CHAPTER 3
GLOBALISATION AND HIGHER EDUCATION
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CHAPTER 3

GLOBALISATION AND HIGHER EDUCATION

3.1 Background of International Higher Education

International student mobility is not a recent phenomenon. It is traced way back to the 4th century B.C. when people moved from one region to another in pursuit of knowledge and wisdom from renowned masters, located in so called centers of learning. Ancient Indian institutes of learning like Takshila and Nalanda where, Grammar, medicine, philosophy, logic, metaphysics, arts and crafts etc. were taught, were largely attended by students from China and Central Asia. Over a period of time, however the concept international student mobility has not changed much; except the scale of the phenomenon has evolved rapidly. Developments in the land, sea and air transportation in the early 1900 made it easier for a greater number of people to travel overseas for educational and skill enhancement purposes. Although no precise historical data is available, evidences suggest international student mobility prevailed and continued its steady increase during the 1960s and 1970s as transportation became faster, more convenient and more affordable to a larger number of people.

3.2 Stages of development of International Higher Educational Services

The evolution of the global higher education market from an underdeveloped industry dominated by a few English speaking countries to a mature export oriented sector comprising a more diverse number of players could be broadly summarized into four stages. These are:

I. Student Aid and exchange Brain Gain: 1960-1970
I. Student Aid and exchange Brain Gain: 1960-1970

During the late 60's and the 70's foreign students from underdeveloped and low income countries were offered to pursue their higher education by exchange and aid programs of advanced industrialized countries. Examples of such programs include the Colombo Plan, Fulbright and Marshall Plans, the Special Commonwealth Aid to Africa Plan (SCAAP) and others. During this period, higher education providers did not actively seek foreign students and did not engage in any aggressive marketing of their programs overseas to attract foreign students. Rather the domain of hosting foreign students during this period remained concentrated within a few higher education institutions in selected advanced industrialized countries, like the US, UK, Germany, USSR, which were renowned for their academic excellence in science, medicine and engineering. During this period it was more used as strategy for attracting talent for 'BRAIN GAIN' for these countries. Higher education as services was not considered as an export sector.

II. Higher Education Aid to Trade Stage: 1970-1980s

This period experienced rapid growth in the number of international students in higher education institutions worldwide, following an aggressive push by higher education institutions in industrialised English speaking countries to open their doors to foreign students on a commercial basis for the first time. In order to attract international students Institution from US, UK, Canada, Australia and New Zealand, embarked on an aggressive
promotion program to attract foreign students from mostly the rapidly growing Asian and Latin American countries to their campuses in a way to exploit the export potential of higher education. This period also coincided with an increasing pace of globalisation; rapid economic growth in the middle income countries and greater participation in the international economy by newly emerging countries from Asia, South America, and Eastern Europe. Together, these factors contributed to the rapid increase, in the number of international students studying overseas on a fee paying basis and marked the beginning of the higher education export industry. Trade in higher education service has become major export earner for these countries.

III. Strategic Export Stage 1980 to 2000

The period saw increased competitive environment in the global higher education. As a result, the major higher education providers from the US, Canada, UK and Australia adopted new internationalization and growth strategies. These included gradual shift away from direct exporting from the home base to engaging in transnational education mainly in the form of joint ventures with local higher education providers in offshore markets like, Franchise programmes and joint degrees and the establishment of twinning programs on a reciprocal basis.

IV. Export Maturity: 2000 onwards

Globalisation intensified the pace of market deregulation and liberalization and advances in information and communication technologies became more widely diffused, more accessible and affordable. Along with greater local market knowledge and greater experience with foreign students, a number of higher education institutions started to open
offshore campuses to service prospective students offshore. With increased use of Internet and advancement in ICT led to the providing of Higher education programmes and degree in the virtual world of the internet i.e. the World Wide Web or Cross border education services and number of online Universities came into existence like University of Phoenix, Kaplan University. Most importantly the role of WTO-GATS in increased transnational Trade in goods services also contributed for rapid expansion of Trade in Education services during this period.

