CHAPTER 5
GLOBALIZATION AND TRADE IN HIGHER EDUCATION SERVICES IN INDIA – CONSUMPTION ABROAD

5.1 Introduction

Globalization is defined as “the process that is increasing the flow of people, culture, ideas, values, knowledge, technology, and economic across borders, resulting into a more interconnected and interdependent world” (Knight, 2006). There are number of factors which are closely related to this worldwide flow, which are seen as key elements of globalization. These include the knowledge society, information and communication technologies, the market economy, trade liberalization and changes in governance structures. These elements of globalization have significant effect on the education sector (Knight, 2004a). The process of globalization, which has been accelerated by the advent of free-market economy and by the remarkable developments in communication technology, has changed the character of higher education in many countries. It has led to internationalization of higher education, which is reflected in increased student mobility, in universities offering off-shore programmes and establishing foreign campuses, and in twinning arrangements between institutions covering teaching, training and research (Powar, 2003).

In the present era of globalization, more importance is given to international trade and investment in higher education. Trade in higher education services has emerged over the last few years as a major economic sector worth several billions of dollar for a member of exporting countries such as USA, UK and Australia while other countries are the main importers and they are- China, India, Japan, Korea & Taiwan etc. In 2009, 195,107 Indian students going abroad (mainly to developed countries) termed as import of services in contrast to this, only 21,778 foreign students came to India to pursue higher education (mainly from developing or least developed countries) termed as export of services. With such imbalances in import and export of higher education services, the question arises ‘Is India really ready for trade regime in higher education’?

The present chapter, in general, examine trade in higher education services in India with respect to four modes of supply, however, the main emphasis is on export
via- mode 2 (Consumption abroad). Given that the bulk of trade in education sector takes place through consumption abroad (Mode 2), therefore an attempt is made to analyse the mobility of international students in India in the era of globalization i.e., from (1991-2009) period. For this purpose, top ten countries from each, High Income Countries, Lower Middle Income Countries and Low Income Countries have been selected. An attempt has been made to identify which country has contributed a major share in the mobility of International student in India. Then, factors has been discussed which influence the mobility of international students in India.

5.2 Trade in Higher Education Services in India

In the global capitalism, ‘knowledge products’ are freely traded in the international market place. Internationally, education industry is worth of a trillion dollar business. Trade in education services particularly at the tertiary level have been growing in importance. The educational market has grown in size with more exporters entering the field to satisfy growing worldwide demand. Such market opening bring gains to all economies, including the developing world, as long as it is done in carefully and in considered way (WTO, 2001). The opening up of education services market is crucial to the success of globalization (Lim & Saner, 2011).

The worldwide market for education services is rising faster than the growth rates observed over the previous decades when the market for education services was relatively closed (OECD, 2002a, 2002b; OECD-CERI, 2002a, 2002b). In 1995, the international market for global higher education was estimated at US$ 27 billion and in 1999 at around US$30 billion. In 2006, the value of trade in higher education was estimated to be about US$40 billion (Bubtana, 2007), ‘not much less than the financial services sector’ (Larsen and Vincent-Lancrin, 2002). This shows that trade in education in general and higher education in particular has a great scope that makes it a part of GATS. Higher education among all other sectors of education services is the most traded sector both at global and national level.

In India, there have been very few serious attempts at examining the implications of trade in higher education services. Some authors like, Deodhar (2002) provided a complete listing and possible examples of category-cum-modes of each type in the context of India’s educational services trade and according to this there are about 20 types (5×4) of trade in educational services. Bhushan (2004) attempted to
judge India’s relative strengths, challenges, and opportunities in context of trade in
education services and suggested restricting of domestic regulations; still others
Raychaudhuri and De, (2007, 2008) have described the several barriers to trade in the
era of globalization. Sahni & Kale (2004) talked about the present system of higher
education and attempts to find the possible implications for India in GATS.
According to them, since the agreement is diverse, there are intrinsic pressures for
pushing negotiations of “interest groups” and in the absence of a coherent education
policy the effects of opening up could lead to a distorted function of education. In the
same line, Deodhar (2002) commented that India must ensure that the safeguard
instruments available in the GATS document are credible and enforceable. Even
though no study has yet attempted to measure gains for India from trade in higher
education under the GATS, one of the conclusions of Bhusan (2004) is to restructure
domestic regulations in order to protect domestic educational institutions only in
subjects and conditions. Chanda (2002) commented that given India’s limited public
resources to meet the growing education needs domestically, imports through modes
1, 2 and 3 are likely to play an important role in the future. Towards the same
direction Ahmad (2005) commented that in view of the volume of trade under mode 2
in trade in education services, India should actively participate in multilateral
negotiations on higher education within the GATS framework to seize new
opportunities that are available from the enlarged market. Further, only few like
(Chanda, 2003; Ahmad, 2005; and Amin, 2008) have highlighted the opportunities it
offers and very few indeed (Raju, 2006) have suggested commitment on higher
education to the GATS, with gradual liberalization (Tilak, 2011).

5.3 Mode-wise Trade in Higher Education Services

In the present era of globalization and a regime controlled by the World Trade
Organization (WTO), education is a service that can be traded through four different
modes recognized under the General Agreement on Trade in Services (GATS). These
are 1) Cross-Border Supply 2) Consumption Abroad 3) Commercial Presence and 4)
Presence of Natural Persons. The four modes are defined according to the location of
the provider and recipient. The liberalization process of each mode opens up different
sets of opportunities and challenges, though the modes are not mutually exclusive.
The diversity of opportunities and challenges stems from a certain inherent
asymmetry in the comparative advantage intrinsic in the education sector of developed and developing countries.

The status and potential of India for trade in transnational education through these different modes is briefly reviewed in the paragraph that follows. Unlike developed economies, India did not maintain separate trade in education services in the Balance of Payments (BOP) statistics till 1998-99. After this period, the Reserve Bank of India (RBI), started to compile trade in education services statistics but only for payments (imports) given in figure 5.1.

Figure 5.1: India’s Imports (payments) of Education Services (US$ Million)

Due to this data limitation, study failed to categorise mode-wise trade in education services. The latest release of accounts of India’s invisibles, the RBI shows that India’s import payments under trade in education services in both 2005-06 and 2006-07 has crossed $1 billion, thereby contributing about 3 per cent of country’s total payments towards services imports (Tilak, 2011). India’s import of education services in 2004-05 increased by 171 per cent, compared to 2003-04, the highest ever jump witnessed by the Indian economy in the category of education services trade. In absolute value, it is estimated that, the total import (payments) under trade in education services increased from US$ 61 million in 1999/2000 to US$ 2252 million in 2009/10.
5.4 Mode 1: Cross-Border Supply

The first mode includes the supply of education, “without” the movement of consumers or providers (Raychaudhuri & De, 2008). It includes overall educational materials, online courses through the internet and educational testing services. Distance education programmes exemplify cross-border supply of education. It contributes to globalization of education. Educational institutions of one country can offer to the students of other countries the same courses which they offer to their students through the means of distance education. India has 11 open universities and 102 centres of distance education in dual-mode universities. The possibilities of India (or the other Asian Countries) importing education from the developed world, through this mode, are low. On the other hand, some Indian universities have recently started offering degree programmes, through the distance mode, in countries having a large Indian Diaspora. The Indira Gandhi National Open University (IGNOU) is the prime example and is offering programmes in both liberal arts and professional areas (see Appendix 5.1). The competitive strength of IGNOU in marketing education programmes abroad is its reputation, quality and low prices. IGNOU is already a recognised 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 Srilanka. Staff Training and Research Institute of Distance Education, IGNOU has also collaborated with the International Institute of Capacity Building in Africa, (IICBA), Addis Ababa to provide distance education programmes to students in Ethiopia and Liberia. Sikkim Manipal University is the largest private sector provider of distance education, operating through a network of more than 750 learning centres in the country and 25 overseas centres in 25 countries, and enrol more than 400,000 students (Ernst & Young/FICCI 2010).

Virtual university also represents true globalization of education. Under this system, educational materials prepared by competent teachers in one country become available anywhere in the world by internet. According to the National Centre for Education Statistics of the US Department of Education, in the USA from 1994-95 to 1997-98 the number of distance education programmes via internet increased by 72 per cent. Several US Universities are active in online learning. Canadian Universities are also active in this. In India, IGNOU & Birla Institute of Technology and Science
(BITS) are offering such facilities (Sreenakandhay, 2003). However, technological development has given scope for establishing on-line universities, such as St. John’s University, which are fully accredited on-line universities. Many universities may be finding this terrain very attractive.

This mode basically takes forms such as conventional distance education using print and audio-visual material. Mainly e-learning and courses offered on the internet are covered in this mode (Powar, 2004). Distance learning on the internet is a more recent phenomenon (Raychaudhuri & De, 2008). Internet education (or on-line education) is a fast growing sector, which is creating a great market potential. Some interesting projections on the size of the on-line education market across the globe shows that on-line education or e-learning market will grow from $1.1 billion in 2000 to $11.4 billion in 2003 (Mehta, 2000). It would not be so far away when most of the schools, colleges and universities will be having some or the other forms of online learning. Stanford University, Columbia University, University of Phoenix, University of London etc. are just a few examples of those universities who provide on-line education. The Indian market for e-learning is expected to fetch about US$22 million (Sahni and Kale, 2004) and further it is expected to grow $280 million by 2012 (Dhopte, 2011). The market for such courses is expected to be large in India. The success of these e-learning courses depends on the number of persons using internet and IT-enabled services. In 2011, as per World Development Indicators, there were around 10 persons per 100 which accounted to be around 250 million population using internet services in India. Thus, this shows a high potential of e-learning market in India. This indicates the expansion of higher education sector in terms of economic power. Higher education is therefore identified as a priority sector by many countries for GATS negotiations.

Cross border supply through the internet (virtual education) has immense potential especially in disciplines like management and trade that have strong international components. Some well known training institutes based in India offer globally, further education programmes in professional areas like computer application (software development). Likewise some foreign institutions are offering programmes to Indian universities. National Institute of Information Technology (NIIT) offers programmes in 144 countries where it also has study centres. However,
it is difficult to estimate the numbers of students engaged in distance learning although the expectation is that significant expansion has taken place with the setting up of large-scale ‘open’ and ‘virtual’ universities. New information and communication technologies have created new possibilities for distance learning with the emergence of virtual education platforms.

Thus, it can be said that advances in technology can shift the means of supply of service from physical delivery to virtual delivery. Developments in hardware, intranets, internets, multimedia software and video-conferencing have created tremendous potential for multiple site delivery and bring training to people’s work sites (Mehta, 2000). With the entire above developments one can argue that technology has revolutionized the education sector by facilitating development of skills and knowledge, and reduced the information gap.

The comparative advantage in this mode of supply lies primarily with developed nations because these countries are more advanced in technology and people are more aware of latest technologies which are most suitable for successful implementation of e-courses. It is more probable that when e-courses become available on the net, the ones demanded most could be the ones that originate from leading universities in the US or UK due to their global recognition. Such distance learning courses would increase the participation rate of working professionals, homemakers and students from non-metro areas. Students in metro areas may also opt for such courses as an “add on” to their degrees. Looking at this opportunity, the Indian Institute of Foreign Trade, New Delhi, a deemed university by status, has started an e-learning programme through a Very Small Aperture Terminal (VSAT), called Executive Masters in International Business (EMIB) (Raychaudhuri & De, 2008).

By summing up, we can say that, cross-border e-learning activities are growing at a faster rate. With the development of electronic commerce and a corresponding expansion of distance learning as suppliers make use of new and enhanced information and communication technologies, the potential of pure cross-border trade in educational services (Mode 1), traditionally associated with (Mode 2),

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1 Available from www.iift.edu.
and (Mode 3), is becoming more significant. Thus, Mode 1 is perceived to have a very high potential of growth across the globe. Some believe that India has immense potential to export its knowledge not only in traditional and classical disciplines such as religious and cultural studies, Ayurveda, and Yoga, but also in modern disciplines like computer sciences. Institutions like IGNOU (brief description of IGNOU is given in Box 1 under Appendix 5.1), are already offering several programmes in distance mode outside the country, in collaboration with partner institutions in countries such as Afghanistan, Bahrain, Bangladesh, Ethiopia, Kenya, Kuwait, Kyrgyzstan, Mauritius, Mongolia, Nepal, Oman, Qatar, Saudi Arabia, Singapore, Sri Lanka and the UAE (Tilak, 2011). India is interested in mode 1 because trade through Business Process Outsourcing (BPO)/Information Technology Enabled Services (ITES) is undertaken through electronic modes of delivery i.e. Mode 1. BPO/ITES and off-shoring are likely to continue as major thrust areas from India’s point of view.

