



“A Perspective on Canada-India Higher Educational Partnerships: Prospects and Obstacles”

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India has never been higher on Canadian minds. The transformation of the Indian economy after 2001 sparked much of this interest, with both the previous Chrétien and Martin Liberal governments reversing decades of neglect from Ottawa. Following the January 2006 federal election, the Conservative Harper government designated India as one of its three foreign policy priorities, largely because of its global role as an “emerging economy.”

Several factors are driving this renewed interest. Ottawa believes Canada shares a number of common, or at least similar values with a democratic India. Secondly, the Indian diaspora in Canada is becoming increasingly influential politically, lobbying Ottawa and the provinces to seek new trade and investment opportunities with India. Thirdly, Canadians have long been exposed to various facets of Indian culture and are showing greater appreciation for it. Attention is now turning to higher education as a channel to connect and collaborate with India beyond the traditional political and trade routes. As Ottawa redefines its bilateral relationship with India, education could help strengthen relations that have been damaged since the 1970s by the nuclear proliferation tensions.¹

Demographics are at the heart of the interest in India’s higher education sector. Spurred by Canada’s declining birthrate and aging population, Ottawa and the provinces are turning to immigration in order to supply needed skilled workers and to reverse declining enrollment rates. While there is interest in both kindergarten to grade 12 and English as a second language (ESL), higher education is where government, colleges, universities and the private sector are focusing most of their efforts. India is widely recognized for its tradition of excellence in education. The private sector is interested in the development of training programs for Indian workers in order to fill skills shortages – an identified need in most Canadian industries. A recent Canadian Manufacturers and Exporters Management Issues Survey revealed that in 2005, over 10% of manufacturers and exporters experienced difficulties filling positions for entry-level employees, engineers, equipment operators, sales and marketing personnel.² Another recent report notes that Canada will need 16,000 to 20,000 information and communication technology professionals every year over the next ten years.³ Canadians are slowly realizing that the country’s competitiveness depends on attracting more foreign students and workers to Canada.

Since 2003, an unprecedented number of provincial public and private sector delegations from British Columbia, Manitoba, Ontario and Quebec have traveled to India in order to initiate or expand existing linkages in the higher education sector. Universities and

provinces grouped under the Canadian banner have competed with the US, UK, New Zealand and Australia at student recruitment fairs. In December 2007, BC Premier Gordon Campbell made education and science and technology the two pillars of his visit to India. This is unprecedented in the 60 years of bilateral relations between the two countries. However, because Canadians have long neglected India, interested parties need to become familiar with the lay of the land if they are to achieve long-term success in this potentially lucrative market.

I) Understanding India's Higher Education Environment

Until recently, few Indian families had the means to send their children overseas for post-secondary education. Conversely, few Canadian universities and colleges saw India as a market for student recruitment or collaborative research. This is changing rapidly. A recent report by the McKinsey Global Institute notes that since 1991, India's economic reforms have lifted hundreds of millions out of poverty and created a huge, largely urban middle class. If the economy continues to grow at this pace, average household incomes will triple by 2025, allowing India to rise from 12th to 5th place in the world ranking of consumer economies.⁴ This would allow an increasing number of Indian parents to consider a foreign education for their children. However, two factors could affect this trend:

- The McKinsey report suggests there may be a shortfall of half a million qualified candidates in the Indian job market by 2010. By 2020, the labour force and the number of job seekers could expand by 45%.
- India is also experiencing a shortage of people trained in the latest scientific techniques. Most of the 300,000 science students graduating every year do not have the required skills to work in biotechnology labs.

Since 1990, the number of educational institutions in India has grown by 6% annually. Yet this growth has not kept pace with the rising demand for higher education. There are not enough places in India to educate and train the young people clamoring for the opportunity. Chief economic planner Montek Singh Ahluwalia has stated that infrastructure expansion will not take place in the public sector; the government has other pressing health and education commitments that will monopolize its resources.⁵ To meet the demand, higher education providers are multiplying, leading to increasing concern over the quality of the services delivered as well as the funding needed to ensure sustainable development of infrastructure, a healthy student body and qualified faculty.

