



## **Need of FDI in Education Sector and Internationalisation of Education**

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### **Abstract**

*The main objective of this paper is to present view about internationalization in education and delivered own view about need of FDI in higher education. Like many aspects of life, education is undergoing constant changes under the effects of globalization. Today, ICT is changing the methods of education. Now-a-days role of student and teacher are changing. The changes in education due to globalization have also had profound effects upon a broad spectrum of culture leading to suggestions of a new form of cultural imperialism. Globalization impact many factors of life including education, technology, business, marketing area, etc. Indian UPA government's move to allow FDI in multi-brand retail got a formal stamp of approval in the Loksabha, at Wednesday, 5 Dec, 2012. FDI is very necessary in technology and education. FDI in education as above said to be internationalized. Not only do universities have to compete on a global scale but they are also becoming more competitive. In this FDI way, education can be said to be commoditized in this increasingly capitalist world. Internationalization of higher education can be linked to various internal and external changes in the international system.*

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**Keywords:** *Internationalization, FDI, globalization, higher education*

### **Introduction:**

The main trade policy development since the early and mid 1980s has led to greater market orientation and free trade under the leadership of WTO since 1994. The WTO is a

forum for harmonizing trade conditions around the world. All the members of the WTO are committed to all the multilateral trade agreement. Services trade such as education has also been brought into the multilateral system. India has signed the GATT and covered services of international trade in an agreement between countries who are signatories to World Trade Organization. Education is one of the services covered under GATT as marketing 'education'. It is included 12 clarified sectors covering 161 services. WTO clarification list divided educational services in five parts; 1) Primary Education Service, 2) Secondary Education Service, 3) Higher Education Service, 4) Adult Education Service, and 5) Other Education (Technical and other).

**Objectives :**

The study was taken up with following objectives in mind.

1. To study the concept of internationalization
2. To present process of internationalization
3. To delivers the need of FDI in Education
4. To study the merits and demerits of FDI in Education

**Study Method:**

Qualitative analysis method was used for the present study

**Data Collection and Analysis :**

The data collected through the secondary sources like Books, Magazines, Journals, Newspapers, and Websites was then subjected to qualitative analysis

**Concept of Internationalization:**

Internationalization is the concept of this world as a single common heritage of all human kind. The term internationalization and globalization are often used interchangeably. Internationalization is the emerging reality of the 21<sup>st</sup> century. Internationalization means integration of economies and societies through cross country's flow of information, ideas, technology, goods, services, capital, education, finance and the people.

The Internationalization of Education can be given many definitions. It can be described as integration of culture into teaching methods or processes by which education becomes more internationally orientated. However perhaps a better description is "the process that prepares the community for successful participation in an increasingly interdependent world, fosters global understanding and develops skills for effective living, working in a diverse world." The internationalization of education, particularly higher education, is a

growing phenomenon. Universities and colleges around the world are increasingly becoming forced to compete in the global capitalist market and engage in entrepreneurial activity to sustain themselves in an increasingly 'uncertain world.'

Internationalization is the emerging reality of the 21<sup>st</sup> century. Internationalization means, integration of economics and societies through cross country's flow of information, ideas, technology, goods, services, capital, education, finance and the people in another sense it refers to removal of barriers to free trade and the close integration of national economy "A world in one nest" of cultures. Internationalization is a feeling that the individual is not only a member of his state, but a citizen of the world. Man has feeling of love, co-operation and peace which gives birth to internationalization in almost all sphere of life.

### **Internationalization of Higher Education:**

The internationalization of higher education can be linked to various internal and external changes in the international system. Externally, there have been changes in the labor market, which have resulted in calls for more knowledgeable and skilled workers, and workers with deeper understandings of languages, cultures and business methods from all over the world. "Modern education...is almost exclusively focused on preparing children for an urban future, as consumers in a global 'free' market." Due to this 'internationalization', educational institutions are being encouraged by governing authorities and transnational corporations to 'market' themselves overseas. At this point, it is interesting to note that Australian universities are still generating millions in tuition from foreign students. In terms of foreign student numbers, Australia is ranked third after the United States and Britain.

### **How do Universities become Internationalized?**

How do Universities become 'internationalized'? What educational strategies are put in place to internationalize long-standing curriculum of higher education institutions? Universities market their courses with an international orientation in content, aimed at preparing students for performing (professionally/socially) in an international and multicultural context."

Internationalizing education means courses and topics, either existing or new, must be delivered in a global capacity which naturally means via the Internet and online. Coping with this technology requires huge amounts of time and money, not to mention expertise and skilled workers to deal with the technology-. Tragically, Government funding to universities is suffering massive cutbacks leaving many long-standing institutions with little money, yet

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they are still expected to compete 'globally'. In order to attract foreign students and therefore foreign revenue, universities must provide the global consumer with what is demanded. Courses must be flexible, adaptable, online and above all, interactive between the various cultures around the world. For universities the internationalization of education doesn't come easily.

