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FDI IN EDUCATION SECTOR CONSIDERING INDIAN SCENARIO

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Abstract

This paper discussed about FDI in education sector of Indian scenario. Foreign Direct Investment (FDI) has long been a source of concern for India. Although 100% FDI is allowed in the education sector by the government, it also has some obstructions or barriers in addition to its main benefits. The authors of this study have made an effort to highlight both the positive and negative effects of FDI on the education sector. In India, this is noted that education is key to developing the nation. It is also a well accepted fact that empowering young people with the right knowledge and skills can ensure societal advancement and economic growth. According to the Indian educational system, education plays a role in establishing values such as libertarianism, respect for majority rule traditions, universal liberties, and the pursuit of equity.

Keywords: FDI, Education, India.

Introduction

Because of its strong socioeconomics (young population) and government-driven economy, India's education sector is developing and has emerged as a reliable potential market considering investments related to training and education. Further, India would need to invest in the learning and training industry due to the country's growing job opportunities in industries like software development, traditional pharmaceuticals, and medical services. Given that India's entire educational system is undergoing a complex process of restructuring, the education sector is also seen as one of the key areas for investment. In India, the importance of education is rising. The government-funded education sector in 2011–2012 had a $40 billion budget, and the private sector contributed an additional $60 billion to that total. Fundamentally, it is assumed that Unknown Direct Investment (FDI), which is allowed in the majority of sectors, will reach US$ 1000 in million in coming periods.

Literature Review

India is the world's fastest-growing nation, and recent years have seen changes in the education sector, according to Shaikh, Rida, and Shukla, Ajay (2016) [1]. The transformation is dramatic and clear. FDI is a popular term right now. This study discusses how the training environment evolved from the past to the present. It also looks at how FDI is presented in the training environment, as well as the facts and problems surrounding it.

Debjyoti Dey, Sapana Mishra (2018) [2], For a variety of reasons, advanced education in India has lagged behind. According to statistics from 2015–16 provided by the Ministry of Human Resource Development (MHRD), approximately 24.5% of the population has tried their hand at the fundamentals of advanced education in the nation. The idea of 100% Foreign Direct Investment (FDI) in higher education in the nation was developed by the training service. In the investigation we are now conducting, we discovered a link between FDI in Education and India's Gross Enrolment Ratio (GER).

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We used econometric techniques to ascertain how FDI in education affected GER. in higher education and additionally to identify the causal link. According to the ADF Test, the two variables are writing content from the beginning in contrast to example (I). The results of the co-combination test indicated that there has been a long-running relationship between foreign direct investments in education and the gross enrollment ratio in higher education. The results demonstrate the long-running GER in higher education. Granger Causality test demonstrates a bidirectional relationship between gross enrollment ratio in higher education and FDI in education because the likelihood esteem in each of the tested incorrect hypotheses is less than 0.10.

Analysis

Questionnaire

Q1. Are you aware of the current FDI in Education Sector Regulation & Policy?

a) Highly agree
b) Agree
c) Partly agree
d) Not sure
e) Partly disagree
f) Disagree
g) Highly disagree

Q2. Do you think that the Indian Government should open up Foreign Direct Investment (FDI) restrictions in the education sector?

a) Highly agree
b) Agree
c) Partly agree
d) Not sure
e) Partly disagree
f) Disagree
g) Highly disagree

Q3. Are you happy with the current FDI policy as it is?

a) Highly agree
b) Agree
c) Partly agree
d) Not sure
e) Partly disagree
f) Disagree
g) Highly disagree

Q4. Do you think FDI is useful for the Indian Economy's progress?

a) Highly agree
b) Agree
c) Partly agree
d) Not sure
e) Partly disagree
f) Disagree
g) Highly disagree

Q5. Do you think that government reforms need to be made upgradation in the educational sector so that they can face the foreign investment competition?

a) Highly agree
b) Agree
c) Partly agree
d) Not sure
e) Partly disagree
f) Disagree
a) Highly disagree