A) Quality Control and Funding

Canadian post-secondary institutions looking for Indian partners need to note that while India's higher education sector has grown, quality is still uneven. Indian post-secondary institutions are rated by two accreditation agencies – the National Assessment and Accreditation Council (NAAC) and the National Board of Accreditation. The former deals with colleges providing general education, the latter, an affiliate of the All India Council for Technical Education (AICTE), deals with professional and technical colleges. While only 3,500 colleges are under the purview of the NAAC, its grading system is revealing. As of

2007, only 28% of NAAC accredited colleges had received an above average grade, 25% were rated average, and a whopping 47% were rated below average.⁶

The Chairman of the University Grants Commission (UGC) declared India's universities and colleges need to improve quality control. The UGC administers a framework in existence since 1956, assessing and promoting excellence in India's post-secondary institutions. In order to be recognized by the UGC and to qualify for development grants, universities and colleges must meet minimum standards for facilities, infrastructure and human resources. However, only 6,000 of the 14,080 colleges that achieved UGC recognition were eligible for development grants. More than half do not meet the minimum academic quality requirements. Similarly, only 167 of 224 state universities are recognized by the UGC, many failing to meet the minimum standards stipulated under the UGC Act of the Indian parliament.

Investment in the quantity and quality of India's higher education and educational infrastructure is crucial. India must not only produce jobs, it must also produce more graduates with the skills needed for employment in the global economy. The quality of the higher education institutions is reflected in the academic performance of the students. Data collected in 2002 by UGC are alarming. Among students presenting themselves for final exams, pass rates were relatively low in the faculties of Commerce (56%), Computer Science/Applications (49%), Science (61%) and Management (61%). Performance was relatively better in Engineering (79%), Medicine (75%), Nursing (97%) and Education (89.5%). Overall, the 2002 pass rate for students taking final exams in all disciplines was only 63%. As one analyst noted, "these figure bear out the adage that quantity (of institutions) does not necessarily imply quality."⁷

The problems of access and quality largely stem from inadequate public funding. The share of India's gross domestic product (GDP) earmarked for university and higher education fell from 0.77% to 0.66% between 1990-1991 and 2004-2005. Moreover, a significant portion of state funds go directly to non-program expenses, particularly salaries, leaving little available to pay for infrastructure growth or to develop new programs.

The government of India did take a giant step in February 2008 when it announced increased spending in higher education during the 11th Plan. India is committed to a massive expansion in the sector, with spending to increase by 90% and with work starting on a number of new institutions, including six universities, three Institutes of Information Technologies (IITs), two Institutes of Science Education and Research and two Schools of Planning and Architecture. The government also intends to raise the Gross Enrollment Ratio from the present 10% to 15% by 2012.

B) Privatization and Foreign Direct Investment in India's Higher Education

The past decline in state funding created opportunities which the Indian private sector was quick to grasp, especially in the areas of professional and technical education. According to UGC data, 20% of the 17,000 recognized colleges in India are privately owned and funded.⁸ The level of privatization does vary across the country, but the incentives are the same in all provinces. Because of the demonstrated market demand and the conviction that

graduates earn higher incomes, private providers can charge students higher fees. Private schools are needed but, just as in the public sector, quality control is an issue.

Foreign education providers and Indian private providers face similar regulations. Politicians, bureaucrats, the private sector and many educators view the arrival of foreign institutions with suspicion and have advocated for stringent legislation and policies for foreign institutions. However, the current regulations have had adverse effects. Suspicion has led to overly complex and demanding regulations for both private and foreign providers, imposing prohibitive costs for many legitimate foreign institutions. Perversely, illegitimate providers looking for short-term gains are not deterred because they can recover the cost of regulation by exploiting students.

