ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

STUDY ON FOREIGN DIRECT INVESTMENT IN EDUCATION

SAMEERA SULTANA BAHMAID
MBA, M.Phil

Assistant Professor
Lords Institute of Engineering & Technology
Himayath Sagar, Hyderabad.
Mobil#: 9849968901
sameera.lords@gmail.com
bahmeed_83@yahoo.co.in

ABSTRACT:

Foreign direct investment (FDI) is direct investment by a company located in another country either by buying a company in the country or by expanding operations of an existing business in the country. Foreign direct investment is done for many reasons including to take advantage of cheaper wages in the country special investment privileges such as tax exemptions offered by the country as an incentive to gain tariff-free access to the markets of the country or the region. Foreign direct investment is a passive investment in the securities of another country such as stocks and bonds and also known as portfolio investment. FDI explains about the net inflows of investment to acquire a management interest and also management control and profit sharing as a part of the national accounts of a country.

It usually refers to a measure of foreign ownership of productive assets, such as factories, mines and land. Increasing foreign direct investment can be used as one measure of growing economic globalization. India is the second most FDI destination as per the survey by UNCTAD after China for transnational corporations during 2010-2012. The foreign direct investment involves the transfer of technology and expertise, and participation in the joint venture and management. Foreign direct investment provides highly productive advantages both governmental and private companies and organizations of all over the world. Foreign direct investment is profitable both to the country receiving investment (foreign capital and funds) and the investors.

Education is gaining lot of importance in India. Education Industry is likely to grow by the size of the public education sector is $40 billion and the private sector amounted to $60 billion in 2011-2012. Foreign Direct Investment up to 100% is allowed in most of the sectors more significantly, there is an expectation that FDI would reach US$ 1000 million this year. The study focuses on advantages of FDI in Education with reference to India particularly, and evaluates the advantages and disadvantages of going in for FDI.

KEY WORDS: Globalization, UNCTAD, FCRA, CII, GDP, IMF, WTO, RBI, EXIM Bank

ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

A STUDY ON FOREIGN DIRECT INVESTMENT [FDI] IN EDUCATION

INTRODUCTION:

Foreign direct investment (FDI) is direct investment by a company located in another country either by buying a company in the country or by expanding operations of an existing business in the country. Foreign direct investment is done for many reasons including to take advantage of cheaper wages in the country, special investment privileges such as tax exemptions offered by the country as an incentive to gain tariff-free access to the markets of the country or the region.

Foreign direct investment is a passive investment in the securities of another country such as stocks and bonds and also known as portfolio investment. FDI explains about the net inflows of investment to acquire a management interest and also management control and profit sharing as a part of the national accounts of a country. It usually refers to a measure of foreign ownership of productive assets, such as factories, mines and land. Increasing foreign direct investment can be used as one measure of growing economic globalization.

India is the second most FDI destination as per the survey by UNCTAD after China for transnational corporations during 2010-2012.As pet the data, the second sectors which are attracted higher inflows were services, telecommunication, Construction, Media and computer Hardware and Software. The foreign direct investment involves the transfer of technology and expertise, and participation in the joint venture and management. Foreign direct investment provides highly productive advantages both governmental and private companies and organizations of all over the world. Foreign direct investment is profitable both to the country receiving investment (foreign capital and funds) and the investors. India has one of the world's largest education systems, which includes 1.3 million schools, 30,000 colleges and 542 universities. In last year's budget (2011-2012), Finance Minister Pranab Mukherjee allocated Rs 52,057 crore for the sector. The size of the public education sector is $40 billion and the private sector amounted to $60 billion in 2011. Current law allows 100 per cent FDI in education. According to the Confederation of Indian Industry (CII), another simple and best way to attract private investment in higher education is possible through foreign direct investment (FDI), and for those certain amendments to be made in the Foreign Currency Regulation Act (FCRA). There is an expectation that FDI would reach US$ 1000 million this year. Foreign investment considered in several types such as Portfolio investment, foreign loans and foreign direct investment are the three important classifications. Out of these foreign direct investments in industry and services are the most useful. According to the International Monetary Fund, “direct investment reflects the aim of obtaining a lasting interest by a resident entity of one economy (direct investor) in an enterprise that is resident in another economy (the direct investment enterprise). The “lasting interest” implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the latter”.

Foreign Direct Investment means designing and implementing macroeconomic stability policies. British companies setup their units in mining sector and in those sectors that suits their own economic and business interest. Government setup Foreign Investment Board and enacted Foreign Exchange Regulation Act in order to regulate flow of foreign capital and FDI flow to India. FDI an important and vital component of development strategy in both developed and developing nations and policies are designed in order to stimulate inward flows.

ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

The education sector in India is considered as one of the major areas for investments as the entire education system is going through a process of overhaul, as per a report 'Emerging Opportunities for Private and Foreign Participants in Higher Education' released by PricewaterhouseCoopers (PwC). The country's fast-growing education sector holds a potential to attract a US$ 100 billion investment over the next five years. Given this backdrop, the education ministry came up with the proposal of 100% foreign direct investment (FDI) in higher education in the country, in 2007. This paper highlights the opportunities and challenges of FDI in education sector. Foreign direct investment (FDI) of up to 100 per cent is allowed under the automatic route in the Education Sector since 2002 vide Press Note 2 (2000 Series). This means a foreign company can directly invest in an Indian firm without prior approval from the government or the RBI. However, within 30 days of the receipt of the FDI, the Indian company is required to report to the RBI's regional office. In the past 11 years, the total FDI in education has stood at Rs 2,051 crores, the yearly average of Rs 186 crores being one-tenth of one per cent of what the Centre and state governments annually spends in this sector. The industrial policy of 1965, allowed MNCs to venture through technical collaboration in India. However, the country faced two severe crisis in the form of foreign exchange and financial resource mobilization during the second five year plan (1956 - 61).Therefore, the government adopted a liberal attitude by allowing more frequent equity participation to foreign enterprises, and to accept equity capital in technical collaborations. An influential study done by Borensztein et al. (1998) captures the positive effect of inward FDI on economic growth. FDI can contribute both directly as well as indirectly to the growth of an economy, by improving knowledge, technical knowhow and technology spillovers, by boosting capital stock and by instigating domestic production and consumption (Feenstra and Markusen, 1994).

India is the third largest higher education system in the world (after China and the USA) in terms of enrolment. According to the Education Division at Technopak Advisors, the size of the public education sector is $40 billion and the private sector amounted to $60 billion in 2011. In last year's budget (2011-2012), Finance Minister Pranab Mukherjee allocated Rs 52,057 crores for the sector.

NEED AND IMPORTANCE OF THE STUDY

Foreign investment and economic growth has strong relationship between them. The flow of FDI in Indian service sector is boosting the growth of Indian economy, this sector contributing the large share in the growing GDP of India. There is a requirement of larger inflows of foreign investments for the country to achieve a sustainable high trajectory of economic growth. There is a need to invest around 35 to 40 per cent of GDP for the economy to grow by 7 to 8 per cent a year.

The significance of private FDI is that such investments are risk free to the country and bring with it the advantages of advanced technology, management practices and assured markets. In due course there is a technology transfer as the local workforce gains knowledge of the manufacturing processes and management practices. The value added in these industries is a contribution to GDP and foreign exchange earnings.

Therefore FDI contributes to foreign exchange earnings, employment creation and increases in incomes, especially of skilled and semi-skilled workers in these industries. FDI in service sector affects the host country's competitiveness by raising the productivity of capital and enabling the host country to attract new capital on favourable terms. It can be safely said that the Education has a very important role in shaping the Indian economy. The sector has a total output and the size of the public education sector is $40 billion and the private sector amounted to $60 billion and allocated Rs 52,057 crore for the sector in 2011-2012.

ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

FDI is a predominant and vital factor in influencing the contemporary process of global economic development. The study attempts to analyze the important dimensions of FDI in India. The study works out the trends and patterns, main determinants and investment flows to India. The study also examines the role of FDI on economic growth in India. FDI is considered as the most suitable form of external finance. And it is increase in competition for FDI inflows particularly among the developing nations.

FOUR MORE BILLS TABLED

OBJECTIVES:

