

THE ROLE OF WTO AND EDUCATION IN INDIA

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Introduction

It is now over a decade since the formation of the WTO, replacing GATT, as a means of facilitating more effective integration of world economies, commonly referred to as the process of globalization. Unlike the GATT, the WTO also incorporates trade in services and is therefore far more comprehensive in its application and impact. There are mixed reactions to the entry of the WTO in the service sector, especially in higher education, for higher education will no longer remain a noble and nation building process. It will be transformed to a profit-making venture subject to international treaties and negotiations. While the developed countries are eager to reap the advantages of such trade, developing countries are skeptical and wary of the impact on their economies. The dilemma for the developing countries is not whether to go ahead with the process of globalization. In fact they have no option but to accept it. While there are inherent fears of trading and competing with global giants, there are at the same time benefits and immense opportunities that globalization offers. It is for the developing countries to avail of the opportunities and reap the benefits of a liberalized trade scenario. The present paper examines both these aspects of globalization under the WTO regime with respect to higher education. In context of the Indian situation, it seeks to examine the ways in which India can benefit from such trade and the action plan needed to accomplish this. The General Agreement on Trade in Services, which came into effect in 2005, will have far reaching repercussions on the education sector. It is, therefore, imperative to examine the various issues related to it thoroughly and formulate necessary policy measures.

Internationalization of Higher Education

The services sector accounts for a significant and growing share of gross domestic product in nearly all industrialized as well as developing countries. Besides, this sector is also emerging as an increasingly important source of employment in these economies. Further, it is attracting an ever-expanding share of world foreign direct investment. In the present knowledge based economy, most countries are seeking to develop their educational sector, especially higher education are seeking to develop their educational sector, especially higher education, to maintain appropriate levels of human capital formation. The inclusion of "educational services" in the GATS negotiations now

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underway in the WTO has raised awareness of the trends and issues relating to international trade in educational services, especially in higher education.

International trade in educational services, especially at the tertiary level has witnessed global expansion since the 1980s. According to UNESCO estimates by mid 1990s more than 1.5 million tertiary level students were studying abroad. The global market for international higher education was estimated at US \$ 27 billion. The United States is the leading exporter of education services, accounting for 29% of students, followed by UK (13%), Germany (10%) and France (9%) (Table 1). Main export markets for US higher education are in Asia, accounting for 64% of US exports of education services, followed by Europe and Latin America. Important countries (markets) in Asia are China, Japan, India, Korea, Thailand, Indonesia, Taiwan and Malaysia. USA is facing increasing competition in the Asian market, especially from Australia and the United Kingdom.

Table 1 shows data on leading exports of tertiary education in the world. These six countries account for almost 70% of total tertiary level educational export in the world.

Table 1
Leading Exporters of Tertiary Education in the World

<i>Sl. No.</i>	<i>Host country</i>	<i>Year</i>	<i>Total no. of students</i>	<i>% of Total Exports</i>
1.	U.S.A.	1995-96	453,785	29
2.	U.K.	1996-97	198,839	13
3.	Germany	1996-97	165,977	10
4.	France	1995-96	138,191	9
5.	Australia	1997	102,284	6
6.	Canada	1993-94	35,451	2
	Total		1094527	6

Source: Adapted from UNESCO 1997,1999.

So far as origin of foreign students is concerned, Asia, perhaps, is the most important region and offers good scope for export of higher education. Table 2 highlights data on origin of foreign students in the five most important supplier countries.

Table 2
Origin of Foreign Students by Region in Five Main Supplier Countries

<i>Sl. No.</i>	<i>Host country</i>	<i>Year</i>	<i>Percentage Distribution of students by Region</i>						<i>Not specified</i>
			<i>Africa</i>	<i>North America</i>	<i>South America</i>	<i>Asia</i>	<i>Europe</i>	<i>Oceania</i>	
1.	USA	1995-96	4.6	10.7	4.9	64.1	14.8	0.9	-
2.	UK	1996-97	7.1	7.8	1.2	34.2	46.2	0.9	2.6
3.	Germany	1996-97	9.1	3.3	2.3	36.2	47.2	0.2	1.6
4.	France	1995-96	51.7	3.6	2.7	13.4	27.6	0.1	0.9
5.	Australia	1995	1.7	3.2*	-	75.7	3.1	13.1	3.1

* This includes data for both North and South America.