It is also unclear whether or not the government allows for 100% foreign direct investment (FDI) in higher education. FDI is permitted in some areas, particularly technical programs through 'twinning' arrangements with Indian institutions. Such arrangements allow students to attend classes in both India and at the foreign provider's country. Some institutions, such as the University of Pennsylvania, also mandate Indian schools to deliver some of their programs.⁹ However, New Delhi has sent mixed signals on its willingness to open the door completely to FDI. In February 2007, Higher Education Secretary R. P. Agrawal stated that India was considering allowing 100% FDI in all higher education institutions. He also hinted there could be new regulations imposing quotas for certain castes and religions. While New Delhi might support 100% FDI, there are strong indications that stringent regulations will encourage foreign universities to collaborate with a local partner, and that only prestigious universities will be accepted.¹⁰ A Foreign Educational Institutions Bill was to be introduced in Parliament last year. It was delayed in part because the Congress Party has to rely on the support of a small Communist Party faction (CPIM) to prop up the Union Government. The CPIM, in conjunction with its student arm, the Students Federation of India, has argued that FDI will create a parallel higher education system at a high financial and social cost to the country. The SFI has also sought the creation of a Central (Federal) law that would regulate fees and admission to private professional institutes, as well as any FDI in higher education and foreign universities.¹¹ There are reports of divisions within the cabinet on this issue, pitting the Minister of Human Resource Development against the Minister of Commerce.¹²

II) Foreign Interest in Indian Higher Education

The challenges facing India's higher education sector have only stimulated foreign interest, particularly among English-speaking nations, in partnering with Indian institutions to fill existing gaps. For example, Australian and British post-secondary institutions have eagerly recruited students and established institutional linkages in the Indian market.¹³

- Both countries use their central governments to buttress their presence in the Indian educational market. In January 2008 British Prime Minister Gordon Brown, announced an additional commitment of C\$400 million for education programs in India.

- In the United States, universities are leveraging their alumni networks and reputations to promote connections with India.
- Even France, a traditionally minor player in the Indian market, is actively pursuing Indian students while forging linkages with post-secondary institutions. The French Minister of Higher Education and Research recently announced the establishment of the Indo-French Consortium of Universities that will initiate joint research projects, enhance cooperation at the Masters degree level and facilitate the establishment of 21 inter-university agreements. To pave the way, visa rules for Indian students were recently relaxed, allowing part-time work while students pursue their studies in France.¹⁴

III) The Canadian Perspective

India has only a small share of Canada's international educational connections. But as higher education opportunities expand in India, Canadian schools have been keen to enter the market. York University, Simon Fraser University and the University of Waterloo are a few of the leading Canadian schools exploring ties with India. An even greater number of players can be found among Canada's community colleges, ESL schools and poly-technical institutions.

Adventurous Canadian institutions have frequently been disappointed while trying to develop partnerships and strategic alliances in the Indian market. Many institutions have no experience with the higher education environment in India. It is an alluring prospect, but it can present significant challenges in terms of identifying the right partner, funding the activities and developing solid business plans.

The greatest challenges for Canadian institutions of higher learning are:

- Indian institutions are usually under-funded and are unable to undertake joint initiatives.
- There is a staggering number of Indian colleges and universities of varying quality. It can be a difficult and laborious process to identify reputable and accredited partners.
- Physical and technological infrastructure problems exist. For example, it is not uncommon to find that campus laboratories lack basic facilities and equipment. Although India is renowned for its world class computer technology, it is difficult to develop and deliver distance-education programs using broadband, for example, since bandwidth accessibility varies considerably.

But Indian obstacles are not the only ones limiting Canadian progress. Recently, Dr. Kathleen Scherf of the University of Calgary catalogued some of the problems Canadian institutions and relevant levels of government must solve. They include:

- In the US, UK, Australia, and New Zealand, governments and institutions invest jointly in the development of branding strategies for India.
- These strategies are supported by expedited visa processing procedures. In Canada, there has been little federal involvement and few resources promoting higher educational linkages with India.
- Canada is a late-comer on the brand development scene. Since education is a provincial responsibility, there is nothing to compel the provinces to follow a branding strategy designed by the federal government. Cooperation between the provinces, Ottawa, and post-secondary institutions is rare indeed.
- Indian students face problems with visa availability and processing times. Gaps in communication and information between Canadian missions in India and post-secondary institutions in Canada further restrict the flow of students.
- Our admission system is rigid when it comes to granting Indian students credit for Indian university courses and the three year baccalaureate degrees. Still, some caution is warranted given the difficulty in gauging the quality of Indian schools.
- Finally, just as Indian institutions face tight budgets, Canadian institutions have to charge high tuition fees and are limited in the scholarships they can offer to Indian students.