5.5 Mode 2: Consumption Abroad

This mode includes the movement of consumers or students across borders. It calls for physical proximity between consumers and producers. It is the most common form of trade in the context of education services. It should be noted that a member might only be able to impose restrictive measures affecting its own consumers (students), not those of other members, on activities taking place outside its jurisdiction. For e.g., if India opens mode II, then it may impose limitations with respect to mode II on market access or national treatment that affects the students coming from abroad to India (i.e., its own consumers). India cannot impose restrictions affecting students going to say, US, for studies there. There is no doubt that opening of mode II has various implications for higher education. Educational institutions of developed countries have competitive advantages in relation to the educational institutions of developing countries. Thus, if India makes full commitment in higher education, then the educational institutions in India should be such as to attract foreign students in India. Advance countries taking full commitment

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2 E.g., Duke University in the US offers a “Cross-Continent” MBA programme that has a large online tuition component, allowing enrolment and participation of foreign students without requiring them to move to the US. “Internet-mediated learning” is combined with residential learning sessions in a number of the university’s facilities established abroad.

in mode II have been able to attract foreign students and earn huge amount of money. Since restriction under mode II by India does not restrain the flow of students to any other country but only to its own country, so there is no point in restricting mode II. Thus taking full commitment and developing institutions in India to offer world-class higher education services may have immense potential to attract foreign students in India (Bhushan, 2004).

Since, with the advent of free market economy in the early 1990s, the number of students crossing their national borders for acquiring knowledge and skills has steadily increased. Worldwide, in 1990 there were 1.2 million international students and the number rose to 1.5 million in 1995 (UNESCO, 1997). At the turn of the century the number was 1.8 million which increased to 2.1 million in 2004 (Altbach & Basset, 2004). In 2009, it is estimated to about 3.3 million (GED, 2011). According to an Australian study (Bohm, 2003) there will be about 8 million international students by 2025. The trend shows that, largest component of international trade in higher education services is students travelling abroad to study. Thus, from above data one can understand that globalization increases global competition for the best and brightest students, as more and more countries recognise the economic potential of higher education as a service export sector. For the first time in history, in the era of globalization, large segments of the world’s student population have truly access to a ‘global market place’ of higher education.

5.5.1 Trends in Inward Mobility

International students in India come from across the world which comprises of developed, developing and less developed countries. The developed countries that are technologically advanced and economically strong, and have good facilities for higher education and training (e.g. USA, UK, Canada, Australia, countries of the European Union, Japan), but send students for studying sociological, economic and cultural aspects (as also Music, Visual Arts, and Performing Arts). The less-developed and developing countries (South Asian Association for Regional Cooperation (SAARC) countries and the countries of Southeast Asia, Western Asia and Africa) where facilities for education, not only in the professional courses such as engineering, medicine and management, but also in science, humanities, social sciences, commerce and law, are limited (Powar, 2003).
5.5.2 The Continent-wise Analysis of International Students in India

The continent-wise analysis of international students studying in Indian universities during the period 1990-91 to 2008-09 is given in Table 5.1.

Table 5.1: Continent-wise Foreign Students Studying in India

<table>
<thead>
<tr>
<th>Year</th>
<th>Asia</th>
<th>Africa</th>
<th>N + S+ Central America</th>
<th>Europe</th>
<th>Australasia (Oceania)</th>
<th>Miscellaneous*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>5741</td>
<td>6322</td>
<td>263</td>
<td>169</td>
<td>35</td>
<td>369</td>
<td>12899</td>
</tr>
<tr>
<td>1992-93</td>
<td>5083</td>
<td>7024</td>
<td>151</td>
<td>153</td>
<td>28</td>
<td>329</td>
<td>12768</td>
</tr>
<tr>
<td>1993-94</td>
<td>5862</td>
<td>7112</td>
<td>260</td>
<td>187</td>
<td>36</td>
<td>254</td>
<td>13711</td>
</tr>
<tr>
<td>1994-95</td>
<td>5011</td>
<td>5855</td>
<td>426</td>
<td>117</td>
<td>49</td>
<td>430</td>
<td>11888</td>
</tr>
<tr>
<td>1995-96</td>
<td>4831</td>
<td>4082</td>
<td>309</td>
<td>126</td>
<td>40</td>
<td>699</td>
<td>10087</td>
</tr>
<tr>
<td>1996-97</td>
<td>2735</td>
<td>2684</td>
<td>163</td>
<td>87</td>
<td>28</td>
<td>144</td>
<td>5841</td>
</tr>
<tr>
<td>1997-98</td>
<td>3005</td>
<td>2550</td>
<td>140</td>
<td>137</td>
<td>35</td>
<td>234</td>
<td>6101</td>
</tr>
<tr>
<td>1998-99</td>
<td>2739</td>
<td>2093</td>
<td>124</td>
<td>97</td>
<td>32</td>
<td>238</td>
<td>5323</td>
</tr>
<tr>
<td>1999-00</td>
<td>3496</td>
<td>2558</td>
<td>275</td>
<td>116</td>
<td>31</td>
<td>512</td>
<td>6988</td>
</tr>
<tr>
<td>2000-01</td>
<td>3866</td>
<td>2969</td>
<td>327</td>
<td>180</td>
<td>44</td>
<td>405</td>
<td>7791</td>
</tr>
<tr>
<td>2001-02</td>
<td>4312</td>
<td>2363</td>
<td>432</td>
<td>253</td>
<td>45</td>
<td>734</td>
<td>8139</td>
</tr>
<tr>
<td>2002-03</td>
<td>4452</td>
<td>1904</td>
<td>353</td>
<td>145</td>
<td>40</td>
<td>862</td>
<td>7756</td>
</tr>
<tr>
<td>2003-04</td>
<td>4822</td>
<td>1818</td>
<td>475</td>
<td>129</td>
<td>42</td>
<td>544</td>
<td>7830</td>
</tr>
<tr>
<td>2004-05</td>
<td>9849</td>
<td>2005</td>
<td>593</td>
<td>178</td>
<td>55</td>
<td>587</td>
<td>13267</td>
</tr>
<tr>
<td>2005-06</td>
<td>10493</td>
<td>2403</td>
<td>654</td>
<td>206</td>
<td>71</td>
<td>629</td>
<td>14456</td>
</tr>
<tr>
<td>2006-07</td>
<td>13400</td>
<td>3316</td>
<td>776</td>
<td>238</td>
<td>69</td>
<td>592</td>
<td>18391</td>
</tr>
<tr>
<td>2007-08</td>
<td>15437</td>
<td>3796</td>
<td>626</td>
<td>309</td>
<td>81</td>
<td>957</td>
<td>21206</td>
</tr>
<tr>
<td>2008-09</td>
<td>16004</td>
<td>4193</td>
<td>614</td>
<td>304</td>
<td>66</td>
<td>597*</td>
<td>21778</td>
</tr>
</tbody>
</table>

Note:  
(i) Data for 1991-92 are not available.  
Source: Snehi (2010) & International Students in Indian Universities, AIU, Various Issues.

The continent-wise distribution of foreign students reflects that most of the foreign students came to India are from Asian and African Countries. In 1990-91, the number of Asian students in India was 5741 which was around 45 per cent of total inward mobility of students. However, there has been a declining and fluctuating trend over the years 1992-93 to 2003-04, which stood at 4822 in 2003-04. Despite this declining trend, inward mobility from Asian countries gained momentum since 2004-
05 which indicates a clear impact of Indian education system in Asian continent. In 2008-09, the share of Asian countries was around 74 per cent of total inward mobility. Though African continent had a major share in total inward mobility but there has been a continuous decline over the period with lots of fluctuation. This can be seen from table that in 1990-91, 6322 African students came to India which decline to 1818 in 2003-04 and thereafter it showed a marked improvement but never touch the level of 1990-91. In 2008-09, the number of African students in India stood at 4193. Barring Asian and African continent, which had a major share almost 90 per cent, other continents had registered a very low share in total number of foreign students in India.

The American students do not have a very encouraging presence in Indian universities. Although the number has increased from 593 in 2004-05 to 776 in 2006-07, yet a declining trend was noticed in 2007-08 and 2008-09 with 626 and 614 students respectively. European continents showed a lot of fluctuations over the period 1990-91 to 2003-04. But thereafter the number of European students has increased from 178 in 2004-05 to 309 in 2007-08 with a marginal decline to 304 in 2008-09. The Australasian picture also shows a lot of fluctuation over the entire period. The year 2007-08 shows highest number of students 81. On the other side, the countries in the miscellaneous group have contributed in a good number during the period of study with highest number of students registered in 2007-08 with 957 students which decline to 597 in 2008-09.

The data points out that on average nearly half of the foreign students came from Asian countries, though their proportion has increased to around 2/3rd in the last couple of years. Since 2005-06 onwards, the share of foreign students from Asian countries in Indian universities has remained around 73 per cent while the number of African students has steadily increased. Their population was the highest during the mid-90s, varying between 40-45 per cent. It was as high as 52 per cent in 1993-94. Table 5.2 given below shows a comprehensive picture of continent wise students’ mobility during the period 1990-91 to 2008-09. There is a clear cut swing of students’ mobility towards India with 58.74 per cent students out of the total number of international students are from Asia followed by 31.54 per cent international students from African countries. However, very negligible presence of students from America,
Europe and Australasia is found with 3.38 per cent, 1.52 per cent and 0.40 per cent of students respectively out of the total international students in Indian universities in the last 18 years. These figure clearly shows that, mainly foreign students came to India are from the developing countries instead of developed countries.

Table 5.2: Continent wise Flow of International Students in Indian Universities during 1990-91 to 2008-09

<table>
<thead>
<tr>
<th>Continent</th>
<th>1990-91 to 2008-09</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>121138</td>
<td>58.74</td>
</tr>
<tr>
<td>Africa</td>
<td>65047</td>
<td>31.54</td>
</tr>
<tr>
<td>America</td>
<td>6961</td>
<td>3.38</td>
</tr>
<tr>
<td>Europe</td>
<td>3131</td>
<td>1.52</td>
</tr>
<tr>
<td>Australasia</td>
<td>827</td>
<td>0.40</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>9116</td>
<td>4.42</td>
</tr>
<tr>
<td>Total</td>
<td>206220</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Note: (i) Calculated on the basis of data given in Table 1.

Source: Bhalla, V, 2002 & International Students in Indian Universities, AIU, Various Issues.

5.5.3 The Country-wise Analysis of International Students in India

The country wise analysis of data regarding the number of foreign students studying in the Indian higher education institutions during the period (1990-91 to 2007-08) is given in Table 5.3, 5.4, 5.5 and (Appendix 5.2). The AIU is the only organization that has been systematically collecting information on international students in Indian Universities through regular questionnaires.

Higher education has always an international dimension. During the first and to the eight century A.D Indian centres of learning, like Nalanda & Takshshila, attracted students from distant countries including China & Korea. A glance at the trend of international student mobility reveals that-during the last few years, there has been a significant increase in the number of International students coming to India. The number of foreign students in India was 3,510 in 1959 and peaked at 8,994 in 1969 and dropped to 7,217 in 1971 (Klineberg, 1976). But during the last two decades the number of foreign students joining Indian universities has shown a steady increase in enrolments till the mid-nineties. In 1995-96, the number of foreign students in India was 10087, which nearly halved in the year 1996-97 and thereafter fluctuation trend has been observed till 2003-04 (see Table 5.1). The decline in the number of students
that started in the mid-1990s can be attributed to various factors including the
development of educational opportunities in their home countries, the ‘ageing’ of
infrastructure and its non-renewal during the process of massification of Indian higher
education. Further, developed countries especially USA, UK, and Australia were
aggressively promoting and marketing their higher education programmes. During
this period many other countries like France, Germany, Canada, and Netherland also
emerged as educational destinations for mobile students. However, the impact of
these initiatives resulted in an increase in the market-oriented delivery of higher
education across borders, often by institutions run for profit (Sanyal & Martin, 2006).
During this period India was not so much active like other developed countries in
marketing its higher education programmes and initiatives in this regard was also
lacking. The profile of sending countries reveal that students who were coming to
Indian universities were mostly from the neighbouring countries (Bhutan, Nepal and
Sri Lanka) and African countries (Sudan & Kenya) which had less developed higher
education system. These countries were also the ones which had a large Indian
Diaspora.