3.3 Globalisation and Internationalisation of Higher Education

Globalisation is a feature of changing world. It is no more a recent phenomenon in the world and since India is major player of twenty first century we are facing its socio-economic impacts. The globalisation of economies brings in the mobility of knowledge workers and seekers across the world in volume unprecedented in the history. Globalisation is described as “the flow of technology, economy, knowledge, culture, people, values, ideas…and so on, across the borders. Globalisation affects, each country in a different way due to a nation’s individual history, traditions, culture and priorities” Knight and de Wit. A key aspect of this definition is that, it refers to borders of countries and infers a worldwide scope and movement and is decidedly different from the term internationalisation.

Internationalisation is defined as “any systematic quantified efforts aimed at making higher education responsive to the requirements and challenges related to the globalisation of societies, economy, and labor markets” Van der Wende. Internationalisation of higher education system is to re-orient its structure and function besides enlarging the scope of its provisions to meet the challenges of Globalisation.
Thus, the terms ‘Globalisation’ and ‘Internationalisation’ are to be seen as distinct, but linked concepts so far as the higher education is concerned. Globalisation is the cause and the internationalization is the effect in response. The key elements of globalization include the knowledge society, information and communication technologies, the market economy, trade liberalisation and changes in governance structures.

Globalisation entails faster movement of ideas. It is not merely movement of goods, services and capital across borders but education and knowledge too. Because of globalisation, education is no more a public good on domestic scale, but a private good on global scale. Education and knowledge have become the buzzwords in countries across the globe. Table below explains the Implication of Globalisation for Internationalisation.

**Table No. 3.1 Implication of Globalisation for Internationalisation**

<table>
<thead>
<tr>
<th>Element of Globalisation</th>
<th>Impact on Higher Education</th>
<th>Implications for the international dimension of higher education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Society</td>
<td>Growing emphasis on continuing education, lifelong learning and continual professional development creating a greater unmet demand for post secondary education. Role of universities in research and knowledge production is changing and becoming more commercialized</td>
<td>New types of private and public providers delivering education and training programs across borders. For example, private media companies. Networks of public/private institutions, corporate universities, MNC. Programs more responsive to market demand. Specialized training programs being developed for niche market and for professional development purposes and distributed on worldwide basis.</td>
</tr>
<tr>
<td>Element of Globalisation</td>
<td>Impact on Higher Education</td>
<td>Implications for the international dimension of higher education</td>
</tr>
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<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>ICTS</td>
<td>New delivery methods used for domestic and cross border education, especially on-line and satellite based</td>
<td>Increased international mobility of students, academics, education and training programs, research, providers and projects. Mobility is physical and virtual.</td>
</tr>
<tr>
<td>Market Economy</td>
<td>Greater commercialization and commodification of higher education and training at domestic and international levels</td>
<td>Innovative international delivery methods such as e-learning, franchises, satellite campuses require more attention given to accreditation of programs/providers and recognition of qualifications</td>
</tr>
<tr>
<td>Trade Liberalisation</td>
<td>Import and export of educational services and products increased as barriers removed</td>
<td>New concerns about appropriateness of curriculum and teaching materials indifferent cultures and countries and the potential for homogenization as well as new opportunities for hybridization</td>
</tr>
<tr>
<td>Governance</td>
<td>The role of national level education actors both government and non government is changing. New regulatory and policy frame works being considered at all levels</td>
<td>Increasing emphasis on commercially oriented export and import of education programs and diminished importance to international development projects. New international/regional frame works under consideration to complement national and regional policies and practices especially in the areas of quality assurance, accreditation, credit transfer, recognition of qualifications, mobility of students</td>
</tr>
</tbody>
</table>

Source: Jane Knight AAU paper April 2004
3.4 The World Trade Organization (WTO) Genesis

The WTO came into existence in January 1995 as a result of the Uruguay Round of Negotiations replacing the General Agreement on Tariff and Trade (GATT) created in 1947. With the WTO coming into existence, "services" were brought under the purview of WTO and the new agreement was known as the General Agreement on Trade and Services (GATS).

