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Gats and Indian higher education –opportunities and challenges

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ABSTRACT

Education is an important stand-in for human development. Along with economic growth and empowerment, it forms the core of every social and human development doctrines. Higher education as we have today is outcome of a long socio-cultural growth. The General Agreement on Trade and Service (GATS) is among the World Trade Organization's most important agreements. The creation of the accord was one of the landmark achievements of the Uruguay Round and is the first and only set of multilateral rules and commitments covering Government measures that effect international trade in services. However, during the last four decades, the state had made considerable progress in all the areas of development. In this paper accounting of major objectives, i) to study analyze the GATS and Indian Higher Education ii) identify present status of the Indian higher education iii) the examine the policy suggestion and summary. Study will cover of India and regional centers will make use of based on secondary data. The analysis of growth, regional variations, state assistance to determents factors like higher education impact on GATS will be based on secondary data collected from the Reports documents published by such other agencies, using CAGR. Hence the very success of economic reform policies critically depends upon the competence of the human capital and in particular the specialized human capital. In this paper an attempt has impact on GATS and Higher Education in India.

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Introduction

Education is an important stand-in for human development. Along with economic growth and empowerment, it forms the core of every social and human development doctrines. Higher education is the most crucial level among different educational levels as it has great influence on economic and social development. It is believed that higher education in a country is an index of its future well being because it empowers individuals with necessary skills and competence for achieving important personal and social goals. Education is one of the most important social indicators that is directly linked with economic development.

Higher education as we have today is out come of a long socio-cultural evolution. The process of liberalization and globalization of the Indian economy coupled with evolution in Information Technology have brought new challenges to higher education. Globalization can be considered as removal of barriers to free trade and the closer integration of national economies (Stiglitz, 2002).

Prof Frederick says "Human resources constitute the ultimate basis for wealth of nations, capital and natural resources are passive factors of production, human beings active agents who accumulate capital, exploit natural resources, build social, economic and political organizations, and carry forward national development and to utilize them effectively in the national economy will be unable to develop anything else".

The General Agreement on Trade and Service (GATS) is among the World Trade Organization's most important agreements. The liberalization of trade in goods has been promoted through negotiations in the GATT over the past 50 years while there was no parallel movement of multilateral liberalization of services trade until the negotiation of the GATS and its entry into fore in 1995.

The creation of the accord was one of the landmark achievements of the Uruguay Round and is the first and only set of multilateral rules and commitments covering Government measures that effect international trade in services. The member governments themselves have negotiated it collectively and it sets the frame work with in which firms and individuals can operate. Despite its importance, education continues to be a neglected area at the policy level. After 50 years of planning, enormous funding and promises, total literacy remains to be a distant dream. The deadline for achieving total literacy is postponed year after year. A part from overall low levels of literacy at the national level, disparities across regions, genders, social groups etc. are of serious concern. Further, what is actually showing is, as reforms have only prompted grow the to some extent, the equity has suffered in al spheres including education. Out system of education has helped in perpetuating inequalities, i.e., from the primary to highest level is designed separately for the rich and the poor.

Knowledge is the driving force in the rapidly changing globalizes economy. Emergence of knowledge as driving factor results in both challenges and opportunities to developing resources determines their competence in the global market. It is now well recognized that the growth of the global market. It is now well recognized that the growth of the global economy has education opportunities for those couriers with good levels of education and vice (Carnoy, 1999, Tilak 2001 a, Stewert 1996, Hon 1994). With the advent of globalization developed economies got an upper hand in the world scenario as they had technically skilled labourers.

This becomes a curbing factor to the developing countries as the "availability of such labour was scarce in those countries

and industrialization of these countries required large number of such labour. Producing such people become a challenge to developing countries, and converting this challenge into opportunity depend on the speed at which they adapt to the new environment. The process of globalization is technology driven and also knowledge driven. Hence the very success of economic reform policies critically depends upon the competence of the human capital and in particular the specialized human capital. India is no exception to this global phenomenon.

Karnataka is a middle order state though endowed with rich natural resources it started with a weak economic base at the time of reorganization in 1956. However, during the last four decades, the state had made considerable progress in all the areas of development. Thus participation, equality, access to resources and ownership of resources are the major pillars of empowering women. Hence the very success of economic reform policies critically depends upon the competence of the human capital and in particular the specialized human capital. In this paper an attempt has impact on GATS and Higher Education in India.

Objectives:

In this paper accounting of major objectives:

1. To study analyze the GATS and Indian Higher Education
2. To identify present status of the Indian higher education
3. To examine the policy suggestion and summary.