However, new government sponsored mechanisms may help to develop mutually beneficial and sustainable partnerships:

- The recently completed Canada-India Science and Technology Agreement has the potential to foster bilateral research projects in Canada and India between government, research institutions, private sector, universities and colleges. Approximately C\$6.75 million has been made available over the next four years and could foster university–industry partnerships.¹⁵
- The international education secretariat of Canada’s Department of Foreign Affairs and International Trade is preparing to launch the ‘Brand Canada’ international education initiative. Improved branding of higher education could help Canada’s post-secondary institutions make inroads in India by enhancing Canada’s visibility. Indeed, in 2005 a record 2,361 Indian students came to study in Canada,¹⁶ reflecting our universities’ and colleges’ renewed efforts to attract foreign students as domestic enrolment decreases.

But institutions need to go beyond student recruitment if they are to develop durable connections with India. In approaching India as a market, rather than as a source of partnerships and strategic alliances, Canada risks alienating some of the stakeholders in the Indian education sector. International competition is heating up for the next generation of long-term partnerships with Indian post-secondary institutions and the Indian private

sector. The United States is in the vanguard, taking a long-term view in the kinds of partnerships and agreements sought. In India and indeed throughout Asia, Canada lags behind Australia, New Zealand, the UK, and the US in basic student recruitment and government funding initiatives designed to promote educational partnerships.¹⁷ These factors represent an obvious advantage for Canada's main competitors.

Some post-secondary institutions in Canada are exploring new opportunities by developing connections and networks in the areas of science and technology, engineering and business. The next generation of programs will encourage direct post-secondary to post-secondary linkages through joint research projects and faculty exchanges, particularly in fields such as synchrotron research, nanotechnology, and neuroscience. Some are moving beyond university-to-university or college-to-college linkages to bring in a third partner from the private or the public sector.

IV) Getting the Vision Right and Next Steps

The competitive disadvantage Canadian players have due to relatively poor federal government support makes it imperative for post-secondary institutions to have a clear vision of what is achievable and sustainable in terms of student recruitment or collaborative linkages. It is essential to understand the long-term objectives and underlying value structures of the Indian education system, as well as the needs of the Indian student. It is also necessary to realize that any entry into the Indian market will require a great degree of patience and a long-term perspective. Suspicion of FDI clearly exists and Canadians need to accept that the Indian system changes gradually. There is little empirical research in this area but anecdotal evidence indicates Canadian institutions are far less successful than their competitors in terms of understanding the Indian system and adopting a long-term outlook.

In preparing for India, it is therefore essential to gather solid market intelligence, identify good quality partners, and cultivate relationships with reliable faculty and capable students. By adopting these general practices, Canadian institutions can lay the groundwork and reap tangible rewards in the years to come.

4 steps to preparing mutually beneficial partnerships and linkages

- There is a need to conduct a mapping study in Canada to identify the main players and their activities in India. There is no existing database providing information on higher education agreements, Memorandums of Understanding, or programs between Canada and India, nor are there data on their successes and failures. The present Canadian approach is piecemeal and a mapping study could provide a solid overview.
- There is a need to better understand the business models that have worked, those that have not, and the new initiatives under development (such as a recently proposed 'Campus Canada' that would be based in India and serve the needs of the many Canadian post-secondary stakeholders interested in India. One prominent report has suggested that Canada could assist India with the

establishment of a cooperative education model. Is this feasible and are Indian stakeholders interested?

- There is a need to undertake a study of the economic benefits of higher education collaborations. This could assess the impact of student recruitment on the Canadian economy, or the spin-offs generated from science and technology endeavours such as infrastructure opportunities for Canadian engineering firms in India.
- A meeting between university and college presidents, provincial and federal officials should be convened to discuss the needs and interests of both sides. This could also be an opportunity to gauge the opportunities that exist for Canada's private-sector in the Indian higher education market now that India has removed FDI restrictions.

Conclusion:

Higher education collaborations have the potential to solidify people-to-people, trade and cultural linkages between Canada and India. But it is unclear how Canadian actors will react to realities such as the competitive pressures from other English-speaking countries, Canada's greying population and the growth potential of the Indian higher education sector. Canada's main competitors are boldly pursuing the Indian market and marshalling the necessary resources. For instance, the British government recently decided to stop its Commonwealth Scholarship for Canada and New Zealand and redirect these funds to China and India. The federal government is unlikely to take a leading role in this area, given our constitutional framework and Ottawa's current priorities. The provinces and post-secondary institutions will have to look elsewhere if they are to beat the foreign competition in India. Perhaps Canadian higher education institutions can explore partnerships with domestic world-class private-sector companies with which they have existing ties in order to strengthen their appeal to potential Indian partners. Important factors to address are manpower needs and research collaboration. Examples of such partnerships are RIM in Waterloo, Nortel and the University of Ottawa or the pharmaceutical/medical device company Angiotech's connections with B.C. universities.