The WTO is a body governed by member nations. Most of the nations have already become members or are in the process of becoming members. The headquarters of WTO is in Geneva and the General Council takes day-to-day decisions. The major decisions of GATS are taken in the Ministerial Conference which meets at least once every two years. Unlike the decisions of the international bodies like the UN, ILO, etc., the decisions of the WTO are enforceable through sanctions which in effect, mean the WTO has more powers than any other international body. There by, WTO sanctions may also overrule decisions of national governments if necessary. It has been expressed that the WTO is a body "policing" "free trade" in the interest of multinational corporations above all other's interests. As WTO sanctions are coming into force, it is being felt that WTO is overruling the decisions of democratically elected governments and undermining democracy around the globe.

3.5 The General Agreement on Trade in Services (GATS)-Provisions

GATS has two components: (i) The framework agreement containing 29 articles and (ii) a number of Annexes, Ministerial decisions, etc., as well as the schedules of commitments by each Member government, which bind them to allow market access and/or remove
existing restrictions to market access. This agreement covers all services including education.

The General Agreement of Trade in Services’ (GATS) negotiations had three main objectives:

- To create a multilateral framework of principles and rules for trade in services, including the elaboration of possible disciplines for individual sectors;
- To expand trade in services under conditions of transparency and progressive liberalisation;
- To promote, through trade liberalisation, the economic growth of all trading partners and the development of developing countries.

3.6 Basic Rules of GATS

Basic rules of GATS will apply to services like education in following distinct ways:

1. A general framework of obligations that applies to all member countries of WTO includes two principles of "Most Favoured Nations (MFN) Treatment" and "National Treatment".

As per Article II, subsection 1 of GATS on "Most Favored Nations": “each Member shall accord immediately and unconditionally to services and service suppliers of any other Member treatment no less favourable than that it accords to like services and service suppliers of any other country.” That is, there should be no discrimination between the Members of the agreement.
As per Article XVII, subsection 1 of GATS on "National Treatment": “each Member shall accord to services and service suppliers of any other Member, in respect of all measures affecting the supply of services, treatment no less favourable than that it accords to its own like services and service suppliers.” That is once a service provider from a Member country enters another Member country under specific commitments, it cannot be discriminated from other domestic service providers in the other country.

The rules of "Most Favoured Nations" and "National Treatment" are aimed at eliminating all restrictions on big business. Under these rules, governments must treat each nation’s corporations equally, which will effectively end all attempts by the developing countries to insulate their economies to some degree from the world market. There are a host of “market access rules” making it illegal to restrict competition or place national restrictions of any kind on foreign ownership. Indeed the US is demanding the abolition of any special treatment for the so-called developing countries.

2. Each Member country will have to make a request offer for a particular service to be a part of the agreement. That is, a Member country can decide which service sector it would like to cover under GATS rule.

The lists of market access commitments (along with any limitations and exemptions from national treatment) are negotiated as multilateral packages, although bilateral bargaining sessions are needed to develop the packages. The commitments therefore contain the negotiated and guaranteed conditions for conducting international trade in services. If a recorded condition is to be changed for the worse, then the government
has to give at least three months’ notice and it has to negotiate compensation with affected countries. But the commitments can be improved at any time.

3. As per Article IX of GATS, a Member maintaining practices which may “restrain competition and thereby restrict trade in services” is directed to “enter into consultation with a view to eliminating” them when requested by another member. In case of disagreement between members, the Council for Trade in shall refer the matter to arbitration” and decision of which “shall be final and binding on the Members.”

Services under Article XXII.

4. Members have to ensure that all measures (e.g., all laws, regulations and practices from national, regional or local governments that may affect trade) are administered in reasonable and impartial manner, establish judicial/ arbitral/ administrative institutions for review to ensure it and not introduce any regulation that affect operation of an agreement.

