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**INTERNATIONALISATION OF HIGHER EDUCATION VIS-A-VIS  
NATIONAL EDUCATION POLICY: IN ALIGNMENT OR CONFLICT?**

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**ABSTRACT**

*This paper focuses on the implications of the prospective entry of foreign education providers for the qualitative and quantitative progress of the higher education sector in India. The initiation of the legislative process to allow foreign Universities to set up offshore campuses in India alongside other measures to address the deficiencies of the sector, is an indicator that the Government of India perhaps views FDI in higher education as a plausible strategy to reform the sector.*

*This paper argues that the expectation that the entry of foreign education providers will make a positive contribution to the progress of the sector is based on some critical assumptions whose validity is crucial for the translation of the perceived benefits into benefits actually realized. One such assumption is that even though there may not be a perfect overlap in the objectives of national education policies and those of the foreign providers, there may not be a conflict either. The paper attempts to analyse the factors driving internationalization in higher education on the supply-side, on the background of the current objectives of education policy in India and assesses the degree of alignment/conflict in interests of these two standpoints. The paper observes that working of FEPs is likely to run contrary to the objectives of current national policy towards education. On this background the paper infers that the expectation that foreign providers can play a positive role in correcting the qualitative and quantitative imbalances of the sector appears to be a matter of misplaced faith and questions the rationality of the strategy of internationalization as a plausible policy for reforming the sector.*

**Keywords:** *FDI in higher education, Objectives of Indian education policy, Drawbacks of internationalisation of higher education, Quality and quantity imbalance, Foreign education providers.*

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**SECTION I: INTRODUCTION**

It is a generally accepted maxim that like the business sector, the sphere of higher education too is witnessing a wave of internationalization. (Healy 2008; Van Damme 2001; Scott 1998; Altbach 2004) Given the sensitive nature of the role played by the higher education sector in realizing national endeavors, this development needs careful examination. International organizations like the OECD and the World Bank recommend the import of tertiary educational services by low-income and small countries on the expectation that it would allow for a greater degree of diversification, ensure greater access and achieve expansion in enrolment rates despite limited resources. (World Bank 2002) The basic approach of the WTO towards trade liberalization that proactively promotes free trade and operation of market mechanisms is based on the proposition/hypothesis that competition will result in improved service provision. (WTO 1999) The inclusion of education as a tradable service in the negotiations process of the General Agreement on Trade in Services (GATS) has formally brought the sector into the realm of internationalization driven by trade dynamics and opened the doors for the possibility of viewing education as a ‘commodity’ subject to rules and disciplines of the market mechanism. Public policy in many developing countries has identified internationalization of the sector as a plausible strategy to build the qualitative and quantitative capacity of their domestic education sectors. (Marginson & McBurnie 2003; McBurnie & Xegores 2001) This is evident from the full and unconditional commitments in higher education made by Congo, Lesotho, Jamaica and Sierra Leone in the GATS negotiations perhaps with the intent of encouraging foreign providers to help develop their educational systems. (Knight 2003) Chandrasekharan (2011) notes that There is a growing trend towards liberalisation, privatisation and globalisation (LPG) in higher education the world over. Altbach (1999\_ observes that The higher education driven by global forces is the fastest growing sector in Central and East Europe.

In the Indian context, consistent with the neo-liberal reforms in overall national policies, the Government has clearly indicated towards opening the higher education sector for Foreign Direct Investment (FDI). As part of liberalization in Mode III of the GATS structure, the Government is chalking out the roadmap for allowing the entry of foreign education providers in the area of higher education. In this respect the Government has initiated the legislative process aimed at outlining the structural, operational and regulatory framework within which the foreign institutions would be required to function. The amended version of the draft Foreign Educational

Institutions (Regulation of Entry & Operations) Bill 2010, originally drafted in 1995, was approved by the Union Cabinet in March 2010 and subsequently introduced in the Lok Sabha for discussion. Though passage of the Bill is taking longer than earlier anticipated, its ratification by the Indian Parliament seems imminent. Given the unique nature of complexities associated with the sector in India, the proposal calls for an informed debate on its appropriateness prior to any concrete measure towards its implementation.

This paper focuses on the objectives of national educational policy in India vis-à-vis the objectives of foreign education providers and attempts to establish the degree of alignment between them. The paper argues that as long as the objectives of FEPs are not in direct conflict with interests of domestic education policy, even in the absence of an overlap of objectives, their entry will make a positive contribution to the Indian higher education sector.

