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Regulatory Landscape for Internationalizing Indian Higher Education: A Comprehensive Report



Introduction

The Union Government of India (the Government) is working towards promoting internationalization and mobility in the education sector, aligning with the objectives laid out in the National Education Policy (NEP) of 2020. The NEP underscores the strategic importance of internationalizing education to enhance the global competitiveness and relevance of Indian higher education.

One noteworthy development is the significant increase in the number of Indian students studying abroad, which surged by 68% in 2022, reaching the highest level in six years, with top destinations being Australia, Canada, and the United States. This was up from 444,553 students in 2021. This trend highlights the growing demand for global education experiences among Indian students.¹

To address this, the government is considering initiatives that could reshape the Indian higher education landscape. The Government took a significant step to implement the Guidelines for Internationalization of Education (the Guidelines) issued by the University Grants Commission (UGC) in 2021.² These guidelines provide a framework for promoting internationalization and mobility in Indian higher education.

The Government either enforced or released the draft of the following regulations:

A. IBC-OEC Regulation³ [International Financial Services Centres Authority (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulation, 2022],

B. University Grants Commission (UGC) introduced the draft of the 'University Grants Commission (Setting up and Operation of Campuses of Foreign Higher Educational Institutions in India) Regulations, 2023

C. UGC (Academic Collaboration between Indian and Foreign Higher Educational Institutions to offer Twinning, Joint Degree, and Dual Degree Programmes) Regulations, 2022

D. Draft University Grants Commission (Recognition and Grant of Equivalence to Qualifications obtained from Foreign Educational Institutions) Regulations, 2023

These initiatives are aligned with the overarching goal of the NEP 2020, which seeks to position India as a global hub for higher education, offering students a broader range of educational choices and potentially attracting foreign investments and expertise to enhance the quality and international standing of Indian higher education.

In this report, we compile all the abovementioned UGC regulations and their implications as a ready reckoner for Universities and Institutes that intend to establish campuses under these regulations.

¹ <https://indianexpress.com/article/education/indians-going-abroad-for-higher-studies-up-by-68-in-2022-8427568/>

² https://www.education.gov.in/sites/upload_files/mhrd/files/upload_document/int_he.pdf

³ <https://ifsca.gov.in/Legal/Index?Mid=TpVDBbsrGYI=>

Recent Regulatory Developments

A. IBC-OEC Regulation

Foreign universities have been granted the opportunity to establish international branch campuses within the special economic zone of GIFT City in Gujarat. These campuses benefit from exemptions from most domestic regulations, except those overseen by the International Financial Services Centers Authority (IFSCA)⁴ which has established specific regulations for these campuses. Secondly, the University Grants Commission (UGC) released a draft regulation in January 2023, outlining the framework for foreign universities to establish campuses in other regions of India. This initiative would provide Indian students with more choices and could also help attract foreign investment and expertise.

On October 11, 2022, the IFSCA notified the **IBC-OEC Regulation [International Financial Services Centres Authority (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulation, 2022]**,⁵ which permits foreign universities and educational institutions to open a branch in GIFT City (Gujarat International Financial Tec-City) in Gandhinagar, Gujarat. This regulation stems from the proposal to allow the entry of foreign universities and institutions into GIFT during the FY 23 Union Budget announcements.

The introduction of the IBC-OEC (International Branch Campus-Offshore Educational Center) Regulation aims to facilitate the establishment of branches or offshore centres by foreign universities or educational institutions in GIFT City.

Eligible institutions include foreign universities ranked within the top 500 globally, those featured in the latest QS World Universities ranking, or reputable foreign educational institutions in their respective jurisdictions. The registration granted under these regulations is initially valid for five years and can be renewed for an additional five years.

The primary objective of the IBC-OEC Regulation is to promote research in areas such as banking, insurance, capital markets, fund management, fintech, and other related fields. The regulation also safeguards the interests of students by requiring that any course or program conducted in GIFT City be identical to the program offered by the parent institution in its home jurisdiction. In the event of disruption or discontinuation of a course or program, the parent institution will be liable to provide an alternative to the affected students.

Key points:

■ Eligibility:

Foreign universities and educational institutions that are ranked in the top 500 globally (QS or TIME Ranking) or have a good reputation in their home jurisdiction are eligible to set up branches in GIFT City. Educational institutions other than universities are also eligible to set up branches in GIFT City.

