ABSTRACT

1.1 Introduction

Education plays very significant role in the development of an individual as well as that of a nation. It provides the economy with human resources, with the requisite knowledge, training and qualification to meet the demand for economic development. Higher education, in particular, is also important for the economy, as it is a powerful tool to build knowledge based society of the 21st century. It is considered to be one of the most potent means of achieving sustainable development. India has made significant progress in higher education system in terms of increased number of universities, colleges, student enrolments and teachers in post-globalised era. In fact the rapid growth of higher education system has made India one of the largest higher education systems in the world, in terms of institutions and second largest in terms of student enrolments. In more recent decades, higher education has served India in many ways. The highly skilled workforce has made significant contributions to India’s service industry i.e. the Information Technology (IT) services and now IT-enables services and supports the country’s increasingly important role in the global and knowledge-based economies. Human capital is the main asset of India in its drive to become the most competitive and dynamic knowledge-based economy in the world. Hence, knowledge is the most powerful resource in the hands of people to form the base for development and to deal with the negative effects of globalization.

Globalization is a process of integrating various economies of the world without creating any hindrance in the free flow of goods, services, technology, capital and even human capital. Globalization, associated with liberalization and privatization of education, has changed the basic character of higher education. Traditionally, higher education has been treated as a social service, but now it has become a commercial commodity that moves between countries faster than people. In many countries, government started to withdraw from their commitment to higher education and private interests are taking over, especially in case of professional education. Due to the entry of private players in education sector, higher education has taken the form of business with commercial interests. This is true both at national and international levels. Under World Trade Organization (WTO) and General Agreement on Trade in
Services (GATS) regime, the Indian higher education has been made market oriented, which is essentially motivated by profits rather than by either government policy or goodwill.

In fact, the significance of GATS lies in the growing internationalization of higher education which has now become a lucrative business. Today, the largest market is overseas student education, which is now a multi-billion dollar business. Developed countries like USA, Canada, UK, Australia, France, Germany and New Zealand etc, have taken advantage in globalizing their institutions and universities, in order to export their education services. They have well organised and aggressive marketing strategies, to attract students to their institutions of higher education, while developing countries like China and India are fast emerging as exporters of this service. India in particular has grown into a leading player in the international students markets and is the second most important sending country after China. This has consequently made India one of the key markets targeted by the leading providers of higher education. Indian student flows are intensely concentrated in English speaking regions like USA, UK and Australia. In recent years countries like Canada, New Zealand and Germany etc have succeeded in attracting more Indian students by aggressively promoting their programs in India. Conversely, India was not so active in attracting too much foreign students for study like developed countries due to the unorganised and inactive marketing strategies. However, students from developing economies are being lured by the aggressive marketing done by many developed countries. India is losing out due to a lack of coordinated effort in this direction. It is in this context, UGC has launched a new initiative for the promotion of Indian higher education abroad (PIHEA), a clear vision for Internationalization of Higher Education.

The study shows that, the rate at which Indian students are studying abroad do not match with the rate at which foreign students are coming to India for study. In 2009, 195,107 Indian students went abroad while only 21,778 foreign students came to India to pursue higher education (mainly from developing or least developed countries). Thus, data shows wide imbalances among exports and imports of educational services. This clearly indicates that the quality and standard of education has to improve in Indian higher educational institutions. Further, there is very uneven
distribution of international students across different institutions and regions in India. The largest concentration of foreign students is observed in the institutions located in Western and Southern part of India but very few in Northern and Eastern part, which is not a very encouraging trend.

Thus, it shows that, India currently hosts a small number of international students, though it has the potential to host many more because of huge global opportunity in the education sector. So, India should make efforts to accept the challenges with positive attitude. No doubt, there are inherent fears of trading and competing with global giants, but there are at the same time benefits and immense opportunities that globalization offers. India should avail the opportunities and reap the benefits of a liberalized trade scenario. We have to realize that globalization is a driving force for national development that attempt to modify institutions and bring them in line with progress. It is essential that India need to embrace aggressive, result oriented approach for being consistent with the global developments in the higher education sector. As of today India is not fully prepared for competition with the developed countries in the field of educational services. Therefore, it is necessary to improve the infrastructure in our academic institutions, create facilities, adopt a more flexible academic structure, introduce widespread academic reforms, gather market information and create niche markets and adopt aggressive marketing strategies that will make Indian education system attractive to others.

