Indian Higher Education under GATS and Globalisation

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ABSTRACT

The opening of the Indian economy in 1991 and the subsequent signing of the GATS Accord in 1994, gave a new flavour to education in general and higher education in particular. This has led to commodification of higher education with the emergence of private providers, both Indian and foreign, having profit maximisation as their main objective. This paper looks at the evolution of higher education system in India and the implications of GATS Accord and globalisation for this system. While India has witnessed a sizeable growth in education, it has not been accompanied by improvement in quality. A number of problems still plague our system of higher education. There is an urgent need for monitoring the providers of higher education to avoid further damage to the education sector.

Keywords: GATS, Higher education, Globalisation

1.0 Introduction

Higher education plays an important role in the development of a country. The competitiveness of a nation depends on the capacity to produce and disseminate knowledge and it is vital to expand the education sector for increasing the national income and competitiveness. The signing of the GATS Accord and globalisation has given a new flavour to higher education. Realising the significance of the issue, this paper attempts to look into the concept of globalisation in the context of GATS Accord, examines the historical background of Indian higher education system and analyses its growth over the years, and discusses the implications of GATS for the higher education system.

The terms ‘higher education’ and ‘globalisation’ are inter-related. Higher education drives and in turn is driven by globalisation. Globalisation can simply be defined as the flow of technology, knowledge, people, values and ideas across nations.

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With respect to education, globalisation refers to operation of educational services on a large scale. It means the process of integration or harmonisation of the world’s higher education system, knowledge and skills across national boundaries. Possession of knowledge and use of this knowledge is vital to the development of both the individual and society and having a skilled and globally focused workforce is possibly the most important requirement in this competitive world.

The process of globalisation has given a new look to the education sector in general and higher education in particular. It is a universal fact that higher education forms the foundation of all knowledge. Education plays a useful role in the all-round development of the country and globalisation has given a new flavour to our education sector. With globalisation, there is integration and education is no exception to the rule. Globalisation poses two challenges before the education sector: 1) Commodification, where knowledge is used as a good that can be purchased; 2) The existence of alternative providers who have profit motive as their objective. These transnational providers are interested in the transmission of knowledge using Information and Communication Technologies.

2.0 General Agreement on Trade in Services (GATS)

The Uruguay Round of Trade Negotiations between 1986 and 1994 broadened the scope of world trade rules to include services for the first time in the history of trade negotiations. This paved the way for the setting up of the General Agreement on Trade in Services (GATS) which was established on the same day as World Trade Organization (WTO), that is, 1st January 1995. GATS is essentially a Multilateral Trade Agreement which includes 161 Services over 12 classified sectors and education is one of them. As per GATS Guidelines, trade in educational services can be classified as: 1) Primary education services; 2) Secondary education services; 3) Higher education services; 4) Adult and continuing services and 5) Other educational services.

The aim of GATS is to liberalise trade in services. A direct consequence has been internationalisation of higher education. Higher education is now being considered as a commercial product which can be bought and sold in the market.

GATS is essentially composed of two components: 1) Framework Agreement containing 29 Articles; 2) A number of Annexes, Ministerial Decisions, Schedules of Commitments etc.
2.1 Principles of GATS
The important principles of GATS are:

*Most Favored Nation (MFN)*: A member here shall accord immediately and unconditionally to services and service supplier of a member country treatment not less favourable than that accorded to any other country.

*Transparency*: It is mandatory for all governments to publish all relevant laws and regulations, set up enquiry points within their bureaucracies and inform WTO members of any changes in regulations that apply to services which are covered by specific commitments.

*Recognition*: When two or more governments recognise each other’s qualifications, then as per GATS guidelines other members should also be given a chance to negotiate comparable pacts.

*International Payments and Transfers*: After making a commitment, a government should not restrict money being transferred out of the country as payment made for services which are supplied to that sector.

*Market Access principle*: This is a negotiated commitment. Under this principle, Foreign Service providers can enter the domestic market under conditions that are specified in the Schedule. Limitations may be imposed on the number of service providers, service operations or employees in a sector, the use of foreign capital or the value of transactions. A government should not restrict money being transferred out.

*National Treatment principle*: This principle implies that the concerned members do not operate discriminatory measures which are beneficial to domestic services or service suppliers.

2.2 Modes of supply
The four Modes of supply have been enlisted in Article 1:2. They are:

*Mode I – Cross border supply*: This is inclusive of all the services provided through distance or through telecommunication or mail and through services embodied in exports. The service supplier in this case is not physically present within the territory of the member where the service is provided.

Trade in education under this mode would include the following:

a) Distance education offered by universities;

b) Through National Open Universities;

c) Through education software;

d) All education services supplied by institutes other than institutes or National Open Universities;

e) Corporate training through Information and Communication Technology.
Mode II – Consumption abroad (Movement of consumers): Here the service is delivered outside the territory of the member making the commitment. With reference to education, it could imply education of foreign students in the institutions of the host country. An example of this mode is two or more countries undertaking joint study programs which are comprised of mutual recognition and credit transfers. In this context, one can mention that a member country may be able to impose restrictive measures which could affect its own consumers, or any other member on activities taking place outside its limits. It is felt that this mode favourably affects the developed countries possessing competitive education environment and not developing countries like India who ranks as the top supplier of students.