Source: UNESCO 1999

It is clear from the above data that Asia is an important market for exporters of tertiary level education. In USA, Asian students account for as high as 64% of all foreign students, while in Australia an overwhelming 75% of foreign students are from Asia. In UK and Germany also, more than one-third of foreign students are of Asian origin. Asia, therefore, offers a highly lucrative market for exporting tertiary level education.

For many developed countries, educational exports have grown during the last two-decades of so. By the turn of the century exports from USA stood at US \$ 11.7 billion (1998-99), making education the fifth largest service sector export of the United States in 1998 (NAFSA 2000). Other important exporters of education are Germany, France, Australia and Canada. In Australia in 1999-2000, education 'exports', and the third among service sector exports. Table-3 below shows the trend of educational exports between 1989 and 2000 in some leading exporting countries.

Table 3
Export Earnings from Foreign Students as Percentage of
Export Earnings from services

Country	1989		1997		2000	
	US \$ Million	% of Total service exports	US \$ Million	% of Total service exports	US \$ Million	% of Total service exports
Australia	584	6.6	2190	11.8	2155	11.8
Canada	530	3.0	595	1.9	796	2.1
UK	2214	4.5	4080	4.3	3758	3.2
USA	4575	4.4	8346	3.5	10280	3.5
New Zealand	-	-	280	6.6	199	4.7

Note: Data for Australia and New Zealand include students from levels other than tertiary; for other countries data refers to tertiary students only.

Source: OECD Statistics on Trade in Services; IMF data for US in 2000.

Higher Education and GATS

The formation of WTO is significant as it also covers trade in services. This implies that every economic activity will be influenced by agreements emanating from Geneva, market access will improve with lowering of tariffs and dismantling of other import restrictions, and lower tariffs will mean higher access to domestic markets for foreign companies. In the sphere of services, WTO has established General Agreement on Trade in Services. It is a multinational framework of principles and rules for trade in services with the primary objective being expansion of such trade under conditions of progressive liberalization. The basic rules of GATS will apply to education in the following ways:

- (i) Members shall accord to services and service suppliers of any other member, the same treatment that it accords to its own services and service suppliers. The most

favoured nation treatment implies there should be no discrimination between the members to the agreement.

- (ii) A member country can decide which service sector it would like to cover under GATS.

Services under GATS include: Business, Financial (Insurance and Banking), Communication, Health Related and Social, construction, Tourism and Travel, Distribution, Recreational and Sporting, Educational, Environmental services and Transport. Trade in educational services under GATS may be of the following four categories:

- (a) Cross Border supply of services,
- (b) Consumption Abroad,
- (c) Commercial presence,
- (d) Movement of Natural persons,

This is summarized in Table 4

Table 4
International Supply of Educational Services under GATS

<i>Mode of Supply</i>	<i>Explanation</i>	<i>Examples of Supply</i>	<i>Potential market</i>
(a) Cross-border supply	Refers to provision of services that cross the border (consumer does not move)	Distance education virtual educational institutions Education software Training through ICT delivery	A rapidly growing market has great potential especially through the Internet.
(b) Consumption abroad	Provision of service involves movement of consumer to the supplier country	Students going abroad to study	A traditional form. Probably the largest share of the global education market.
(c) Commercial presence	Service provider establishes facilities in another country independently or through domestic institutions.	Local university or satellite campuses language training companies private training companies	Has great potential for expansion Becoming increasingly popular.

Source: Adapted from Larsen and Lancrin: International Trade in Educational Services; good or bad?