⁴ The International Financial Services Centres Authority Act, 2019, established a separate, unified body called the Authority to oversee all operations of the units operating in GIFT City and provided guidelines and procedures for their functioning.

⁵ <https://ifsc.gov.in/Legal/Index?Mid=TpVDBbsrGYI=>

⁶ The GIFT City in India is the country's first greenfield smart city, designed to house a domestic tariff zone and an International Financial Services Centre (IFSC) within a multi-service special economic zone. (See: <https://www.giftgujarat.in/>)

■ **Registration:**

The registration is granted for 5 years and is renewable for another 5 years. Further, there is no minimum square footage requirement for building the campus. As per the IBC-OEC Regulation, all transactions can be in freely convertible foreign currency.

■ **Regulations for the Courses Offered:**

The registration is granted for 5 years and is renewable for another 5 years. Further, there is no minimum square footage requirement for building the campus. As per the IBC-OEC Regulation, all transactions can be in freely convertible foreign currency.

■ **Application process:**

Applications for setting up an IBC or OEC will be referred to a committee of experts constituted by GIFT. The committee will make recommendations to IFSCA, which will then grant in-principal approval. The applicants will have to set up all necessary infrastructure and engage necessary manpower within 180 days of receiving in-principal approval. They can request an extension of 90 days, and IFSCA may grant an extension of up to 270 days at its discretion.

■ **Operational Requirements:**

The courses offered by the registered entity must be identical to those offered by the parent entity. The parent entity must confer identical degrees, diplomas, or certificates to the students. The IBC or OEC must not undertake promotional activities for the parent entity in its home jurisdiction. It must also adhere to the dispute resolution policy specified by IFSCA. The parent entity will be eligible to repatriate profits without any restrictions.

Recent Development

Australia's Deakin University is the first foreign university to be granted permission by the International Financial Services Centres Authority (IFSCA) to establish an International Branch

Campus (IBC) in GIFT-IFSC, GIFT City, Gujarat. Wollongong University has also got the approval.⁷

Deakin University will be allowed to offer courses in financial management, fintech, science, technology, engineering, and mathematics. These courses will be free from domestic regulations, except those by the IFSCA. This is because GIFT City is a special economic zone, and the authorities want to ensure that the students who graduate from these courses are qualified to work in the financial services and technology sectors. Deakin University has to set up its required infrastructure within 180 days of the approval. The approval is valid for 5 years, with an option for renewal for another 5 years.

B. Draft University Grants Commission (Setting up and Operation of Campuses of Foreign Higher Educational Institutions in India) Regulations, 2023

By the National Education Policy 2020 (NEP), the University Grants Commission (UGC) introduced the draft of the '**University Grants Commission (Setting up and Operation of Campuses of Foreign Higher Educational Institutions in India) Regulations, 2023**'⁸ (the Draft Regulation) on January 5, 2023. This draft regulation was made available for public comment, to incorporate an international dimension into higher education in India.

The primary goals of the Draft Regulation are to offer Indian students the opportunity to obtain foreign qualifications at an affordable cost and to position India as an appealing global destination for studying. By allowing foreign higher educational institutions to establish and operate campuses in India, the regulation aims to enhance the educational landscape and provide students with a broader range of choices.

⁷ <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1903853>

⁸ https://www.ugc.gov.in/pdfnews/9214094_Draft-Setting-up-and-Operation-of-Campuses-of-Foreign-Higher-Educational-Institutions-in-India-Regulations-2023.pdf

Key points:

■ Scope:

The Draft Regulation will control the entry and operations of reputable foreign universities and institutions that the University Grants Commission (UGC) has recognized to provide undergraduate, postgraduate, doctoral, post-doctoral, and other programs and award degrees, diplomas, and certificates in all disciplines.

■ Purpose:

To set up campuses in India, foreign universities that have been ranked in the top 500 globally or their subject area by the UGC can submit an application along with an assurance that the quality of education and the degrees awarded will be equivalent to those offered at the main campus.