Mode III - Commercial Presence: It refers to the actual presence of private investors in the host country. This includes, inter alia, corporations, joint ventures, partnerships, respective offices and branches. This mode can be made operational through opening of an institution or branch campus abroad. For example Indian educational institutions can offer programs or qualifications in foreign countries, while simultaneously allowing educational institutions to offer programs or qualifications in India. This can take various forms such as:
  a) Opening of an institution or branch abroad;
  b) Courses by domestic private providers resulting in Degrees of foreign universities;
  c) Entry of foreign universities through twinning and franchise arrangements;
  d) Private training Companies and
  e) Language training Companies.

Mode IV - Presence of Natural Persons: This is inclusive of natural persons who themselves are service suppliers as well as natural persons who are employees of service suppliers. In the context of education it could imply the movement of a teacher to teach in a foreign country, e.g. – Faculty Exchange Program.

3.0 Evolution of Higher Education in India

From ancient Bharat to Modern India, education has always occupied an important place in Indian society. In the past Takashila (6th century BC), Vikramasila (5th century BC) and Nalanda (4th century BC) were renowned centres of learning. Our education system is more than 150 years old with the first Universities set up in Madras (Chennai), Bombay (Mumbai), and Calcutta (Kolkata) in 1857 under British Rule. India has a vast infrastructure of higher education, as also technical, medical and management
education to support India’s advancement towards becoming a Knowledge Super Power. Several universities of national importance including seven IITs and seven IIMs have emerged as global brands in the world of education and research.

Basically Indian Universities are of two types: 1) Unitary Universities and 2) Affiliating Universities. Unitary universities are confined to a single campus, offering Post Graduation and Under Graduation instructions. Affiliating universities have a central campus, with departments or schools imparting Post Graduation instructions and Research. In addition, we have the Deemed Universities. They have been given this status on the basis of their long tradition of teaching and excellence in a particular field.

Colleges can be classified as: a) Government Colleges which are managed by the state governments; b) Privately managed colleges, where the management is constituted according to the norms laid down by the statutes of the concerned universities, and the funds are obtained from the respective state governments; c) University Colleges, which are the constituent colleges which are run and managed by the Universities.

The following are the important Players in the Indian System of Higher Education:
1) University Grants Commission (UGC): The University Grants Commission (UGC) officially came into existence in 1953 and was constituted as a statutory body by the Act of Parliament in 1956. The primary responsibility of UGC is to promote and coordinate higher education and maintain standards of teaching, research and examination. The Commission serves as a link between Union and State Governments and institutions of higher learning in India. It is also the main body responsible for the allocation and disbursement of Grants to colleges and universities.

2) Professional Council: They are responsible for the recognition of courses, provision of professional institutions and sanctioning and allotment of Grants to various undergraduate programs. The Statutory Professional Councils are:
   (i) All India Council of Technical Education (AICTE);
   (ii) Distance Education Council (DEC);
   (iii) Indian Council for Agricultural Research (ICAR);
   (iv) National Council for Teacher Education (NCTE);
   (v) Bar Council of India (BCI);
   (vi) Rehabilitation Council of India (RCI);
   (vii) Medical Council of India (MCI);
   (viii) Pharmacy Council of India (PCI);
   (ix) Indian Nursing Council (INC);
   (x) Dentist Council of India (DCI);
   (xi) Central Council of Homeopathy (CCH);
   (xii) Central Council of Indian Medicine (CCIM)
The most prominent of these is the AICTE. It was established as a statutory body in 1988. It looks into the quantitative and qualitative aspects of technical education. The AICTE coordinates and supports development of engineering colleges, management education institutions and polytechnics engaged in training technicians.

3) National Accreditation and Assessment Council (NAAC): NAAC was set up in 1994 with the sole objective of monitoring the qualitative aspects of higher education. It carries out periodic assessment of the performance of academic institutions, through a Peer team, which has been specifically appointed for that purpose. Likewise the National Board of Accreditation (NBA) was constituted by the AICTE, to periodically evaluate of technical institutions or Programs and make recommendations regarding recognition or de-recognition of the institution or programs.

Table 1 shows that State Universities account for the largest share of higher education institutes in India followed by ‘deemed to be universities’ accounting for 21%. Central universities form 7% of the total institutions. The share of institutions of National Importance and institutions applied under State legislative Acts account for 8.19% and 0.82% respectively. As regards gross enrolment, the total enrolment increased from 0.21 million in 1950-51 to 22 million in 2011-12. On the other hand the gross enrolment ratio increased from 0.40% in 1950-51 to 19.4% in 2012-13.

