FDI In Education-Impact Of Growth Of Twinning Programs: A Study

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ABSTRACT:

India’s higher education system is the world’s third largest with respect to student enrollment having a rate of 16.9% (Gross Enrollment Ratio) next only to China and USA. To accelerate the growth of service sector there is an unconditional demand for skilled labor all over the globe. Foreign Direct Investment in education plays an instrumental role in bridging the gap between the demand and supply. Indian Government’s Foreign Educational Institutions Entry and Operations Bill introduced in the parliament (2010) attracted and encouraged more foreign direct investment in education. Foreign providers have found direct involvement through commercial presence as being the most rewarding mode of export. Commercial Presence itself takes different forms. Within the parameters of the extant regulatory regime, there are variety of opportunities for foreign universities to invest in India like 1) Tie up with Indian Education institution for twinning programs 2) Tie ups for providing services like faculty for teaching, curriculum affiliations etc, 3) Tie ups for distance education programs, e-learning, 4) Tie ups for student exchange, faculty exchange programs 5) Joint research.

According to PWC report 2012, there are 161 foreign education providers and 143 Indian institutes which have entered collaboration to offer 641 programs at various levels & across disciplines. FDI in education will create new opportunities for academicians and educational institutions and will attract multinational firms to employ more professional and sophisticated workforce. This will help Indian students to get an opportunity to study abroad without spending much on their education fees.
In India FDI in primary education can be found directly having collaboration to start their franchises like Eurokids and adapting Oxford curriculum etc. The objectives of the present study are
1. To study the growth of FDI in Higher education
2. To analyze the twinning programs and its implications on Indian economy,
3. To examine the quality and access of twinning programs in Indian context.

(Key words: FDI in Education, Twinning programs, quality, foreign exchange)

INTRODUCTION:
India is having an imminent potential to be a global leader. It is a land of tremendous diversity and contrasts because of the range of its people, languages, cultures and religions. There remain tremendous disparities in the provision of, access to and participation in or utilization of the key social services in health and education as in the case of distribution. India’s higher education system is the world's third largest with respect to student enrollment having a rate of 16. 9% (Gross Enrollment Ratio) next only to China and USA. To accelerate the growth of service sector there is an unconditional demand for skilled labor all over the globe. The population explosion and the liberalization of economy paved way in mid 90’s to private universities in the higher education sector. In the recent past Indian higher education sector has grown tremendously. To cater the needs of growing population number of universities in public and private sectors came up. Public universities are supported by the Government of India and State Governments, while private universities are mostly supported by various bodies and societies. Universities are recognized by University Grants commission (UGC), which draws its power from the UGC Act, 1956. In addition15 professional councils are established controlling different aspects of accreditation and coordination.

GROWTH OF DEGREE AWARDING INSTITUTIONS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NO. OF DEGREE AWARDING INSTITUTIONS</th>
<th>INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-'05</td>
<td>320</td>
<td>-</td>
</tr>
<tr>
<td>2006-'07</td>
<td>367</td>
<td>47</td>
</tr>
<tr>
<td>2009-'10</td>
<td>467</td>
<td>100</td>
</tr>
<tr>
<td>2010-'11</td>
<td>564</td>
<td>97</td>
</tr>
<tr>
<td>2011-'12</td>
<td>634</td>
<td>70</td>
</tr>
<tr>
<td>2012-'13</td>
<td>732</td>
<td>98</td>
</tr>
<tr>
<td>2013-'14</td>
<td>809</td>
<td>77</td>
</tr>
</tbody>
</table>

Source: MHRD Report

We could see a steady growth of the institutions with an average growth rate as 10.3%. Amid an exponential growth in number of colleges, there is a huge gap between
demand and supply of education providers. As per Mckinsey report we still require 1000 more universities to answer the needs of mounting population. Growing services sector especially Information Technology sector needs globally competent human resources. Education is governed by the constitution of India, while maintenance of standards by falls under Union list. But the establishment of Universities falls on both State and Central Governments. Currently the amount spend by the Government was around 30US billion dollars and private sector shares 50 US billion dollars.