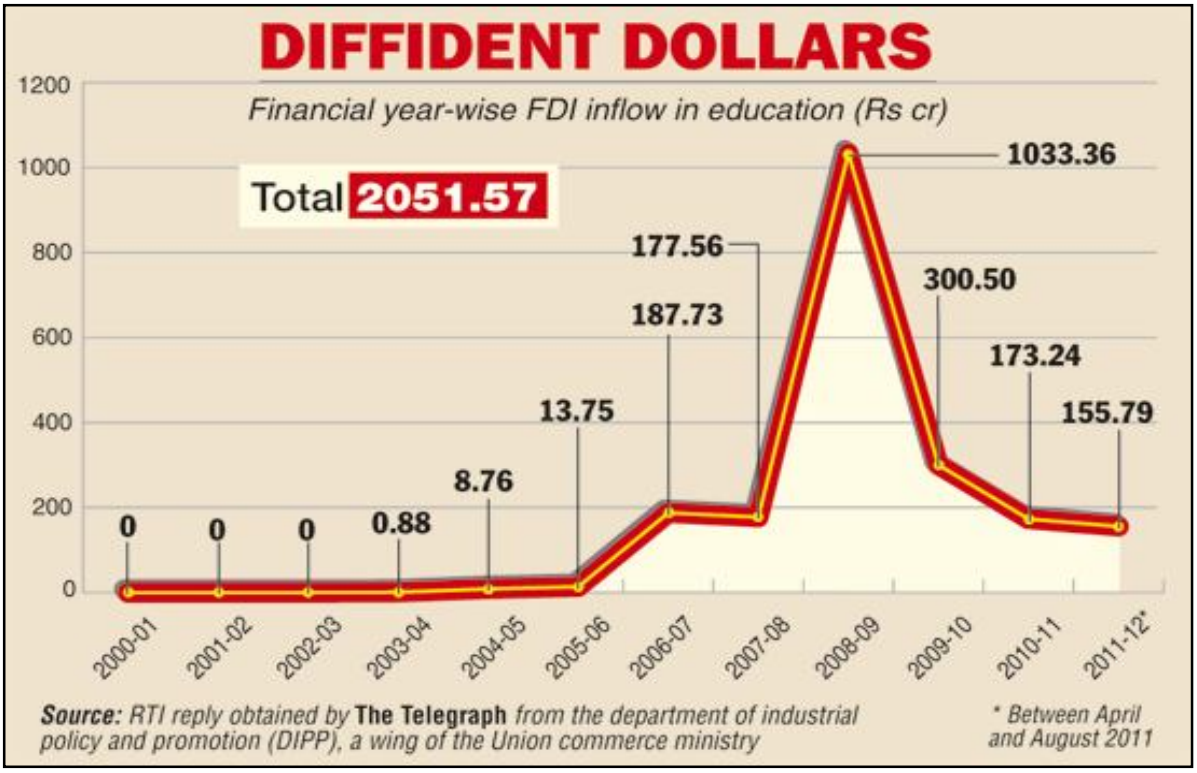
1. To study the current trends and patterns of flow of FDI towards education sector.
2. To assess FDI as a determinant for growth of Education Sector
3. To evaluate the impact of establishment of foreign universities in India.
4. To study the status of Indian higher education system and need of FDI in education sector in India.
5. To study the opportunities of FDI in education sector in India
6. To study the challenges of FDI in education sector in India
7. To analyze the importance of regulatory bodies in inviting the foreign universities.
8. To study the implications of bringing in FDI in Indian education.
9. To study the aspects of FDI entry at different levels in Indian education system.
10. To trace out the barriers for FDI in Indian education.
11. To suggest the removal of various barriers for FDI in Indian education system
12. To study the need of FDI in education in India.

ANALYSIS:

1. Government has taken a step further for the free entry to A-grade global universities into India without any restriction
2. Central Government has on 15 March 2010 unanimously approved the Foreign Educational Institutions Regulation of Entry and Operations, (Maintenance of Quality and Prevention of Commercialization) Bill 2010 (the "Bill").
3. New bill will allow foreign providers to set up Independent colleges
4. It is not clear whether the foreign universities would take care of the needs of the underprivileged sections

ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad



In 11 years, the total FDI in education has stood at Rs 2,051 crore, the yearly average of Rs 186 crores being one-tenth of one per cent of what the Centre and state governments annually spend in this sector.

METHODOLOGY OF THE STUDY:

The study is based on secondary sources of data. The main source of data is various Economic Surveys of India and Ministry of Commerce and Industry data, RBI bulletin, online data base of Indian Economy. Economic and Social Survey of Asia and the Pacific, United Nations, Asian Development Outlook, Country Reports on Economic Policy and Trade Practice- Bureau of Economic and Business Affairs, U.S. Department of State and from websites of World Bank, IMF, WTO, RBI, UNCTAD, EXIM Bank etc

LITERATURE REVIEW:

The Comprehensive literature centered on economies pertaining to empirical findings and theoretical rationale tends to demonstrate that FDI is necessary for sustained economic growth and development of any economy in this era of globalization. FDI is a predominant and vital factor in influencing the contemporary process of global economic development. FDI is considered as the most suitable form of external finance. And it is increase in competition for FDI inflows particularly among the developing nations. Foreign Direct Investment means designing and implementing macroeconomic stability policies.

