

# WTO-GATS and Higher Education in India : Opportunities and Challenges



## Education

KEYWORDS :

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### ABSTRACT

*Education is an important index of human development. Along with economic growth and empowerment, it forms the core of every social and human development doctrines. Among various levels of education, higher education has pervasive and influential of development, since it empowers the individual with necessary skills and competence for achieving important personal and social goals and thereby contributing to the social development. It is widely believed that the state of higher education in country is an index of its future wellbeing. Higher education is needed a vital tool for intellectual cultural and aesthetic development and means for achieving wider social aspirations. The phenomena of liberalization and globalization of India economy coupled with revolution in information technology have brought new challenges to higher education. In the present era of globalization, and in the World Trade Organization (WTO) controlled international regime, education is a service that can be traded through different modes recognized under GATS. The General Agreement on Trade in Services (GATS), which came into force in 1996. It is a multilateral agreement that is based on the premise that progressive liberalization of trade in commercial services will promote economic growth in WTO member countries. It provides the legal rights to the member countries to trade in all services, except those (like defense) provided entirely by*

Globalization is defined as treating the entire world as one country for the trading of commodities, goods and services. In the present era of globalization, more importances are given to international trade and investment in higher education in the recent years. The global market for international higher education was \$ 37 billion in the mid 1990's. In this some countries are the exporters of higher education – United States of America, France, Germany, United Kingdom, and Australia. And some other countries are the main Importers. They are China, India, Japan, Korea, Taiwan etc.

The importance of Globalization on educational service is evident based on the following:

- Increasing number of students going abroad for study.
- Exchange and linkages among faculties and researchers.
- Increased international marketing of curricula and programmes.
- Establishment of branch campuses.
- Development of international mechanisms for educational cooperation between academic institutions across countries.

In this context "The General Agreement on Trade in Services (GATS) which came into force in 1996, is a multilateral agreement that is based on the progressive emancipation of trade in marketable services will promote economic growth in WTO member countries. It provides legal rights to trade in all services, except those provided entirely by the government. Presently, GATS covers 161 activities falling within 12 services. Education is being one of the services comes under GATS.

#### The basic principles of GATS are:

1. There has to be progressive liberalization with the process being irreversible because of binding commitments on negotiated levels of market access.
2. Countries are free to decide which service sectors they wish to subject to market access and national treatment disciplines. In theory, if a country is unwilling or not prepared to open up a particular service sector it can say so.
3. Under Most Favoured Nation (MFN) treatment no discrimination can be made amongst members in terms of treatment accorded to the service suppliers. The guiding principle is 'favour one favour all'.
4. Under the principle of 'National Treatment' nationals and foreigners need to be treated equally. There can be no discrimination between national/local and foreign service-providers. However, under certain conditions there can be limitations on National Treatment.
5. There has to be transparency with all policies related to barriers to market access and discriminatory restrictions by the members have to be notified.

#### Some Basic Facts about Indian Higher Education:

While evaluating the impact of GATS on Indian higher education it is necessary to take into consideration some basic facts related to the system.

India has the third largest higher education system in the world comprising of about 634 University-level institutions, about 33,023 college, over 16.97 million students and approximately 816966 teachers in Universities and College. The details are exhibits in the following tables.

#### GROWTH OF HIGHER EDUCATION IN INDIA<sup>2</sup>

INSTITUTIONS	1950-51	1990-91	1996-97	2002-03	2005-206	2010-11
Universities	30	117	214	239	442	634
Colleges	750	7346	9703	15437	18064	33023
Enrolments (000's)	263	4925	6755	9227	11028	16979
Teachers(000's)	24.00	272.70	321	331	488	817

#### Faculty wise enrollment<sup>3</sup>

Faculty	2005-06	2010-11
Arts	4976946	6177730
Science	2255230	3127042
Commerce/Management	1986146	2904752
Education	161009	569961
Engineering/Technical	735120	2862439
Medicine	348485	652533
Agriculture	63962	93166
Veterinary Science	16542	27423
Law	336356	327146
Others	88224	232691
Total	1102820	16974883

The Government is the principal contributor of higher education in the country. However, over the years its share in the expenditure on higher education has been steadily decreasing. From the reports of UGC it is evident that the percentage of expenditure of education on public expenditure is quite fluctuating in the recent years. The details are mentioned below:

#### Percentage of Education Expenditure on Public Expenditure and GP<sup>4</sup>

Year	% of Expenditure on Public Expenditure	% of GP
1951-52	7.92	0.64
1960-61	11.99	1.48
1970-71	10.16	2.11
1980-81	10.67	2.98
1990-91	13.37	3.84
2000-01	14.42	4.28
2008-09	13.63	3.77

Though the quality of education imparted by different higher education institutions in India is admittedly variable there are quite a few institutions that provide education of a quality that is comparable with that offered at the best international institutions. The Indian Institutes of Technology, the Indian Institutes of Management, the Indian Institute of Science, quite a few Central and State universities, and a few privately managed 'deemed universities' are examples. A 'quality movement' initiated in the early 1990s has had a positive impact. The quality of the education provided is monitored by different statutory bodies in the professional disciplines and by accrediting agencies.