Foreign Direct Investment in education plays an instrumental role in bridging the gap between the demand and supply. Indian Government’s Foreign Educational Institutions Entry and Operations Bill introduced in the parliament (2010) attracted and encouraged more foreign direct investment in education. Foreign providers have found direct involvement through commercial presence as being the most rewarding mode of export. Commercial Presence itself takes different forms. Within the parameters of the extant regulatory regime, there are variety of opportunities for foreign universities to invest in India like

1) Tie up with Indian Education institution for twinning programs
2) Tie ups for providing services like faculty for teaching, curriculum affiliations etc,
3) Tie ups for distance education programs, e-learning,
4) Tie ups for student exchange, faculty exchange programs
5) Joint research. (source:PWC report)

REVIEW OF LITERATURE:

Sojin jain (2014) expressed that Foreign Direct Investment inflows in India were influenced by two major factors firstly the competition between states and political parties change and their policies. He further examined the patterns of inflows through three periods, firstly anti –FDI period (1969-75), after that selective period where FDI was under promotional stage and the final one was pro-FDI. Sunil kumar (2014) stated that to accomplish the objective of introducing innovation in universities of Higher Education policy2012, i.e., 20% of young generation should have access to Higher education by 2020, IIT-Kanpur and IIM –Kozikode have tied up with Yale university to provide leadership training to students.

Suhag and Kavitha (2013) recommended a regulatory body should be framed to tackle 100% FDIs otherwise it might be difficult to face the adverse consequences on culture, autonomy of foreign education providers. Brahm Sharma (2012) observed that every year 4 lakh Indian students are going overseas to pursue higher education which is resulting in millions of forex outflow. He analyzed FDI in education is nation’s interest to control forex outflows and improves forex inflows.

The UGC (Promotion and Maintenance of Standards of Academic Collaboration between Indian and Foreign Educational Institutions) Regulations 2012 have been notified in the Gazette of India. 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. Each and every collaboration will have to be approved by the UGC.
The key condition that an FEI has to be ranked in the top 500 institutions in the world to enter into an academic collaboration with an Indian institution has been dropped from Regulations 2012. However, under the regulations, no foreign university can set up institutions independently in India.

Shikha (2011) \(^5\) identified liberalization of higher education would be successful only when effective registration and certification systems exist. It will prevent unapproved institutions from partnering which protects and informs consumers and enables good quality foreign players’ entry into Indian Higher education. NIEPA (2005) \(^5\) reported that twinning program providers are mostly interested to tie up with metropolitan cities only where vocational courses exist in large number. It was also observed that only U. K and USA were interested more in collaboration.

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**NEED FOR THE STUDY:**
Although number of Universities & Colleges have increased access to Higher education still remains inadequate to meet the present demand. Due to lack of budgetary allocation dearth of funds, Foreign Direct Investment is very much essential to meet the present challenges. It is necessary for our institutions to collaborate with foreign education providers to compete in the global market, to enhance curricula and to adapt practical approach in learning and it results in acquaintance towards global trends.

**OBJECTIVES OF THE PRESENT STUDY:**
1. To study the growth of FDI in Higher education
2. To analyse the twinning programmes and its implications on Indian economy.
3. To examine the quality and access of twinning programs in Indian context.

**Foreign Direct Investment in Higher Education:**
FDI in education is allowed in India under the automatic route since February 2000. In India higher education is operated through two different segments. 1. Regulated (formal education like 10+2+3/4) and Unregulated (vocational, non-technical education).
While Foreign Direct Investment (FDI) in the Regulated segment is not feasible as of now due to restrictions imposed on the form of legal entity to be set up (viz. trust/society/section25 company), FDI in the Un-Regulated segment is seeing a considerable inflow: it was USD 492mn during the period April 2000 to January 2012. (pwc report).

While direct entry into Indian market was discouraged by policy regulations, the Foreign institutions have chosen an alternative method of entering into Indian Higher education sector like 1) Tie up with Indian Education institution for twinning programmes 2) Tie ups for providing services like faculty for teaching, curriculum affiliations etc, 3) Tie ups for distance education programs, e-learning, 4) Tie ups for student exchange, faculty exchange programmes 5) Joint research. Since then prospering Indian economy also propelled middleclass students’ dream of earning a degree abroad. As per Department of Industry, Policy & Promotion 2014 January report, there are total 150 countries having stakes in Indian higher education. Highest amount invested by Mauritius with Rs. 3, 65, 887. 14 crores (tax haven country) and the lowest with Kyrgyzstan with 0. 01crores. Out of the total service industries share in FDI, Higher education holds a share of 0. 44%. (Rs. 4, 736. 88crs).