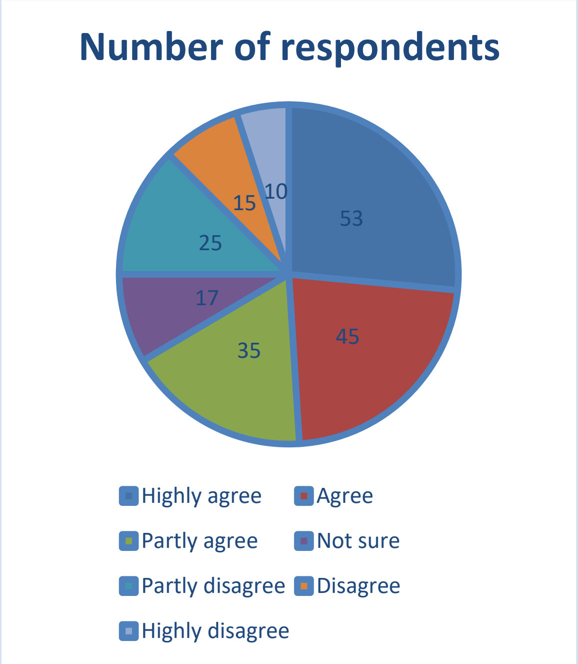
Assessment of the Questionnaire

We presented these questions to 200 economic experts in our questionnaire. In this regard, we began by asking the respondent a single question: Are they aware of the current FDI in Education sector Regulation & Policy? We received a range of responses, which are tabulated and graphicalized as follows:

Table 1: Response Recorded of Question 1

S. No	Parameters	Response
1.	Highly agree	53
2.	Agree	45
3	Partly agree	35
4	Not sure	17
5	Partly disagree	25
6	Disagree	15
7	Highly disagree	10
	Mean	**4.995**

Chart 1: Response Recorded of Question 1

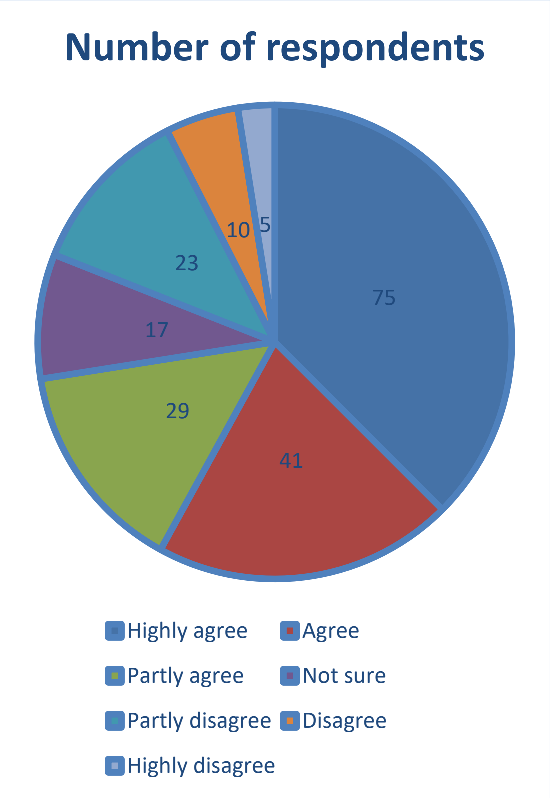


According to the table and graph, we received the following response when we questioned the Indian government on whether limits on FDI should be lifted in the education sector:

Table 2: Response Recorded of Question 2

S. No	Parameters	Response
1.	Highly agree	75
2.	Agree	41
3	Partly agree	29
4	Not sure	17
5	Partly disagree	23
6	Disagree	10
7	Highly disagree	5
	Mean	**5.39**

Chart 2: Response Recorded of Question 2

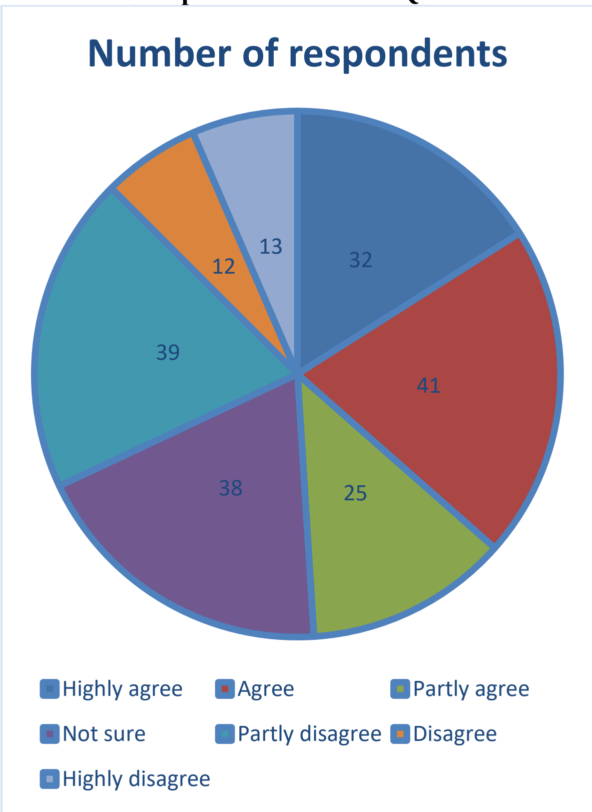


Regarding whether or whether the current FDI policy makes people satisfied. The responses from the respondents don't seem to be very similar in this regard. It indicates that they each have a different viewpoint on this issue. The following responses were given by the respondents, and the corresponding data are tallied as well as displayed below:

Table 3: Response Recorded of Question 3

S. No	Parameters	Response
1.	Highly agree	32
2.	Agree	41
3	Partly agree	25
4	Not sure	38
5	Partly disagree	39
6	Disagree	12
7	Highly disagree	13
	Mean	**4.5**

Chart 3: Response Recorded of Question 3

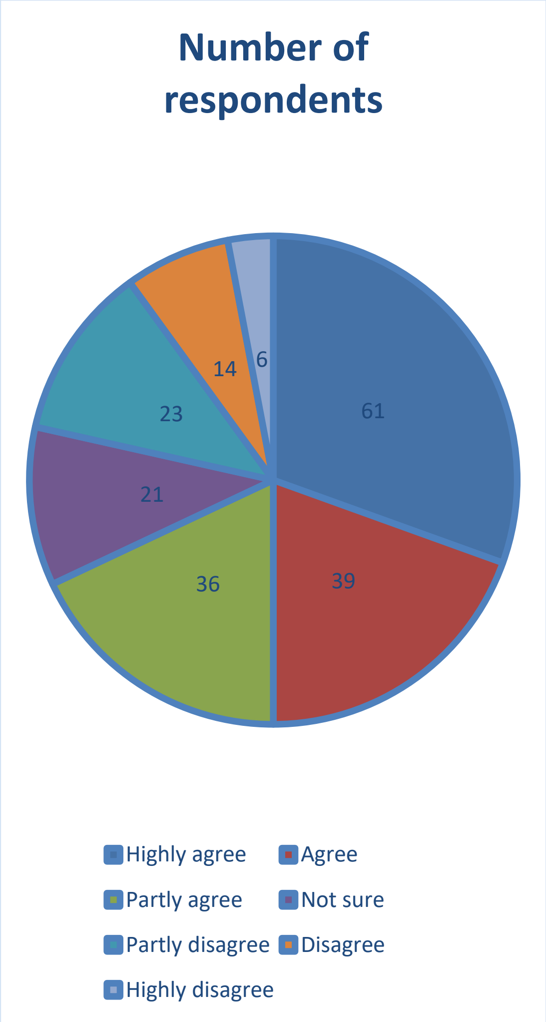


The development of the Indian economy benefits from FDI. We draw that conclusion on behalf of the respondents to the survey and present it to our respondents. Some people believe that foreign direct investment is beneficial for the country, while others have a different view. The outcome is displayed in table as well as graph below:

Table 4: Response Recorded of Question 4

S. No	Parameters	Response
1.	Highly agree	61
2.	Agree	39
3	Partly agree	36
4	Not sure	21
5	Partly disagree	23
6	Disagree	14
7	Highly disagree	6
	Mean	**5.14**