■ Application and formalities:

A UGC-appointed standing committee will review and evaluate a foreign university's credibility after it submits an application to establish a campus in India. The committee will submit its recommendations to the UGC within 45 days after evaluating the university's offered programs and potential. If the UGC approves the recommendations, it will grant the foreign university in principal approval to set up a campus in India within two years. The initial approval will be for 10 years, which can be extended.

■ Operations:

The Draft Regulations are silent on whether foreign universities can set up for-profit or not-for-profit entities in India, it is unclear how surpluses generated by foreign universities will be treated. Foreign universities may be required to remit any surpluses back to their home countries. However, it is also possible that the surpluses will be allowed to be reinvested in India, either in the foreign university's Indian campus or in other educational institutions.

Foreign universities can set their admission criteria for both domestic and international students, recruit faculty and staff from India and abroad, and decide on their fee structure. However, the fee structure must be transparent and reasonable.

The degrees awarded by foreign universities in India will be equivalent to the degrees awarded by the same university in their home country and will also be equivalent to the degrees awarded by Indian universities. This means that students who graduate from foreign universities in India will not need to seek any further equivalence certificates from any authority. They will also have the same benefits, rights, and privileges as students who graduate from Indian universities.

■ Prohibitions:

Foreign universities in India are prohibited from offering programs that could jeopardize the national interest of India or the standards of higher education in India. They are also prohibited from operating in a way that is contrary to the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency, or morality.

■ Fund Management:

The cross-border movement of funds and repatriation of funds by foreign universities will be subject to the Foreign Exchange Management Act, 1999, and its rules and regulations. This means that foreign universities will need to obtain permission from the Reserve Bank of India (RBI) before they can move funds into or out of India. The RBI will consider several factors when deciding on whether to grant permission, including the purpose of the fund transfer, the amount of the fund transfer, and the source of the funds. Foreign universities will also need to comply with several other regulations, such as maintaining separate accounts for foreign currency transactions.

The IFSCA has approved the Australian Deakin University to set up an international branch campus in GIFT City. This makes Deakin the first foreign university to set up a campus in GIFT City. Other foreign universities have also shown interest in setting up campuses in GIFT City. The IFSCA's regulations for setting up international branch campuses are more detailed than the UGC's draft regulations. This gives foreign universities more clarity about the requirements for setting up a campus in India.

C. UGC (Academic Collaboration between Indian and Foreign Higher Educational Institutions to offer Twinning, Joint Degree, and Dual Degree Programmes) Regulations, 2022

On May 2, 2022, the UGC notified the **UGC (Academic Collaboration between Indian and Foreign Higher Educational Institutions to offer Twinning, Joint Degree, and Dual Degree Programmes) Regulations, 2022**.⁹ These regulations focused on facilitating academic collaborations between Indian and foreign higher educational institutions to offer programs such as twinning, joint degrees, and dual degrees.

The introduction of these regulations and guidelines highlights the UGC's commitment to fostering global partnerships and enhancing the international dimensions of higher education in India. By setting up an office for International Affairs, universities are equipped to engage in international collaborations, facilitate student and faculty exchange programs, and promote a multicultural learning environment. The Alumni Connect Cell plays a crucial role in maintaining relationships with international alumni, fostering alumni networks, and leveraging their expertise and connections to enhance the global outreach of Indian universities.

The UGC (Academic Collaboration between Indian and Foreign Higher Educational Institutions to offer Twinning, Joint Degree, and Dual Degree Programmes) Regulations, 2022 provide a framework for collaboration between Indian and foreign institutions, enabling the offering of programs that combine the strengths and resources of both entities. These programs, such as twinning, joint degrees, and dual degrees, provide students with an opportunity to acquire international qualifications and gain exposure to diverse educational approaches.

D. Draft University Grants Commission (Recognition and Grant of Equivalence to Qualifications obtained from Foreign Educational Institutions) Regulations, 2023

The University Grants Commission (UGC) of India released a draft **University Grants Commission (Recognition and Grant of Equivalence to Qualifications obtained from Foreign Educational Institutions) Regulations, 2023 (UGC- Equivalence Regulations 2023/ Regulation)**¹⁰ in August 2023 for the recognition of degrees from foreign institutions. To facilitate the internationalization of Indian education and the mobility of students, UGC has released regulations for the recognition of foreign qualifications and granting equivalence to such qualifications.