The internationalization of education almost gives the impression that the educational institution is no longer in control. In order survive, universities rely on the business of domestic and foreign students. These students, in turn, make their decision on which institution to attend by the way their courses are marketed. Unbeknown to the prospective students, universities face many problems in the new race to become a successful competitor on the global market.

With the availability of online courses, will there eventually be no need for lecturers or academics? Will research and development be reduced and will courses become more generalized? With flexible delivery of lectures via the Internet, will universities not only require course specialists but also informal technology experts? Flexible delivery then means that universities must compete with each other locally as well as globally. In the absolute extreme, will internationalization of education mean that students can learn from the home via the Internet thus rendering universities, in a physical sense, as no longer necessary? Worse still, is education becoming a capitalist enterprise "wherein learning ceases to be analysis, discussion and examination, and becomes a product to be bought and sold to be packaged, advertised and marketed?" Current trends would suggest that this is becoming a reality Education is bought and is therefore certainly sold and marketed.

### **Foreign Direct Investment in Education:**

#### **Definition:**

An investment made by a company or entity based in one country, into a company or entity based in another country. Foreign direct investments differ substantially from indirect investments such as portfolio flows, wherein overseas institutions invest in equities listed on a nation's stock exchange. Entities making direct investments typically have a significant degree of influence and control over the company into which the investment is made. Open economies with skilled workforces and good growth prospects tend to attract larger amounts of foreign direct investment than closed, highly regulated economies.

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Higher education has suffered from both quantitative and qualitative constraints. Given the population that we have, the number of institutes for higher studies is highly inadequate. This has caused a large number of Indian students to look abroad for their higher studies. In fact, India is one of the largest importers of education at present. In 2004-05 US had 80,466 students from India, higher than those from any other country. Along with huge outflow of money capital, this also leads to a drain of human capital.

Given this backdrop, the education ministry came up with the proposal of 100% foreign direct investment (FDI) in higher education in the country, in 2012. This would then allow foreign universities to set up their campuses in India. Since then this topic has been hotly debated by academicians.

### **Merits of FDI in Education:**

- There is a shortage of funds in higher education sector. And there are not many ways in which this investment in this sector can be increased domestically.
- Since a large number of students go abroad for their higher education, it is sensible to allow foreign universities to set up their campuses here, in India. This would help in arresting the outflow of monetary and human capital.
- Further, foreign higher educational institutes would create competition with the local institutes making them internationally competitive.
- Also FDI in education would create new institutes and infrastructure and generate employment.

It is estimated that "by the year 2025, the world's post secondary institutions will be expected to accommodate some 200 million students." This is compared to 82 million in 1995. It is also a fact that domestic and foreign full-fee paying students will make up the majority of this predicted number. So what about the educationally disenfranchised? What about the world's poor and underdeveloped countries?

Sadly, the resource flow from western countries into higher education systems of the underdeveloped states in the 1990's, has been out rather than in. The World Declaration for Higher Education for the Twenty-First Century has reflected a commitment to provide "access to higher education...based on the merit of the individual." This raises an interesting question. In a rapidly expanding educational system, how affordable can higher education be? Access to higher education is a right, it should not be limited to 'the better off' due to inability to pay.

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Education is becoming more invaluable to individuals as society changes to cope in a globalizing world. In today's environment, education provides individuals with a better chance of employment, which in turn leads to a better lifestyle, power and status. In an 'internationalized' society, " globalization of education (depends) upon the existence of classes able to pay." Education, particularly full-fee education "is an expensive commodity ", those who receive it are regarded as being 'better off'.

The internationalization of education leads to the distribution of future status and power. Western institutions conveying their interests overseas by marketing 'our' universities is rather like "selling a standard product that is marketed as being the right product for all occasions." The need to sell education overseas is increasingly being interpreted as "a lifeline for higher education and vocational training providers squeezed by shrinking government education budgets." Universally, higher education has become an extremely competitive enterprise on the global capitalist market. The better the university is at marketing themselves, the bigger the profits it will make. Whatever happened to 'free' education? Globalization happened, that's what.

### **Demerits of FDI in Education**

- FDI in any field does not have an attached objective of fulfilling social agenda of the welfare state. It is guided by profit and market. This would result in commoditization of education.
- As per past observations, most foreign institutes invest in technical courses which market needs rather than in quality education and research which is important for creating and developing human resource.
- It has also been observed that only 2<sup>nd</sup> and 3<sup>rd</sup> tier universities are interested in setting up their campuses in the country.

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