Those services, which are provided in totality by the Government and are also free, do not fall within the purview of GATS. When services are provided partially by the government or some fee is charged, or it is private providers, they fall within the purview of GATS, such total public monopolies in education are extremely rare and almost all of the world's education systems fall under the GATS umbrella. In India we

cannot get exemption in education from the application of GATS because education at all levels, particularly at higher education level, is not entirely free.

Globalization and Education

There are at least two ways of looking at the effects of globalization on education. The first: to what extent education systems are being 'shaped' by globalization or in prospective terms, what are the changes likely to affect education systems in the coming decades as a result of globalization? The second: what kind of policy reforms should be adopted to address the consequences of globalization?

On the first point: in all societies, whether advanced or backward, at any point in time, a variety of patterns of education systems co-exist: poor or wealthy conditions of schooling: traditional or high-tech delivery systems: a diversity of teaching-learning strategies from rote memorization to active child-centered education.

On the second point: a great deal depends on the assumptions made about the future of globalization. Will the present trends continue peacefully and for how long? Will globalization generate political and social resistance and turmoil, consequently leading to a 'swing in the pendulum' back to more controlled movement of people, financial resources, material resources and, as seen in some countries, of ideas? Are we assuming a Huntington or a Fukuyama, or a scenario that promotes the capacity of individuals to remain masters of their own destiny?

Globalization of Higher Education in India

Globalization of higher education in India was kick started in 1991 with the country starting its process of economic reforms as a member of the WTO. But ignoring India's opposition, WTO recently brought 'services' under the purview of trade rules.

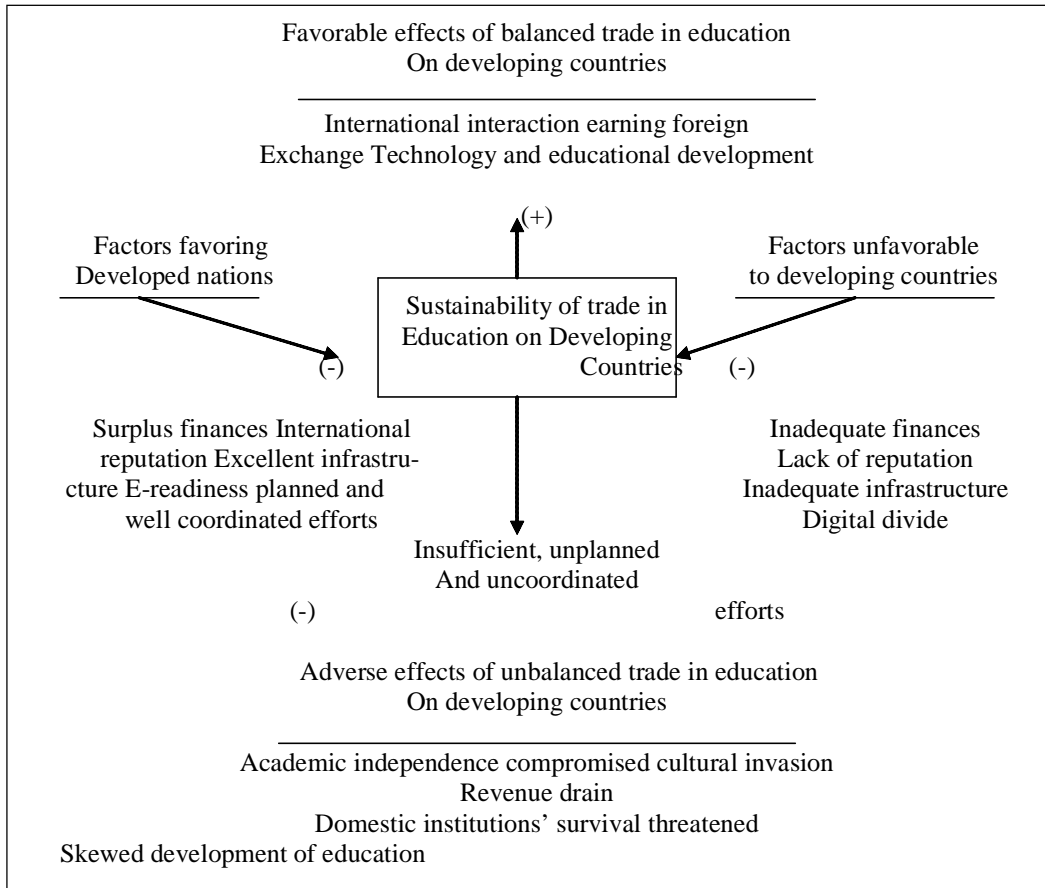
Next came the General Agreement on Trade in Services (GATS), which is a comprehensive legal framework of rules that cover 161 services across 12 sectors including Education. Till now, 44 of the 144 members of the WTO have committed themselves to education and of these, only 21 have included Higher education in their commitments. India has remained silent. But it cannot be mute for long. The growing use of Internet for communication, the widespread use of English and the strengthening of the fast-changing scenario.