**GROWTH OF FDI IN EDUCATION, RESEARCH &DEVELOPMENT**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>IN US$ (MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-'09</td>
<td>43</td>
</tr>
<tr>
<td>2009-'10</td>
<td>91</td>
</tr>
<tr>
<td>2010-'11</td>
<td>56</td>
</tr>
<tr>
<td>2011-'12</td>
<td>103</td>
</tr>
<tr>
<td>2012-'13</td>
<td>150</td>
</tr>
</tbody>
</table>

It is eminently proved that from the year 2008-'09, the growth of FDI s have been increased three times within the timespan of over 5 years. FDI in education will help Indian students to study in an environment of world class labs and libraries. It will also help Indian students tremendously in getting jobs in multinationals.

**TWINNING PROGRAMMES**

Twinning / Transfer programs allow Indian Institutions to offer Graduate and Post-Graduate programs which will have their regular curricula. The existing curricula may be supplemented by additional curricula of the Foreign Universities if desired by Indian Institutions. Through Twinning / Transfer programs, Indian students will be able to earn several Credits during the course of their normal study in Indian Institutions. Students will have the opportunity either to complete their studies in India or to transfer their Credits to the Foreign Universities at any time after completing at least one year of their studies in Indian Institutions. Students who opt
for transfer can then finish their Degree programs by completing the remainder of Credits in-residence at the Foreign Universities.
Twinning / Transfer programs are "win-win" situations for all concerned parties. The Foreign Universities will receive well-prepared students who have been instructed entirely in English and are ready to begin their major studies. Indian Institutions are strengthened by access to the latest in Foreign curricular developments. Foreign-bound Indian students save substantial cost of studying abroad. Further, students will have a wide range of subjects to choose from in the Foreign Universities, apart from the opportunity to learn in two different cultural environments, and thus becoming well-rounded learners. Under Twinning / Transfer programs, students who complete at least one year of Graduate program (10+2+1) in Indian Institutions will be eligible for admission as Transfer Students to Graduate programs in the Foreign Universities. Students who complete second year (10+2+2) or third year (10+2+3) of graduate program may also transfer to Graduate programs in the Foreign Universities and complete the remainder of the program. TOEFL / IELTS and SAT scores will be required for admission to the Foreign Universities. Students who complete the first year of Post-Graduate program in Indian Institutions will be eligible for admission to Post-Graduate Degree programs of the Foreign Universities. TOFEL and GRE / GMAT scores will be required for admission to the Post-Graduate programs in the Foreign Universities. The number of Credits to be waived for students admitted on Transfer basis will be at the discretion of the Foreign Universities.

A study conducted by Association of Indian Universities revealed the growth of Foreign Education Providers (FEP) was 144 in the year 2000 and had grown to 631 which are majorly collaborated for MBA, Hotel Management and Engineering courses.

**FEE CHARGED BY FEPs UNDER TWINNING PROGRAM**

<table>
<thead>
<tr>
<th>College</th>
<th>Course</th>
<th>Fees (Rs)</th>
<th>Registration cost (UK pounds)</th>
<th>Total student intake*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oxford Brookes and IIMT</td>
<td>BSc (Restaurant and Hotel Management) 4yrs</td>
<td>7,97,000</td>
<td>2000</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>BBA (Hons) 4yrs</td>
<td>6,95,000</td>
<td>2000</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>BBA (Hons) 3yrs</td>
<td>6,39,000</td>
<td>1500</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>BBA (Hons) Retail Mgt 3yrs</td>
<td>6,39,000</td>
<td>1500</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>MSc (Intl Business) 1yr</td>
<td>1,75,000</td>
<td>600</td>
<td>30</td>
</tr>
</tbody>
</table>
The above table depicts that FEPs are concerned about their profits but not about our culture and society. FDI in any field does not have an attached objective of fulfilling social agenda of the welfare state. Hence it is observed that a twinning program promises and International degree costing an highly luxurious dollar bill.

**IMPLICATIONS OF TWINNING PROGRAMME**

In India Certain Institutions are conducting these twinning programs successfully as per the norms prescribed in the FDI in Education Bill 2010.