Some sobering questions remain. Can individual institutions take care of themselves or is a national program needed? Is it possible to have a federal coordination mechanism to create national objectives when education is largely a provincial responsibility? How will Indian institutions and the Indian private-sector react to possible Canadian FDI in higher education? What, from the Indian perspective, will produce positive intellectual and economic outcomes for both sides? The impetus for Canada's early higher education initiatives under the Colombo Plan was to keep India in the Western sphere of influence during the Cold War. Canada's present goals reflect a far different world in which cultivating ties with India is key to maintaining a skilled domestic labour force, expanding our research and development, keeping up on the science and technology front, and developing a new export sector, the education industry.

¹ For an overview of bilateral relations see Ryan Touhey, Canada and India at Sixty: Moving Beyond History? *International Journal* (Autumn 2007) pps. 733-752.

² See DRAFT APFC Working Paper 'Moving Forward: suggesting a Road Map to Canada-India Academic Relations' prepared by Dr. Randall Martin 23 February, 2008.

³ See Ravi Seethapathy & David Johnston, 'Institutional Linkages: Academic, Government, Private Partnerships in the Canadian and Science & Technology Sector.' (Ottawa: Government of Canada, 2004), 13.

⁴ See Eric D. Beinhocker, Diana Farrell, and Adil S. Zainulbhai 'Tracking the growth of India's middle class.' *The McKinsey Quarterly*, November 2007.

http://www.mckinseyquarterly.com/article_page.aspx?ar=2032&l2=7&l3=8#sidebar1up.

⁵ See Adil S. Zainulbhai, 'Clearing the way for robust growth: An interview with India's chief economic planner' October 2007.

http://www.mckinseyquarterly.com/Clearing_the_way_for_robust_growth_An_interview_with_Indias_chief_economic_planner_2064

⁶ For a splendid overview of the Indian higher education overview see Rohan Mukerjee, Higher Education in India: An Overview and Opportunities for Foreign Participation. Paper presented at the India-Canada Policy Dialogue, jointly organized by the Asia Pacific Foundation of Canada and the Centre for Policy Research, New Delhi, April 2-3, 2008. pps. 3-4.

⁷ See Mukherjee, pg. 4.

⁸ *Ibid*, 5.

⁹ See Ryan Touhey, 'Innovation in Higher Education Partnerships with India: Comparing Canada, Australia, the United Kingdom and the United States.' <http://www.asiapacific.ca/analysis/pubs/pdfs/rr/2007/canada-india.pdf>.

¹⁰ The Hindustan Times, 'Government for 100 per cent FDI in higher education', February 23, 2007.

¹¹ *Ibid*, 'Education to be the next issue for NDC, says PM'; 'FDI in education will create a parallel education system: SFI', November 4, 2006.

¹² IANS, Staff Writer, 'Arjun Singh may agree to FDI in education after all', March 30, 2008, accessed at <http://www.indiaenews.com/business/20080330/107535.htm>.

¹³ See Touhey, 'Innovation in Higher Education Partnerships with India: Comparing Canada, Australia, the United Kingdom and the United States' <http://www.asiapacific.ca/analysis/pubs/pdfs/rr/2007/canada-india.pdf>.

¹⁴ The Hindustan Times, 'India, France sign 21 agreements in education' January 27, 2008.

¹⁵ The Indian government signed a similar agreement with the United States in 2005. Both countries are presently engaged in a number of S&T projects from which American universities are benefiting. See

<http://www.indianembassy.org/newsite/indosciapr07.asp>.

¹⁶ See Citizenship and Immigration Canada <http://www.cic.gc.ca/english/resources/statistics/facts2006/temporary/09.asp>

¹⁷ See Holroyd, <http://www.asiapacific.ca/analysis/pubs/pdfs/commentary/cac40.pdf>.