Public expenditure on education is essential for realising the education goals and for the development of education. The government of India (GoI) has recognised the crucial role of education in development of the country and on the recommendation of the Education (Kothari) Commission; the GoI quantitatively fixed the target of investing 6 per cent of GNP on education by the public exchequer by 1986. But this goal remained elusive. Though, public expenditure on education in general and higher education in particular in India has increased after independence, but still this growth has not been sufficient or satisfactory for overall development of the education system. It has also been observed that, under the deep waves of globalization and competition, important economic rationale for government funding for higher education has been neglected. Globalization has led to the deprioritization
of certain sectors of education, particularly higher education and advocated privatization of higher education.

Globalization has exposed the economy to a greater worldwide competition. This requires a strategy geared towards upgrading the quality of human resource, including ‘education for all’, through reduction in relative inequalities. In this process, higher education is highly relevant to meet the requirements of skilled labour. Therefore, public support for higher education remains essential to ensure a balanced achievement of educational and social missions, apart from surviving in the knowledge-based society. Sequencing of policies i.e., universal primary education first, secondary and higher education later (as and when resources are available or/ and left to private initiatives) would be very costly strategies in the era of globalization. Hence due importance needs to be given for the development of all levels of education.

In the light of these issues, the present study entitled “Globalization and Its Impact on Indian Higher Education” has following objectives:-

- To analyze the progress of higher education in India in terms of variables like student enrolments, institutions (universities and colleges) and teachers during pre and post-globalization periods.
- To examine the role of General Agreement on Trade in Services (GATS) in higher education services.
- To examine trade in higher education services, especially export via- mode 2 in India in the era of globalization.
- To analyse the trends in public expenditure on education particularly higher education in India during pre and post-globalization period.
- To examine the impact of globalization on public expenditure on higher education in India.
- Finally, to come out with the findings, conclusions and suggestions.

The hypothesis of the study are:-

- Globalization had no significant impact on total expenditure on higher education in India during post-1992 period (i.e., from 1992 to 2010).
Globalization has affected the growth of higher education system in India, in terms of colleges, universities, student enrolments and teachers.

The study is exclusively based on secondary sources of data collected from different official documents and websites of the Government of India. The data for Globalization (i.e., export + import/GDP) and Gross Domestic Product (GDP) has been taken from Reserve Bank of India (RBI) Handbook of Statistics on the Indian Economy. Data on imports of educational services has been taken from Reserve Bank of India Bulletin (RBI). Data related to trade in services at global and national level has been collected from UNTACD Handbook of Statistics and UNTACD Database on International Trade-Services which is available on the website, http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx. Data for commitments on education services are taken from WTO Secretariat.

Student Mobility data has been collected from various issues of UNESCO Institute for Statistics (UIS) Global Education Digest (GED), Organization for Economic Cooperation and Development (OECD) Education at Glance, Open Door Policy, UNESCO Statistical Year Book and Association of Indian Universities (AIU) International Students in Indian Universities. The data related to Foreign Education Providers is taken from National University of Educational Planning and Administration (NUEPA), Foreign Education Providers in India (2005) and AIU Foreign Education Providers in India (2012). The relevant data on internet users are taken from World Development Indicators World Bank (WB) whereas data related to categorization of different economies according to their level of Income is taken from World Bank (WB): World Development Report (2010).

The data related to enrolment, institutions and other educational data has been compiled from various issues of University Grants Commission (UGC) Annual Reports (MHRD), Selected Educational Statistics (MHRD), University Development in India, Basic Facts and Figures, MHRD Department of Higher Education, Annual Status of Higher Education of States and UTs in India, 2012 (summary Report), Ernst & Young/FICCI, Economic Survey, Government of India (GoI), Statistics of Higher and Technical Education (GoI), MHRD, All India Survey on Higher Education (AISHE), Pilot Report and Higher Education in India at a Glance (2012), UGC.
Furthermore, data on expenditure on education are taken from Analysis of Budgeted Expenditure on Education, Ministry of Human Resource Development (MHRD), National Informatics Centre, Budgetary Resources for Education, Department of Education, MHRD, GoI (1995), United Nation Development Programme (UNDP) Human Development Report, Annual Financial Statistics of Education Sector and Five Year Plans Document. Articles published in the Journals and Periodicals of national and international repute will be made good use of in order to study the different aspects of the higher education.

Methodology is a systematic way of solving the research problems and these problems are solved by using statistical and econometric tools. The significance of a study to a great extent depends on the methods followed in selection of sample area, collection of data and methods adopted for their analysis.