FOREIGN DIRECT INVESTMENT IN INDIA:

Major economic reforms were undertaken in India in the early 1990s. This led to the liberalization and deregulation of the Indian Economy and also opened the country's markets to Foreign Direct Investment (FDI).In India foreign direct investments are allowed through collaborations that are of financial nature, joint venture collaborations, through

ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

preferential allotments and also through Euro issues. Regulatory reforms were undertaken in India in the early 1990s to encourage FDI inflows to the country. FDI is allowed through joint ventures, preferential allotments, capital markets, and financial collaborations. The total amount of foreign direct investment in India came to around US$ 4,222 million in 2001- 2002 and the next year, this figure stood at US$ 3,134 million.

Various routes of FDI Approval in India:

The proposals for foreign direct investment in India get their approval through two routes that are the Reserve Bank of India and the Foreign Investment Promotion Board. Automatic approval is given by the Reserve Bank of India to the proposals for foreign direct investment in India. The Reserve Bank of India gives approval within the time period of two weeks.

FDI Approval in India is also done by the Foreign Investment Promotion Board (FIPB), which processes cases of non- automatic approval. The time taken by Foreign Investment Promotion Board for approving the proposals for foreign direct investment in India is between four to six weeks. The approach of FIPB is liberal as a result of which it accepts most of the proposals and rejects very few.

FDI Approval in India and Economic Growth:

FDI approvals in India have grown significantly in recent years. Significant FDI approvals have taken place in telecom, real estate, banking and insurance sectors. Several other sectors have also benefited from FDI approvals in India. FDI approvals have played a major role in the economic growth of India in recent years. Top investing Countries FDI inflows in India has registered significant growth over the last few years due to the several incentives that have been provided by the Indian government. Mauritius, U.K, U.S.A, Sweden, France, Switzerland, Malaysia, Singapore, Japan, Germany, Netherlands are major FDI stakeholder in India.

Factors attracting foreign direct investment in India:

Various factors that are attracting foreign direct investment in India include large and growing middle class population in the country, majority of the workers are educated and can speak good English, and the wages are also low. A potentially huge market capable of yielding much higher returns than in other countries has been a major attraction for foreign investors. All these factors have helped to increase the Potential of the Indian Market for Foreign Investment.

Sectors of the Indian market having potential for foreign direct investment are:

- Services
- Telecommunications
- Drugs and pharmaceuticals
- Transportation industry
- Cement and gypsum products
- Electrical equipments
- Education

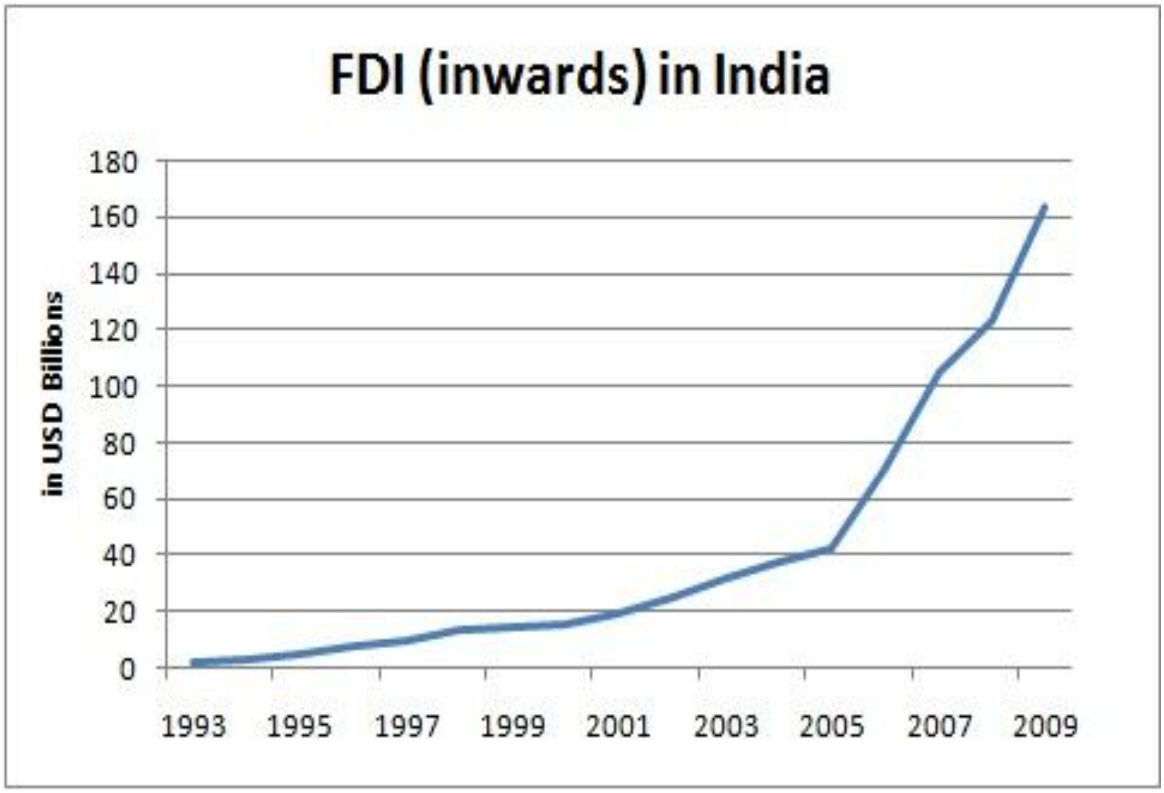
Increasing the Potential of the Indian Market for Foreign Investment:

Initiatives that can further increase the potential of the Indian market for foreign investments are

- Further developments in infrastructure.
- Simplification of FDI process.
- Reform measures.

ISSN 2278-3091

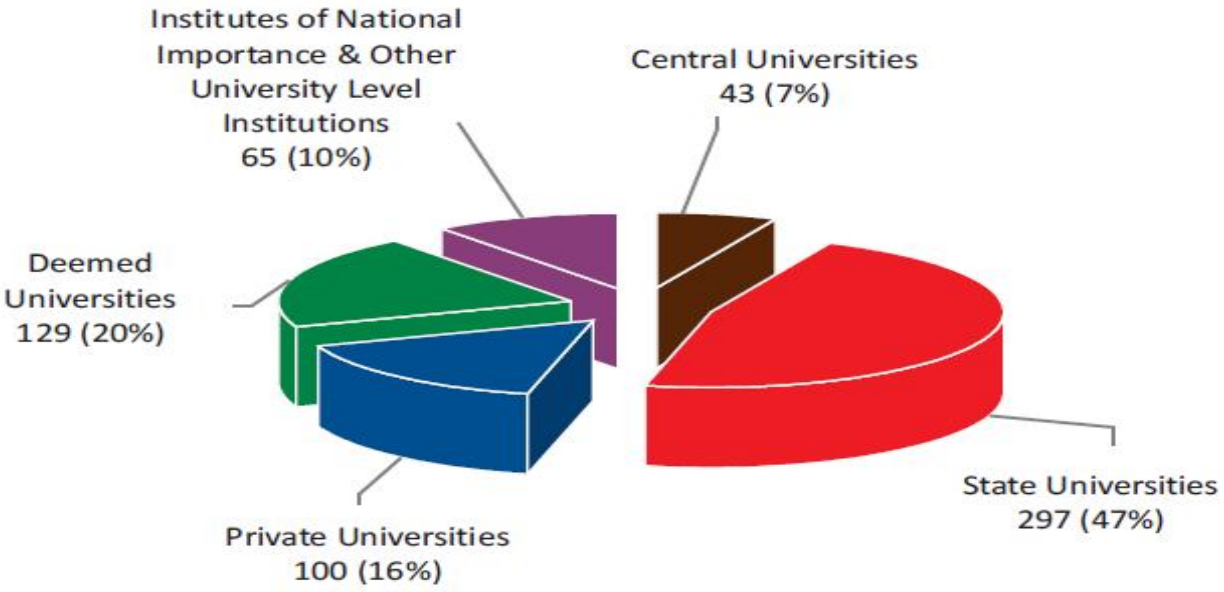
International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad



Growing rate of FDI in India

Type-wise Distribution of Degree awarding Universities/ University Level Institutions:

December,2011(source:www.ugc.net)



ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

FOREIGN DIRECT INVESTMENT IN EDUCATION SECTOR:

Foreign Educational Institutions Regulation of Entry and Operations, (Maintenance of Quality and Prevention of Commercialization) Bill 2010 Central Government has on 15 March 2010 unanimously approved the Foreign Educational Institutions Regulation of Entry and Operations, (Maintenance of Quality and Prevention of Commercialization) Bill 2010 (the "Bill"). The Bill proposes to allow foreign education providers to set up campuses in India and offer degrees and diplomas to students.