However, the trend being reversed only from 2001/02 onwards, when India
adopted a more positive approach, streamlining the visa regime, and allowing
universities & colleges to admit 15 per cent more international students than allowed
by their sanctioned intake (Agarwal, 2010). Association of Indian Universities (AIU)
has taken initiative in this regard by bringing together universities having
international programmes and highlighting the need for immediate action. The
universities must now act quickly otherwise they will be deprived of the many
opportunities that internationalization of higher education, and more specifically the
presence of international students, offers (Powar, 2003). Internationalization of higher
education is supplementing the public education system along with generating
revenue for the countries. Universities are again witnessing an increase in number of
international students from 2004-05 onwards. The number of foreign students in
Indian higher education institutions in the year 2008-09 was at the highest level of
21,778.

The participation of international students from countries like China and Japan
in the East Asian region remained stable while the number of students from Korea
increased sharply in the year 2004-05 and it further increased during the next years. Mauritius with its sizeable Indian Diaspora also sends large number of students to India. Data analysis also reveals that countries representing the West Asian region reflected variations. The number of students from Jordan and Kuwait has started increasing yet they sent lesser number of students as compared to countries like Bahrain, and Yemen which have picked up in twenty first century. Enrolment of students from Oman and Qatar has increased significantly. Participation of students from UAE has increased steeply in the last three years. Thus in recent years, most international students in India have come from the Middle East (Iran, UAE, Saudi Arabia, Oman, and Yemen) (Appendix 5.2). This increase in foreign student enrolment may be accounted for the fact these countries have a large Indian Diaspora.

Now, India’s potential as a global education destination has come to be realized. A series of initiatives have been launched by the government to tap this potential and to attract more and more international students to Indian institutions, both private and public. The government in April 2002, constituted the Committee on Promotion of Indian Education Abroad (CoPIEA). The CoPIEA monitors all activities aimed at promoting Indian education abroad and will regulate the operation of foreign educational institutions to safeguard the interests of the students and the larger national interest as well (10th Five Year Plan). UGC has also responded to globalization in a positive way. It has initiated a programme for the promotion of Indian higher education abroad (PIHEAD), during the tenth five-year plan (2002-07). Under this initiative, UGC has embarked upon a focussed nationally coordinated programme to attract international students and to promote Indian institutions to offer programme abroad (Chakravarty, 2007). Besides, Educational Consultants India limited (Ed.CIL), has taken up schemes to promote Indian education abroad. It is a public sector undertaking of the government, to act as a single window agency for recruiting international students. It plans to attract students from Asian and African countries and these are Ethiopia, Kenya, Sudan, Tanzania, Uganda, Iran, Bangladesh, Nepal, UAE and Yemen etc,. Further, the government has launched an exclusive scheme to encourage international students, called Direct Admission of Students.

4 The countries which come under West Asian region are Bahrain, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates and Yemen.
Abroad (DASA) reserving 15 per cent of seats in premier technical institutions, such as National Institutes of Technology (formerly the Regional Engineering colleges) and other centrally funded institutions for foreign nationals/peoples of Indian origins (PIO)/Non-Resident Indians (NRIs). Besides this, a National Board of Accreditation (NBA) has been established to ensure world class education.

In 2008, the Prime Minister Dr. Manmohan Singh constituted an inter-ministerial committee headed by the former Director General of Indian Council of Cultural Relations, regarding ‘Welfare of Foreign Students in India’. The recommendations made by the committee regarding measures included making proper advertisement in foreign countries about Indian culture, educational system, reputed universities and courses offered by them, easing of the admission process, on-line admission and urgent visa clearance for research scholars etc., Detailed modalities for the implementation of the measures are being worked out. Establishing of International Students Centres in every university is the major suggestion for which UGC is to provide funds to the universities and the responsibility of monitoring the implementation of recommendations have been given to ICCR (Snehi, 2010). Thus, it is apparent that initiatives to promote student mobility occupied a prominent place in the government’s agenda. Despite much of the initiatives done by government, yet it is not able to attract large number of international students to India.

5.5.4 International Students from High Income Group Countries in India

The number of international students from each of the top ten high income group countries is given in table 5.3. In the globalised era, an analysis of country wise participation shows that the share of high income countries in total foreign students is not much high but their share has increased from meagre 6 per cent in 1990-91 to a maximum level of 32 per cent in 2005-06. But from 2005/06 onwards, their share has declined to 27 per cent in 2006-07 and further to 22 per cent in 2008-09. The year 2006-07, registered maximum number of foreign students 4975 from these countries. The year 1998-99 registered minimum number of international students in India.

Among the high income countries UAE, USA, Oman, Saudi Arabia and Bahrain are the major countries which send the maximum number of students in India. Though the overall number of foreign students is still small, it has been growing in recent years.
### Table 5.3: International Students from High Income Group Countries in Indian Universities

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<td>11888</td>
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<td>18391</td>
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<tr>
<td>% share of top ten countries in total no. of foreign students</td>
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**Note:** (i) Data for 1991-92 and 2003-04 are not available.

The number of UAE students in India was only 40 in 1990-91 but it drastically increased to 1500 in 2004-05 to 1726 in 2008-09 which shows that over the period from 2004-05 to 2008-09, UAE accounts for about 47 per cent foreign students in India. In 1990-91, only 8 students from Oman came to India and in 1997-98 it drastically increased to 144 and after that there was a fluctuating trend. In 2004-05, maximum number of students from Oman came to India for study. However, France sends a negligible number of students to India. Most students coming to India from advanced nations for pursuing only short-term study programs. For instance, the number of US students in India increased from 198 in 1990-91 to 615 in 2006-07 but declined to 419 in 2008-09. The small number is particularly striking in comparison to the number of US students studying in other “non-traditional” study abroad destinations such as China (11,064), or even Costa Rica (5,383) (Bhandari & Chow, 2008).

From the table, it can be stated that the Gulf nations among high income countries are the major contributor of student mobility in India. In case of Canada, there were 36 students in 1990-91, after that there was a somewhat fluctuating trend up to 1998-99. Then it starts increasing and become 163 in 2004-05. Further it declined in subsequent two years and in 2007-08, maximum number of foreign students came to India i.e. 188. Again in 2008-09, number of students decreased to 155. This shows that India has not been proactive in attracting large number of international students from high income countries, no doubt, it has potential to attract students from foreign countries but its coordination, communication and recruitments strategies are weak in comparison to other countries.

5.5.5 International Students from Lower Middle Income Countries

From table 5.4 it can be analysed that, Iran has been one of the largest sources of foreign students in India. In 1990-91, the number of students from Iran in India was 370 increased to 1120 in 2004-05 and further to 2,972 during 2008-09. However, there has been fluctuation between the years 1990-91 to 2000-01, but after that increasing trend has been observed.
### Top Ten Countries

#### Table 5.4: International Students from Lower Middle Income Group Countries in Indian Universities

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<td>% share of top ten countries in total number of foreign students</td>
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</table>

On the other side, a reverse trend is observed from Jordan. The number of students from this country has steadily fallen from 1506 in 1990-92 to 77 in 2008-09. Among the Lower middle income countries, after Iran, Sri Lanka is the second highest feeder of foreign students to Indian universities, but there was a fluctuating trends from 1990-91 to 2008-09. The year in which the highest number of students came from Sri Lanka is 2007-08 (997). Thailand and Bhutan also sends the maximum number of students in India. However, Thailand is taking keen interest in higher education collaboration with India (Shah et al., 2011). There are some countries like China, Iraq and Maldives which are sending only small number of students to India. In 1990-91, China sends only 12 students, Iraq 49 and Maldives 14. However from 2004-05, the number of students from these countries has increased. Students from Indonesia are although increasing, but their number is not impressive. In 2008-09 the maximum number of students from these top ten countries came to India i.e. 6483 and in 1998-99 minimum number of students from these top ten countries came to India i.e. 1059. From table 5.4, it can be analysed that, the share of these countries increased from 23 per cent in 1990-91 to 30 per cent in 2008-09, but there was some fluctuations between these years.

The per cent of student coming from lower-middle income countries are higher than those from higher income countries. Thus, this trend shows that India is a much sought destination for less developed or developing economies.

5.5.6 International students from Low Income Countries

Table 5.5 reveal that, in the era of globalization, Kenya, Nepal and Ethiopia occupy the top most slots of sending the maximum number of students with Afghanistan, Vietnam and Tanzania following closely. Sri Lanka, Bhutan and Bangladesh also have a large presence in Indian institutions of higher education. Thus, from the data, it can be analysed that, Indian institutions of higher learning has been attracting large number of students from neighbouring developing countries. But at the same time (Agarwal, 2008a), analysed that India’s neighbours send a much large number of students to advanced countries than to India. For instance, in 2006/07 Nepal sent 8,936 students to the US compared to merely 1,728 to India. In the initial year of globalization, the proportion of students coming from top ten countries has increased from 54 per cent in 1990-91 to 63 per cent in 1992-93 but thereafter there
has been continuous decline in number of students coming from low income countries. The factors responsible for this decline are: (a) A lackadasical approach of Indian universities and a singular lack of effort to sell their programs; (b) Increase in fee for foreign students; (c) Poor co-ordination between universities and Indian missions abroad and failure to attract more foreign students to the country; and (d) Arrival of international players, especially USA, Australia, Europe with its aggressive marketing strategies and to some extent, New Zealand, in countries like Bangladesh (Ahmad & Rizvi, 2007).

The year 1993-94 registered maximum number of students from these countries with 8342. From the table it is clear that in the early stage of globalisation, Kenya and Sudan sends maximum number of students accounting 3980 and 1657 in 1992-93 which declined significantly in 2008-09 to 371 and 347 respectively. Further the table reveal that, in the initial era of globalization i.e., from 1990-91 to 1993-94, number of students from Bangladesh has increased from 399 to 736, and then a sudden drop in the year 1994-95 was noticed (129). In the year 1995-96, again students from Bangladesh have increased to a level of 1244, which was highest of all the years and again it declined in subsequent years. However, in some year i.e. in 1997-98 and 2004-05 some increase in number of students has been noticed. In the year 2004-05, 940 students from Bangladesh were registered in Indian universities and the number has been consistently declining since then. This may be due to the fact that in the recent years, the Government of Bangladesh has given a serious thought to the reform of the education system. Is has adopted several significant measures for improvement of National Education Policy from primary to tertiary level.