In order to guarantee transparency, governments must publish all relevant laws and regulations. Moreover governments have to inform the WTO of any changes in regulations that apply to the services that come under specific commitments. Specific commitments are defined as individual countries’ commitments to open markets in specific sectors, and how open those markets will be, is the subject of negotiations. The commitments appear in “schedules” that list the sectors being opened, the extent of market access being given in those sectors (e.g., whether there are any restrictions on foreign ownership), as well as any limitations on national treatment (whether some rights granted to local companies will not be granted to foreign companies).
These commitments are “bound”: like bound tariffs. They can only be modified or withdrawn after negotiations with affected countries, which would probably lead to compensation. Because “unbinding” is difficult, the commitments are virtually guaranteed conditions for foreign exporters and importers of services and investors in the sector to do business. The explanation, application and issues of GATS key Elements and Rules are shown in Table No3.2:

### Table No. 3.2 Key Elements and Rules GATS

<table>
<thead>
<tr>
<th>GATS Element or Rule</th>
<th>Explanation</th>
<th>Application</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coverage</strong></td>
<td>All internationally traded services are covered in the 12 different service sectors (e.g., education, transportation, financial, tourism, health, construction).</td>
<td>Applies to all services – with two exceptions: i) Services provided in the exercise of governmental authority ii) Air traffic rights.</td>
<td>Major debate on what the term ‘exercise of governmental authority’ means.</td>
</tr>
<tr>
<td><strong>Measures</strong></td>
<td>All laws, regulations and practices from national, regional or local government that may affect trade.</td>
<td>A generic term that applies to all sectors.</td>
<td></td>
</tr>
<tr>
<td><strong>General or Unconditional obligations</strong></td>
<td>Four unconditional obligations exist in GATS. ♦ Most Favoured Nation (MFN) ♦ Transparency ♦ Dispute Settlement ♦ Monopolies</td>
<td>They apply to all service Sectors regardless of whether it is a scheduled commitment or not.</td>
<td>Attention needs to be given to ‘Most Favoured Nation’</td>
</tr>
<tr>
<td><strong>Most Favoured Nation (MFN) treatment</strong></td>
<td>Requires equal and consistent Treatment of all foreign trading partners. MFN means treating one’s trading</td>
<td>May apply even if the Country has made no specific commitment to provide foreign access other markets.</td>
<td>MFN has implications for those countries who already are engaged in trade in educational services and/or who</td>
</tr>
<tr>
<td>GATS Element or Rule</td>
<td>Explanation</td>
<td>Application</td>
<td>Issues</td>
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<tr>
<td>Partners equally. Under GATS, if a country allows foreign competition in a sector, equal opportunities in that Sector should be given to Service providers from all WTO members. This also applies to mutual exclusion treatment. For instance, if a foreign provider establishes branch campus in Country A, then Country A must permit all WTO members the same opportunity/treatment. or if Country A chooses to exclude Country B from providing a specific service, then all WTO members are excluded.</td>
<td>Exemptions, for a period of 10 years, are permissible.</td>
<td>provide access to foreign education providers. MFN is not the same as national treatment.</td>
<td></td>
</tr>
<tr>
<td>Conditional Obligations</td>
<td>There are a number of conditional obligations attached to national schedules – market access– national treatment.</td>
<td>Only applies to commitments listed in national schedules Degree and extent of obligation is determined by country.</td>
<td>GATS supporters believe that a country’s national educational objectives are protected by these two obligations.</td>
</tr>
<tr>
<td>National Treatment</td>
<td>Requires equal treatment for foreign providers and domestic providers Once a foreign supplier has been allowed to supply a service in one’s country there should</td>
<td>Only applies where a country has made a specific commitment Exemptions are allowed.</td>
<td>GATS critics believe that this can put education as a ‘public good’ at risk.</td>
</tr>
<tr>
<td><strong>GATS Element or Rule</strong></td>
<td><strong>Explantation</strong></td>
<td><strong>Application</strong></td>
<td><strong>Issues</strong></td>
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</tr>
<tr>
<td><strong>Market Access</strong></td>
<td>Means the degree to which market access is granted to foreign providers in specified sectors.</td>
<td>Each country determines limitations on market access for each committed sector.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market access may be subject to one or more of six types of limitations defined by GATS agreement.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Progressive Liberalisation</strong></td>
<td>GATS has a built in agenda which means that with each round of negotiations there is further liberalization of trade in service. This means more sectors are covered and more trade limitations are removed.</td>
<td>Applies to all sectors and therefore includes education.</td>
<td></td>
</tr>
<tr>
<td><strong>Bottom-up and Top-down approach</strong></td>
<td>Bottom up approach refers to the fact that each country determines the type and extent of its commitments for each sector. Top down approach refers to the main rules and obligations as well as the progressive liberalization agenda, there will be increasing pressure to remove trade barriers.</td>
<td></td>
<td>Skeptics maintain that the top down approach will have increasing importance and impact thereby increasing pressure to liberalize.</td>
</tr>
</tbody>
</table>