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Number</th>
<th>% of total</th>
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<tbody>
<tr>
<td>Central Universities</td>
<td>43</td>
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<tr>
<td>State Universities</td>
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<td>47.38</td>
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<td>State Private Universities</td>
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<td>15.41</td>
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<tr>
<td>Deemed to be Universities</td>
<td>129</td>
<td>21.15</td>
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<tr>
<td>Institutions of National Importance + Other Institutions</td>
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<td>0.82</td>
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<td>Total Colleges</td>
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4.0 Impact of Globalisation on Indian Higher Education sector

Knowledge is the driving force of any economy and both the quantity as well as quality of human resources, determine their competence in the global market. The signing of the GATS Accord has brought globalisation to the forefront. The process of
globalisation has both its positives as well as negatives. Let us first discuss the positives before we dwell on the negatives.

One, globalisation it is hoped would provide India the much needed foreign investment in higher education. To a certain extent not only will it solve the problem of enrolment, by encouraging many students to seek higher education in India itself, but also save precious foreign exchange. It would also help our students by reducing the cost in terms of foreign stay.

Two, the standard of education would be raised, as our institutions and universities would be competing with the best in the world. In this context, we would like to mention that countries like India and China have made rapid progress in technological development. Today both private and foreign agencies are quite innovative in their attitude and dealings. The growth of information technology and telecommunication services has brought leverage in education.

Three, distance education is now available in the country. This facility will be beneficial to the economically weaker sections of society, who can avail of this facility within the country.

Four, the entry of foreign educational players can facilitate the building up of location capacity and education infrastructure. As we have to compete with the leading education players, we have to upgrade our infrastructure and other related facilities.

Five, if we can maintain and elevate the standards of our institutions we can lure foreign students to our country and earn foreign exchange.

Six, interaction among the different countries has increased the volume, quality and spread of knowledge.

However, globalisation is not without its negatives. Firstly, for developing countries it is a challenge, as her system of higher education has not developed enough for creating and making use of knowledge.

Second, with the elevation of educational level by these agencies, the monetary requirements will increase which will be beyond the reach of the common man. The benefits will be far uneven and this will widen the gap between the rich and the poor.

Third, for encouraging top class foreign institutions on the Indian soil, we have to improve the quality of her education, infrastructure and technology. In the absence of this poor, quality institutions and ‘Fly by Night’ operators will enter our country and students will be at a loss, in the event of premature closure of these courses or institutions.

Fourth, the foreign providers may bring foreign curricula which will have less relevance to the developing country’s socio-cultural objectives.
5.0 Regulation of Foreign Education Providers in India

As of now, there is no law regarding governing the entry of foreign institutions into the Indian education market. However, at present Foreign Direct Investment is already allowed in India, under the automatic route, without any sectoral capital since February 2000. The Bill provides for an undertaking by a Foreign Education Provider to maintain a corpus fund of not less than Rs. 10 Crores and certificate of validation from the Embassy or High Commission of India. The objective of this Bill is to set up Campuses and award Degrees in India, while at the same time facilitating the regulation of their operations by the Indian Government.

Foreign educational providers have been granted permission to enter our country. No prior approval of either the Government or Reserve Bank of India is required. The investors are only required to notify, to the concerned Regional Office of RBI, within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issue of shares of foreign investors. These procedures are laid down for registration as per AICTE and are notified by the regulations for entry and operations of foreign universities/institutions that are willing to impart higher education in India.

Certain precautions, however, are necessary. For example entry should be encouraged in those areas which have employment potential. It is very essential that regulation of higher education be achieved, by interacting the profit motives of all the providers namely private, domestic and foreign, by adopting the correct approach which would help in the acceleration of quality.

6.0 Conclusion and Future Implications

India, as mentioned earlier, has witnessed a significant expansion in recent years. However, several problems still plague our system of higher education such as paucity of funds, poor infrastructure, government intervention, and shortage of qualified faculty. India possesses an internationally acclaimed ‘brain power’ and its expertise in certain fields such as software industry is well-known. India offers a lucrative market for the profit driven domestic institutions and Foreign Education Providers and Trans-national Corporations.

With the advent of liberalisation, globalisation and privatisation and the consequent opening of the Indian economy in 1991, foreign providers started entering the Indian higher education market, offering Degree Programs mainly in the Professional Disciplines. These education providers can be beneficial to India because apart from
upgrading our institutional capacity and improving the qualitative aspects, it will also expand the set of options before the foreign providers.

India has all the potential to becoming the largest provider of global talent. If India is to become a knowledge driven economy in the forthcoming years, Foreign Educational Providers must play an important role in creating institutional excellence and providing opportunities to all the sections of society. The conversion of challenges into opportunities would, to a large extent, depend on how fast they adopt to the changing environment. At the same time, India needs a sound regulatory framework to govern foreign education players, who can then focus on student interest as its main objective. The core of the achievement of excellence lies in the ability to attract high quality faculty from all over the world. This necessitates provision of competitive salaries, ensuring a competitive work environment and a lot of flexibility.

References

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