Methodology:

Study will cover of India and regional centers will make use of based on secondary data. The annual time series data are used for the entire period from 1991 to 2008. The analysis of growth, regional variations, and state assistance to deterrents factors like higher education impact on GATS will be based on secondary data collected from the Reports and RBI hand book, Annual Reports, Govt of India, documents published by such other agencies, using simple tools percentage, ratio, growth rate, average, etc.

The WTO and GATS:

The Uruguay round (on 15th December 1993) agreement signed in Marrakesh (Morocco) to 'establish the WTO. It came into force on 1st January 1995, as a successor to the General Agreement on Trade and Tariff (GATT) with the objective to help the trade to flow smoothly, freely and predictably.

The general agreement on Trade in Service (GATS) was one of the agreements signed under the purview of WTO (GATS, 1995) which came into force from 1996. It is a multinational agreement based upon the premise that progressive liberalization of trade in commercial service will promote economic growth in WTO member countries.

It aims at stimulating trade and development by seeking to create a predictable policy environment wherein the member countries voluntarily undertake to bind their policy regimes relating to trade in services.

GATS and Higher Education:

The GATS contains a "built in commitment" to continuous liberalization through period negotiations. The aim of GATS is to open up markets and facilitate global free trade into areas hitherto not recognized as part of trade policy.

One important feature of GATS is that a country makes commitment to other member countries it can not go back. The committed country has to fulfill its priorities. Under GATS an option is given to withdraw the commitment by a country but only after a period of 3 years from commitment. For that it has to compensate the member countries with substitute commitment. Whether other GATS countries agree for this

withdrawal. Whether a country can satisfy other countries by substitute commitments? These are the questions for which time has to answer. But we can say that if a country commits once it will be forced to fulfill its commitment even though the promising country incurs heavy loss.

Internationalization of education is to be promoted not only because it yields financial benefits but also because of the academic, political and social advantages that come from the presence of International students on campuses. To quote Altbach (1999), "Foreign student and scholars are one of the most important elements of the international knowledge system. They are the carriers of knowledge across borders. They are the embodiment of the cosmopolitan culture and they are one of the most visible and important parts of the world wide exchange of ideas".

In the 21st century we can see internationalization of Higher Education through GATS. This permits mobility of students between countries. Who carry their own culture, customs with them. The tie-up among Universities requires the up gradation of Universities in under developed themselves as there is no other way out for them. This improves the quality of higher education world wide. In India: also our Universities upgrade their infrastructure, teaching faculty, admission procedure, syllabi etc. To make the benefit out of low value of Indian currency, our Universities can practice price discriminations policy and charge higher fee-from foreigners and non resident Indians (NRIs).

Present status of Indian higher education:

Before analyzing the impact of GATS it is essential to take a look at the present status of our higher education.

India has the second largest higher education system in the world comprising 307 University level institutions, 14, 609 University college and affiliated colleges 'and more than 9 million student. Among the students around 40 per cent are from low-socio economic strata and 35 per cent of them are women. The outlay per student declined from Rs. 7676 at 1993-94 price levels to Rs. 5873 in 2001-02 (Budget estimates) which altogether lead numerous problems. The most important one is the dependence on state for funding (Sujata Patel 2004) Indian higher educational system has three University level Institutions Universities, Deemed Universities and affiliated Universities.

Enrolment to professional education is increasing tremendously. The private management institutions are growing rapidly in professional education field, which are capable of attracting foreign students also. The quality of education imparted in different institutions and regions in different. There are a few institutions the quality of education provided by which can be compared with reputed foreign Universities. While quite a number of institutes provide mediocre quality education.

Thus the export of higher education to India by universities of several countries has been through modes of consumption abroad, cross border supply, franchise, twinning programmes and virtual universities. In 1999, about 20,000 students went abroad for education mostly to USA, Australia, UK, Canada and France, However, on an average.

Student enrolment grew at an estimated rate of 7 per cent between 1987 and 1993 but has now declined to 5.5 per cent compound rate of growth. Today, there are 10.5 million students enrolled in all higher education institutions, with the teaching staff numbering 321,000. In spite of this phenomenal growth, the total enrolment forms only about 11 percent of the relevant age-group (17-23) population. Tables 2 and 3 illustrate the status of various educational institutions in India.

A recent McKinsey-NASSCOM study has shown that the total addressable global offshoring market is approximately US\$ 300 billion, of which US\$ 110 billion will be offshored by 2010. India has the potential to capture about 50% of this market and in the 5 process generate direct employment for about 2.3 million people and indirect employment for about 6.5 million people. However, high quality manpower would be required for such jobs.