In our study splicing of two or more series have been done with the purpose of reducing them to the same base in a bid to render them comparable. Further, for the sake of convenience, all the tables in the annual series of wholesale prices have been worked out on financial year basis as some institutions like RBI and Planning Commission of India use financial year data. The other statistical tools which have been used include ratio, calculation of percentage, mean, standard deviation, coefficient of variation, minimum and maximum.

1. **Mean**

\[ \mu = \frac{\sum X_i}{N} \]

Where, \( X \) is the concerned variable

\( N \) is the number of observation

2. **Standard Deviation (\( \sigma \))**

\[ \sigma = \sqrt{\frac{\sum (X - \mu)^2}{N}} \]

Where, \( X \) is the concerned variable

\( \mu \) is mean of the variable
N is the number of observation

3. Co-efficient of Variation (CV)

For knowing the instability of variables we have calculated coefficient of variation by the following formula:

$$CV = \frac{\sigma}{\mu} \times 100$$

Where, $\sigma$ is the standard deviation

$\mu$ is the mean of the variable

Further, the study uses Compound Annual Growth Rate (CAGR) and Average Annual Growth Rate (AAGR) to analyze the growth in the variables. Besides this, regression method is used to estimate the impact of globalization on total government expenditure on higher education in India. Dummy variable is used to divide the whole period into two sub-periods viz., pre and post-globalization period.

(1) **Compound Annual Growth Rate (CAGR)**

The Compound annual growth rate is generally calculated by using compound interest rate formula is:

$$Y_t = Y_0 (1 + r)^t$$  \hspace{1cm} (1)

Where $r$ is the compound (i.e., over time) rate of growth of $Y$. Taking the natural logarithm of the equation (1) can be written as

$$\ln Y_t = \ln Y_0 + t \ln (1 + r)$$  \hspace{1cm} (2)

Let consider $\beta_1 = \ln Y_0$ and $\beta_2 = \ln (1+r)$ then we can write equation (2) as

$$\ln Y_t = \beta_1 + \beta_2 t$$  \hspace{1cm} (3)

Adding the disturbance term in equation (3) we obtained following equation

$$\ln Y_t = \beta_1 + \beta_2 t + U_t$$  \hspace{1cm} (4)

Now, we estimate equation (4) and use estimated $\beta_2$ for the calculation of CAGR. Thus,

$$\text{CAGR} = \left\{ \text{antilog} \beta_2 - 1 \right\} \times 100$$
The second formula which has been used for computing CAGR is calculated by using dummy variable techniques to disentangle the two sub-periods growth. The study is concerned that whether post globalization period has induced significant effect on rates of growth in the educational variables. Though, the conventional approach can be used for calculating growth rate for sub-periods, but this approach is associated with one major drawback:

- The number of observations available for estimation of rates of growth should be fairly large. However, sub-periodization may result in a severe loss of degree of freedom available for estimating/testing the rates of growth.

While keeping in mind this limitation associated with conventional approach, dummy variables technique has been used. For this purpose, we have estimated an exponential equation of the type:

\[ Y_t = b_0 + b_1 (1-D) + b_2 D_t e^{u_t} \]  \hspace{1cm} (1)

Where, D is dummy variable assuming value of 0 and 1 for pre- and post-globalization periods respectively and ‘e’ stands for the base of natural logarithm, ‘u_t’ represents disturbance term associated with ‘Y’ variable at time ‘t’. The unknown \( b_0 \), \( b_1 \) and \( b_2 \) are estimated through the OLS techniques as applied to the linearized version of logarithmic function. The growth rate ‘r’ of ‘Y_t’ is computed as taking antilog of parameters \( b_1 \) and \( b_2 \).

Thus, CAGR for pre-globalisation period is:

\[ r_1 = \text{antilog} \left( \frac{b_2}{b_1} - 1 \right) \times 100 \]

and for post-globalisation CAGR is:

\[ r_2 = \text{antilog} \left( \frac{b_2}{b_ 2} - 1 \right) \times 100 \]

\[ (2) \hspace{1cm} \text{Annual Average Growth Rate (AAGR)} \]

First, we calculate Annual Growth Rate by using the following formula

\[ G = \left( \frac{Y_t - Y_{t-1}}{Y_{t-1}} \right) \times 100 \]

Where,

\[ G \hspace{1cm} = \text{Annual Growth Rate} \]
\[ Y = \text{Value in period } t \]
\[ Y_{t-1} = \text{Value in period } t-1 \]

Now, AAGR is calculated by adding all the annual growth rates and dividing it by the number of years.

\[
\text{AAGR} = \frac{\text{Growth Rate in Period A} + \text{Growth Rate in Period B} + \text{Growth Rate in Period C} + \ldots + \text{Growth Rate in Period X}}{\text{Number of Years}}.
\]

The AAGR is, therefore, the Arithmetic Mean of a series of growth rates.