The establishment of the Open University, the enactment of Private University Act, the provision for private medical colleges and teacher training colleges are breakthrough in the existing higher education system. One of the major developments in Bangladesh has been the involvement of the private sector in expansion and development of higher education, side by side in public sector. Another probable factor for the decline of students from Bangladesh to India may be due to the increasing trend of FDI in recent years which is considered as a welcome trend.
Table 5.5: International Students from Low Income Group Countries in Indian Universities

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<td>35</td>
<td>65</td>
<td>422</td>
<td>976</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>399</td>
<td>565</td>
<td>736</td>
<td>129</td>
<td>1244</td>
<td>804</td>
<td>461</td>
<td>520</td>
<td>576</td>
<td>545</td>
<td>372</td>
<td>940</td>
<td>331</td>
<td>361</td>
<td>368</td>
<td>179</td>
</tr>
<tr>
<td>Nepal</td>
<td>651</td>
<td>725</td>
<td>909</td>
<td>863</td>
<td>463</td>
<td>563</td>
<td>574</td>
<td>772</td>
<td>821</td>
<td>873</td>
<td>801</td>
<td>1352</td>
<td>1411</td>
<td>1728</td>
<td>1821</td>
<td>1711</td>
</tr>
<tr>
<td>Kenya</td>
<td>3495</td>
<td>3980</td>
<td>4268</td>
<td>2951</td>
<td>2213</td>
<td>1246</td>
<td>992</td>
<td>639</td>
<td>868</td>
<td>968</td>
<td>526</td>
<td>521</td>
<td>418</td>
<td>523</td>
<td>621</td>
<td>592</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>488</td>
<td>674</td>
<td>685</td>
<td>632</td>
<td>302</td>
<td>204</td>
<td>301</td>
<td>403</td>
<td>369</td>
<td>301</td>
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<td>225</td>
<td>226</td>
<td>302</td>
<td>1033</td>
<td>1289</td>
</tr>
<tr>
<td>Sudan</td>
<td>1521</td>
<td>1657</td>
<td>1294</td>
<td>1004</td>
<td>450</td>
<td>378</td>
<td>350</td>
<td>245</td>
<td>299</td>
<td>381</td>
<td>301</td>
<td>186</td>
<td>150</td>
<td>173</td>
<td>242</td>
<td>268</td>
</tr>
<tr>
<td>Uganda</td>
<td>60</td>
<td>57</td>
<td>98</td>
<td>297</td>
<td>275</td>
<td>183</td>
<td>208</td>
<td>196</td>
<td>199</td>
<td>241</td>
<td>128</td>
<td>93</td>
<td>70</td>
<td>65</td>
<td>62</td>
<td>58</td>
</tr>
<tr>
<td>Vietnam</td>
<td>46</td>
<td>32</td>
<td>27</td>
<td>33</td>
<td>26</td>
<td>56</td>
<td>90</td>
<td>88</td>
<td>86</td>
<td>82</td>
<td>84</td>
<td>142</td>
<td>210</td>
<td>254</td>
<td>313</td>
<td>229</td>
</tr>
<tr>
<td>Tanzania</td>
<td>67</td>
<td>50</td>
<td>82</td>
<td>328</td>
<td>191</td>
<td>99</td>
<td>49</td>
<td>38</td>
<td>65</td>
<td>71</td>
<td>78</td>
<td>68</td>
<td>123</td>
<td>222</td>
<td>303</td>
<td>366</td>
</tr>
<tr>
<td>Somalia</td>
<td>163</td>
<td>148</td>
<td>132</td>
<td>94</td>
<td>40</td>
<td>56</td>
<td>48</td>
<td>32</td>
<td>88</td>
<td>95</td>
<td>139</td>
<td>146</td>
<td>62</td>
<td>76</td>
<td>63</td>
<td>86</td>
</tr>
<tr>
<td>Total</td>
<td>7003</td>
<td>8013</td>
<td>8342</td>
<td>6431</td>
<td>5554</td>
<td>3341</td>
<td>3489</td>
<td>2735</td>
<td>3312</td>
<td>3571</td>
<td>2956</td>
<td>2578</td>
<td>3586</td>
<td>3422</td>
<td>5148</td>
<td>6053</td>
</tr>
<tr>
<td>Total No of Foreign Students in the year</td>
<td>12899</td>
<td>12765</td>
<td>13707</td>
<td>11888</td>
<td>10087</td>
<td>5841</td>
<td>6701</td>
<td>5323</td>
<td>6988</td>
<td>7791</td>
<td>8145</td>
<td>7756</td>
<td>13267</td>
<td>14456</td>
<td>18391</td>
<td>21206</td>
</tr>
</tbody>
</table>

| % Share of top ten countries in total no. of foreign students | 54 | 63 | 61 | 54 | 55 | 57 | 52 | 51 | 47 | 46 | 36 | 33 | 27 | 24 | 28 | 29 | 29 |

| Max       | 3495 | 3980 | 4268 | 2951 | 2213 | 1246 | 992 | 639 | 868 | 968 | 873 | 801 | 1352 | 1411 | 1728 | 1821 | 1937 |
| Max       | 46   | 32   | 27   | 33   | 26   | 56   | 48  | 32  | 46  | 35  | 33  | 24  | 35  | 65  | 62  | 58  | 48  |

**Note:** (i) Data for 1991-92 and 2003-04 are not available.

From the study it is revealed that a large chunk of students from Bangladesh prefer New Zealand as their desired destination for higher education followed by Singapore and Malaysia (Shah et al., 2011). In 1990-91, students from Low income group countries were 7003 which increased to 8342 in 1993-94 and after that there was a continuous decline in number of students with lots of fluctuations. From 2006-07 an increasing trend was noticed up to 2008-09. But students from these countries never come at the level of 1993-94.

An Analysis of these three tables highlights the following points:

1. During the last two decades (i.e., 1991-2009), an analysis of country-wise participation revealed that ten countries are contributing more than half (i.e., 56 per cent) of the foreign students studying in Indian universities. These countries are Kenya, Nepal, Iran, Ethiopia, UAE, Sudan, Bangladesh, Sri Lanka, USA, and Jordan. Out of these top ten countries, five belongs to Low income countries, three belongs to Lower middle income countries and the remaining two belongs to High income countries. This shows that maximum number of students came from Low income countries which indicate that there is lack of adequate and standard educational facilities in their countries. Thus, efforts must be made to attract students from other parts of the world.

2. Kenya has been the top most feeders of foreign students to Indian universities. In the initial years of globalization it is sending large number of students to India, i.e., from 3495 in 1990-91 to 4268 in 1993-94, but after that there has been a continuous declining trend up to 2002-03. Then, the number shows increase from 418 in 2004-05 to 621 in 2007-08 and again it decline to 592 in 2008-09. This data analysis shows that, students from Kenya are not coming at that rate which has attained in the initial years of globalization. Nepal is the second highest feeder and its students number is also increasing from 651 in 1990-91 to 909 in 1993-94 and thereafter there was some what a fluctuating trend up to 2002-03 then it is increasing constantly only with a sudden drop in the year 2008-09.

3. The foregoing analysis shows that majority of foreign students who came to India are from countries falling in Asian and African countries. However, it can
be stated that the Gulf nations among high income nations are also the major contributor of student mobility in India.

4. The analysis reveals that, in the era of globalization, there are some countries like Bangladesh, Jordan, Kenya, UK, and Sudan are reducing their number of students in India, either they are seeing more educational opportunities in other countries.

5. The analysis further found that, in 1990-91 students from high income countries were 767 which increased by 6 times to a level of 4847 in 2008-09. Students from Lower middle income countries increased by only 2 times from a level of 2991 to 6483 during the above said period. Students from Low income countries has not attained the position what it has achieved in the early years of globalization i.e., 1993-94. In this year, there were 8342 foreign students which declined to 6419 in 2008-09. This shows that students from high income group countries are increasing at a faster rate. But the strength of the students from High income countries is still less than the strengths of students from Low income countries.

This shows that, India currently hosts a small number of international students; the country has the potential to host many more. It will have to make an all out and sincere effort to attract foreign students, for which an appropriate and clear cut policy is needed and also serious and wholehearted initiatives in the desired directions.

5.5.7 University/Institution-wise Analysis of Foreign Students in Indian Universities

University/Institution wise participation of foreign students is not uniform in terms of institutions being attended by them. Table 5.6 reveals number of international students in top ten Indian Universities from 2004-05 to 2008-09. During this period, universities which registered maximum numbers of international students were University of Pune followed by University of Mysore, University of Delhi and Manipal University. In case of University of Pune, there is a consistent increase of foreign students from 2004-05 and 2007-08 only with a drop in the number of students in 2008-09. This shows that University of Pune has been able to attract foreign students in a big way. The top ten universities account 16912 foreign students in 2008-09. For instance, the University of Pune reported around 3507 foreign
students on their campus, and the University of Mysore has 1479 students in 2008-09. At the very top is (IGNOU), Indira Gandhi National Open University (5861) students in its programs in 2008-09. In 2004-05 it had only 963 foreign students but afterwards it gained momentum. The number of international student in IGNOU has increased steeply during the last couple of years specially after designing special information booklets for students and by adopting a single window approaches. The data of other universities show a varying number particularly in case of Symbiosis international University, Pune. In this university, the number of students in the year 2004-05 and 2005-06 does not include the foreign students studying through Distance Education Mode. But during 2006-07 to 2008-09, foreign students studying through Distance Mode is included (Shah et al, 2011).

So far as total number of the foreign students during the past five year is concerned, there is a clear increase in the number of foreign students. It may be due to the fact that Indian universities are gradually preparing themselves to attract foreign students. It is intriguing to note that many large, well-established universities like the University of Mumbai, Calcutta University, and the University of Madras do not figure in the top ten universities. Many universities do not have clear policies for attracting foreign students, although UGC has launched a scheme to promote this and universities are encouraged to participate in it. However, there are some universities in which more than 100 foreign students are coming to India in 2008-09 and these are Aligarh Muslim University (AMU), Aligarh (301), Jamia Millia Islamia, New Delhi (218) and University of Madras, Chennai (404) etc.(AIU, 2011).

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5 The scheme called Promotion of Indian Higher Education Abroad (PIHEAD) aims at marketing Indian higher education abroad, by offering formal degree programmes and short-term non-degree programmes specially designed for foreign students, as well as establishing campuses abroad. PIHEAD focuses on Middle Eastern, African, ASEAN, and CIS countries. According to the scheme, institutions will be free to fix their fee levels, which will be internationally competitive, and to use the revenues for the development of infrastructure for international students. The scheme is being executed by UGC in cooperation with Educational Consultants India Limited (Ed.CIL), FICCI, the Federation of Indian Export Organisations (FIEO), the Indian Council of Cultural Relations (ICCR), and the Association of Indian Universities (AIU). See www.ugc.ac.in/new_initiatives/promohe.html
### Table 5.6: International Students in Top Ten Indian Universities from (2004-05 to 2008-09)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Pune, Pune</td>
<td>2144</td>
<td>2455</td>
<td>3554</td>
<td>3807</td>
<td>3507</td>
</tr>
<tr>
<td>University of Mysore, Mysore</td>
<td>333</td>
<td>389</td>
<td>830</td>
<td>1312</td>
<td>1479</td>
</tr>
<tr>
<td>University of Delhi, Delhi</td>
<td>1003</td>
<td>1005</td>
<td>1417</td>
<td>1131</td>
<td>1224</td>
</tr>
<tr>
<td>Manipal University, Manipal</td>
<td>1130</td>
<td>1417</td>
<td>1325</td>
<td>1226</td>
<td>1224</td>
</tr>
<tr>
<td>Osmania University, Hyderabad</td>
<td>279</td>
<td>314</td>
<td>491</td>
<td>682</td>
<td>1167</td>
</tr>
<tr>
<td>Symbiosis International University, Pune (Enrolment under distance mode) of</td>
<td>1648</td>
<td>1610</td>
<td>2323</td>
<td>2178</td>
<td>1107</td>
</tr>
<tr>
<td>VIIT University, Vallore</td>
<td>NA</td>
<td>76</td>
<td>43</td>
<td>20</td>
<td>454</td>
</tr>
<tr>
<td>Banaras Hindu University, Varanasi</td>
<td>NA</td>
<td>214</td>
<td>130</td>
<td>298</td>
<td>450</td>
</tr>
<tr>
<td>Alagappa University, Karaikudi</td>
<td>NA</td>
<td>1</td>
<td>12</td>
<td>568</td>
<td>439</td>
</tr>
<tr>
<td>Indira Gandhi National Open University, Delhi (Enrolment under distance mode)</td>
<td>963</td>
<td>3000</td>
<td>3925</td>
<td>4468</td>
<td>5861</td>
</tr>
<tr>
<td>Total</td>
<td>7500</td>
<td>10531</td>
<td>14050</td>
<td>15690</td>
<td>16912</td>
</tr>
</tbody>
</table>

Note: NA- not available.


