
GUEST COLUMN

Who's afraid of foreign universities?

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WITHIN the country there has been a debate for sometime on allowing foreign universities to operate in India. The main argument against allowing foreign universities is that they may come here for making money by exploiting the huge demand for higher education. Let us examine this aspect.

It should be clear that a foreign university operating in India will have to keep the fees substantially lower than that in the foreign country concerned. Otherwise the student will simply go to the parent varsity, as it also opens opportunities of working/settling overseas and gives overseas exposure and experience, which is much sought after by Indians.

Furthermore, keeping in mind the paying capacity of the middle class, the tuition fees have to be accessible. Currently the highest fee in private universities is of the order of Rs 2 lakh or about \$4,000 per year. Overall, it is very unlikely that in the short-to-medium term, a foreign university can charge substantially more than this in India for undergraduate education. If we assume a fee of about \$5,000 per year (approximately half the fees in many mid-level universities in the US), the university will have a revenue of \$5 million with 1,000 UG students, and \$50 million when it reaches a UG student population of 10,000, i.e., an intake approximately equal to that of the five main IITs. Though this amount may be significant for the smaller universities, for a well known university, this is a very small sum — such universities often have a budget of more than \$1 billion (MIT's budget is over \$2 billion, Georgia Tech's is around \$1.2 billion — both medium-sized universities). Clearly, this type of money is not going to be a significant attraction for the big-name universities to come to India. And remember this is the total fee revenue, not profit, and that it is generated only when the operations become very large.

So, if we restrict ourselves to the top universities of the world, we can safely resolve the main concern of profiteering. And if we require that they must have a research-led operation in India, then not only does the risk further reduces as such institutes require much more investment, it also helps increase the production of PhDs — which will help academics and R&D in the country even further.

If profit is not going to be an incentive for a top university, then why should such a university come to India? How can India attract them to come? Perhaps the main attraction will be to be present in emerging India, which can be a major player in the global knowledge society. If a university aspires to be a global brand in future, having a presence in India will be an asset.

Second reason is similar to why R&D organisations are opening centres in India — to tap the benefits of the R&D talent, the young population, and the cost benefits. The Indian operations can also be leveraged for executing R&D projects in the parent by outsourcing part of the project to their Indian operations. As research is an important focus for top universities in the

world, this provides a strong reason for operating in India.

Third, the India operations, due to their lower costs, can become the centre for providing education opportunities to students from across the world that cannot be serviced by the parent due to high cost.

Fourth, by having multi-year student exchange between the parent and Indian campus, the cost of education in the parent can be reduced — a goal that many universities want to pursue.

These reasons are not as tangible as profits, but something that major universities can appreciate. And it will be for us to convince these universities that it is these types of "soft" reasons for which they should come to India.

It is also worth noting that for creating a high quality university in India, a top foreign university has a number of advantages over its Indian counterpart for attracting and retaining faculty. First, it can use its stature and presence in the west to actively recruit there, where there is a large pool of Indian talent available. With the branding of the original university, and a commitment to create something similar, the attraction can be tremendous. And by providing opportunities of spending sabbaticals in parent, it can create a unique proposition to attract faculty in India that others cannot match. It can also use its existing faculty to set up systems as well as start the programmes in India, alleviating the start-up difficulties.

To ensure that a foreign university operating in India serves our objectives, we have to ensure two things — the university should be one of the top universities of the world, and it must have a strong research programme. To put this in practice, one possibility is to invite the top universities to open campuses here. The only constraint that should be imposed on them is that some percentage of their students should be PhD students (at least one-fourth). If this constraint is agreed to, then the government should go out of its way to facilitate their operations by providing cheap land, and giving complete freedom to operate.

(The author is director, IIT Delhi and professor IIT Delhi. Views are personal.)



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