1. **Dummy Variable**: A dummy variable is a binary variable that takes value 1 or 0. Dummy variable is used as a proxy for other variables which cannot be measured in any particular case for various reasons. It is commonly used to examined group and time effect in regression.

   A shift of a function implies that differential intercept and differential slope coefficients changes in different period. Such shift may be taken into account by the introduction of a dummy variable in the function.

**Regression Equation:**

\[
Y_t = \alpha_1 + \alpha_2 D_t + \beta_1 X_t + \beta_2 (D_t X_t) + \mu_t \quad (1)
\]

Where,

- \( Y_t \) is the concerned variable
- \( X_t \) is the concerned explanatory variable
- \( \mu_t \) is the random error term
- \( t \) is the time period
- \( D \) is the dummy variable,
- \( D = 1 \), if an year belongs to post-globalization period
  \(
  = 0 \), otherwise (for pre-globalization period)
- \( D_t X_t \) is the interaction term of dummy variable and concerned explanatory variable.

\( \alpha_1, \alpha_2, \beta_1 \) and \( \beta_2 \) are parameters.

\( \alpha_2 \) and \( \beta_2 \) are called differential intercept and differential slope coefficient respectively.
The limitations of the study are as follows:-

- The scope of the study in general, confines to only general higher education level. As such, it does not deal with primary, secondary and higher secondary schooling, diploma courses and technical education.

- Globalization is a qualitative term. Thus, to measure the impact of globalization, a proxy variable has been used.

- Although enough data on higher education was available with UGC Annual Reports and MHRD Selected Educational Statistics, but there were no consistency and similarity in the data which affected comparability.

- The study used the most recent available data related to higher education for the purpose of analysis.

- The study does not cover the historical development of higher education in the country, state, and district. An attempt has been made to give a brief overview of educational development after independence to know the trends of growth in higher education in India.

- Service in itself is a very broad concept and it is very difficult to gather all the relevant data for all the sub-sector. Thus, this limitation poses certain restrictions on the effectiveness of the study.

- There is a need to develop a strong database on trade in educational services, which our policy makers or government mostly lack. However, unlike developed economies, India did not maintain separate trade in education services in the balance of payments (BOP) statistics till 1998-99. After this period, the Reserve Bank of India (RBI), started to compile trade in education services statistics but only for payments (imports). There is no database regarding exports of educational services. Thus, due to this data limitation, study failed to categorise mode-wise trade in education services.

- International student mobility of upper middle income countries have not been taken, due to inadequacy of the continuous time-series data.
The analysis with respect to international student mobility in India has not been carried out from 1980’s onward’s because non-availability of continuous time-series data. So the study is limited for the period 1991-2009.

Finally, this research relies on secondary sources so it has to be taken with all its limitations.

The whole study is organized into seven chapters. The chapter first is ‘introductory’ which states the relevance and need of the study in Indian context, and outlines the objectives, hypothesis to be tested, database used, and methodology adopted in the study. Chapter second makes an in-depth review of literature available on different aspects of higher education in India and globalization therein. Chapter third examines an overview of growth of higher education in India. It also discusses the role of private sector in growth of higher education in India. Chapter four gives brief overview of multilateral trading system. Further, trade in services has been analysed keeping in view of its contribution to the global and national economy. Then, it follows a brief description of the General Agreement on Trade in Services (GATS) and its main rules and principles. Finally, the chapter discusses India’s higher education under GATS. Chapter five examines Mode-wise trade in higher education services in India, however, the main emphasis on export via- Mode 2 (Consumption abroad). Chapter six is the core of the thesis under which public expenditure on higher education in India in the era of globalization has been examined. The study also analysed the impact of globalization on public expenditure on higher education as percentage of GDP in India. Chapter seven summarises the findings with concluding observations and suggestions.

The major findings of the study are listed in the following paragraph.