The Union human resource ministry announced that 100 per cent foreign direct investment would be allowed under the law proposed for higher education, even as the Group of Ministers on the issue had that FDI of only up to 50 per cent could be permitted in the sector. The proposed Bill has many clauses to check its potential misuse. It prescribes a time-bound format to grant approval to foreign educational institutions to set up campuses in India. They would be registered with the University Grants Commission (UGC) or any other regulatory body (which supercedes UGC), which will scrutinize proposals of aspiring institutions according to India's priorities.

Foreign universities aspiring to set up a campus will also have to deposit Rs. 50 crore as corpus fund and cannot take back the surplus generated from education activities here. Moreover, a foreign education provider shall, out of the income received from the corpus fund, utilise not more than 75 per cent of it for the development of its institutions in India.

The human resource development minister had made it clear in the past that quotas would be implemented if the government allows foreign universities into India. Infact applying the new reservation policy in foreign educational institutions when they come to India has been one of many issues that Man Mohan Singh had taken up against the proposal to allow FDI in education which was vigorously pushed by the commerce ministry.

Already a number of Universities and foreign companies that operate in the education sector have shown keen interest to enter India. The outflow from India on education to foreign countries is more than Rs 20,000 crore. The commerce ministry has been arguing for liberalizing higher education sector in India for foreign investment. The remaining income will be deposited in the corpus fund. The Bill states that a foreign institution "shall not impart education in India unless it is recognised and notified by the central government as a foreign education provider under the proposed legislation" and offers education in conformity with the standards laid down by the statutory authority, and of comparable quality.

According to the Confederation of Indian Industry (CII), another simple way to attract private investment in higher education, especially foreign direct investment (FDI), would be to make certain amendments in the Foreign Currency Regulation Act (FCRA). Current law allows 100 per cent FDI in education. For-profit entities are not allowed to get licences from the University Grants Commission and the All India Council for Technical Education (AICTE) or function as private universities under Acts of different state governments.

Hence, the investment vehicle is often a Society or a Trust or a Section 25 company. This is one of the major sectors, which is enormously benefited from foreign direct investment. A remarkable inflow of FDI in various industrial units in India has boosted the economic life of country.

Employees of the country which is open to FDI get acquaint with globally valued skills in this sector. FDI has also ensured a number of employment opportunities by aiding the setting up of educational institutions in various corners of India.

ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

FACTORS FAVOURING PROMOTION OF FDI:

Increased Investment in higher education will lead to:

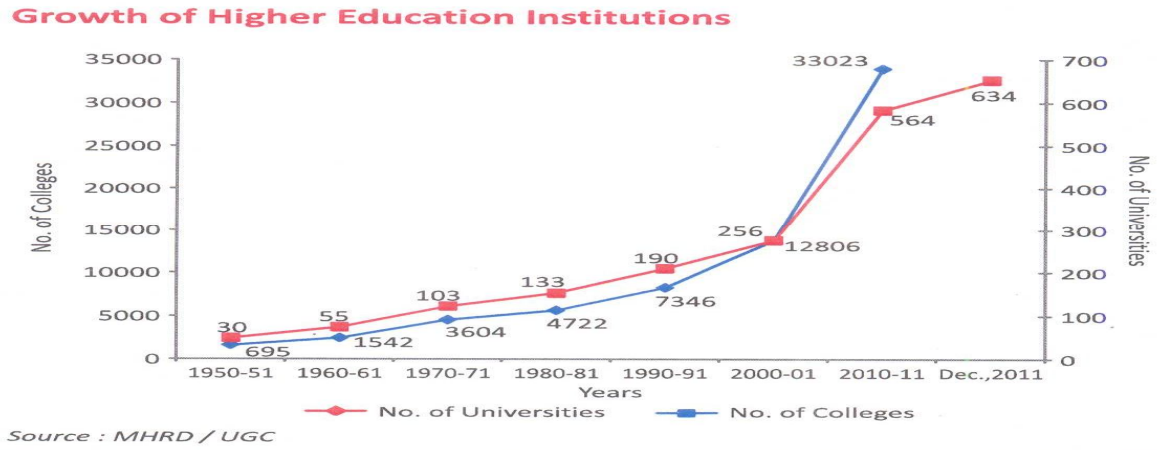
- Increased Institutions
- Enhanced Access to the best universities of the world.
- Opportunities of International Qualification.
- World class labs and libraries.
- Competition leading to quality improvements.
- Curriculum and Technological innovation.
- Research & development.