## **SECTION II ROLE OF EDUCATION IN ECONOMIC GROWTH AND NATION-BUILDING**

Traditional economic theory attributes a nation's economic strength as indicated by its growth potential and comparative advantage in production to its resource endowments. Though output generation is ultimately a function of the interplay of all basic factors of production, the role of labour and particularly that of skilled labour in determining the efficiency levels of the production process is far more evident and crucial vis-à-vis land and capital. The new endogenous growth models consider economic growth to be a function of technological progress and capital accumulation. While the former, identified as a non-rivalrous input, is the result of deliberate actions of private agents driven by market incentives, the latter relates to the complementary nature of physical and human capital formation. (Romer 1986; Lucas 1988.

Based on Rebelo (1991), 's hypothesis that 'In order to produce perpetual growth, there must be a factor or a combination of factors that can be accumulated indefinitely without diminishing returns', Mankiw (1994) has taken this approach one step forward. Mankiw suggests that given the perishable nature of human capital, it is the creation of knowledge that drives long-term growth. The models have therefore emphasized the need to allocate available resources to engineer simultaneous and proportionate expansion of both physical and human capital base. Specifically, investment in human capital formation through the instruments of education, R&D and innovations being an important determinant of the rate of technological advancement,

enhancement of labour productivity and creation of knowledge, has been identified as an important determinant of the sustainability of the growth process. The Economic Survey 2001-02 notes that ‘the social rates of return on investments in all levels of education much exceed the long-term opportunity cost of capital.’ In this context eminent educationalist Pawan Agarwal has noted, “... it is the quality and size of the higher education system that will differentiate a dynamic economy from a marginalized one in the global knowledge-based economy” [Agarwal 2006]. Therefore, a well-balanced, sound, and dynamic education system lies at the core of the social infrastructure-building process engineered to accommodate the changing needs of and adequately address the concerns of a progressing society and a growing economy. (Economic Survey 2001-02; Cholin, 2005; Mehta and Kalra, 2006; Shrivastav & Sinha 2008)

Given the central role played by education in the nation-building process, development and orientation of national educational systems may be generally understood to be determined primarily by considerations of domestic socio-economic aspirations; framed in consistency with national interests and objectives; are reflective of local socio-cultural dimensions and operate within domestic resource constraints. ‘Every country develops its system of education to express and promote its unique socio-cultural identity and also to meet the challenges of the times.’ (NPE revised 1992) For instance, the makers of the Constitution of India recognized the role of education as a fundamental requirement for achieving rapid and sustainable development. However, given that the resource position and prevalent socio-cultural conditions of the country in the immediate post-independence period were not conducive to support a program of compulsory education for all, the objective of free and compulsory education was included in the Constitution as a directive principle of state policy in the nature of a moral suasion rather than as a fundamental right whose provision is legally enforceable [see Basu 2010 9]. Similarly, any change in national educational policy is also motivated by altered national conditions again, in consistency with national objectives and resource positions. Van Damme (2002) has made reference to specific developments in the higher education sectors across different regions of the world which seem to support this hypothesis. Some of these may be identified as follows- Most of the traditional functions of universities such as the formation of professional classes and domestic elites or the development of science and technology were taken on by universities within national, even nationalistic, environments. . The most important societal challenge universities all over the world had to face in the last decades of the 20<sup>th</sup> century, namely the

transformation towards a mass higher education system, took place within a national environment. A more consequential role played by Universities has been their involvement in movements towards national independence (e.g. Eastern Europe and Bangladesh) development, modernization and transition. And by far most of them still are dependent on national governments for their budgets and, therefore, on political legitimization within the national context.

Therefore it may be argued that despite the strong propositions that Universities have always been international in their nature and orientation (Healy 2008, Van Damme 2002), the fact remains that they are ultimately a part of the larger framework of an education system designed to further national interests and realize national endeavours. As Peter Scott (1998) puts it, “Universities are also a product of the modern nation-state. In a certain sense, one can see academic internationalism as a kind of myth or rhetoric, be it a prestigious one, which serves to conceal the dependence of universities on the national political structures.” (Scott 1998)

Understood in this sense, the proposition that higher education is internationalizing is either a myth or if considered to be a reality, is also an instrument for furthering national interests. It may therefore be useful to consider if the move towards opening the Indian higher education sector to FDI is in line with national interests. This may be determined by the degree of alignment between the objectives of India’s education policy vis-à-vis those of FEPs.