Figure 1 below summarizes the effects of international trade in education on its sustainable development in developing countries. The developments that have taken place in this direction jeopardize the long-term interests of developing countries. The positive effect on developing countries is very small as compared to negative effect.

Prospects for India

For India to survive in the above scenario, a number of steps are required to be taken. These have been summarized in Figure 2 and discussed below.

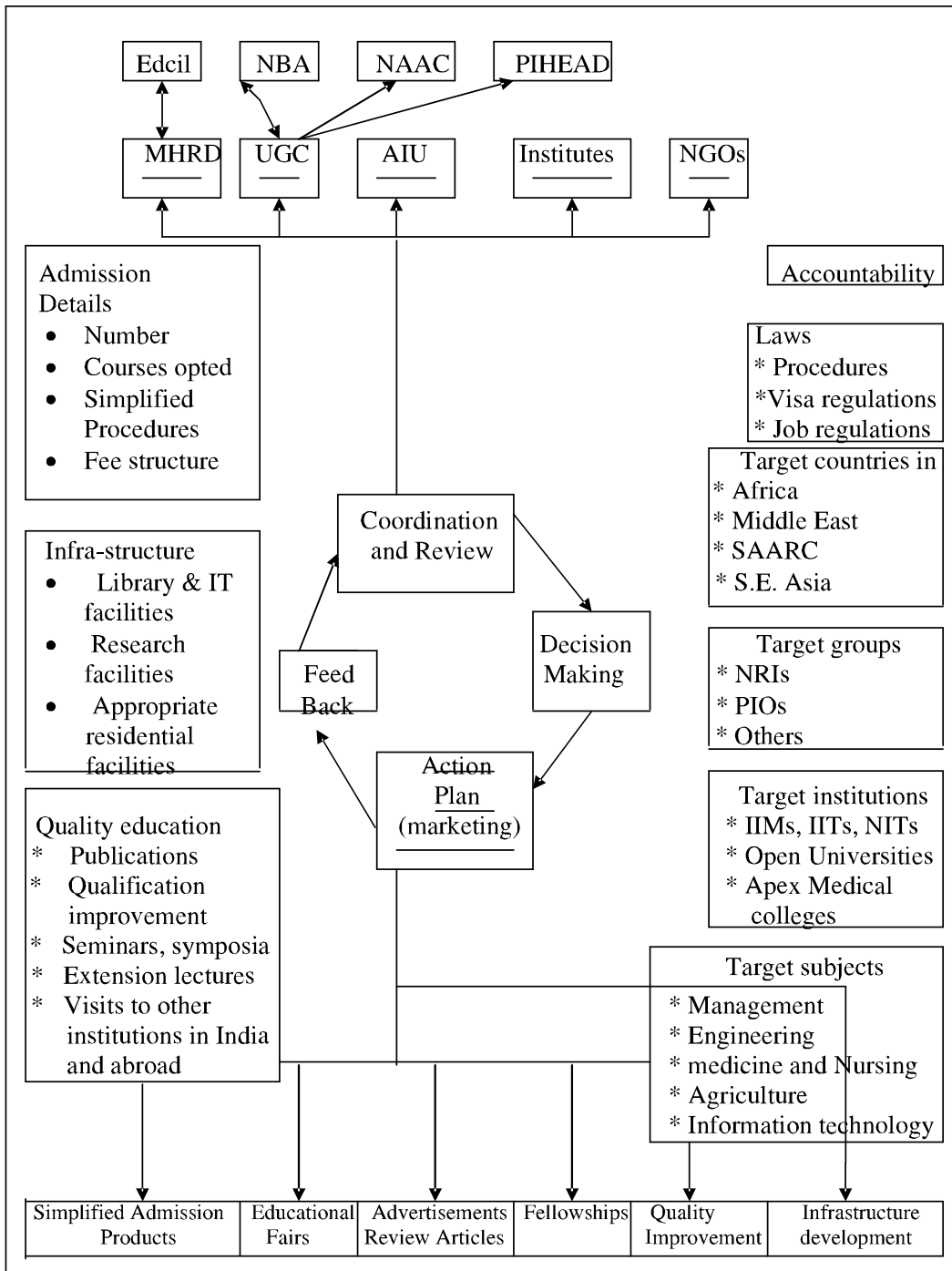
Figure 1: Effects of Various Factors on Sustainability of Trade in Education in Developing Countries