**Source:** Knight, J. 2002 Trade in Higher Education Services: The Implications of GATS. The Observatory on Borderless Higher Education. London: UK.
3.7 GATS and Educational Services

In 1996 the General Agreement on Trade in Services (GATS) was extended to educational services, in particular, higher education. Prior to emergence of WTO there was no multilateral agreement on services because services invariably are place specific and were considered to be non-tradable. Education accounts for US $2 trillion dollars of the work economy each year. The aim of GATS is to liberalize and increase international trade in education.

Categories of Education services

The Services Sectorial Classification List, Document MTN.GNS/W/120, was developed during the Uruguay Round for scheduling purposes under the GATS. It was based on the UN Provisional Central Product Classification (CPC) and the activities covered are defined through reference to CPC codes. Although WTO Members are not legally bound to determine the sectorial scope of their commitments according to this classification, a large majority has done so.
### Table No. 3.3 Categories of Education Services

<table>
<thead>
<tr>
<th>Education Services</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Education Services</strong></td>
<td>Which comprises Preschool Education Services (CPC 92110) and Other Primary Education Services (CPC 92190). These categories do not include child-care services (considered as social services in CPC 93321) and services related to literary programmes for adults, which are part of the sub-category Adult Education Services (CPC 92400).</td>
</tr>
<tr>
<td><strong>Secondary Education Services</strong></td>
<td>Which comprises General Secondary Education Services (CPC 92210), Higher Secondary Education Services (CPC 92220), Technical and Vocational Secondary Education Services (CPC 92230), and Technical and Vocational Secondary Education Services for handicapped students (CPC 92240).</td>
</tr>
<tr>
<td><strong>Higher Education Services</strong></td>
<td>Including Post-Secondary Technical and Vocational Education Services (CPC 92310) and Other Higher Education Services (CPC 92390). The former refers to sub-degree technical and vocational education, while the latter refers to education leading to a university degree or equivalent.</td>
</tr>
<tr>
<td><strong>Adult Education Services</strong></td>
<td>Covering education for adults outside the regular education system.</td>
</tr>
<tr>
<td><strong>Other Education Services</strong></td>
<td>Covering all other education services not elsewhere classified, and excluding education services regarding recreation matters, for example, those provided by sport and game schools, which fall under sporting and other recreation services (CPC 964)</td>
</tr>
</tbody>
</table>