### **Section III: Objectives of national education policy**

The system of formal education prevalent in India may be seen as an extension of the structures introduced during the British regime and the evolution of the system thereupon, in the pre-independence period was guided primarily by administrative concerns of the British and understandably lacked diversification and coverage. Therefore, the greatest challenge before policy-makers in the post-independence period with respect to the education sector was to transform its orientation from being tailored to serve colonial interests to fulfilling national endeavors. ‘The policies on higher education in India in the post independence period have been regularly reviewed in order to make it compatible with the aspirations of the people and to keep it in consonance with the changing needs of a rapidly transforming economy, and young democracy.’ (UGC Report 2009) Educational policy has been set out through the National Policy on Education (NPE) 1968, the NPE 1986, the Programme of Action 1992 and UGC Reports presented for drafting the Five-year Plans. The UGC Report 2003 identified equity, accessibility,

quality and accountability as the four guiding principles for planning the development of higher education in the 21<sup>st</sup> century. Based on the findings of seven studies sponsored by the UGC in 2006, that addressed concerns related to Indian higher education the UGC Report 2009 had suggested following issues to be addressed under the Eleventh plan- Low enrolment in higher education; (11% as against the world average of 23%, 36% for countries in transition and 54% for developed countries); Inter-state and inter-district disparities and rural-urban differences in the access to higher education; Inter-caste, inter-religion, male-female, poor-non-poor disparities in access to higher education; quality in higher education; provision of relevant education; academic reforms in Universities and Colleges; and; Regulation of private educational institutes (UGC Report 2009) Similar concerns have been raised by the UGC Report on strategies and schemes for the Twelfth Five-year Plan (2012-17)

From the above discussion it may be inferred that the current objectives of Indian higher education are

To increase GER in higher education in accordance with requirements of a sustainable growth trajectory

To ensure expansion of institutional capacity to support the target increase in GER

To reduce disparities across different socio-economic groups disaggregated on the basis of location, gender, religion, caste and persons with disabilities

To achieve a balance in enrolments across faculties

To ensure that the expansion of the sector is inclusive and qualitative.

To effectively implement academic reforms to align output of the sector in accordance with industry requirements

Regulation of educational services offered by private providers in consonance with national objectives

To promote qualitative research

#### **Section IV: Objectives of FEPs in expanding activities to offshore campuses :Factors driving internationalization of higher education on the supply-side**

Internationalization or 'globalization' is often presented in popular discourse as a late 20th/ early 21st century phenomenon, driven by innovations in information and communication technologies and mass air travel and underpinned by the growing dominance of English as the

common language of business, politics and science[Christle 1997]. Focusing specifically on the field of higher education, the concept of internationalization of education and channels through which it operates may be summarized in the following words:- ‘Internationalization refers to the activities of higher education institutions, often supported or framed by multilateral agreements or programs, to expand their reach over national borders’[Van Damme 2001]. In a broader sense, internationalization of education may be explained as, "process of systematic integration of an international dimension into the teaching, research and public service function of a higher education institution"[Waktar 1999].

These commonly accepted definitions of internationalization of higher education place the process within the frame of reference in which the phenomenon of globalization is usually interpreted. (Christle 1997, Waktar 1999) A related question therefore arises whether internationalization of higher education is driven by factors similar to those leading to internationalization of any other sector as for instance , the sphere of business?

Internationalization of business, whether considered in the rather radical form of colonization of the medieval period or the neo-liberal economic policies of the closing decades of the 20<sup>th</sup> century aimed at globalization, the motivation seems primarily in a two-dimensional approach to profit-maximization. Firstly, the search for low-cost inputs to further harness the economies of large scale production drives business firms to cross national boundaries. Secondly, the search for markets beyond national limits aimed at sales maximization drives MNCs to adopt routes of internationalization of business. Experts have argued that driven by advances in information and communication technologies and the growing hegemony of English as the world's common language, higher education may be generally understood to be following the classic pattern of internationalization familiar in business (Scott 1998; Altbach 2002; Hira 2003). and as pointed out by Healy (2008), trends in internationalization seem to support this standpoint

Internationalization of business encompasses logistics such as specialization in production for the purpose of exporting the surplus, outsourcing business processes in case of services and setting up production units in case of goods in other countries (See Dunning, 1993). Understood in this sense, internationalisation may take the form of import of cheaper inputs and intermediate goods from countries that are able to generate them in a relatively cost-effective manner. Alternatively, the production unit itself may be shifted to the low-cost country , provided such a