1. Higher education in India has expanded at a very fast rate, in terms of numbers of institutions, teachers and students enrolment during post-globalization period. In spite of increase in number of teachers, still there is lack of adequate amount of teachers in total higher education institutions. GER in higher education institutions has increased to a large extent from 0.7 per cent at the time of independence to about 17.9 per cent in 2011-12, is still very low compared to the world average of 26.7 per cent and an average of 57.7 per cent for developed
countries. In addition to this, there are wide regional disparities in the access parameter of higher education among states and union territories in India.

2. During 1980s, annual average growth rate (AAGR) of universities was 3.6 per cent, slightly came down to 3 per cent in the period of 1990s but then it increased to 8.3 per cent in 2002-2011. The factor which has contributed to this growth of universities could be attributed to the participation of the private sector particularly in professional education. The growth rate of colleges and total higher education institutions was lowest in the period of 1980s i.e. 4.5 per cent for both. Thereafter, annual average growth rates of colleges and total higher education institutions saw an increase from the 1990s and registered an upward trend after 2001-02. The growth rate of student enrolment in higher education was 6 per cent during 1981-91 periods; and declined to 5.5 per cent in 1992-2001, subsequently it increased to 7.3 per cent in 2002-11. The growth rate of teachers was lowest in the period of 1980s, and after that, it has been increasing consistently. Study concluded that, during post-globalised era, annual growth rate of higher education system was highest after 2001-02 onwards.

3. Enrolment in higher education institutions in India has increased substantially, but there are wide-variations among stage-wise and faculty-wise enrolment, which is not beneficial for sustainable development of the economy.

4. In recent years, the private sector has enthusiastically participated in the growth of higher education system, especially in professional disciplines which has high-market demand and related to job-market such as engineering and management. Globalization also increases the demands for professional courses, and neglects other courses as result good students are not interested to study humanities subjects. This shows that there is a threat for the erosion of rich and old culture of human values.

5. The compound annual growth rate (CAGR) of services sector for the period 1980 to 2011 depicts that, India’s services exports grew at a CAGR of 14.29 per cent, while world exports of services have grown at the rate of 8.53 per cent only. Substantial part of this growth in India has been in the post-globalization period (1992-2011) i.e., 21.27 per cent. Similarly, India’s services imports grew at a CAGR of 12.98 per cent and world imports of services have grown at the
rate of 7.92 per cent. In the 1980s and 1990s, India had a negative trade balance in services but from 2004 onwards, it has a positive trade balanced in services. This shows that India has maintained a good position in the league of service exports and imports. In recent years, the demand for India’s services exports in global market has led to an increase in India’s trade surplus in this segment.

6. The continent-wise analysis of inward mobility in mode 2 in India during the period 1990-91 to 2008-09 reveals that out of the total number of international students in India, more than half students come from Asian continents i.e. 58.74 per cent which is followed by 31.54 per cent from African countries. However, very negligible presence of students from America, Europe and Australasia is found with 3.38 per cent, 1.52 per cent and 0.40 per cent respectively. These figure clearly shows that, mainly international students came to India are from the developing countries instead of developed countries.

7. The country-wise analysis of international students in India during the period 1990-91 to 2008-09 shows that, ten countries are contributing more than half i.e., 56 per cent of foreign students to India. These are Kenya, Nepal, Iran, Ethiopia, UAE, Sudan, Bangladesh, Sri Lanka, USA, and Jordan. Out of these top ten countries, five belongs to Low income countries, three belongs to Lower middle income countries and the remaining two belongs to High income countries. This shows that maximum number of students came from Low income countries which indicate that there is lack of adequate and standard educational facilities in their countries. Thus, efforts must be made to attract students from other parts of the world.

8. Majority of international students have identified well reputed central, state and deemed universities in India. The most visible are IGNOU, Delhi, University of Pune, Pune, University of Delhi, Delhi, Manipal University, Manipal, University of Mysore, Mysore, Osmania University, Hyderabad and Symbiosis International University, Pune. The University which reported highest number of international student in 2008-09 is University of Pune (3507).

9. The study found that, India is a leading country in sending its students overseas for international educational exchange. Liberalization of the Indian economy, a process that began in 1991, is certainly a major factor behind the large and
growing numbers of Indian students studying abroad. In 1990, only 24,850 Indian students were studying abroad which increased by 8 times to a level of 200,432 in 2011. This shows that, globalization is the most visible aspect of student mobility.