Chart 4: Response Recorded of Question 4

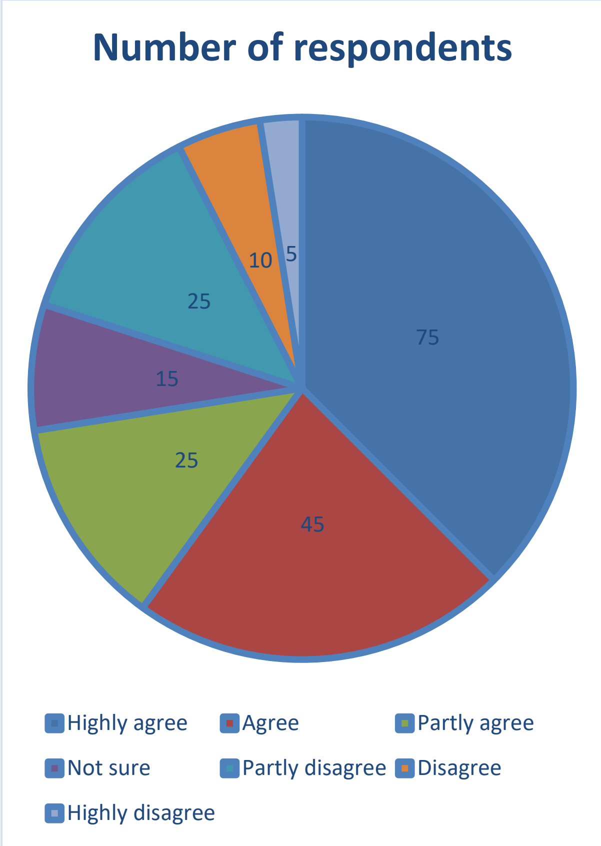


In order to compete with international investment, government changes in educational sector must be upgraded. When we posed this question to locals and economists as part of survey, we have received following response, which is shown in the table and chart below:

Table 5: Response Recorded of Question 5

S. No	Parameters	Response
1.	Highly agree	75
2.	Agree	45
3	Partly agree	25
4	Not sure	15
5	Partly disagree	25
6	Disagree	10
7	Highly disagree	5
	Mean	**5.4**

Chart 5: Response Recorded of Question 5



Conclusion

The study examines the advantages of FDI in education, particularly with regard to India, and evaluates the benefits and drawbacks of FDI. Unfamiliar direct investment, sometimes referred to as portfolio investment, is an uninvolved type of investment in safeguards of another country, such as stocks and bonds. FDI describes about net inflows regarding investment to get a management interest, as well as board control and profit sharing, as part of a country's public records. Typically, it refers to a share related with unfamiliar responsibility considering resources, such factories, mines, and land. One aspect of the expanding financial globalisation is the rise in foreign direct investment. After China, India received the second-highest amount of foreign direct investment (FDI) from transnational corporations between 2010 and 2012. According to the UNCTAD review, the second-highest inflows were attracted to the administration, telecom, construction, media, and PC Hardware and Software sectors.

The unorthodox direct investment entails a skill and innovation exchange, as well as assistance for the joint venture and the executives. Unfamiliar direct investment delivers overwhelmingly profitable preferences to both governmental and privately owned organisations around the world. Unfamiliar capital as well as reserves are lucrative for both the nation receiving the investment and the investors when they are invested directly. India has one of the largest educational systems in the world, with 542 colleges, 1.3 million schools, and 30,000 institutions. The sector received Rs 52,057 crore from the Finance Minister Pranab Mukherjee's spending plan from the previous year (2011–2012). In 2011, the private sector contributed $60 billion to the $40 billion government-funded education sector. As of right now, 100% FDI is allowed in education.

The Confederation of Indian Industry (CII) claims that foreign direct investment (FDI) is another fundamental and most ideal strategy to attract private investment in higher education. It also calls for specific changes to be made to Foreign Currency Regulation Act (FCRA). Unfamiliar investment can take several different forms; the three most important ones are unexpected direct investment, unfamiliar advances, and unfamiliar portfolio investment. The most valuable of these strange investments are those made directly in businesses and governments. The International Monetary Fund claims that "Direct investment refers to the process of a resident of one economy (the direct investor) acquiring a long-term interest in a business that is located considering another economy (as immediate investment type venture).

The term "lasting interest" refers to a long-term relationship amid immediate investor alongwith investment project in question as well as a significant amount of influence over how the latter is managed ". Unfamiliar Direct Investment entails creating and putting in place macroeconomic stability measures. It is safe to say that education has a significant role in determining the direction of the Indian economy. The industry has a full yield, and in 2011–2012, the private sector contributed $60 billion while the government allocated Rs52,057 crore related with sector. The government funds the education sector at a cost of $40 billion. A significant and important component affecting the current cycle of global monetary events is FDI. The study aims to look at the important aspects of FDI considering India. The study identifies trends and case studies, key variables, and investment sources for India. The impact of FDI on India's financial development is also examined in the study. The most sensible kind of foreign investment is FDI. Additionally, there is increasing competition for FDI inflows, particularly among developing nations.

Indian education has recently experienced a change in attitude. It was once largely seen as a noble or philanthropic deed but has recently evolved into a separate "business." Basic education has been the cornerstone of the Indian educational system up to this point, along with a few specialised institutions for further education, such as Indian Institutes of Technology (IITs) as well as Indian Institutes of Management (IIMs). However, arrangement makers in India have gradually put the Indian education sector on the alterations track due to a rise in the seriousness in the commercial centre as well as the growing demand by extending quality education considering in view at grassroots level.

Conflict of Interest

There is no conflict of interest between the authors in this manuscript.

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