### 5.5.8 Factors Influencing International Student Flow in India

A study was conducted by NUEPA on ‘Foreign Students in India’ in order to explore the experiences of foreign students regarding the education programs and facilities in Indian higher education institution. The results obtained from this study revealed that, there are number of reasons why international students prefer India. These are as follows: - they see India as a destination for study abroad because of its traditional and cultural heritage, lifestyle, safety, arts and cultural offer, low cost of living, social sciences and currently the market oriented courses of medical and engineering

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1. Quality of Higher Education: one of the important motivations for students seeking education abroad is the perceived high quality of education provided by these universities. More than $\frac{3}{4}$ proportion of the sample students reported that they mainly look for better quality of education in order to enhance their employability prospects in their home country. Another major criterion for them was the recognition of academic degrees in the home labour market and at the international level.

2. $\frac{1}{4}$ of the sample students reported that the quality of teaching and learning methods and the duration of study programmes are also important for deciding their destination for study in India.

3. $\frac{1}{3}$ of students reported limited access to high quality education in their home country or a lack of opportunities to specialise in their subject area.

4. Cost of education: is also an important factor for influencing students to study in India. The cost of higher education—fee levels and living expenses is comparatively lower in India as compared to other developed countries.

5. Differences were found in country-wise preferences for studying in this country. Middle East and African countries are mostly self-sponsored and have come for personal development and personal interest. While students from Sri Lanka reported that they have joined Indian universities because English is the language of teaching and also because the time taken to complete particular course is less than in their own country.

6. Another factor which influences students for choosing India as destination was to gain social and cultural experiences, as $\frac{3}{4}$ of sample students came to study in India as part of Study Exchange Programs.

7. Choice of Educational Programmes: $\frac{1}{4}$ of the sample revealed that they came for short term courses (varying between 5 to 12 months) and had come through “student exchange programme” or for completing a mandatory term in the educational program etc. While those from the neighbouring countries like Nepal, Bhutan, Bangladesh, Sri Lanka, Pakistan and others have enrolled for full time undergraduate/post-graduate degree courses including research in various subjects ranging from English, B.Com, Fine Arts, Political Science
etc. Students from Taiwan, Thailand and Vietnam mostly opted for Buddhist studies. However, these differences in the student choices reflect the various needs in terms of the educational programs offered.

Thus, these are the factors which motivate international students to study in India. In choosing foreign destination, students opting for international education have three important considerations- cost, proximity, and overlap with their cultural values. In this context India offers a friendly environment, cultural diversity and good value for money to students from SAARC, Middle East and South East Asia. Considering these advantages, India has the potential to become one of the world’s major higher education destinations.

5.5.9 Trends in Outward Mobility

Educational exchanges in contemporary India started in 1950, soon after the country gained independence. Large numbers of Indian students and scholars went to the US, UK, and Germany (Klineberg, 1976). In addition, an educational exchange link was soon established between India and the USSR, which was solely driven by the political rationale (Shivkumar, 2001). The overwhelming desire on the part of Indian students, with their parents encouraging them, to acquire a foreign degree led to large numbers of Indian students going abroad, as well as making India a big market for foreign providers. Table 5.7, shows the growth in the numbers of Indian students studying abroad from 1990 onwards. The number of Indians who leave the country to study abroad has increased over the years.

The total number of Indian students who went abroad for higher studies was 3,190 in 1955 and remained almost constant throughout the 1960s, at a level between 10,000 and 13,000, but took off in the 1990s and reached to 42,270 in 1995, 139,356 in 2005 and 200,432 in 2011. It should be noted that the period in which the number of Indian students abroad took off coincides with the opening up of the Indian economy in 1991 (Gürüz, 2008). Thus, the above data shows that the liberalization of the Indian economy, a process that began in 1991, is certainly a major factor behind the large and growing numbers of Indian students seeking or studying abroad. Prior to the 1990s, only few rich and intellectual elite families afforded to send their children to universities outside of India, but with the dramatic rise of a new Indian middle class (and increased wealth of the Indian upper class), the number of students able to
pursue foreign education has skyrocketed. For e.g. the number of Indian students studying in the US grew by more than 56 per cent from 1990 to 2003 (Arnold, 2001). This shows that, globalization is the most visible aspect of student mobility. With globalization there has been a steady increase in the student mobility across the world.

Table 5.7: Indian Students Studying Overseas

<table>
<thead>
<tr>
<th>Year</th>
<th>No of Indian Students Abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>24,850</td>
</tr>
<tr>
<td>1995</td>
<td>42,270</td>
</tr>
<tr>
<td>2000</td>
<td>55,929</td>
</tr>
<tr>
<td>2001</td>
<td>66,587</td>
</tr>
<tr>
<td>2002</td>
<td>87,978</td>
</tr>
<tr>
<td>2003</td>
<td>112,228</td>
</tr>
<tr>
<td>2004</td>
<td>123,559</td>
</tr>
<tr>
<td>2005</td>
<td>139,356</td>
</tr>
<tr>
<td>2006</td>
<td>139,459</td>
</tr>
<tr>
<td>2007</td>
<td>153,312</td>
</tr>
<tr>
<td>2008</td>
<td>170,256</td>
</tr>
<tr>
<td>2009</td>
<td>195,107</td>
</tr>
<tr>
<td>2010</td>
<td>200,621</td>
</tr>
<tr>
<td>2011</td>
<td>200,432</td>
</tr>
</tbody>
</table>

Source: UIS, UNESCO-Global Education Digest (GED), Various Issues.

In just over 22 years there has been an 8-fold increase in the number of Indian students abroad, from 24,850 in 1990 to 200,432 in 2011. Currently, Indian constitutes 7.5 per cent of the world’s mobile students, the second largest group of students from a single country (after China), (Agarwal, 2010).

In 2010, India sent 103,968 students to the US against only to 20,429 to Australia, 38,205 to UK followed by New Zealand 6650 and Canada 4617 (GED, 2012). The three main destinations countries USA, UK and Australia experienced a spectacular growth in Indian students, hosting almost 85 per cent of all Indian students abroad. Indian students make up the largest group of overseas students in the U.S., which is the top destination country for Indian students. They also form the second-largest group of overseas students in the UK and Australia. Foreign degrees are a huge lure for many in India, as in many other developing countries. More than 70 per cent of the students go from India to countries like the USA for masters and doctoral degree programmes. Only small proportions go for undergraduate studies.
Similarly a large proportion of students choose management and engineering courses of study; very few opt for humanities and social sciences. For example, out of 1,757 students who went to France in 2008, 60 per cent took management courses and 30 per cent engineering courses (Tilak, 2011). Most of the students go abroad under the scholarships offered by foreign governments under cultural exchange programme and teaching & research assistantships and some go at their own cost (Sreekandhay, 2003).

The above study shows that, education services are traded primarily through student mobility across borders (consumption abroad). The biggest traders in education are reported to be the USA, UK, Australia, New Zealand and Canada, none of which expect outsiders to make incursions into their turf. Compared with 625,000 foreign students studying in the USA, hardly 50,000 US students went abroad in 2008; the respective figures are 342,000 and 22,000 for the UK, 231,000 and 10,000 for Australia and 32,000 and 4,000 for New Zealand (UIS, 2010). The present experience shows that the advanced countries are the main beneficiaries of globalization of higher education. It is obvious that these countries will be able to exploit their advanced infrastructure and qualified teaching staff, research infrastructure, libraries etc. to export educational services to the poor countries, and will emerge as the net winners in the whole game (Tilak, 2011). The US is the greatest beneficiary of this phenomenon where education is ranked fifth amongst the services exported.

The total value of education exports of the five largest exporting countries (USA, UK, Australia, Canada, and New Zealand), on which data are available, to mostly developing countries was estimated to be above US$28.3 billion in 2005, with the USA accounting for 50 per cent, followed the UK (21 per cent), and Australia (nearly 20 per cent) (Bashir, 2007). The USA is the leading exporter of education services and commands approximately 1/3rd of the total world market for higher education services. It is important to note that the export value of educational services in a country’s balance of payments is not confined to tuition fees, but rather

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7 Many of these are English-speaking countries, whose higher education systems are generally believed to be good and which use English as the medium of instruction.

8 The 10 leading exporters of higher education services (consumption abroad) are the USA, France, Germany UK, Russian Federation, Japan, Australia, Canada, Belgium and Switzerland.
extends to all the living, travel, and other expenses in the host country. This is true even when international students are subsidized (Tilak, 2011).

The analysis of the facts discloses following points:

- USA\(^9\) has one of the best policies for internationalization of higher education and that is reflected in commercial gains as well. The attractive features of this country, making it best choice for student destination are English speaking country, financial assistances in higher education, job opportunities after courses, and very high standards of teaching and research in the universities.

- UK has its internationalization of higher education policy supporting almost 100 per cent free trade in education service. The country does not impose any major restrictions on the institutes, rather promotes the trade. This policy lets the doors open for institutes to have own strategies to attract overseas students. Further, the British Education Council nicely represents UK universities in various countries and facilities the students seeking admission.

- The drawbacks in UK higher education environment are: very high level of fee for overseas students, almost no jobs after completion of a course and a low level of social acceptance. As compared to the USA, in UK grants and scholarships are very few. If these drawbacks are reduced, its market can still go up.

- Australia\(^{10}\) is an emerging winner in attracting a large international student community. The main reasons are: good quality of education, English speaking country, and government’s decision of allowing free trade in education. The free trade policy had a very good impact and the institutes could quickly encash upon the good quality of education and research. Added to it is good visa support and information regarding institutes available in the embassies, make it a trouble-free destination.

Thus, the above analysis shows that trade in higher education services has emerged over the last few years as a major economic sector worth several billion dollars for exporting countries such as the US, UK and Australia. In recent years,

\(^9\) In the USA, the higher education exports had reached US$17.8 billion in 2008 (Varghese, 2010).

\(^{10}\) International education is the third largest export for Australia, contributing US$ 12 billion to the Australian economy in 2008 (Adam et al, 2011).
Asian neighbours including China, Singapore, and Malaysia have began to attract significant numbers of Indian students. These three countries host more than 6 per cent of Indian students abroad. If the significant numbers of students studying in the UAE, Qatar, and Nepal (where an Indian private institution has set up a campus) are included, it would go up even higher. Indian students are now going to all the worlds’ important destination countries in increasing numbers, with the most significant growth occurring in New Zealand, Sweden, Cyprus and Ireland. Two important traditional destinations, Canada and Germany, also continue to attract a large number of Indian students. All countries that plan to enter the increasingly competitive international student market see India as an extremely lucrative market and have began to make inroads (Agarwal, 2010). While most of the students go to the universities in the West, Indians now find universities in Singapore and Malaysia equally good, less expensive and closer home. As a result, the number of Indian students in these countries has increased fast over the past couple of years (Agarwal, 2009).

Thus, it is clear from the above study, that colonial ties no longer play a role in Indian student’s choice of a country by destination. Rather it is the quest for a better education and more recently, employability in the global labour market, and the desire to establish strategic personal links and networking, that are now the main drivers of the international mobility of Indian students. Assuming an average expenditure on fees and maintenance as US$ 25,000 per year, the outflow per year will be about US $7.5 billion. Many policy makers and educationists believe that if foreign investment in higher education is permitted it will help to save this amount of outflow of funds, besides providing foreign education at lower cost than studying abroad. It is argued that the establishment of foreign campuses in Indian soil would, substantially decrease the outflow of foreign exchange in India (Anandakrishnan, 2010).

The (NKC) National Knowledge Commission (2007, 2008) pleads for allowing foreign institutions to come to India and provide incentives to good institutions and disincentives to substandard institutions, as this will reduce the outflow of Indian students to study abroad, resulting in substantial savings in foreign exchange. The NKC also recommends that Indian institutions be encouraged to create campuses abroad and has advocated special efforts to attract foreign students to India.
It argues that India should increase number of foreign students in Indian universities to at least 50,000 because if every one of them were charged US$10,000 per annum, this would bring in the substantial amount of US$0.5 billion. Apart from savings to the public exchequer, NKC argues that all this would improve competition, provide more choices to students, and contribute towards reaching higher levels of academic excellence.

Some initiatives are already being taken to attract more and more foreign students, such as easing of entry/visa regulations for foreign students, Indian missions abroad providing personalized counselling services to students seeking to come to India for studies, empanelling of a cadre of registered trained agents for foreign students, and building of international student centres in universities that will work as nodal points to assist foreign students in each university. The government’s intention is to make India a global knowledge hub (‘Easier visas’, 2009. See also Planning Commission, 2011).