10. There has been sizeable increase in public expenditure on education since 1980’s, but it is not adequate to meet the ever-growing requirements of quality education. It is pointed out that India’s investment in education as proportion of GNP has been below the national target of spending 6 per cent. Further, India stands no comparison with the developed or even with some developing countries in relation to investment in education. But at the same time it has been found that, some developing countries (like Bangladesh & Pakistan etc) are spending relatively lesser amount on education as compared to India.

11. The study found that, government expenditure on higher education as per cent of GDP in pre-globalization period has shown rising trend. This has increased from 0.31 per cent in 1980-81 to 0.43 per cent in 1990-91. Since then a fluctuating trend observed. The expenditure as per cent to GDP has declined marginally to 0.36 per cent in 1994-95 but it further increased to an all time high of 0.47 per cent to GDP in 1999-2000. However, this increase was short lived and declined to 0.31 in 2004-05. In 2009-10, the expenditure on higher education as per cent of GDP was recorded a modest increase to 0.41 per cent.

12. The study found pre-globalization period stands marked by acceleration in the public expenditure on higher education and post-globalization period shows deceleration in public expenditure on higher education in India. Public expenditure on higher education increased from Rs 483.7 crores in 1980-81 to 24186.0 crores in 2009-10 at current prices with compound annual growth rate (CAGR) of 13.2 per cent. However, rising inflation makes this increase an illusion. After adjusting public expenditure on higher education for inflation with whole sale price index (WPI), the CAGR turns out to be just 5.8 per cent respectively.

13. The compound annual growth rate (CAGR) of plan, non-plan and total expenditure on higher education in India was faring better during pre-globalization period both at current and constant prices. But after economic
reform measures introduced in the beginning of 1991, including stabilization and structural adjustment programme, fiscal squeeze was experienced in all the social sectors investment which affected education sector in general and higher education in particular. Due to these adjustment policies, the resources for education sector particularly higher education sector in terms of plan, non-plan and total expenditure, both at current and constant prices has decelerated in post-globalization period. The analysis further shows that in comparison with non-plan expenditure on higher education, plan expenditure on higher education has shown a highest rate of deceleration in post-globalization period.

14. The foregoing analysis also shows that, intra-sectoral allocation of resources in education sector has shown a mixed trend in the globalised era. Among the different sectors of education, the only sector which attracted attention during the reform period is the elementary education. The relative priority assigned to other sector viz. secondary, higher and technical education suffered a lot.

15. The compound annual growth rate of central and states government expenditure on higher education has also shown a declining trend during post-globalization period both at current and constant prices. As compared to states plan and non-plan expenditure on higher education, centre plan and non-plan expenditure shows a high degree of deceleration in the above said period. However, centre’s declining share has been one of the important reasons for deceleration in the public funding of higher education. Constrained by fiscal shortages, the states found it difficult to invest in plan funding to improve the quality of higher education

16. During the period 1981 to 2010, per student expenditure on higher education at current prices has increased several times but it declines once the impact of inflation is taken into account (i.e., in real terms). The compound annual growth rate of per student expenditure on higher education also declined in post-globalization period both at current and real prices. Hence, declining per student expenditure on higher education in India shows deterioration in the quality and standard of education.

17. The empirical results of public expenditure on higher education as per cent of GDP in India shows that, both the differential intercept and differential slope
coefficients are statistically significant, which strongly suggests that the regression of total expenditure on higher education on globalization for the two time periods is different. It shows that there is structural break in expenditure during pre and post-1992 period.

18. The result found that, there is slightly an upward shift in the level of expenditure during post-1992 period but the rate of expenditure has not increased, in spite of increase it has decreased. Results obtained from the econometric analysis concluded that during pre-1992 period globalization has positive and significant impact on total expenditure on higher education whereas during post-1992 period globalization has had a negative impact on total expenditure on higher education but remains statistically significant. Thus, for Model I we reject the null hypothesis that globalization had no significant impact on total expenditure on higher education during post-1992 period and accept the alternative hypothesis that it has negative and statistically significant impact on total expenditure on higher education in India. The overall findings of our empirical exercise, shows that globalization has adversely affected expenditure on higher education in India during post-1992 period. The reason is due to large participation of private sector and government feel that large amount of expenditure should be made to elementary education instead of higher level of education because, private benefits are greater than social benefits in higher level of education. Therefore, government is reducing its responsibility in funding higher education at optimum level which is important for maintaining the overall quality and standard of education. Thus, from the analysis it is found that, government expenditure on higher education is neglected in the era of globalization.