

Backgrounder Foreign Education Provider's Bill

The following information is provided to the participants of AUCC's workshop on strategic engagement with the Indian higher education sector, to highlight some aspects of the bill which will be discussed during the panel session on June 10th. This is not intended to be a comprehensive analysis of the bill, but rather to provide a foundation for the discussions to be held at the workshop.

Highlights of Provisions in the Foreign Education Provider's Bill

India's Minister of Human Resource Development, Mr. Kapil Sibal introduced the The Foreign Educational Institution (Regulation of Entry and Operation) Bill to Parliament in early May, 2010, after being cleared by Cabinet on March 15, 2010. The goal of the bill is to allow foreign education providers to establish campuses in India and grant degrees, while setting out the conditions and regulations that will govern the operations of these educational institutions.

The major provisions of the bill include conditions such as:

- A USD \$11 million (minimum) corpus fund will need to be created by the aspiring institute to be allowed to operate in India.
- Each institute will have to be registered with the University Grants Commission (UGC) or any regulatory body in place at the time of registration.
- Provisions of Section 25 of the Companies Act will be applicable for the foreign institutes. Under this provision, institutions cannot remove surplus revenues generated in India but will be required to reinvest it tor further the expansion of the institution in India.
- Foreign education providers can be involved in other activities like consultancy projects and the profit generated from those projects can be taken back.

The bill has a provision under which the government can reject an application of a university if it feels that the venture will have an adverse impact on national security. The proposed bill prescribes an eight-month time bound format for granting approval to foreign educational institutions to set up campuses. Institutions will be required to go through different levels of a registration process and then will be finally registered with UGC or any other regulatory body in place.

The bill is unclear in some instances and leaves some unanswered questions specifically:

- It is not clear if the Indian authorities will evaluate the foreign institution before permission is given to set up a branch campus or other initiative;
- It is not clear if the Indian government plans to impose social responsibility on foreign universities that include providing for reservation for Scheduled Castes, Scheduled Tribes and Other Backward Classes (OBCs), in keeping with the 93rd Constitutional Amendment Act;
- It is unclear what role the state governments will have in setting their own regulations and conditions for foreign institutions.

A copy of Bill No. 57 of 2010 - The Foreign Educational Institutions (Regulation of Entry and Operations) Bill 2010 is attached. It can also be found on the internet, at: http://prsindia.org/uploads/media/Foreign%20Educational%20Institutions%20Regulation/Foreign%20Educational%20Institutions%20Regulation%20Educational%20Institutions%20Operations%20Bill%20%202010.pdf