India's potential as a global education destination now come to be realized. A series of initiatives have been launched by the government to tap this potential and to attract more and more international students to Indian institutions, both private and public. Educational consultants India Limited (Educil) has been set up as a nodal agency under the Ministry of HRD for placement of foreign students in Indian institutions. It plans to attract at least 15000 foreign students from countries across Asia and Africa in targeted are Ethiopia, Kenya, Mauritius, Sudan, Tanzania, Uganda, Bangladesh, Burma, Nepal, Srilanka, Thailand, Malaysia, Indonesia, China, Iran, Bahrain, Jordan, Kuwait, Saudi Arabia, Syria, UAE and Yemen.

It is encouraging to know of the initiatives that have been taken by the government to attract foreign students to India, considering India's vast potential in this are, a more proactive policy is required. The following measures may be included apart from whatever Government may deem desirable:

Figure 2: Steps to be Taken by India in the Present Scenario of Globalization under WTO



- (i) Wide publicity needs to be given to the educational facilities available in India in the reputed institutions of higher education-professional as well as non-professional.
- (ii) Admission procedures should be simple and quick and not prolonged and cumbersome as in some educational institutions.
- (iii) A special cell may be set up in universities to deal with the special problems of foreign students. It could also be given the responsibility of examining the scope of attracting more foreign students.
- (iv) Agreements with foreign countries should be entered into regarding acceptance of degrees and / certificates awarded by the university.

It is essential to have comprehensive data on students' mobility in and out of the country for pursuit of education for any meaningful feedback. The data should include, among other, the number of students, courses sought for, fee structure, curriculum, infrastructure facilities available, teacher' qualification and experience, etc.

With regard to foreign universities/institutions operating in India, to safeguard our interest the measures could include:

- (i) Making it incumbent on foreign higher education institutions operating in India to register them selves.
- (ii) Some type of accreditation may be introduced to prevent sub-standard institutions from setting up shop in India. A welcome move in this regard has recently been made with respect to technical education. The All India Council for Technical Education (AICTE) has come up with the stance that no foreign tertiary institution offering technical education will be able to operate in India without its approval. These regulations are seen by professional educators as much needed defense against non-accredited universities.
- (iii) India should continue its efforts on reciprocal recognition of degrees awarded by Indian universities as an essential stop for sustainable development of domestic educational sector under WTO. Minimum norms of standard should be determined in pursuance of the UN doctrine of sustainable development.

India should negotiate in the WTO from a position of strength to be able to lay down conditions for regulating foreign education and safeguarding itself against uneven competition. In the end, issues concerning internationalization of higher education need to be examined from the perspective of merit, efficiency, equity, nation building and national security.

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