On Tuesday, India’s prime minister sent Parliament the latest version of a long-discussed bill intended to let foreign universities set up shop here, but the requirements set out in the legislation seem likely to provoke controversy. The conditions are also likely to deter some institutions from considering moves into India, academics here and elsewhere agree.

The draft bill stipulates, among other things, that the federal government has final say in approving any foreign university seeking to operate in India. It also states that foreign institutions should have been accredited in their home countries for at least 20 years. The bill also does not include online education providers in its definition of “foreign educational institution.”

A foreign institution must also set up a bank account in India that holds a minimum of about $11-million. And universities are forbidden from repatriating any surplus revenue from their Indian operations to their home campuses.

The provisions—the products of a very public four-year debate—passed a major hurdle in March when they won the approval of the prime minister’s cabinet. How they will fare in the legislature is unclear, although observers say that in any case the bill is unlikely to pass before this summer, missing a key deadline set out by Kapil Sibal, the government’s reformist minister in charge of higher education.

While some of the proposal’s requirements are considered onerous, the bill does not require that foreign universities abide by India’s elaborate system of quotas, in which almost 50 percent of all seats at public universities are reserved for students from various castes or ethnic groups.
Nor does it set tuition caps. And it states that the federal government may exempt institutions that have a strong reputation and solid international standing from all but a few provisions of the bill.

The downside to that freedom, though, is that the government would then become involved in running the institution through an advisory board of academics it nominates. Each government advisory board would consist of three members who had been named by the government as "national research professors."

Now that the bill has been delivered to Parliament, a standing committee of members from the leading coalition party and other parties will evaluate it and propose changes, if any, to the ministry in charge of higher education. Once that is complete, the revised bill goes to a full Parliamentary vote.

**Concerns About Cost**

American university leaders say they are pleased that India may open its doors to greater international partnerships but wary about the daunting task of operating in the country.

"There are not a large number of universities that will set up campuses," said Edward Guiliano, president of the New York Institute of Technology, which has been interested in working in India. "I think universities will do joint ventures with Indian universities in the beginning. It's very formidable going into a country and setting up a campus, so we'll likely find a partner as well." He said colleges and universities would probably be concerned about the mandatory $11-million investment and the costs of building a campus abroad.

He also said that academic institutions that do work in India would need to consider how they provide education to India's disadvantaged students.

"In India the question ultimately will be: Will there be a class of students who won't be able to afford elite or foreign universities?" he said. In part because of such concerns, politicians and academics in India have long been divided on whether to allow foreign universities to enter India and, if so, what sorts of regulations they should follow.

Even some members of the Congress Party, the leading political party of the coalition government, are not in favor of the move, although the party has aggressively pushed the idea of opening India up to foreign providers. Leftist parties have categorically said they
don’t want foreign universities in India at all, fearing that they will become enclaves of the rich.

Mr. Sibal, the minister in charge of higher education, has rejected calls for tight controls over foreign providers, and his influence clearly shaped this bill, which rejected some of the more controversial restrictions floated in recent years, including tuition caps, quotas, and government involvement in curricular design.

**A Political Process**

But political compromises are still a possibility if the Congress Party hopes to push the bill through this year.

"Usually the minister does pay heed to recommended changes because if he doesn’t the issues will come up for debate in Parliament by the same members, anyway," said an official at the ministry in charge of higher education, who didn't want to be named because officials are not authorized to speak to the media.

"The whole process takes seven to eight months, usually," the official said. That would mean the bill is unlikely to pass by the next academic year, as Mr. Sibal had hoped.

If the bill is passed, foreign universities interested in operating in India would still have to wait through a nearly yearlong process of approvals by various government and regulatory bodies. They would also need written endorsements from their countries' embassies or high commissions in India.

Mr. Sibal and other public officials have expressed concern about the possibility of letting in low-quality providers, and the bill sets out penalties of up to about $119,000 for institutions that fail to offer the same quality of programs as on their home campuses. Institutions could be fined or forced to forfeit any financial gains made in India.

"A number of foreign educational institutions have been operating in the country, and some of them may be resorting to various malpractices to allure and attract students," Mr. Sibal wrote at the end of the draft bill. "Due to lack of policy or regulatory regime, it has been very difficult to make meaningful assessment of the operations of the foreign educational institutions, and absence of such meaningful assessment has given rise to chances of adoption of various unfair practices besides commercialization."