The regulations are based on the National Education Policy (NEP) 2020, which emphasizes the importance of internationalization and mobility. They also take into account the Guidelines for Internationalization of Education issued by the UGC in 2021.

The regulations define a foreign qualification as a qualification awarded by a foreign educational institution that is duly recognized in its home country. To be eligible for recognition, the qualification must also be of a comparable standard to an Indian qualification.

The Regulations do not apply to degrees obtained through online or distance education modes. They also do not apply to professional qualifications in disciplines such as medicine, pharmacy, nursing, law, and architecture. The Regulations do apply to educational qualifications from schools under a foreign board or any degree from an offshore campus.

To be eligible for recognition, the foreign institution must be duly recognized in its home country. The qualification must also be of a comparable standard to an Indian qualification. The UGC will establish a dedicated online portal for receiving applications for recognition. A committee of experts will assess the applications and

⁹ https://www.ugc.gov.in/pdfnews/4555806_UGC-Acad-Collab-Regulations.pdf

¹⁰ https://www.ugc.gov.in/pdfnews/0348616_Draft_Equivalence_Regulations.pdf

decide whether or not to grant recognition. The decision of the committee will be final. The draft guidelines are currently open for public feedback. The final guidelines will be issued after considering the feedback received.

According to the UGC- Equivalence Regulations 2023, the UGC will be the nodal agency for the recognition and grant of equivalence to foreign qualifications. The UGC will establish a dedicated online portal for receiving applications for equivalence and will also set up a committee of experts to assess the applications.

The Regulation states that there is a need for a central agency to regulate the recognition and grant of equivalence to foreign qualifications. The current system of recognition and grant of equivalence to foreign qualifications is fragmented and there is no central agency that is responsible for this task. This can lead to confusion and uncertainty for students who are considering studying abroad. The UGC, as a statutory and regulatory body, is well-placed to take on this responsibility and ensure that the process of recognition and grant of equivalence is fair and transparent. The UGC is also committed to protecting the interests of students who obtain foreign qualifications by ensuring that they are able to use their qualifications for employment and further study in India.

The Association of Indian Universities (AIU) is the current nodal agency for granting equivalence to foreign qualifications in India. However, the new UGC- Equivalence Regulations do not clarify the role of AIU in the process. AIU has been issuing equivalence certificates to students with foreign qualifications since its inception in 1925. It has the required competence and experience for granting equivalence of foreign qualifications. The government has also recognized the work of AIU in this regard. The Regulations are still in the draft stage and more clarity on the role of AIU will be available once the regulations are finalized. However, the pro-

visions listed in the UGC regulations are almost similar to those followed by AIU. This further affirms the validity of AIU's equivalence norms that are currently being practiced.¹¹

¹¹ <https://www.educationtimes.com/article/campus-beat-college-life/99733577/regulations-on-recognition-of-foreign-degrees-will-attract-quality-foreign-students-to-indian-universities>

Probable Models for Setting Up FHEIs

There are five proposed models for establishing satellite campuses in India, based on existing models around the world.

These are:

- **Self-funded university:** The university sets up and runs the campus itself, with no financial assistance from the government or other partners. This model is often used by universities with a strong financial base. For example, Webster University in the Netherlands is a self-funded university.
- **Government-funded:** The government provides financial assistance to the university to set up and run the campus. This model is often used by universities that are seen as being of strategic importance to the government. For example, the University of Nottingham in China is government-funded.
- **Private company stake:** A private company invests in the university and takes a stake in its operations. This model is often used by universities that are seeking to expand their reach into new markets. For example, the University of Nottingham in Malaysia has a private company stake from Boustead Holdings Berhad and YTL Corporation Berhad.
- **Academic collaboration with local partners:** The university collaborates with a local university or other educational institution to set up and run the campus. This model is often used by universities that are seeking to tap into the expertise of local partners. For example, the Singapore Institute of Management and the University at Buffalo School of Management in Singapore have an academic collaboration.

- **Leased facilities model:** The university leases facilities from a local institution or company to set up its campus. This model is often used by universities that are seeking to enter a new market quickly and cost-effectively. For example, the Dubai International Academic City in the UAE is a leased facilities model.

The choice of model will depend on several factors, including the financial resources of the university, the government's policy on foreign universities, and the availability of suitable facilities.