

# Education Sector Hotline

March 01, 2022

## GIFT CITY'S GIFT- WELCOME FOREIGN UNIVERSITIES

India's budget of 2022-23 has come bearing a unique gift—of allowing world class foreign universities in the Gift City!

The budget speech by the Hon'ble Finance Minister notes that '*world-class foreign universities and institutions will be allowed in the GIFT City to offer courses in Financial Management, FinTech, Science, Technology, Engineering and Mathematics free from domestic regulations, except those by IFSCA to facilitate availability of high-end human resources for financial services and technology*'. This jubilant statement gives us all the reasons to celebrate this welcome move.

Some may wonder why this is a big news.

As a background, foreign universities are currently not permitted to open a campus in India. There have been proposals to permit foreign universities to establish campus in the country. Notably, *The Foreign Educational Institutions (Regulations of Entry and Operations) Bill, 2010*<sup>1</sup> was introduced in the parliament to regulate entry and operation of foreign educational institutes in India to impart higher education. However, the bill lapsed eventually. In 2016, Niti Aayog submitted a report to the Prime Minister and the Human Resource Development Minister, suggesting setting up of campuses of foreign universities in India. It was contemplated that it will help meet the demand for higher education in the country, increase competition and subsequently improve standards of higher education.<sup>2</sup>

The National Education Policy, 2020, suggested allowing top 100 universities of the world to open campus in the country. There has been no action on this as yet.

One needs to appreciate that India has a complex higher education regulatory system, with multiple regulators governing the universities, numerous permission requirements and several compliances on an on-going basis. The top universities of the world, therefore, may be hesitant to have an India campus.

The announcement to allow world class foreign universities in Gift City, free from domestic regulations, could therefore be a game changer in the real sense. It could be the beginning of the long-anticipated arrival of world class foreign universities in the country. No place better than Gift City for the start!

Access to quality education is always a critical factor for any new habitation to sustain. The same will be true for Gift City as well. Presence of foreign universities and institutes within Gift City could incentivize high quality talent from overseas to come into India. While some may consider upskilling courses in financial services *et al* for themselves, others may consider presence of foreign universities in their vicinity a boon for their children, resulting in long term stay in India.

Annually, lakhs of Indian students travel overseas and spend billions of dollars to pursue education abroad. Foreign universities see a large influx from Indian students every year. Due to travel restrictions, visa policies, and cost factors, students are not in position to travel to campuses abroad. Foreign universities in Gift City will help in retaining talent within India, many of whom may eventually get employed in Gift City itself.

Well-read and skilled talent will deeply benefit establishments in Gift City. The presence of leading foreign universities would add to its popularity and enable it to compete with other global financial centers. Gift City could also thus emerge as an educational hub for finance disciplines.

The plan that world class foreign universities in Gift City will be free from domestic regulations will also encourage some of the best universities to consider India as an option. They may appreciate the flexibility and relaxations that would be given to them in the Gift City.

The proposal, therefore, is a masterstroke by the government, a win-win for industry, students and foreign universities overall. It is imperative that the proposal should be put in action quickly.

Putting our lawyer's hat on, we have a few suggestions for effective implementation. *Firstly*, the permissions should not be restricted to select top universities. This is because universities should be judged by specializations and courses they offer- not all top universities may have the kind of courses that are listed in the budget speech. *Secondly*, depending on the success of this proposal, well known universities with multi-disciplinary approach should be permitted in Gift City. This will help in developing a future ready talent pool with a wider spectrum of knowledge and a broader outlook. *Thirdly*, IFSCA (International Financial Services Centres Authority) should enable a framework of single window clearance for the foreign universities. In addition to keeping them outside the purview of the current Indian education regulators, they should be given relaxation with respect to choice of entity, compliances, repatriation of funds, movement of foreign faculty, etc. *Fourthly*, the regulations should focus on

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promoting collaboration between Indian and foreign universities for curriculum, teaching, credit transfers etc as that will help the students, and the economy in the long run. A related point being that some of the foreign universities may not be willing or ready to navigate India's legal and regulatory landscape themselves. A 'campus in campus' model, which like the name suggests, will give foreign universities an option to formally tie up with an Indian university and open a campus within the Indian university's campus may work in such a case. This will allow foreign universities to have a reliable Indian partner to support and guide. This model has worked in other countries and can work favourably for Gift City as well. *Lastly*, the regulations should also focus on promoting industry academic partnership from a skill training and job readiness perspective.

Incentives for foreign faculty could also be considered. For instance, time spent by foreign residents coming to work (or studies) to the universities in the Gift City should not result in them being considered residents (for exchange controls or tax purposes). More creative thinking can be done for making these universities world class and attractive.

These are some suggestions which can be considered as we put the proposal in action.

For now, it's important to laud the proposal and await realisation of its full potential so that Gift City can emerge as the world's leading financial centre, and India as a global education hub.

– Nishith Desai & Aarushi Jain

You can direct your queries or comments to the authors

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<sup>1</sup> <http://pib.nic.in/newsite/PrintRelease.aspx?relid=70050>

<sup>2</sup> <https://www.indiatoday.in/education-today/news/story/foreign-university-campus-in-india-318327-2016-04-16>

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