant to cater largely for domestic needs.

*However, ten years down the line with significant expansion of capacity in many areas, this may not be the case today.*
Global education hubs: A designated region intended to attract foreign investment, retain local students, build a regional reputation by providing access to high-quality education and training for both international and domestic student, and create a knowledge-based economy. An education hub can include different combinations of domestic/international institutions, branch campuses, and foreign partnerships, within the designated region.

C-BERT has identified 14 such education hubs mainly in Asia (please see table below).

### List of Education Hubs

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<tr>
<th>Name, year and location of the Hub</th>
<th>Description</th>
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<tr>
<td><strong>Global Schoolhouse (2002), Singapore</strong></td>
<td>It offers joint academic programs are primarily with USA and UK universities. The hub attracts over 86,000 international students and promoted faculty collaboration with over 70,000 MNCs and 100,000 SMEs in Singapore.</td>
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<tr>
<td><strong>Kuala Lumpur Education City, 2007, Malaysia</strong></td>
<td>Launched by the Malaysian Government in 2007. It is expected to host a student population of 30,000. It has agreements mainly with Malaysian and UK universities.</td>
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<tr>
<td><strong>EduCity at Iskandar, Malaysia</strong></td>
<td>Located in the Special economic zone in the State of Johor, bordering Singapore. It has received 25 applications for setting up campuses from United States, Britain, Australia, Switzerland, UAE, China, India, Nepal and Singapore.</td>
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<tr>
<td><strong>Songdo Global University Campus (South Korea)</strong></td>
<td>Part of the development plan for the Incheon Free Zone in South Korea is to attract international Branch campuses in. The institutions to have been interested in setting up campuses are mainly based in United States.</td>
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<tr>
<td><strong>Abu Dhabi</strong></td>
<td>This UAE emirate has adopted a targeted approach of attracting and investing in institutions with recognizable names. At present, both the Sorbonne (France) and New York University (USA) operate campuses in the city.</td>
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<tr>
<td><strong>Dubai Knowledge Village, Dubai</strong></td>
<td>The hub located in one of the free zones in Dubai is a subsidiary of TECOM investments and has 15 international universities from Australia, India, Pakistan, Iran, Russia, Belgium, UK, Ireland and Canada. It has various training institutes and learning centres for Human Resource and Professional development.</td>
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24 Taken from the Report on Higher Education Services in the Context of Trade within the GATS Framework – Analysis of Strengths, Potential and Challenges (by Shri Pawan Agrawal, earlier with Planning Commission now JS (Skill Development)).
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<tr>
<th><strong>International Academic City, Dubai, 2003</strong></th>
<th>It is also owned by the TECOM investments and is currently a free zone for higher education with 20 international universities from UK and USA and has over 4000 students.</th>
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<tr>
<td><strong>Dubai International Financial City</strong></td>
<td>It is one of the fastest growing international hubs in the Middle East. It partners with several business schools to offer variety of MBA programs.</td>
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<td><strong>Dubai Health Care City</strong></td>
<td>It is a hub of medical education in the region. Harvard University currently offers continuing education courses. The IBC offering degrees is Boston University’s Institute for Dental Research and Education.</td>
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<tr>
<td><strong>Dubai Silicon Oasis, 2004</strong></td>
<td>Has branch campus set by American Institution, Rochester Institute of Technology</td>
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<td><strong>BAHRAIN, 2007</strong></td>
<td>Holds relationships Canadian, UK and USA universities.</td>
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<td><strong>Education City, Qatar</strong></td>
<td>It aims to attract predominant academic programs from universities based in the United States. Education City hosts branches from International Institutions from USA mainly to offer target academic programs</td>
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<tr>
<td><strong>City of Knowledge, 1998, Republic of Panama</strong></td>
<td>The City of Knowledge is a knowledge-generating hub for the Latin American region. It includes dozen of affiliated institutions and is the regional base for the United Nations in Latin America and Caribbean. It houses mainly U.S and Canadian study-abroad programs</td>
</tr>
<tr>
<td><strong>Jeju Global Education City, South Korea</strong></td>
<td>Located off the southern coast of South Korea provides quality higher education for students mainly from Korea, China, Japan, Taiwan, Hong Kong and other parts of Asia.</td>
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