move is possible within the latter's national policy towards FDI in the relevant sector and is also a more profitable strategy for the firm itself. (Dunning 1988; 1993) Internationalization of higher education is interpreted as creation of additional institutional and infrastructural capacity, or allocating available capacity for provision of educational services to international students. To begin with, the modus operandi took the traditional form of attracting foreign students to enroll for academic courses in the home country, later extended into more innovative modes of service provision like distance education or licensing production to international partners through twinning arrangements and franchising programs. Trends are now indicating towards the introduction of Foreign Direct Investment (FDI) in higher education by way of Universities setting up offshore campuses in other countries. A pertinent question therefore arises here whether internationalization of higher education is also motivated by cost considerations and search for new markets. As pointed out by Nigel Healy, "Although the move from export education to franchising (and latterly joint and sole ventures off-shore) undoubtedly lowers production costs, in so far as both the capital investments and direct labour costs in off-shore facilities are typically much lower than in the home country. However, the primary motivation seems to be to reach new markets abroad, or at least to defending existing shares of foreign markets. (Healy 2008) (Knight 2003) Considered in this context, trends towards internationalization of higher education also seem to be motivated by considerations of strategies to maximize profits through "adoption of cost reduction methods "and for "increasing sales"

However it may be noted that trends towards internationalisation of higher education have not always and necessarily been driven by economic considerations. For instance, during the Cold War, governments in the United States, USSR and the United Kingdom in particular, used scholarships and funding regimes to encourage foreign students onto their universities' campuses to further geo-political ends. (Healy 2008) Spilimbergo (2006) reports, for example, that of the leaders of 113 countries studied in 1990, 57% had been educated abroad with 22% educated in the United States, United Kingdom and France. "In the heights of the Cold War the higher education institutions of the Soviet Union and Eastern European countries attracted students from ideologically associated nations. And educational exchange between the US and Western Europe after 1945 was developed to foster democracy and developing the Atlantic community. Geopolitical considerations always have been influential in thinking and policies regarding student mobility." (Van Damme 2001) Therefore, the consideration of commercial interests as a



factor driving internationalisation appears to be more of a recent phenomenon, driven mainly by budgetary constraints and the questionmarks raised over the rationality of indiscriminate subsidization of higher education (Bloom and Sivila, 2003).

The increasing numbers of students in higher education has put huge strain on government budgets, with the result that, as a matter of necessity, the real value of public subsidies can be observed to have declined in all the major education systems. . For example, Scott and Scott (2005) report that for New Zealand, 'Ministry of Education funding per domestic EFTS (equivalent full-time student) in 2002 prices fell from \$11,293 in 1980 to \$7,367 in 2002...in 1991 government grants made up 73% of total operating revenue of universities but by 2002 had fallen to 42%' Also, having achieved high rates of GER, the focus of public policy towards higher education shifted from 'expansion' to sustainance. Due to the above considerations, public policy towards subsidies in higher education have been reviewed in countries like UK, Australia , USA and Canada and there has been a policy shift towards de-regulation of the higher education sector in general and given the weaker case for subsidizing international students, the de-regulation of fees was first effected for this segment. Therefore, the origin of commercialization as an objective of internationalization may be traced back to these developments. "It was the combination of declining public subsidies for domestic students and the deregulation of tuition fees for foreign students which made foreign students such an attractive market for MESDC universities. to maintain revenues and cross-subsidise both research and domestic students. (Healy 2008; Altbach 2004)As pointed out by Peter Scott, "In many host institutions, especially in Anglo-Saxon countries, the income of fee-paying foreign students is a welcome addition to shrinking domestic funding, without which many departments would be threatened with closure. Revenue generation has become an important rationale in institutional policies promoting recruitment of foreign students. A growing part of international student mobility thus is becoming market-driven rather than state-driven or aid-oriented (Scott 1998). the rise of the WTO, promoted by powerful national states and capital, and the attempt to rearticulate the nature and form of education and its governance through GATS to make education systems and education provision within nation-states more amenable to a global (capital)accumulation strategy. See Education International, "The WTO and the Millennium Round: What Is at Stake for Public Education 2001) It may be argued from the above discussion that the trends towards internationalization of higher education on the supplyside are increasingly

being driven by commercial interests aimed at generating additional revenues. It may be argued from the above discussion that Universities seeking to participate in the process of internationalization of higher education are driven by national interests on the home campuses for domestic students and by commercial interests in their functioning on the offshore campuses or in treatment of international students.

**Section V : How far are the objectives of FEPs likely to be in alignment with those of national education policy ?**

The Accra Declaration (2004) on GATS and the Internationalization of Higher Education in Africa cautions against the reduction of higher education, under the GATS regime, to a tradable commodity subject primarily to international trade rules and negotiations, and the loss of authority of national governments to regulate higher education according to national needs and priorities.