Comparison with other countries:

India's higher education system compares favorably with the other countries of South Asia and Africa in its enrolment. However, the South East Asian countries show much higher enrolment: Philippines (31%), Thailand (19%), Malaysia (27%) and China (13%) as compared to 11% in India. The situation in the developed countries is, of course much better. The following tables indicate the state of higher education in various countries.

India also has one of the lowest public expenditure on higher education per student at US\$ 406, which compares unfavourably with China (US\$2728), Brazil (US\$3986), Indonesia (US\$666) and Malaysia (US\$625). Tables 4 and 5 indicate the position of India in comparison with other developing and developed countries.

Given that India's public spending, GER levels and private sector participation are low, even when compared to developing countries, there appears to be a case for 7 improving the effectiveness of public spending and increase the participation of private players, both domestic and foreign.

Export of education services:

The emerging demographics have ensured that the demand for higher education is greater in 'younger' countries as compared to graying countries. Similarly, the supply of education services is greater in graying countries since there are fewer young students to enroll in Universities. Indeed, the US is the largest exporter of education services in the world. The other large exporters are UK, Australia and New Zealand. Developing countries such as India and China are the largest importers of education in the world. A study by the New York based International Institute of Education (IIE) that Asian countries have 325,000 students in U.S. colleges, including 80,000 from India, 63,000 from China, 53,000 from South Korea and 42,000 from Japan. The following table shows the number of India students abroad in the last two years:

The Universities in the exporting countries see a huge opportunity and are going all out to attract students from developing countries such as India and China. For example, in March, 2006, 25 universities from the US, including names such as Indiana and Perdue, arrived in India on a tour of metro cities to recruit Indian students for various courses. The tour was arranged by a US-based professional organization that provides not only logistics support, but also helps in mobilizing audiences and assists interested students in the visa application process. Universities from Australia, New Zealand, the UK and Europe are also organizing such road shows to attract students.

Opportunities waiting for India:

Indian Universities and higher educational institution can gain largely in following areas:

- **Quality Improvement:** With the arrival of foreign institutions the quality of Indian Universities improves. Because of competition non-performing and inefficient institutions/Universities will shutdown.
- **Export of Educational Services:** India can export the education services to other signatories mainly to developing countries.

- **Boost to Innovation:** Entry of foreign educationalists and Universities in education market may lead to innovations to cope with the changing global scenario.

- **National Development:** Internationalization of education gives impetus to research needed locally and participate in the strengthening of civil society.

Significance of gats for india in the education sector:

GATS is relevant of India's education services sector as:

1. India has both export and import interests in education services across all GATS modes. India has private presence in education services which co-exists with and is in competition with public educational institutions, so carve out clause for public services need not apply.
2. GATS provide means to gain predictable and transparent market access conditions overseas to expand India's exports of education services.
3. GATS commitments could be used to facilitate participation by foreign institutions in India and increase supply of higher education to alleviate supply constrains and declining public funds.

Conclusion and policy suggestions:

Thus, it is a difficult task to predict the impact of GATS on Indian Higher Education sector. Government should strike a balance between import and export of education services. Some quantities restrictions may require in the initial stage in order to protect the Indian Universities. Once these Universities prepare themselves for competition, both in terms of qualitative and financial aspects, this sector may be opened for international free trade. The higher education will no longer be a merit good for fostering social justice in GATS regime. A careful, comprehensive and compassionate understanding will be required to face this critical challenge before the country. With regard to implementation of equality of educational opportunities and continuance of the net of social security amidst globalization. Some of the constitutional provisions need reconsideration, modification and amendment.

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Table-1
Number of Recognized Educational Institutions in India during 2007-08

