

Top B-Schools set sights on India

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In India, demand for high-quality business education is outstripping supply. For some North American business schools, India may be the new promised land.



A small but growing number of North American universities are aggressively taking steps toward setting up sprawling, state-of-the-art campuses in India, pinning their hopes on a bill being considered by the Indian parliament that would allow foreign education institutions to enter the country. Among those interested in setting up shop are business schools and large research universities, including Duke University's Fuqua School of Business (Fuqua Full-Time MBA Profile), York University's Schulich School of Business (Schulich Full-Time MBA Profile) in Canada, Georgia Institute of Technology (Georgia Tech Full-Time MBA Profile), and Virginia Polytechnic Institute & State University (Virginia Tech Full-Time MBA Profile). In anticipation of the bill passing, administrators from these schools have been quietly eyeing or purchasing parcels of land, talking with Indian state officials and local developers, and drawing up architectural plans for new campuses.

"We are progressing on finding land and having a building design. I have schematic plans for a building for the campus sitting on my desk," says Fuqua Dean Blair Sheppard, who's eyeing potential locations for academic buildings in Delhi and Mumbai.

The legislation, officially known as the Foreign Educational Institutions Bill, is the brainchild of India's Human Resources Minister Kapil Sibal, who has been pushing for major education reform in India since assuming his role in 2009. He introduced the bill to the Indian parliament this May, shortly after the bill was approved by India's cabinet this spring, and it is currently being reviewed.

More Seats for Learning

Until now, Western schools have been prohibited from setting up overseas campuses in India. Instead, they've had to build ties with India through exchange programs with Indian schools or by collaborating with Indian institutions on joint degree programs. The new legislation would require the Indian government to take a more active role on this front, regulate the entry and operation of foreign institutions, and allow foreign schools to set up campuses and offer degrees. It's part of a move by the government to create more seats for India's burgeoning college age and graduate school population and attract more world-class universities at the same time, experts say.

The legislation is being closely watched by foreign business schools, which see in India a chance for expansion, says Eileen Peacock, vice-president for the Asia office of the Association to Advance Collegiate Schools of Business, one of the leading accreditation agencies. Western business schools could succeed in India, where the demand for a high-quality business

education is outstripping supply, Peacock says. In India, competition is stiff for limited spots in the country's top management schools, especially the government-run Indian Institutes of Management and the Indian School of Business, and students are eager for alternatives to leaving the country to get an education.

"The volume of students looking for education is just unbelievable," she says. "If the universities come, I'm sure they will be welcomed along with the Indian institutions, especially since there is a lack of space for students."

Fifty More University per Year

To meet enrollment demand, India will need to add 600 more universities and 35,000 extra colleges in the next 12 years, Sibal has said recently. India has the world's third-largest higher education system, with more than 14 million students enrolled in colleges and universities. To support economic growth, the country will need to raise that number to 22 million by 2014, according to the Parthenon Group, a consulting firm in Boston that specializes in education.

One of the schools aggressive about creating a footprint in India is York's Schulich School of Business, which has already made inroads in the country. Schulich launched a two-year MBA program at the Mumbai campus of the S.P. Jain Institute of Management & Research in January with an initial intake of 25 students, but it has more ambitious plans down the road, says Dean Dezso Horvath. The school signed an agreement in May with the GMR group, a leading developer in the region, to build a Schulich campus in Hyderabad, where it plans to offer a two-year MBA that Horvath says will be "fully comparable with the degree we offer in Toronto." The school is awaiting passage of the bill before building the campus, which Horvath expects will open in 2012 or 2013, with an initial intake of 120 students that's expected to grow to 180. The campus will have an academic building with classrooms that can accommodate 350 students, an auditorium and courtyard, an executive center, and an on-site hotel, as well as dorms for MBA students and a cafeteria.

Duke's Fuqua School also has been busy drawing up plans for its India outpost. The school hopes to build a space that will allow it to offer an executive MBA degree and a one-year master's program in business, as well as other Duke graduate programs. It will also serve as a home for the school's Global MBA and Cross Continent MBA programs, which require students to spend several weeks in India as part of the curriculum. The campus will have a conference facility with dorms, offices, and multipurpose teaching spaces, and Sheppard says he is in discussions with the Indian Institute of Management-Ahmedabad, which the school has a current partnership with, and other institutions about joint faculty hiring and faculty development.

"We are working on two fronts now, raising money and understanding what is going to be allowed by the law, which is the thing that is partly holding it up," Sheppard says.

In a Holding Pattern

The barriers to entry could be high, even for institutions that, like Fuqua and Schulich, are working hard to gain traction in the Indian market. The Foreign Education bill is still under reviewed in India's parliament, and when or if it will pass remains unclear, as do how much control Western schools will have over tuition, fees, and admissions, and what the required legal structure will be for the universities. The bill also requires foreign schools that want to set up a campus to put down a fee of approximately \$11 million to enter the country, a requirement that worries such potential suitors as Georgia Tech, says Vijay Madiseti, director of Georgia Tech's India Initiative. Madiseti is overseeing plans for a 250-acre campus in

Hyderabad that will offer graduate degrees and research programs in engineering and other areas.

"That's a significant burden on many universities [that] can't get that money right away," says Madiseti.

Other schools—such as Virginia Tech, which has plans to build a 30-acre campus in Chennai that will offer graduate degrees in engineering, nanoscience, and other areas—say they, too, are in a holding pattern. S.K. De Datta, Virginia Tech's director of the office of international research development, says he hopes to start building the campus in September 2011, but he admits "there are a lot of caveats until the bill passes."

Beyond those lingering concerns, the larger question looming is whether Indian students will flock to these Western schools once the schools open, especially if India is not able to attract top-ranked institutions, says Karan Khemka, a partner at the Partheon Group and head of the group's Mumbai office. Some of the recent joint partnerships in India have had mixed track records, attracting too few students or falling short of expectations, he says. So far, interest in the Indian market is coming mostly from second- and third-tier Western schools, and for now, "the reality [appears to be] that Harvard and Yale are not coming," he says.

"There is no guarantee that India will be a meaningful market for Western colleges, and the track record of campus replication of foreign Western degrees in the East has been iffy, if not quite bad," Khemka says. "There are other foreign markets around and waiting for them, whereas India is practically adversarial and a much harder road."

Fonte: BusinessWeek, May 28th 2010. Disponível em: <www.businessweek.com>. Acesso em: 1 junho 2010.

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