Governments in developing countries have for long been apprehensive about introduction of privatization and more recently internationalization, mainly due to the fear of these developments coming into conflict with national objectives. For instance, before the mid-1990s, the Malaysian government was opposed to private universities, fearing that the private sector would undermine the nation-building efforts of the public sector. Even with the establishment of a private higher education sector, the government of Malaysia has not been willing to completely hand over power of cultural reproduction to the market, highlighting the concerns that the type of education offered by foreign providers may not meet national objectives (See Ismail, 1997).

In the Indian context, Bhushan (2004) has noted that There seems to be a tension between the objectives as set forth in the 1986 policy guidelines relating to access, equity and quality and the importance that it attaches to public provision of education and the recent trends of commodification and internationalization of education that may set up forces acting against those objectives. As argued by Abrol (2005).; David D Curtis (undated) Since operations of FEPs are guided by commercial consideration where as the national regulatory framework protects public interest, there is bound to be conflict between the two. It would be useful to assess the nature of this conflict and identify specific factors causing it by analyzing the role that foreign education providers are likely to play in the sector within the frame of reference of the above-mentioned objectives. The following preliminary inferences may be drawn-

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**Section VI: Entry of FEPs and its prospective impact on current scenario of regional disparities in institutional capacity**

The UGC Report on Inclusive and Qualitative expansion of higher education (2012) has highlighted the regional disparities in the distribution of institutional capacity which may be summarized in the following tables

**Table 17: State-wise distribution of institutional capacity in 2009-10**

No of Universities (all types)	No states	No of colleges	No of states
<10	9	<100	7
10-20	8	100-1000	12
20-30	4	1000-2000	3
30-40	1	2000-3000	3
40-50	4	3000-4000	2
>50	2	>4000	1

Source: UGC Report 2012

The above table clearly brings out the prevalence of regional disparities in institutional capacity across states in India. A detailed disaggregation shows that 161 of the 611 Universities are concentrated in the four Southern states of Kerala, Karnataka, Andhra Pradesh and Tamil Nadu while 9 states have less than 10 Universities, with 7 of them having 2-3 Universities. Similarly major concentration of colleges is observed in the states of Maharashtra, Andhra Pradesh and Uttar Pradesh. However, since Indian states differ in terms of geographical area, a more appropriate indicator of regional disparity would be the region-wise density of institutional capacity (including both Universities and colleges) vis-à-vis the population in the relevant age-group of 18-23 years.

**Table 18: Region-wise density of institutional capacity**

Region	% of institutional capacity	Population in relevant age group (in crs)
Southern	33	2.9
Central	22	4.7
Western	19	4.26
Eastern	11.5	3.56
Northern	10.5	*
North-Eastern	3.5	0.6

Source: UGC Report 2012

It may be observed from the above table that though the population in the relevant age group of 18-23 years in the Southern region is almost 5 times that of the North-Eastern states, the institutional capacity in this region is almost 10 times greater. The Central, Western and Eastern regions have a greater proportion of population in the relevant age group as compared to the Southern region but the density of institutional capacity is substantially lesser. Though separate data on the population in the Northern region is not available in the UGC Report, it may be noted that the overall demographic profile of this region shows that it is the most densely populated region in the country. Therefore, it may be reasonable to assume that the segment of population in the age group of 18-23 years in this region would also be a substantial proportion of the total.

.In comparison to the other regions, the density of institutional capacity in this region is proportionately much lesser. The brief overview of regional distribution of institutional capacity indicates towards a rather conspicuous concentration in certain regions and states , in turn indicating a major regional imbalance. An important factor contributing to the regional disparity is the entry of private institutions in the sector. Sinha (2008). Notes while during the last one decade or so the higher education sector in India has seen a phenomenal increase in the number of new educational institutions being established largely as a consequence of increased private investment, such initiatives have remained confined to large urban centres and relatively better-off states. The objective of national education policy to reduce regional variations in institutional capacity needs to be considered on this background.

It may be argued from the above discussion that if FEPs establish their offshore campuses in the institutions-scarce regions, their operations will make a positive contribution to realization of

national objectives. Therefore, the utility of entry of FEPs depends on whether their operations are likely to be consistent with the requirements of the higher education system in India, which in turn requires a detailed examination of factors influencing the FEPs' choice of location for setting up the offshore campuses.