5.6 Mode 3: Commercial Presence

Commercial presence like consumption abroad maintains physical proximity between the services providers and its consumers. Trade under this mode includes local branches of foreign institutions as well as joint ventures set up by one country in another member country. In India, foreign participation is permitted through twinning, collaboration, franchising and subsidiaries (Raychaudhuri & De, 2008). In twinning arrangements, two institutions together provide a service. Here one of the actors is from abroad. The partner from abroad validates the instructional methods and examination standards of the domestic institutes. The certificates are issued by the foreign partners e.g., the Art and Design Courses by London Institute UK has twinning arrangement with Colej Bandar Utama in Malaysia (WTO, 2000d).

Twinning and franchising arrangements go hand in hand with the emergence of the private sector in higher education (Varghese, 2006). For example, Universities from Australia have entered into an arrangement with countries in Asia and Africa to encourage students from these countries to pursue their education in an Australian institution after having completed the first part of their graduate’s studies in their own

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11 Some might argue that if US$10,000 were charged per student per year, very few students would come to India, as it might be much cheaper to study in advanced countries.

12 UGC provides assistance to universities for constructing residential facilities for foreign students.
country. The collaboration between Cambridge University in the UK and Massachusetts Institute of Technology (MIT) in the USA is a good example of a joint venture of equals. The Columbia Business in New York and the London Business School has taken the initiative to align with HEC\textsuperscript{13}, Paris and LSE (London School of Economics), London to launch the Trium Executive MBA Programme. The University of Chicago has campuses in Barcelona and Singapore (Varghese, 2008). An important mechanism which helps in improving the quality of education is through collaboration at the inter-institutional level. This normally results in the grant of dual degrees or joint degrees. This is a form of commercial presence that needs to be encouraged (Powar, 2004). However, these arrangements shows that there is a change in mode of supply from consumption abroad to commercial presence, hence leading to reduced movements of natural persons for acquiring knowledge and skills.

According to the (OECD) Organization for Economic Cooperation and Development (2004), liberalization of mode 3 (commercial presence) may reduce the number of students going abroad. Though the best universities are considered to be the ones in OECD countries, now India and other countries in South-East Asia have also been attracting overseas students over the last decade. Countries such as India spend around US$4 billion in foreign exchange on Indian students studying abroad or importing education. It is argued that the country could save this amount of foreign exchange, if the students had stayed within India and received foreign education (Tilak, 2007a). Thus, such thinking promotes institutional mobility more than student mobility (Varghese, 2009).

Establishing Campuses Abroad and Partnership in Higher Education are now becoming an important means of globalization of education. Many Indian Universities have entered into (MOUs) with universities of other countries particularly for research programmes. This is now accepted as an important means of promoting excellence in teaching & research (Sreekandhay, 2003). The recent development in the field of higher education in India could be termed as encouraging, since a number of developed countries particularly that of Western European nations have shown their interest to have greater educational linkages with India. A number of Memorandum of Understanding (MoU’s) with our higher educational authority i.e. Ministry of Human

\textsuperscript{13} HEC (Hautes études Commerciales de Paris) is one of the foremost business schools in France & Europe.
Resource Development (MHRD), University Grants Commission (UGC) on one hand and growing linkage of our higher education institutions with that of foreign institutions on the other may be sighted as most fitting example. UGC and the Deutsche Forschungsgemeinschaft (German Research Foundation), herewith conclude a MoU on scientific cooperation with a common aim of strengthening cooperation between the researchers of universities in both countries in all fields of sciences, humanities and social sciences. Bilateral cooperation in the field of education and research has been institutionalized through a (MoU) on an Indo-French Educational Exchange Programme (IFEEP) signed in 2007 which is monitored through a Joint Working Group (JWG) between the Ministry of Human Resource Development in India and the French Ministry of Foreign Affairs (Rahman et al., 2012).

Indian higher educational institutions may offer programme or a qualification degree abroad and may allow outside educational institutions to offer educational programmes and qualifications. Indian institutions established abroad could generate foreign exchange; earn prestige for Indian educational capabilities; and help Indian faculty develop broader academic perspectives. Foreign institutions established in India; introduce new teaching and learning methods; attract foreign investments. At the same time they can also create duality of quality and standards, so access commitment for mode 3 should be governed by regulatory procedures for registrations, approval, recognition, accreditation, legal status and liabilities (Anandakrishnan, 2004).

India has some competitive advantage in certain fields of education such as Yoga, Ayurveda and Sanskrit. Besides it has also the potential to develop many areas such as engineering, management, medical institutions or their branch campuses abroad. While before providing any commitment of trade through this mode, we must assess our strengths and weaknesses in different disciplines. We must open up those sectors in which we have comparative advantage, so that we can reap more benefits. There must be restriction on the sectors which are weak but quality institutions by foreign educational institutions must be encouraged in these areas. One limitation that countries like India should impose is that only public education providers should be permitted through this mode. Of course developed countries want this mode so as to
exploit the market of developing economies and therefore prefer to have minimum limitations or restrictions to be imposed by developing countries. For example, MIT in US is in the process of establishing a locally financed subsidiary of its faculty of engineering in Malaysia (Bhushan, 2004).

However, there is a scope for developing high-value niche market for some of the programmes that India may offer. Marketing of programmes on education in Arts and Culture, Sanskrit and other languages and literature, and traditional medicinal sciences like Ayurved could be effectively done by upgrading the campus facilities for some of the specialized institutions in India. A glaring example of this is the programme offered in Ayurved by the Department of Ayurved at University of Pune. It has twinning agreements with universities in Italy, Germany and many other countries to send their students here for part of the study (Deodhar, 2001). While institutions like the Indian Institutes of Management are not clearly allowed by the government to go abroad, quite a few private and public institutions are already trading education under Mode 3 of the GATS. For example, the Birla Institute of Technology and Sciences, Pilani and Birla Institute of Technology in Ranchi have already established their campuses in Dubai and Oman respectively. The Manipal Academy of Higher Education has already set up offshore campuses in Nepal and Malaysia, and Delhi Public School Society in as many as 13 countries (UNTACD Team, 2005). Mumbai’s S.P Jain Management School has set-up branches in Dubai and Singapore to offer MBA courses. Some public institutions like University of Delhi, IGNOU, Shreemati Nathibhai Damodar Thackersey (SNDT) Women’s University, Mumbai, Mysore University, Mysore and Madras University, Chennai are making their presence felt abroad (Raychaudhuri & De, 2008). There are good prospects of popularizing Indian education abroad by enlarging the participation of Indian universities through pro-active policy measures. Thus, all these show that India has great potential in its export of education services. It is also an encouraging aspect from the Indian viewpoint is that the deemed universities are now permitted to open institutions/ campuses abroad.

At present, many countries including US are only looking inwards as far as secondary education is concerned. Indian proposal should include scope for commercial presence of institutions in the secondary education. Central Board for
Secondary Education (CBSE) has opened several secondary schools in the Gulf and other Central and West Asian countries. Till 2005, there were more than 100 (Indian) CBSE schools in overseas. With ever increasing Indian Diaspora spreading rapidly all over the world, there would be a great demand for CBSE-like schools in UK, USA, Fiji and many parts of the world. As far as establishing institutions of higher education abroad is concerned, India’s competitiveness is very much in doubt as she need to address the core issues of capital expenditure requirements. In fact, domestic higher education problems are addressed first to stay import-competitive. However, one exception must be brought to our notice. Central Institute for English and Foreign Languages, Hyderabad has successfully started an English Language Teaching (ELT) programmes in Kyrgyzstan. The institute won the contract in succession although there was strong competition from other countries (Kolhatkar, 1999). India must capitalize on such experiences and duplicate the efforts elsewhere.

With the advent of globalization, foreign providers started entering higher education market in India offering degree programmes mainly in the professionals. The first entrants included an unaccredited ‘university’ from the US, further education institutions from the UK and a university of poor academic standing also from the UK (Powar, 2004). Realising the danger posed by such foreign providers to the Indian higher education system the UGC and the AIU, in the mid-nineties, prepared draft regulations for controlling the operation of foreign providers. Though accepted in principle by the Dept of Education, MHRD, no concrete-follow up action was taken. Hence acting on its own, AIU formulated and issued guidelines regarding the grant of equivalence to degrees offered in India by foreign Universities (AIU, 1999). In April 2003, the All India Council for Technical Education (AICTE) issued Regulations relating to entry and operations of foreign universities/ institutions imparting technical education in India (AICTE, 2003). These Regulations were modified and reissued in May 2005. Subsequently, the Government of India introduced in 2007, ‘The Foreign Educational Institutions (Regulation of Entry and Operation, Maintenance of Quality and Prevention of Commercialisation) Bill, 2007 (Government of India, 2007), which could, however, not be enacted and a modified version, ‘The Foreign Educational Institutions (Regulation of Entry and Operation) Bill, 2010 was introduced. Presently this bill is being discussed in parliament, and in various fora throughout the country (Powar, 2010).
The 1990’s saw the emergence of foreign universities in collaboration with private institutions in India. In the absence of any centralized policy or regulatory regime in the country, there is no reliable statistics about the number and mode of operation of such foreign education providers in the country. A research study conducted by National University of Educational Planning and Administration (NUEPA) (formerly known as the National Institute of Educational Planning and Administration) on ‘Foreign Education Providers in India’ (2005) brings out some of the salient features of their operation. According to the study, there were 131 Indian institutions collaborating with foreign institutions. Information also shows only few countries are actively involved in collaborating with private institutions in India. Only USA and UK have shown their interests in making collaboration with Indian Partners, 59 institutions partnered with UK universities and 66 institutions partnered with US universities, mostly second-or third-tier institutions in their academic standing. No top-notch foreign universities have been attracted to India (see Paul, 2009). However, there are other potential countries such as Australia, New Zealand and Canada who are constantly watching the developments and the governments stand on any regulation regarding foreign education providers.

In this report, majority of the Foreign Education Providers provide professional/ vocational courses. Out of the total sample of 131 institutions in India, 107 were providing for vocational courses, 19 for technical course and only 5 for general education. The data shows that in the category of vocational courses—management courses were the most popular. Business Management and Hotel Management constitute approximately 80 per cent of the total number of courses. The geographical distribution of these programmes was uneven: Maharashtra had the most programmes in hotel management, for instance, Delhi had the most in business management.

14 Such universities include Maris University, Maharishi Institute, Marshall University, Andrews University, and Montclair State University in the USA; Heriot-Watt University, Dudley College, Wigan & Leigh, and Northumbria University in the UK; and Waltham Forest College, Western International University, Grambling State University, Clark University, Liverpool John Moores University, Coventry University, De Montfort University, Oberlin College, Mount Holyoke College. Few details are available on these and many other foreign providers in India. See also Powar and Bhalla (2006).
Further, AIU conducted a project report on ‘Foreign Education Providers in India’ for the period of January to June 2010 and found that about 635 foreign institution/universities have advertised, directly or indirectly, during the six month period which involves in providing higher education in India. This includes a total number of 440 foreign education institutions from more than 30 countries, mostly from developed countries, have advertised (Advertisements published in 16 main news papers) for recruiting students from India in a wide range of courses. However, five countries namely, UK, USA, Canada, Australia and New Zealand, still dominates as far as number of FEPs are concerned. Together, they constitute more than eighty per cent of the institutions. In this report, it has been also found that, more and more new players (FEPs) have been emerging. Even institutions from smaller countries particularly, that of Western Europe have been advertising vigorously to attract the students for their home campuses. The number of advertisement from the institutions of Asian countries like China, Japan, Singapore, Malaysia, Oman and UAE also make their presence felt. The data also reveal that most of the institutions advertising to enrol the Indian students at their home campuses are second grade institutions. No big names were appeared that advertised to enrol the students (Rahman et al., 2012).

Table 5.8 given below, shows the different types of Foreign Education Providers operating in India.