FACTORS AGAINST PROMOTION OF FDI:

- Profit and Market Considerations would dominate High demand courses.
- Cosmetic Curriculum Innovation with aggressive Marketing will mislead students.
- Create false impression of quality by increasing convenience and flexibility for students.
- Degrees awarded by foreign institutions by partnering with unapproved domestic institutions will not be recognized in India.
- Many of the programmes offered by these institutions might not be accredited in their own countries.

TABLE NO.1: Education Sector FDI Inflows From April 2000 To January 2012
Source: http://business.mapsofindia.com/fdi-india/sectors

SECTOR	AMOUNT OF FDI INFLOWS		% age with total FDI inflows
	In Rs Crores	In US $ million	
EDUCATION	2306.13	491.99	0.31
GRAND TOTAL OF ALL THE 64 SECTORS	723366.76	160094.45	



ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

SWOT ANALYSIS IN EDUCATION SECTOR INDUSTRY IN INDIA

Strength

The education sector industry is a strong and well developed industry which is currently growing at high rate; this aspect gives the industry a lot of strength. With the increase in the level of education sector has a well educated and skilled workforce with innovative ideas and technology which is an added positive aspect of the industry. The competitiveness of the education industry has enabled the industry to grow technically both vertically and horizontally, which is another positive aspect in the industry. India also offers strategic location and market in terms of its high population which is a boost to the industry.

Weakness

Among the weakness in the industry, a current weakness may be inability to adhere to ethical standards in the industry which has lead to lawsuits filed against some media industries. The industry also has been slow in its growth only picking up in the recent past, thus its innovation and marketing strategies may be not competitive on the global arena. In some cases education sector is commercialized.

Opportunities

According to the industry experts the industry still has room to expand within India as this sector is wide and has good opportunity in future. Educational services are being provided with many organizations and thus this offers the industry to increase its market share. The high technological innovation such as innovative techniques in teaching are used includes projectors, LCD's, online training and so on.

Which is happening everyday also presents a good opportunity for the education industry to utilize the latest technology in expanding its product mix or improving existing ones hence reaching or increasing its market? There is exists new business in the globally for this industry.

Threats

Though India can be said to be stable political, the country his known for frequent changes in government administration and instability in some regions or states, this issue negatively affects the education and it is threat to the education sector. Also government legislations in India are known to some extend as hindering the growth of industry especially for Universities. Some of the threats are commercialization of this sector.

OPPORTUNITIES FOR INVESTMENT IN EDUCATION SECTOR

1. The Market Size is huge hence, we have high demand
2. Our Mindset of quality means foreign degree without much distinction
3. Our Vast Reservoir of Intellectual Resource
4. Our Regulatory Mechanism is deterrent for high quality, promoting for inferior quality
5. India has a potential of about 50,000 foreign students in next couple of years, whereas presently only 10,000 are studying in India

CHALLENGES FACED BY THE EDUCATION SECTOR IN INDIA:

1. **Accessibility**:
2. **Drop-out rate**: nearly 40 per cent drop out at the primary stage.
3. **Social Barriers:**.
4. **Relevance:** more skill-oriented – both in terms of life-skills as well as livelihood skills.

ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

5. **Management:** needs to build in greater decentralization, accountability, and professionalism, **Resources:**
6. **Pre-condition**: "Not-for-profit" basis
7. **Regulation**
8. **Alliances**
9. **Approval procedures** cumbersome and tedious
10. **Quality and relevance of education**: Infrastructure, curriculum, industry involvement and Employability of graduates due to lack of effective training.
11. **Financing** higher education institutions :
12. **Technology** - Low technology penetration

Advantages:

1 We can influence the management of the company being a part of its shareholder.
2 Helps in spurring the development of a nation as we can gain a greater foothold in the world economy by getting access to a wider global market
3 It can introduce world-level technology and technical know-how and processes
4 As FDI brings in advances in technology and processes, it increases the competition in the domestic economy of the developing country, which has attracted the FDI.
5 Other companies will also have to improve their processes and products in order to stay competitive in the market. Hence it will improve quality of a products and processes in a particular sector.
6 The training and skills up gradation can enhance the value of the human resources.
7 Access to a larger market in the host country.
8 Ability to tap the potential of a cheap and skilled labour, making use of resources in the host country.
9 Pursuing growth goals by diversification and optimizing costs.
10 Economic growth - This is one of the major sectors, which is enormously benefited from foreign direct investment.
11 Foreign Direct Investments have opened a wide spectrum of opportunities in this sector.
12 FDI can introduce world-class technology and technical expertise in this sector.
13 FDI apparently helps in the outsourcing of knowledge from India especially in the educational and Information Technology sector.
14 Employees of the country which is open to FDI get acquaint with globally valued skills.
15 FDI has also ensured a number of employment opportunities by aiding the setting up of educational institutions in various corners of India.