There exists in India a parallel, non-formal stream of education in the form of training institutions that provide skill-oriented programmes while encouraging its students to register at the same time in bachelor degree programmes in the conventional universities. The NIIT is the prime example.

The academic structure of Indian universities is similar to that of the universities in the Commonwealth (except Canada) and European countries. The basic eligibility is successful completion of twelve years of schooling (Senior Secondary Certificate Examination or equivalent programme). The Bachelor degree programme is of three years in the liberal arts and four to five years in the professional disciplines. The Master degree programme is of two years. The doctoral degree involves a minimum of two years of work, but normally takes about four years.

The fact of the matter is that while many universities in the developed world look upon India as a lucrative market for their educational wares. India itself has a large higher education system capable of providing quality education to the developing countries. It is, therefore, necessary that the developed countries look upon India, not as an importer of education, but as a possible partner in cooperation.

#### **Higher Education Service under WTO (GATS): Focus on India:**

In the present era of globalization, and in a World Trade Organization (WTO) controlled international regime, education is a service that can be traded through four different modes recognized under the General Agreement on Trade in Services (GATS). These are cross-border supply, consumption abroad, commercial presence and presence of natural persons.

**Cross Border Supply:** The India Gandhi National Open University has formulated a policy in this regard and is offering programmes in both liberal arts and professional areas. The better known Indian trading institutes globally offer further education programmes, some of advanced level in professional areas like computer applications like wise some foreign institutions are offering programmes to Indian receivers. However, the open universities have not been able to make much headway, possibly because the Indian open universities have been fairly effective.

**Consumption Abroad:** The ancient Indian Universities, especially Nalanda, received a number of students from China, Tibet and Korea. For more than a century now Indian students have been going to the Western Countries, mainly the UK and the US, for higher education and research. During 2001 there were 54660 Indian students in the US alone with the total number abroad probably exceeding 1,000,000. In contrast there were only 7791 international students in India, mainly from the developing countries or East Africa and South Asia.

**Commercial Presence:** No foreign University or institution has set up a campus at the tertiary education level. However a large number of institutions are offering programmes through franchise. A survey reported that during the year 2000, 27 providers from five countries including 10 from the UK and 12 from the US offered programmes, mainly at Masters level, in the professional areas of engineering and management, through franchise. An encouraging aspect from the Indian viewpoint is that the deemed universities are now permitted to open institutions/campuses abroad. The institutions that have taken advantage of this liberalization are the Birla Institute of Technology and Science, (in Dubai) and Birla Institute of Technology (in Oman). The Manipal Education and Medical Group has set up campuses

in Nepal and Manipal. The Central Institute for English and Foreign Languages, Hyderabad has started an English Languages teaching programme in Kyrgyzstan.

**Movement of Natural Persons:** Faculty members from Universities and researchers have been moving to developed countries for temporary period or permanent employment on individual initiatives. The number is however not large. Flow in the opposite direction is still lesser.

#### **Social Concerns:**

GATS have been a subject of public discussion throughout India. The lay-public has not taken kindly to education being covered under GATS. The Delhi Declaration adopted by five organizations working in the field of education has expressed concern about the inclusion of education services under GATS though it unreservedly supports the internationalization of higher education through initiatives of the academic community. The Declaration points out that treating education as a tradable commodity was contrary to the sanctity attached to education and knowledge; that education had a wider role to play in terms of protecting the culture, intellectual independence and the values of a civil society; that foreign institutions will only provide programmes that are commercially profitable; that many Indian educational institutions unable to face the competition of resource-rich foreign providers may have to withdraw from the educational scene with the result that disciplines that have great social and cultural significance, but no market value, will suffer through neglect; and finally that the Joint Declaration on Higher Education and GATS adopted in 2001 by major academic organization of the developed world emphasizes "higher education exists to serve the community and is not a commodity". While concluding the Delhi Declaration urged the Government "to take a firm stand in favour of keeping education outside the purview of the trade regime and use all the persuasive powers at its command to mobilize international opinion in this behalf".

The quality of education provided by Indian higher education institutions is variable and only a small percentage of students receive quality education of international standards. The demand for quality education is high, and with a burgeoning upper and upper-middle class population the universities of the developed world may find a good market for their degree programmes. Indeed, fear is being expressed that the Indian higher education scene will, in the not too distant future, have an important western component. If an 'academic invasion' does materialize then Indian policy makers, administrators and educators will have to accept a share of the blame for they have not paid adequate attention to the crucial aspects of financing of higher education and the maintenance of its quality.