The number of foreign institutions offering degree under the twinning programmes as the data indicates was 54 in June 2010. Moreover, the number of foreign institutions having programmatic collaboration with the Indian Institutions was 60. The study on the nature of FEPs under the twinning and programmatic collaboration reveals that the situation of Indian institutions having twinning arrangement with FEPs is a little bit better than the institutions having programmatic collaboration. However, the largest number of programmes is offered under twinning arrangements, one of the preferred methods for foreign institutions to attract international students to the home country. Twinning is a relatively cheap option, as a part of the programme is undertaken in the host country and it does not require huge additional investments by the foreign providers or by the Indian partner.
### Table 5.8: Classification of Foreign Education Providers (FEPs) in India January 1 – June 30, 2010.

<table>
<thead>
<tr>
<th>SN.</th>
<th>Types of FEPs</th>
<th>Total Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FEPs Operating in their respective Home Institution</td>
<td>440 (69.30%)</td>
</tr>
</tbody>
</table>
| 2   | FEPs Operating in India  
     - Own Institutions  
     - Programmatic Collaboration | 04 (0.63%)  
     60 (9.50%) |
| 3   | FEPs under Twinning Programme | 54 (8.50%) |
| 4   | FEPs under other than Twinning/Programmatic Collaboration | 77 (12.20%) |
|     | **Total**     | **635**      |

**Source:** Association of Indian Universities (AIU) database-January - June 30, 2010.

The least important mode chosen so far is setting up of campuses in India by foreign universities, which involves an inflow of FDI in education to India and the establishment of institutions. This mode is preferred by the government as it reduces the outflow of students for study abroad and the corresponding outflow of money to other countries in the shape of fees and related expenditure, apart from the inherent attractiveness of FDI in the form of foreign capital. One hundred per cent FDI in higher education in India is now allowed by law under the ‘automatic route’. But this is the least preferred mode, as opening a branch campus requires huge investments in infrastructure. None of the 131 foreign education providers have set any campuses of their own in the country, although some have entered through joint ventures. While some foreign universities have evinced interest in setting up campuses in India, so far there is no case of this kind. In the case of quite a few, it is not clear whether they...

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15 There has been only one instance of a foreign investor coming to India, which was a disastrous experience. The investor was a US-based private commercial institution, Sylvan Institute, which came to offer higher education programmes in Hyderabad. The Institute had an office in Malaysia, and it offered this programme from there. Sylvan got 125 acres of land at a subsidized rate from the Andhra Pradesh Industrial Infrastructure Corporation to float the South Asia International Institute in Hyderabad. Despite the support from the government of Andhra Pradesh, it folded up its operations in India within a year, leaving students, faculty, and everybody else in the lurch, citing a hostile regulatory climate. It was a disaster (Blumenstyk, 2004). Two other institutions, which can be described as top-tier, also came in through their commercial wings. One was Carnegie Mellon University in Pittsburg, and the other the Illinois Institute of Technology in Chicago, which offered postgraduate engineering degree programmes. These were also failures, because the fees were very heavy and the programmes were not able to attract enough students. See Anandakrishnan (2006).
are offshore campuses of a foreign institution, franchise institutions, operating under twinning arrangements, or independently operated institutions (Tilak, 2011).

Moreover, it was noticed that more than 50 per cent of Indian institutions under the collaborative and twinning arrangement are having either no affiliation or their course were not approved by the concerned agencies/authorities. Even though, it is mandatory for every Indian institution to have institutions affiliation with their courses. But lack of coordination between affiliating agencies and corporate world results in making such provision un-authoritative (Rahman et al, 2012)). The situation is likely to continue in the coming future till the envisaged FEP bill takes a shape and gets implemented. The Foreign Education Providers (Regulations of Entry and Operation) Bill, 2010 is based on the rationale that there exists a large demand for higher educational institutions in the country and the government does not have adequate resources to meet this growing demand. Therefore, allowing foreign education providers to come and operate in the country will expand the higher education sector and help increase access. The bill also envisages allowing reputed and quality foreign universities and educational institutions which will improve the overall quality of higher education in the country through increased competition. Besides, foreign educational providers have been operating in the country through the foreign direct Investment (100 per cent) route since 2000. However, by bringing legislation, their operations can be regulated and it will set minimum quality standards for entry of any aspiring educational provider to India (Shah, 2010).

**Foreign Educational Institutional Bill:** The Foreign Educational Institutions (Regulating of Entry and Operations) Bill, 2010 aimed at regulating the entry, operations and standards of foreign education providers, providing quality assurance, preventing commercialization, protecting students from fly night operators and promoting educational tourism. The operation and entry bill sought to give permission of foreign universities to establish their campuses in India after fulfilling certain criteria i.e. having 20 years working experience in the country of origin, accredited by the concerned authority in the home country. The intended FEPs must register itself with a designated authority and would be scrutinized by a team of experts here in India. They also need to deposit a sum of money as security and they are not allowed to take away the earned money rather it must be invested in the infrastructural
development of the campus (Rehman et al, 2012). The Bill has a safeguard clause under which the Govt. can reject an application of a university if it feels that the venture will have adverse impact on national security (Shah, 2010).

There are some positive and negative implications of opening mode III is given: Some of the negative implications of opening mode III may be pointed out (1) Commercial presence may entail welfare distortions. Usually foreign institutions tend to give better and more attractive packages to their staff. This allows them to employ the best leaving the others to share the rest. Consequences may be the creation of wage havens employing and retaining a very happy few while at the same time creating conditions for internal brain drain; (2) Foreign Institutions can create duality of quality, standards and access; (3) There may be the rise of inefficient and languishing public sector and a dominant private sector; (Powar, 2002a); and (4) The presence of foreign providers signals to government that they can decrease public funding for higher education, thereby jeopardizing domestic publicly funded institutions (Anandkrishnan, 2004).

On the positive side the following implications of inflow of foreign institutions in India are pointed out: (1) Possibility of stopping outflow of students. (2) Study programmes will be cheaper in relation to foreign degrees earned abroad. (3) Diversification of study programmes. Of course this diversification is a very limited one and (4) Process of integration of an international dimension into the teaching/service/research functions, competitiveness will be promoted and it has implications on the foreign exchange as well (Bhushan, 2004a).

Hence, the point is that the commercial presence per se does not lead to the movement of students for acquiring knowledge and skills. As noted earlier, even though 100 per cent Foreign Direct Investment (FDI) on the automatic route is allowed in higher education in India, trade in mode 3 in India is minuscule (Raychaudhuri & De, 2008) but in the recent past, this mode is becoming important for India because of overseas expansion of no of Indian companies, e.g. IT (Infosys, WIPRO). However, there is no database relating to foreign service providers operating in India. Hence most of the conclusions arrived at here are from analysis of advertisement. Out of four modes of supply, commercial presence has shown rapid increase but it has certain serious dimension.
5.7 Mode 4: Presence of Natural Persons

The fourth mode exclusively deals with the movement of natural persons who are service providers (independent of commercial presence). Trade in educational services under this mode could be teachers or researchers going abroad on a temporary basis as providers of services. For example, the Japanese government has initiated steps to change the faculty composition to attract more foreign students. Between 1983 and 1995, the number of faculty members from foreign countries in Japan has increased from 1,168 to 3,558 (Koshi, 1997), and also the Hyderabad based Indian School of Business (IBS) faculty collaboration with US management schools is a good example of Mode 4. As far as India is concerned the number of teachers and scholars from the developed world to India is not large. This is because western scholars are generally not willing to come to developing countries for extended periods. However, the inflow of teachers for short duration visits needs to be encouraged because it will promote quality teaching through introduction of modern and innovative methods of instruction.

India must put in its proposal to include commitments on movement of teachers and researchers both at secondary and higher education level. Already, about 10,000 secondary school teachers are working outside the country for some time now and increasingly there is growing demand for Indian teachers. The trend will continue given the scarcity of teachers in developed world and the sufficient supply of qualified teachers in India. Nevertheless, there is a need for making projections of export of this educational service. The export of teachers need not be construed to imagine that Indian schools will be deprived of their valuable assets. In fact, a healthy market for teachers will encourage many more to join the profession domestically as well.

Moreover, it must be remembered that many of the Indian (post) graduate students who go abroad for higher studies receive teaching and/or research assistantships and tuition waivers. This is a form of export of educational service in the form of movement of natural persons. The fact that western countries need foreign (post) graduate students to teach independent courses in their universities shows the

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16 ISB, Hyderabad has faculty collaboration with the Kellogg School of Management, Wharton (University of Pennsylvania) and London Business School. See http://www.isb.edu
need for qualified university-level teachers abroad (Deodhar, 2001). On the one hand, it seems very beneficial for individual and country because both get income and remittances respectively. The situation, however, may turn grave when outflows of teachers or exports of educational services continued for long term. This trend may cause shortage of skilled teachers in India which could have detrimental effect.

The perceived barriers in this mode are mainly related to the tight immigration policy traditionally followed by developed countries and the issue of recognition of qualifications of third world professionals. Since developing countries are perceived to have a comparative advantage in this mode, the removal of barriers in labour movement from developing countries is the main thrust in proposals put forth by it (WTO, 2003). The problem of removing barriers in this mode is related to the fact that most of the liberalisation proposal are on the ‘horizontal’ basis. This means that movement of personnel between countries is considered only among the top layer of employees. In the main categories scheduled in the horizontal commitments, intra-corporate transferees and executives, managers and specialists occupy the highest numbers (Raychaudhuri & De, 2008).

India has been one of the most vocal members in trying to push liberalisation, under this mode for all service providers. Even though commitment in higher education under this mode is yet to be negotiated; liberalisation of other services under mode IV will definitely affect the movement of natural persons in higher education. The communication from India (WTO 2000a) states that mode IV is of primary interest to developing countries that have a comparative advantage in human resources. Therefore, India demands liberalisation in Mode IV mainly because of the large possibilities of export of service providers from the information technology, medicine, engineering, finance, education, architecture and construction industries are also the entertainment and hospitality industries. India however, is not alone in demanding liberalisation of Mode IV; there is also a proposal put forth on this by 14 developing countries jointly, including China and Mexico, which reiterates India’s position (WTO 2003). However, there is scope of gains under mode 4 from the standpoint of India that it should pursue in the negotiations under GATS. The following points need to be included in the negotiations.
There should be elaborate classification of workers on the basis of ILO list. It should include workers of professional services, construction and related engineering services, computer services, services relating to agriculture and allied activities, hunting, forestry, health etc. In education services teachers, lab technicians, researchers, professors should be included as natural persons.

Visa rules for the movement of natural persons should be liberal. In fact member countries indicating the purpose and period of stay may issue GATS visa. Besides immigration procedures are simple.

The word temporary should not be rigidly defined in terms of number of months/ years. The period may be as per the need of foreign country.

Quantitative restrictions on work permits should remain as per the clear and stated national interest.

There should also be wage parity in the wages of natural’s persons with those of wages of Foreign Service providers of similar types.

Remittances made by natural persons to their host country should not be put to limitation.

There should also be the provision for multiple entry of natural persons leading to the extension of period of original stay. For e.g., the entry of a teacher for original six months may further be extended if the same person is required to stay as researcher again for six months.

Obstacles to entry in terms of economic needs test or labour market tests need to be rationalized. It should not be prohibitive of the movement of natural persons. (Bhushan, 2004).

5.8 Conclusion

The important point which has been argued here is the critical link between ‘student mobility’ and ‘international trade in educational services’. In the present era of globalization, international trade in educational services has grown substantially over the past few decades. Today education service is truly operating in a global context with institutions, programmes and people supplying services across borders at an unprecedented scale. It is important to note that trade is taking place under all four
modes, though it is not officially under the GATS, as formal commitments are yet to be made. The liberalization process of each mode opens up different sets of opportunities and challenges stems from a certain inherent asymmetry in the comparative advantage intrinsic in the education sector of developed and developing countries. It has been observed that, earlier consumption abroad (Mode 2) was essentially to meet the demand of emerging economies but now other modes such as cross-border supply (Mode 1) and Commercial Presence (Mode 3) are gradually taking the lead role in trade in education services, particularly in trade between developed and developing countries.