Year	Primary	Upper primary	High/Hr. sec./Inter/ Pre.jr.colleges	Colleges for general education	Colleges for professional education	Colleges for professional education
1950-51	209671	13596	7416	370	208	27
1955-56	278135	21730	10838	466	218	31
1960-61	330399	49663	17329	967	852	45
1965-66	391064	75798	27614	1536	770	64
1970-71	408378	90621	37051	2285	992	82
1975-76	454270	106571	43054	3667	3276	101
1980-81	494503	118555	51573	3421	3542	110
1985-86	528872	134846	65837	4067	1533	126
1990-91	560935	151456	79796	4862	886	184
1991-92	566744	155926	82576	5058	950	196
1992-93	571248	158498	84608	5334	989	207
1993-94	570455	162804	89226	5639	1125	213
1994-95	586810	168772	94946	6089	1230	219
1995-96	593410	174145	99274	6569	1354	226
1996-97	603646	180293	103241	6759	1770	228
1997-98	619222	185961	107140	7199	2075	229
1998-99	628994	193093	112050	7494	2113	237
1999-00	641695	198004	116820	7782	2124	244
2000-01	638738	206269	126047	7929	2223	254
2001-02	664041	219626	133492	8737	2409	272
2002-03	651382	245274	137207	9166	2610	304
2003-04	712239	262286	145962	9427	2751	304
2004-05	767520	274731	152049	10377	3201	407
2005-06	771082	288199	154032	11549	4991	350
2006-07	756950	300008	165087	11458	7024	371
2007-08	785950	320354	171862	11458	7024	9653

Source: Director and Economic Statistics, Govt of India.

Table 2
Growth of higher education institutions and enrolment in India
HEI – Higher education institution

Year	Universities	Colleges	Total HEIs	Enrolment (in Million)
1947-48	20	496	516	0.2
1950-51	28	578	606	0.2
1960-61	45	1,819	1,864	0.6
1970-71	93	3,277	3,370	2.0
1980-81	123	4,738	4,861	2.8
1990-91	184	5,748	5,932	4.4
2000-01	266	11,146	11,412	8.8
2005-06	348	17,625	17,973	10.5

Source: UGC Institutions of national importance both by the Central and state Legislatures.

Table 3: Typology and growth trends of higher education institutions

Type	Ownership	Financing	Number of institutions*	Number of students*	Growth trends
Universities under the Government	Public	Public	240	1,000,000	Not growing
Private Universities	Private	Private	7	10,000	Emerging on the scene
Deemed Universities (Aided)	Private or Public	Public	38	40,000	Growing slowly
Deemed Universities (Unaided)	Private	Private	63	60,000	Growing rapidly
Colleges under the Government	Public	Public	4,225	2,750,000	Not growing
Private Colleges (Aided)	Private	Public	5,750	3,450,000	Not growing
Private Colleges (Unaided)	Private	Private	7,650	3,150,000	Growing rapidly
Foreign Institutions	Private	Private	150	8,000	Emerging on the scene
Total		18,123		10,468,000	

Source: Pawan Agarwal "Higher Education in India: The Need for Change". ICRIER Working Paper. June 2006

Table 4 Growth in enrolment, enrolment ratio GNP per capita (Select countries)

Country	Enrolment (in million)		Increase %	GER-2001 %	GNP per capita (US\$), 2001
	1990/91	2001/02			
USA	13.71	15.93	16.2	81	34,280
China	3.82	12.14	217.7	13	890
Japan	2.90	3.97	36.8	49	35,610
India	4.95	10.58	113.6	11	460
UK	1.26	2.24	78.1	64	25,120
France	1.70	2.03	19.4	54	22,730
Italy	1.45	1.85	27.7	53	19,390
Brazil	1.54	3.13	103.0	18	3,070
Indonesia	1.59	3.18	99.7	15	690
Philippines	1.71	2.47	44.3	31	1,030
Australia	0.49	0.87	79.1	65	19,900
Malaysia	0.12	0.56	358.9	27	3,330

Source: Pawan Agarwal "Higher Education in India: The Need for Change". ICRIER Working Paper. June 2006

Table-5
Expenditure on higher education

Country	% of GDP on Higher Education	Public expenditure on higher education per student (2002/ 03)	GDP per capita, 2002(US\$)
USA	1.41	9,629	36,006
China	0.50	2,728	989
Japan	0.54	4,830	31,407
India	0.37	406	487
Germany	1.13	11,948	24,051
UK	1.07	8,502	26,444
France	0.99	8,010	24,061
Italy	0.87	7,491	20,528
Brazil	0.91	3,986	2,593
Russia	0.62	1,024	2,405
Canada	1.88	15,490	22,777
Korea	0.34	1,046	10,006
Indonesia	0.28	666	817
Philippines	0.43	625	975
Australia	1.19	7,751	20,822
Malaysia	2.70	11,790	3,905

Source: UNESCO Institute of Statistics (UIS). Data used are most recent available – data may vary between 1998/99 and 2002/03.

Table - 6
Indian Students Abroad

Name of Country	2003-04	2004-05
USA	79736	80466
UK	11000	15000
Australia	17853	22279
New Zealand	2405	2567

Source: WENR (World Education News and Reviews), IDP Australia, IIE