Making commitments in higher education would have important implications, including permitting the universities of the developed world to function most freely in India. This in turn could have far-reaching repercussions on the existing Indian higher education system. Most importantly, the concept of higher education, as accepted in India, could change. Today, it is looked upon as a public service that, besides creating and disseminating knowledge, is committed to social service (including sustainable development) and inculcation of human values. In the years to come it may be reduced to a mere commodity. The 'commodification' of education will impinge on national policy relating to free access and equity. Presently, the public higher education sub-system co-exists, even though uneasily, with the private higher education sub-system. The entry of foreign providers, and of foreign capital, would undoubtedly tilt the balance towards the private sector. In addition, the entry of foreign capital into the higher education system may allow the government to slowly absolve itself of its responsibilities towards higher education, and India could end up with a largely inefficient and languishing public higher education system (the prestigious institutions like the Indian Institute of Technology being an exception) and a dominant private higher education sub-system.

Large-scale entry of foreign providers offering high quality education, but at a price, can have a significant impact on the

employment situation. While the affluent students will get the benefit of such education, the students of average means, and particularly the poor students, will be adversely affected. In the long run India could end up with three categories of students—the category of highly merited students, who have been able to secure admission to the very reputed public institutions, with excellent faculty and infrastructure, the category of affluent (though less-merited) students who have had the benefit of high-quality international education, and the category of average students from economically middle or lower class families who could avail of only mediocre quality education provided by government-funded institutions with inadequate infrastructure. What should really concern Indian policy makers is the fate of the third category of students who will comprise the vast majority. In this context it is relevant that in these years since India achieved Independence its higher education system has undergone, through the process of ‘massification’, a remarkable transformation from an elitist system, nurtured by colonial roots, to an egalitarian system, tuned to meet the demands of a vibrant democracy. The new dispensation visualized above could reverse the process and herald the incoming of a new form of elitism.

#### Present Status and Future options:

The Indian government has not made, as yet, any formal statement on GATS so far as Education Services are concerned. Being a member of WTO it is committed to progressive liberalization but can take steps in this direction only after the economic, social and political ramifications are analyzed and understood. Keeping in mind the national needs and ethos India is not likely to make any commitments in the Sub-sectors of primary education, secondary education, adult and continuing education and other education. However, it is possible that because of international compulsions some concessions may be made so far as higher education is concerned. If the country is obliged to do so it will be necessary, while framing responses, to take into consideration the following:

- The competitiveness of the Education Sector, in general, and of the Higher Education Sub-Sector, in particular.
- The present status and possibilities in the future for trade under different modes.
- The economic and social needs of the country, and the national policies with respect to these.

If some commitments are made they will have to be accompanied by limitations that could be nation specific and even specific to areas/regions of India. The restrictions could relate to free movement of persons, immigration rules, nature of courses, modalities of repatriation of money, subsidies to local institutions, reservations as laid down in the national policy and quality assurance mechanisms. The provisions that exist in GATS for exemptions and safeguards will have to be fully utilized.

As already stated, to most people GATS is a challenge to our existing education system and even a threat to the social fabric of the nation. However, a pragmatic appraisal of available information suggests that cross-border education does not, at present, constitute a major problem. This is because first, for the average student cross-border education is accessible, available or affordable. Second, the foreign providers from the developed countries concentrate on the countries that rank high in the Human Development Index. Most of their students come from these countries and there are a very small number from countries like India that rank low in the HDI ranking. In order to make a significant incursion into India the foreign providers will have to cut costs dramatically, increase efficiency and offer programmes that are more relevant. Till then the foreign providers can only reach the minuscule minority comprising the ‘creamy layer’.

There are quite a few in India who look upon GATS and related developments as an opportunity to revamp our education system, improve its quality, and take innovative actions that will be consistent with the process of globalization and will, at the same time, generate significant revenue that could be ploughed back into higher education. In the scenario that has emerged in the GATS regime the option open to our administrators and academics is to act or to perish. In order to keep up with international developments it is necessary to:

- Provide adequate financial support, at least to the leading research-oriented universities, for the modernization of infra-structural facilities, especially the laboratories, libraries and information technology systems and networks.
- Recognize the importance of the close relationship between teaching and research and promote quality research.
- Implement academic reforms that are so vital for Indian higher education to be brought in consonance with the higher education systems of the developed world.
- Develop a realistic policy towards the role of private enterprise in higher education and its internationalization.
- Recognize the role of good faculty in providing quality education and take steps to promote faculty development.
- Undertake innovative measures like the establishment of Free Education Zones, akin to the Free Economic Zones, at appropriate locations, like leading centers of learning (Delhi, Pune, Mumbai, Kolkata, Hyderabad and Bangalore), or within the Free Economic Zones.
- Examine, keeping in view the expertise available in the area of information and communication technology, the possibility of developing virtual operations and becoming a regional, if not global, provider of higher education.

As of today the situation is unclear. The Government should look in to all aspects and the interest of the country should be protected.

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