Knowledge and skills are the basic inputs required for most of the jobs and the same are also the output of education services. This makes education services an important area of trade. The technological advancement of developed countries gives them a comparative edge to export education services to developing countries. The developing countries on the other hand, could not, as of now succeed to export education services. In India, it is found that number of foreign students coming to India for education has considerably reduced in the mid-90s and after that there was fluctuating trend. However, the developing countries interest in trade in services alive only due to their link with the movement of natural persons. To protect their own interest, the developing countries have to negotiate carefully in the service trade negotiations. This is where the role of the state is important. The negotiations in service trade take place in a different plane, unlike the negotiations in goods. The service trade negotiations take place usually through bilateral negotiations, through a “request and offer” procedure. This is often called as “Item-by-Item approach”. There are imbalances in negotiating strength of the developing countries, giving advantage to the developed ones. However, there are certain provisions in the GATS constitution, which are especially meant for the development of the developing country. Article XIX.2 is one such provision. It is observed that coalition formation in service negotiation may be a better way to negotiate rather than to negotiate just as an individual economy. Unlike the developed countries, the developing ones are lacking strong regional coalition (Bhagvatula, 2002).

The analysis with respect to Mode 1 depicts that, in the era of globalization this mode is gaining importance. In India distance education programmes which
contributes significantly to globalization of education has expanded very fast for e.g. The Indira Gandhi National Open University (IGNOU) is the prime example which is offering programmes in both liberal arts and professional areas. However, its courses are being offered in several countries. While Sikkim Manipal University is the largest private sector provider of distance education, operating through a network of more than 750 learning centres in the country and 25 overseas centres in 25 countries, and enrol more than 400,000 students. Likewise some foreign institutions are also offering programmes to Indian universities.

Distance learning on the internet is a more recent phenomenon. Internet education (or on-line education) is a fast growing sector, which is creating a great market potential at national and international level and in future, the market for such courses is expected to be large in India. However, India is interested in this mode 1 (cross-border supply) because trade through Business Process Outsourcing (BPO)/Information Technology Enabled Services (ITES) is undertaken through electronic modes of delivery i.e. Mode 1. BPO/ITES and off-shoring are likely to continue as major thrust areas from India’s point of view\(^\text{17}\). Further, in this study it has been found that, the comparative advantage in this mode of supply lies primarily with developed nations because these countries are more advanced in technology and people are more aware of latest technologies which are most suitable for successful implementation of e-courses. However, if India wants to benefit more from this mode it must follow the policies of developed nations.

An analysis with respect to mode 2 reveals that trade in education through consumption abroad has existed prior to GATS, and continues to account for the biggest share of trade in education between nations, post GATS too. Although it forms the bulk of trade in education in the context of India, yet the scales are tilted in favour of the developed nations. The continent-wise analysis of mode 2 in India during the period 1990-91 to 2008-09 reveals that out of the total number of international students in India, more than half students come from Asian continents which are followed by African countries. However, very negligible presence of students from America, Europe and Australasia. Thus, it clearly shows that, mainly foreign students came to India are from the developing countries.

The foregoing analysis with respect to mode 2 shows that, out of thirty countries, ten countries are contributing more than half i.e. 56 per cent foreign students to India. These are Kenya, Nepal, Iran, Ethiopia, UAE, Sudan, Bangladesh, Sri Lanka, USA, and Jordan. Out of these top ten countries, five belongs to Low income countries, three belongs to Lower middle income countries and the remaining two belongs to High income countries. This strongly indicates the amount of effort needed to attract students from other countries of the world. The analysis also found that, Kenya has been the top most feeders of foreign students to Indian universities, while Nepal is the second highest feeder.

Study further shows that, majority of foreign students who came to India are from Asian and African countries. Gulf nations also send large number of students to India. It has been observed that India is also attracting international students from developed countries like USA, Canada, & France etc. although the number appear to be very low but an indication has been registered at global level that Indian universities have the quality to teach, train and produce manpower for global competitive world. The study also found that from 2004-05 onwards; international students in Indian universities and institutions have increased. However, there are several reasons for such increase but some of the major grounds are; India being one of the fastest growing economies of the world, the IT revolution and cheap cost of educational facilities, quality of education, study exchange programmes and overlap with their cultural values etc. attracted international students towards India in recent years. Though, India currently only hosts a small number of international students but the country has the potential to host many more.

The analysis also depict that, total number of students from high income countries has increased by 6 times from 767 in 1990-91 to 4847 in 2008-09. Similarly, students from Lower middle income countries increased but only by 2 times from a level of 2991 to 6483 over the same period. However, students from Low income countries have not attained the position that it achieved in the initial year of globalization. In 1990-91, there were 7003 students, which declined to 6419 in 2008-09. This shows that students from high income countries are increasing at a faster rate but the actual number of students coming from low income countries still accounts more than that from higher income countries.
The majority of international students have identified well reputed central, state and deemed universities in India. The most visible are IGNOU, Delhi, University of Pune, Pune, University of Delhi, Delhi, Manipal University, Manipal, University of Mysore, Mysore, Osmania University, Hyderabad and Symbiosis International University, Pune who have registered more than 1000 students.

India in particular has grown into a leading player in the international students markets and is the second most important sending country after China. This has consequently made India one of the key markets targeted by the leading providers of higher education. Indian student flows are intensely concentrated in English speaking regions like USA, UK and Australia. But in recent years countries like Canada, New Zealand and Germany etc have succeeded in attracting more Indian students by aggressively promoting their programs in India. According to Open Door Report, US has always been the prime destination for the majority of Indian students. The US offers Indian students the widest range of choices in terms of institutions, degrees and non-degree programs and academic and social environment. Thus, it shows that, developed nations had taken advantage in globalizing their institutions and universities since they were quickly anticipated and responded to the potentialities and possibilities that globalization offered in the field of education. Their universities and institutions planned and prepared accordingly. The developed countries like USA, Canada, UK, Australia, France, and New Zealand were able to take advantage of the situation and started exporting their education services, while China, India, Malaysia, Singapore and Indonesia are fast emerging as exporters of this service. However, developing countries are fears of trading with such large global players, but there are immense opportunities and benefits which globalization offers to them. They must avail the opportunities and reap the benefits of a liberalised trade regime. The developing countries must gear themselves up to face the challenges posed to their higher education system.

Further this study depicts that, today India is the leading country in sending its students overseas for international educational exchange. However, liberalization of the Indian economy, a process that began in 1991, is certainly a major factor behind the large and growing numbers of Indian students studying abroad. In 1990, only 24,

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850 Indian students were studying abroad and it becomes just double in 1995 i.e. 42,270. In 2011, 200,432 students are studying abroad. The number of Indian students studying abroad increased by 8 times from 1990 to 2011. This shows that, due to globalization there has been a steady increase in the number of Indian student worldwide.

However, if India relates education services with ‘Consumption Abroad’ then it can have a greater role to play in international markets only if India can maintain a strategy to attract more foreign students by marketing its education services. Thus, to reap the benefits of this sector and to make this sector more competitive, there is an urgent need for the existing higher education system to undergo revamping and restructuring and face the consequential change as a corollary in competitive world. We must try to emulate the achievements of UK which has internationalized its higher education at a fast rate and is likely to emerge as a leader in this area. The number of Indian students in UK increased at a faster rate from 14,625 in 2004 to 34,065 in 2009 (UNESCO-GED). So government should play a vital role in nurturing excellent internationalization of its higher education system in order to reap its full benefits.

The analysis with respect to mode 3, which involves movement of institutions in the form of service providers, reveals that in India, few private and public institutions are already trading education. For example, the Birla Institute of Technology and Sciences, Pilani and Birla Institute of Technology in Ranchi have already established their campuses in Dubai and Oman respectively. While the Central Board for Secondary Education (CBSE), has opened several secondary schools in the Gulf and other Central and West Asian countries. Thus, it shows that, India has great potential in export of education services.

The study also found that with the advent of globalization, more and more new foreign education providers have started entering higher education market in India offering degree programmes mainly in the professional discipline. Most of the institutions advertising to enrol the Indian students at their home campuses are second grade institutions and no big names were appeared that advertised to enrol the students. So realising the danger posed by such foreign providers to the Indian higher education system many rules and regulations have been drafted for controlling the operation of foreign providers. Out of four modes of supply, commercial presence has
shown rapid increase but it has certain serious dimension. No doubt, this mode is becoming important for India because of overseas expansion of no of Indian companies, e.g. IT (Infosys, WIPRO).

The analysis with respect to mode 4 in India reveals that the number of teachers and scholars from the developed world to India is not large. In contrast, about 10,000 secondary school teachers are working outside the country and increasingly there is growing demand for Indian teachers. However, India demands liberalisation with respect to this mode because it has a fairly large comparative advantage over the other member countries with regard to supply of professional services in these service sectors. It has a large pool of well-qualified professionals in the services sectors like computer and related services, accountancy services and education services etc. i.e., it would be in the interest to liberalise trade in education services through mode IV.

Thus, from the above study, it can be concluded that among four modes, mode 2, consumption abroad (i.e., students moving abroad to study) is currently the most frequently used mode by which education services are traded followed by Mode 4 (movement of natural persons) and Mode 3 (commercial presence). However, new information technologies are changing the landscape of world trade in education services. These new technologies are making possible the delivery of content in audio and visual formats inexpensively which has led to a surge in Mode 1 (through internet, e-learning), i.e., cross-border supply in electronic format. However, ‘consumption abroad’ remains the most essential mode of supply of educational services, at present it makes the largest proportion of trade in educational services. We can say that by taking into consideration India’s strengths in the education sector, and the possibilities for extending services in higher education abroad, India can make commitments with respect to all the four modes, namely cross-border supply, consumption abroad, commercial presence and movement of natural persons. As of today India is not fully prepared for competition with the developed countries in the field of educational services. It is necessary to improve its infrastructure facilities, developing teaching skills and high quality standards of education, adopt a more flexible academic structure, introduce widespread academic reforms, gather market information and create niche markets and adopt other measures that will make Indian education attractive to others. While making commitments India should insist on
phased liberalisation over an adjustment (transition) period of five to six years (Deodhar, 2002).

The data on services is an important limitation for the developing countries. Availability of reliable data on services adds strength in service negotiations. Without proper support of the data base it is difficult to analyze the depth of the advantages from service trade negotiations. The already available data is not well organized. Chang Phillip et al (1998) have prepared a table given below, which shows the particular inadequacies of statistical domains with regard to various modes of supply of services.

Table 5.9: Inadequacies of Statistical Domains with regard to Modes of Supply

<table>
<thead>
<tr>
<th>Mode of Supply</th>
<th>Relevant Data Source</th>
<th>Inadequacies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross border supply</td>
<td>BOP service statistics (categories other than travel)</td>
<td>-BOP not distributed between cross border supply, presence of natural persons (individuals) and commercial presence for less than one year.</td>
</tr>
<tr>
<td>Consumption abroad</td>
<td>BOP Statistics (mainly the travel category)</td>
<td>-Travel also contains goods, and not subdivided into the different categories of services consumed by travellers. -Some transactions related to this mode of supply are also in other BOP categories.</td>
</tr>
<tr>
<td>Commercial presence</td>
<td>Production, (Foreign Direct Investment) FDI and (Foreign Affiliates Trade) FAT statistics(^{19})</td>
<td>-Production statistics do not distinguish between national and foreign firms. -FDI statistics do not provide data on output (or sales); FDI definition does not match the definition of commercial presence. -FAT basic concepts and definitions not yet internationally agreed.</td>
</tr>
<tr>
<td>Presence of natural Persons (independent)</td>
<td>BOP Statistics (mostly categories other than transport and travel).</td>
<td>-BOP not distributed between cross border supply, presence of natural persons (individuals) and commercial presence for less than one year -natural persons who are residents are not covered.</td>
</tr>
</tbody>
</table>

Source: Chang Phillip et al. (1998).

\(^{19}\) The foreign affiliates trade (FAT) statistical framework is designed to provide information on the activity of enterprises located in foreign markets.
Thus, by concluding we can say that, India has one of the largest higher education systems in the world and can do much to meet the global requirements for higher education, and especially the requirements of the developing world. There is, however, an imbalance in export and import of educational services in India. So, there is an urgent need for the country to take effective steps to internationalise its higher education system. This can be done by providing facilities to foreign students to come to India for higher education, and by offering academic programmes overseas. However, the role of state is important, to protect its domestic interest and negotiate for a better deal internationally.