Disadvantages

1 The economically backward section of the host country is always inconvenienced when the stream of foreign direct investment is negatively affected.
2 The host country has to limit the extent of impact that may be made by the foreign direct investment. They have to make sure that the entities that are making the foreign direct investment in their country adhere to the environmental, governance and social regulations that have been laid down in their country lest they may be affected causing the deterioration of their working system.
3 The national secret of the host country gets affected as there may be lot of things which are not meant to be disclosed to the rest of the world. This may result to be a serious security hazard to the defence of the host country.
4 The foreign policies involved in the FDI may not be liked by the workers of host country.

ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

5 It results into loss to the countries who want to invest on their own as they are deprived of that opportunity due to competition.
6 High travel and communications expenses occur.
7 The language and cultural barrier may pose problems between the investor and the host country.
8 It may be possible that a company may lose out on its ownership to an investor company.
9 It lacks a uniform education policy for foreign investment.

10 The higher education is commercialized which is affecting the education sector.

Conclusions:

In terms of development, there is a general agreement of the potential benefits of Foreign Direct Investment. The relationship between GDP Growth and the increase of the relationship between FDI and GDP can be clearly established. Foreign Direct Investment, therefore, becomes an important financial source for capital projects, vital for Emerging Country's development. The flow of financial capital in the economies of the countries has become vital, shaping in occasions the policies and political decisions of governments to attract Foreign Direct Investment (FDI). Studies on role of FDI in education sector shows that general institutional framework, effectiveness of public sector administration and the availability of infrastructural facilities enhance FDI inflows to these nations. Education industry in India remains among the fastest growing industries of the present Indian economy, industry has benefited a lot from the Indian rapid economic growth coupled by the rising earnings levels in India. FDI is a predominant and vital factor in influencing the contemporary process of global economic development. The study attempts to analyze the important dimensions of FDI in India. The study works out the trends and patterns, main determinants and investment flows to India. The study also examines the role of FDI on economic growth in India. FDI is considered as the most suitable form of external finance.

And it is increase in competition for FDI inflows particularly among the developing nations. The assumption that FDI was the only cause for development of Indian economy in the post liberalized period is debatable. No proper methods were available to segregate the effect of FDI to support the validity of this assumption. As far as providing quality education is concerned, the foreign universities may achieve this set objective for Indian students, but there are lot of concerns as to whether Indian strata would be able to afford this education facility. Many of the young minds are influenced and guided by their desire to spend time in the western countries and experience the advancements of these developed countries. The India education space could be one of the largest markets in Asia with a population of over 1.13 bn. There are many companies who are entering into this private school business. It is found that FDI as a strategic component of investment is needed by India for its sustained economic growth and development. Presently there is limited competition in the education market leading to high prices (and economic rents, part of which has to be paid to the operators of the state control machinery to gain their patronage). But with the government approving 100% FDI in this sector, more and more foreign investments will flow in, with foreign players foraying into this sector. This will bring in more competition in the market, with prices reflecting true costs and quality improving.

ISSN 2278-3091

International Journal of Advanced Trends in Computer Science and Engineering, Vol.2 , No.1, Pages : 519 - 531 (2013)
Special Issue of ICACSE 2013 - Held on 7-8 January, 2013 in Lords Institute of Engineering and Technology, Hyderabad

REFERENCES:

Bird, S. E. (2003): The audience in everyday life: Living in a media world. New York: Rutledge.
Johnson, K. (2001): Television and the Social Change in Rural India. New Delhi: Sage Publication**.**
Economic Survey, (2003-04): Ministry of Finance, Government of India, New Delhi.
Economic Survey, (2009-10): Ministry of Finance, Government of India, New Delhi.
Global Investment Report, UNCTAD.

Websites

http://www.sebi.gov.in/Index.jsp?contentDisp=FIITrends
http://www.sethassociates.com/policy_on_foreign_direct_investment
http://dipp.nic.in/
http://planningcommission.gov.in/
http://finmin.nic.in/capital_market/capital_market.asp.
www.indiabudget.nic.in.
***Sources*: moneycontrol.com.**
www.eximbank.com
www.wto.org
www.imf.org
www.rbi.org
www.worldbank.org
www.ifc.org