

## Corpsec Hotline

November 30, 2006

### GOVERNMENT PROPOSES TO ALLOW FOREIGN UNIVERSITIES TO SET UP CAMPUSES IN INDIA

On November 28, 2006, a Group of Ministers cleared a proposed legislation that will allow foreign universities to set up campuses in India. Once the proposed bill called the 'Foreign Education Providers (Regulation) Bill' is approved by the Cabinet and passed as law, it will grant deemed university status to such foreign institutions.

It is learnt that many foreign universities such as Stanford University, Georgia Tech University, British Columbia University, McGill University, Montreal University, etc. are awaiting the approval of the Government to set up campuses in India.

#### Proposal

Some of the salient features of the proposal are:

1. the foreign universities will have to fulfill the minimum eligibility criteria and pass the committee's scrutiny before operating in India.
2. the foreign universities will have to set up campuses on their own and will not be allowed to adopt the franchisee route;
3. prior approval of the University Grants Commission would be mandatory for such a project;
4. the embassy of the country of its origin would have to certify the antecedents of any such institution.

Some other important issues, which are yet to be finalised by the Government, include foreign direct investment limits and incorporating safeguards such as government supervision. The Government is also in the process of formulating an accreditation policy, which will prescribe the minimum eligibility criteria to be fulfilled by the foreign universities. The minimum eligibility criteria would *inter alia* include minimum number of years' of operation (at least two to three decades); minimum number of courses; the syllabi has to adhere to a certain laid-down standard, etc.

Once the proposal is passed by the committee, the foreign university will be free to take independent decisions on the courses, syllabi, fee structure and salaries.

#### Our Views

It seems that the proposal of allowing foreign universities to set up campuses here may benefit India in multiple ways:

- first of all, the proposal if accepted will not only create more educational opportunities for the Indian students but, will go a long way in improving the quality of higher education within the country;
- as per the Government sources, currently India incurs an annual outgo of around USD 4 billion on education and hence, the Indian foreign exchange position is likely to benefit as the outflow of foreign exchange towards education will reduce considerably;
- importantly, this move will result in a pressure on the Indian universities to improve their quality of education, both in terms of content as well as faculty, so as to be able to compete with the foreign universities setting up campuses in India; and
- the Indian education will get more globalised and integrated with the international standards thereby creating more worldclass professionals.

**- Kishore Joshi & Siddharth Shah**

You can direct your queries or comments to the authors

Source: The Financial Express, November 29, 2006 & The Economic Times, November 30, 2006

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