Manipal University offers the twinning program in Engineering, collaborating with universities in US, UK or Australia. These programs have distinct advantages. Some of them are:

- Credit transfer facility to the international universities
- Paid internship in the foreign country
- Savings in tuition fees (compared to an overseas course).

In Manipal, this is facilitated by the International Centre of Applied Sciences (ICAS), an initiative aimed at making quality education accessible to deserving students. In 1994, when this program was introduced only 6 students availed and by 2012 the figure reached to 250. In Lovely Professional University the number doubled from 48 to 80. At Christ University, one of the premier institutes in Bangalore, PGDM (Post Graduate in Management) is offered by the University in collaboration with FHWS in Germany which adds the MBA certification. Students get to spend three months in

### Table: FDI In Education - Impact Of Growth Of Twinning Programs: A Study

<table>
<thead>
<tr>
<th>University of Wales and TASMAC</th>
<th>Global Programme in Business Leadership-1yr</th>
<th>2,85,000</th>
<th>155</th>
<th>90</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Bradford and IILM</td>
<td>BSc (Hons) Management/Accounting/Marketing-3yrs</td>
<td>9,75,000</td>
<td>375</td>
<td>40 each</td>
</tr>
<tr>
<td>Lancaster and GD Goenka world Institute</td>
<td>BBA (Hons) Business studies/Economics/marketing-3yrs</td>
<td>3,95,000</td>
<td>700</td>
<td>120 each</td>
</tr>
<tr>
<td></td>
<td>BA (Hons) marketing and advertising 3yrs</td>
<td>3,95,000</td>
<td>700</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>BSc (Hons) Economics/ Business Computing and Information System-3yrs</td>
<td>3,95,000</td>
<td>700</td>
<td>120 each</td>
</tr>
<tr>
<td></td>
<td>PG Diploma in Business Management 2yrs</td>
<td>3,95,000</td>
<td>700</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>MSc Management and Law/ Management and Marketing 1yr</td>
<td>7,00,000</td>
<td>700</td>
<td>35 each</td>
</tr>
</tbody>
</table>

(Source: Careers 360, 2014)
FHWS, Germany. Here they attend lectures, visit industries and retail destinations. Diplomats mingle with students of other nationalities and understand cultural sensitivities. They also write the prescribed exams to get foreign certification. Twinning can be a great way of obtaining a foreign degree, especially in times of economic slowdown, but there are caveats that you must be aware of. Quality of such programs plays a vital role. As per AIU report out of 631 FEPs only 32 are having approval from AICTE. There will be a question of Visa issues where the domestic provider has nothing to do with that.

As per the mandate of AICTE 18. 9, the foreign university shall furnish an authorized signatory letter declaring therein that the degree awarded to the students in India shall be recognized in the parent country and shall be treated equivalent to the corresponding Degree. The FEPs must be in top500 rankings only. Apart from the quality the student should be able to assess about linkage of the concerned program to real time aptness.

Another important issue is access to twining program is possible to the student whose parental income is substantially high. The fee charged by the FEPs is beyond the reach of middle income group students.

**CONCLUSIONS:**

To accelerate the growth of service sector skilled labor is required globally. Higher education acts as a wheel to speed up the growth of the industry. To achieve the three E’s of new higher education policy i.e., excellence, equity, and expansion, more funds are to be accumulated. FDIs in Higher education support the present higher education affairs. Though there is considerable growth in FDI’s inflow, in fact, the foreign institutions are spending meager amount to conduct education fairs to attract student community and pushing more forex outflows. FDI in education can be proved as soon if the regulatory frameworks to monitor and regulate the quality of FEPs are designed with well-established and lucrative policies. But at the same time some private entities like Indian School of Business having collaborations with world class universities like Kellogg’s, Stanford and Harvard, relatively new entities in this fray like Azim Premji University, Manipal Global Education though operating in the limelight of corporate brands along with corporate social responsibility but could set standards for policymakers in Higher education and FDI regulations. Disruptive innovation in Indian higher education is possible through FDI. The effective regulation and certification systems, which prevent unapproved institutions from partnering, protect and inform consumers and so as to enable good quality foreign institutions to enter the Indian market and create a friendly and healthy environment between domestic and foreign education providers, is the cornerstone in enticing FDI in Indian Higher education context.
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