### **Factors determining choice of location**

As pointed out by Sinha (2008), 'It is well known that the process of establishing colleges of different types are not governed by any standard norm and that given the nature of demand for higher education in the country most of the colleges are likely to be located in and around the urban areas or nodal centres leaving vast rural areas little served'. However, locational preference may be explained by making reference to the fundamental principle of industrial location. Theoretical formulations of industrial location explain that the criteria for selecting an appropriate location for setting up a production unit is its proximity firstly to centres where raw materials are available and secondly to consumption centres (markets where output may be sold). Raw materials in the education field imply physical infrastructure i.e. buildings, classrooms, laboratories, libraries, playgrounds, auditoriums etc; teaching resources that include qualified and experienced teaching staff, technological resources required for teaching, access to markets for learning material like books and journals other equipment required for conducting the course etc. Since the output of these institutions is 'educational service and 'consumers' may be identified as students seeking admission to these courses, the decision-making in this respect, as observed in case of private institutions, may be understood to be determined by the possibility of attracting students to seek admission to programmes offered by them. Therefore, it may be useful to consider factors that influence students' decision to pursue a particular course in a particular institution. Two important factors may be identified here. Firstly, the efficiency of the learning process, infrastructure and delivery mechanism and secondly, given the strong link between education, skill-development and employment that has made the allocative role of education in the labour market far more crucial than its other roles, the access to employment opportunities on completion of the course (See Stiglitz, 1975; Agarwal, 2006). The possibility of campus placement emerges as one of the most important factors determining a student's decision to enroll for a certain programme. Once the choice of programme has been made, the track record of placing students of a certain institution vis-à-vis its competitors offering the programme assumes importance in the student's decision function to seek admission to the chosen

programme in that particular institution. Also, it has been observed that migrant students' decision to study at a particular location is determined by the reputation of the centre where the institution is based besides that of the institution itself. Therefore, the choice of location for establishing the campus needs to take these factors into consideration. Since 'output' of the education sector is students passing out with a certain qualification, 'consumption centres' imply industries and production units where their services are required. These in turn may be identified as industries that are knowledge-intensive like Information Technology (IT), banking, insurance and research.

In recent times major Indian cities like Pune, Mumbai, New Delhi, Bangalore, Chennai and others have emerged as leading educational centres. Except for rising costs of land, these centres are highly advantageous for procuring other resources required as basic inputs for establishing an educational institution. While it is possible to draw teaching staff from the faculty and students passing out of already existing institutions of repute in these locations, access to learning material is easier through already established network of bookstores and it is also easier to introduce technology-intensive innovative teaching methods due to easier access to such technology. Due to these strong backward linkages, it is relatively easier to set up an educational institution in an already-established centre. This is also explained by the fact that number of institutions has grown in a cluster in and around the above-mentioned centres. The possibility of inviting prospective employers to recruit potential employees directly through the campus in turn depends on the presence of such industries at that particular location. Since information on industrial location reveals that knowledge-intensive industries develop as a cluster in areas that have emerged as major educational centres, a strong forward linkage is established between the education sector and the recruiting industries. The presence of such backward and forward linkages makes setting up and functioning of campuses relatively easier in established centres of learning. This explains why private providers of educational services have chosen to set up campuses in established centres of learning in spite of strong competition from public institutions. Since operations of FEPs are driven by considerations similar to those of private providers of educational services, their functioning may be understood to be comparable to that of private institutions. Therefore, it may be reasonable to assume that the FEPs that are likely to enter the Indian higher education sector will prefer to set up their campuses in already well-established educational centres that are abundant in the number of institutions offering the programme. If

actual decision-making of FEPs turns out to be consistent with these inferences, the result would be an intensification of the concentration of educational institutions in established centres of learning and would ultimately aggravate the regional disparities in institutional capacity further.

Though this inference is ultimately only an expectation, the probability of these results translating into practice is quite high.

### **Section VII: Aggregation of inter-disciplinary skewness**

Current scenario in Indian higher education shows that enrolments are majorly skewed towards non-professional programmes (81% of total enrolments) while enrolments in the faculties of Medicine, Law, Education and Agriculture are particularly low. As mentioned above, achieving balance in enrolments across faculties is an important objective of education policy in India and whether the entry of FePs will make a positive contribution to the realization of this objective requires a detailed examination of the factors determining the disciplines into which FePs are likely to concentrate their activities.

As noted by Healy (2008), Trends indicate that foreign institutions operating on offshore campuses are skewed towards professional programmes like engineering and business management where, after accounting for operating costs, it is possible to earn substantial margins of profit. Research conducted by NUEPA on operations of the FePs functioning in 2005 found that the diversification offered by foreign institutions is too thin and is confined to courses in business management, hospitality management, information technology and some vocational courses such as nursing, tourism etc. In a study carried out by Bhushan (2009), in 2004-05 out of 131 institutions where the FePs were involved, 107 were engaged in vocational courses, 19 in technical courses and only five in general courses and they were located in the high income states. These courses, as pointed out by Bhushan, are job oriented and hence attract the limited number of high fee paying students. It may be useful to examine the factors driving the demand for and supply of these courses. As pointed out by Healy, in recruitment of international students, on the home campus, FePs have exhibited a strong preference for low cost courses like business and management where large margins of contributions can be earned to boost up revenues. This preference is likely to be exhibited in their operations on their offshore campuses as well. (Healy 2008; Altbach 2010)



On the demand side, current trends indicate towards rising demand for courses in business management particularly from the segment of students enrolled for non-professional courses at the under-graduate level, which in turn may be explained as follows.