**Sources:** www.wto.org

### 3.8 GATS Modes of Trade in Services

In terms of Article I. subsection 2 of GATS, the WTO has defined trade in services in the following four modes “as the supply of a service”: Table 3.4 provides a generic definition for each mode, applies them to the education sector.
<table>
<thead>
<tr>
<th>GATS- Mode of Supply</th>
<th>Explanation</th>
<th>Examples in Higher Education</th>
<th>Size /Potential of Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cross Border Supply</td>
<td>The provision of a service where the service crosses the border (does not require the physical movement of the consumer).</td>
<td>Distance education, E-learning, Virtual universities</td>
<td>Currently a relatively small market—Seen to have great potential through the use of new ICTs especially the Internet.</td>
</tr>
<tr>
<td>2. Consumption Abroad</td>
<td>Provision of the service involving the movement of the consumer to the country of the supplier.</td>
<td>Students who go to another country to study.</td>
<td>Currently represents the largest share of the global market for education services.</td>
</tr>
<tr>
<td>3. Commercial Presence</td>
<td>The service provider establishes or has presence of commercial facilities in another country in order to render service.</td>
<td>Local branch or satellite campuses, Twinning Partnerships, Franchising arrangements with local institution.</td>
<td>Growing interest and strong potential for future growth—Most controversial as it appears to set international rules on foreign investment.</td>
</tr>
<tr>
<td>4. Presence of Natural Persons</td>
<td>Persons travelling to another country on a temporary basis to provide service.</td>
<td>Professors, Teachers, Researchers working Abroad.</td>
<td>Potentially a strong market given the emphasis on mobility of professionals.</td>
</tr>
</tbody>
</table>

Sources: Knight, J. 2002 Trade in Higher Education Services: The Implications of GATS. The on Observatory Borderless Higher Education. London: UK
3.9 Trade Barriers in Education Services

All sectors of international trade is subject to Trade barriers and varies from nation to nation and sector to sector. Trade barriers can be classified as that which are applicable to all sectors while others, which are specific to the education services sector.

Table No. 3.5 Application of Trade Barriers in Education Services

<table>
<thead>
<tr>
<th>Application Barriers</th>
<th>Mode of Supply</th>
<th>Barriers in trade for higher education</th>
</tr>
</thead>
</table>
| **General Application** | **MODE 1 Cross-Border Supply** | • Inappropriate restrictions on electronic transmission of course materials  
 • Economic needs test on suppliers of the services in question  
 • Lack of opportunity to qualify as degree granting institution  
 • Requirement to use local partners, with at the same time a barrier against entering into and exiting from joint ventures with local or non-local partners on a voluntary basis  
 • Excessive fees/taxes imposed on licensing or royalty payments  
 • Restrictions on use/ import of educational materials |
| **Specific Application** | **MODE 2 Consumption Abroad** | • Measures that restrict the entry and temporary stay of students, such as visa requirements and costs, foreign currency and exchange controls  
 • Recognition of prior qualifications from other countries  
 • Quotas on numbers of international students in total and at a particular institution |
<table>
<thead>
<tr>
<th>Application Barriers</th>
<th>Mode of Supply</th>
<th>Barriers in trade for higher education</th>
</tr>
</thead>
</table>
|                      | MODE 3        | • Restrictions on employment while studying  
|                      | Commercial Presence | • Recognition of new qualification by other countries  
|                      | MODE 4        | • The inability to gain the required licenses to grant a qualification  
|                      | Presence of Natural Persons | • Subsidies provided solely to local institutions  
|                      |               | • Nationality requirements  
|                      |               | • Restrictions on recruitment of foreign teachers  
|                      |               | • Government monopolies  
|                      |               | • Difficulty in obtaining authorization to establish facilities  
|                      |               | • Prohibition of higher education, adult education and training services offered by foreign entities  
|                      |               | • Measures that restrict the entry and temporary stay and work for the service providers, such as immigration barriers, nationality or residence requirements, quotas on number of temporary staff, employment rules  
|                      |               | • Economic needs test  
|                      |               | • Recognition of credentials  
|                      |               | • Minimum requirements for local hiring being disproportionately high  
|                      |               | • Repatriation of earnings is subject to excessively costly fees or taxes for currency conversion.  