Experts point out that the orientation of non-professional programmes is towards development of generic skills and are pursued for their symbolic value [Shreekumar 2003 23]. Presumably, the demand for generalized skills in the job market are degree-neutral and therefore the acquisition of a degree in these areas rarely land a candidate to any specified point in the labour market. The UGC Report notes that the system of higher education in India is highly skewed towards non-professional programmes (81.42 % of total enrolments). What is of material importance here is the resultant impact is on the labour market in terms of employment, wage determination and ultimately on income levels of educated employees. The modern theory of wages explains the determination of wages within the traditional framework of demand and supply. The demand for labour is derived from the marginal revenue productivity which in turn is derived from the value of outcome of the production process, while the supply of labour is available through the students passing out of the education system. Employment opportunities available for job-seekers with non-professional qualifications can be classified into two broad categories- firstly, those employment opportunities that mandate the possession of a basic qualification in the specified area and secondly, those that require the possession of generic skills that are not sector-specific. Therefore, it is necessary to consider the situation in the labour market for both these segments. The underlying factor that needs to be considered in this analysis is that given the high level of enrolments in non-professional courses, the supply of labour of this nature is likely to be quite high. In case of employment opportunities specific to the non-professional qualification, a situation of greater supply relative to demand emerges pushing the wage rates down. In case of employment opportunities where degree-neutral generic skills are the eligibility criteria, even if demand is on the higher side, the excess supply causes the wage rates to fall. In either case the average wage rate tends to be relatively lower. Therefore, it may be argued that students pursuing non-professional programmes find themselves in a peculiar position in the labour market where opportunities for remunerative employment are limited and opportunities available with relative ease are not remunerative enough. In order to circumvent this asymmetry in the labour market, a

useful strategy adopted by students completing undergraduate programmes in non-professional courses has been to enroll for professional programmes at the post-graduate level. These may be identified as Masters' programmes in business management and computer management. Which are not restrictive at the entry level by the area and degree of specialization at the undergraduate level. Therefore, in recent times, courses like MBA have emerged as a pressure point in the higher education system as indicated by the rising demand for admission.

From the above discussion it may be argued that trends in demand for post-graduate courses in India co-incide with the areas that FEPs are interested in entering to maximize profits. Therefore, the disciplines where FEPs are likely to concentrate their operations would be in 'profitable' courses like management studies and may not be in line with national objectives.

Misalignment between the objectives of national educational policy and those of FEPs is not a matter of surprise or shock because it is rather obvious that the commercial interests with which FEPs are willing to engage in offshore campuses is indeed going to be misaligned from the more consequential national interests with which educational policy is formulated. Moreover it is not practical to expect FEPs to address the concerns of India's education sector since, as pointed out by Tilak (2010), 'it is not their responsibility and they are here to solve their own problems'.

Therefore, some degree of misalignment between operations of FEPs and national education policy cannot be ruled out. However, what is a matter of grave concern and calls for attention is that even though functioning of FEPs is not concentric to national interests, there seems to be no overlapping at all between the two which is likely to bring them into conflict, which is undesirable and is likely to translate into further fragmentation of the sector.

### **IMPACT ON EQUITY**

A major concern of the current system of higher education in India is the inequality in access that may be observed across various social groups. In its Report on higher education, the UGC has admitted that despite the significant achievements registered by the higher education sector in the post-independence period, the sharing of the gains of this expansion has not been adequately equitable. Based on NSSO data for the year 2004-05, the UGC has identified wide disparities among various groups classified on the basis of geographical location (both rural-urban and inter-state disparities), caste, religion and gender which raise serious questions about

the accessibility and inclusiveness of the higher education sector[UGC 2009] In the words of Bhattacharya and Sharma, “There exists socio-economic, cultural, time and geographical barriers for people who wish to pursue higher education”[Bhattacharya & Sharma 2007; Basant

& Sen 2010]. The utility of allowing entry of foreign providers into the system crucially depends on whether their scheme of functioning will address these issues of accessibility or deepen the inter-group divide further.

As discussed above, feps are likely to concentrate their activities in already established centres of learning which in turn may be identified as selected urban areas in the country. This is likely to intensify the regional disparities rather than resolving them. Since experts have argued that driven by commercial interests, operations of feps are targeted at the more affluent sections of society (see Marginson & Xegores ; Bhushan ; Knight ), the maxim of affordability underlying the principle of equity is directly violated. If the Government can bind feps to reserve academic positions in both admissions and recruitments inter-caste disparities may run parallel to the current status of the domestic education system, subject to the condition that the course is within an affordable range. However, it needs to be noted here that it is not possible to impose the reservation of academic and teaching positions on FEPs unless they are granted subsidies just as public Universities are , else it would amount to violation of the national treatment clause under the GATS regime). Therefore, it may be argued that the impact on gender and inter-religious disparities is likely to be neutral in that it is unlikely that feps will either proactively seek to ensure balanced enrolments across these groups , or proactively seek to block admission to them. Therefore, it may be argued that disparities in these groups will neither intensify nor be reduced with the entry of feps. However, it also implies that the socio-economic factors that translate into group and class dynamics that have a significant bearing on the enrolment status of marginalized sections of society will be reflected in the working of FEPs as well.. Though one cannot argue that the responsibility of correcting these imbalances in access is on the incoming foreign institutions, from the viewpoint of the Indian education sector as a whole, the entry of FEPs will not contribute to expansion of the system with respect to parameters of social significance.

In fact as pointed out by Tilak (2010; Altbach 2010), ‘One should note that the foreign institutions will come here to solve their own problems; even some of the best universities in the west are increasingly experiencing falling enrolments and facing a shortage of public funds, and they are encouraged by their governments to go abroad to make money. They will not be interested in offering solutions to our problems of inadequate access, poor quality and resource scarcity. The assumption that foreign institutions will expand access to higher education and will help in boosting the gross enrolment ratio in higher education to realise our goal of 30% is highly contestable, given their interests and given the relative magnitude of the number of students who will join foreign institutions, which will have unregulated fee structure. There is no evidence of any developing country having prospered educationally or economically by relying on foreign universities. In fact, there is abundant evidence to show that strong and vibrant higher education systems are built mainly by the governments and with public funds.’ . In this scenario Van Damme’s statement seems most appropriate- ‘. It seems that we have come to a point in the historical development of the global university system where the national embedding of universities gets more and more into conflict with the consequences and challenges of internationalization and globalization[Van Damme 2002].

#### **Misuse of FDI generated through education**

Robertson et al point out another crucial concern in this regard. -foreign educational capital may well become a means of solving a country's balance of payments problems and a strategy to deal with the state's fiscal deficit. Indeed, this appears to be a reason for some countries signing all of their education sectors onto all modes of educational trade. This clearly highlights the danger of national educational systems losing their orientation and focus on socio-economic and human development.

#### **Sustainability of the process of internationalization of higher education**

As pointed out by Healy (2008) , since the incentive for foreign providers to set up offshore campuses is due to dysfunctional public policy in the home country and the demand for these services in developing countries is driven by the relative scarcity of institutional capacity, the current trends in internationalization are not sustainable in the medium term. If this indeed is

likely to transpire, allowing entry of foreign providers amounts to being an ad-hoc and short-term solution to a long-term problem.

### **Section VIII: Conclusion**

Government of India's policy stance towards FDI in higher education seems to suggest that the Government considers internationalization of the sector as a plausible strategy for reforming the sector. This is indicated by the initiation of the legislative process aimed at allowing the entry of foreign education providers into the higher education sector alongside other measures to address the qualitative and quantitative deficiencies of the sector. This paper argues that the expectation that the entry of foreign education providers will make a positive contribution to the progress of the sector is based on some critical assumptions whose validity is crucial for the translation of the perceived benefits into benefits actually realized. One such assumption is that even though there may not be a perfect overlap in the objectives of national education policies and those of the foreign providers, there may not be a conflict either. Based on an analysis of the factors driving internationalization of higher education on the supply-side, thereby establishing the objectives of FEPs in their functioning on the offshore campuses, the paper has attempted to assess the extent of alignment/conflict / between objectives of national education policy vis-à-vis those of FEPs. The paper infers that the operations of FEPs are likely to result in aggravation of regional disparities in institutional capacity and further strengthen the skewness observed in enrolments across disciplines . On the backdrop of this analysis the paper argues that the operations of FEPs are likely to run contrary to the objectives of current national policy towards education. Therefore, the expectation that entry of FEPs will serve as an effective instrument for correcting the imbalances of the sector appears to be a matter of misplaced faith.

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