**Source:** Trade Policy Division Department of Commerce Government of India, Trade in Education Services

### 3.10 Trends in Global Higher Education Services

International trade in higher education services has grown rapidly in recent years in variety of forms. The most common form is the movement of students to study in foreign universities, and the recent years there is a growing trend in delivering foreign Higher Education Programmes in the home country of the student by way of Joint Degree Programmes, twinning programmes local branch or satellite campuses, and franchising arrangements with local institutions, as well as offshore university campus. The factors propelling the growth of global Higher Education services from all stakeholders are shown in Table 3.6
Table No. 3.6 Demand and Supply Factors Encouraging Growth of Trade In Higher Education

<table>
<thead>
<tr>
<th>Stake Holders</th>
<th>Common factors</th>
<th>Factors specific to mode of trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand Side</td>
<td>Students studying abroad</td>
<td>Partnerships in developing countries</td>
</tr>
</tbody>
</table>
| Demand Students | - Limited domestic tertiary education capacity resulting in "excess demand" overall  
                      - Low quality domestic education in disciplines in high demand (science, technology, management, business studies)  
                      - Higher rate of return on internationally recognized qualifications (through higher earnings and migration possibilities)  
                      - Perceived economy-wide benefits from international education and research  
                      - Skills development seen as constraint in attracting/complementing FDI |
|                | - Access to highly skilled labour market of industrialised Countries and global market  
                      - Access to postgraduate and research opportunities |
|                | - Access to higher paid segments of domestic labour market for highly skilled labour; eventually regional/global market  
                      - Access to postgraduate studies in partner institutions abroad  
                      - Lower cost compared to studying abroad |
| Importers     | - Perceived economy-wide benefits from international education and research  
                      - Skills development seen as constraint in attracting/complementing FDI |
| Government    | - Lack of domestic capacity in key disciplines/skills considered important for economic development (especially specialized science and technology) (instrument : public scholarships)  
                      - Study abroad allowed to address domestic capacity constraints by mobilizing private financing (instrument: liberalisation of student loan schemes) |
|                | - Need to expand domestic higher education capacity rapidly; limited size of private sector with no background in education  
                      - FDI in other sectors requires expansion and upgrading of domestic skills  
                      - High foreign exchange outflows due to students studying abroad  
                      - **Proactive approach:** authorization of FDI in education; regulatory frame work created; high level government commitment |
### 3.11 Modes of Supply: Global and Indian Scenario

#### A. Mode 1: Cross-border supply

**a. Global Scenario**

Distance education is an emerging global phenomenon that promises to alter fundamentally the nature of traditional education and training. The increasingly pervasive nature of the Net and the Web, and the collaborative infrastructure provided by net centric computing has led to the growth of distance education. The phenomenal growth of distance education is explained by the fact that over 90% of college students access the Internet, with 50% accessing the Web daily. Demand for, and implementation of distance learning is increasing worldwide. People today are very
comfortable with it and are more accepting of it because of the Internet connectivity. In the US, overall online enrolment rose from 1.98m in 2003 to 2.35m in 2004. The number of internet users surpassed 1 billion in 2005, and is expected to reach 2 billion by the year 2011, with much of the future use coming from countries such as China, India, Brazil, Russia and Indonesia.\(^{(8)}\)

b. Indian Scenario

Distance education programmes exemplify cross-border supply of education. These take two forms conventional distance education using print and audio-visual material and e-learning through the Internet. Conventional distance education is highly developed in the Asian countries and is available at low cost.\(^{(9)}\) India has 11 open universities and 102 centers of distance education in dual-mode universities. They provide education at about 40 per cent of the cost of education through the formal mode. The possibilities of India (or the other Asian countries) importing education from the developed world, through this mode, are low. On the other hand, some Indian universities have recently started offering degree programmes, through the distance mode, in countries having a large Indian Diaspora. The Indira Gandhi National Open University (IGNOU) is the prime example. Cross-border supply through the Internet (virtual education) has immense potential, especially in disciplines like management and trade that have strong international components. Some well-known training institutes based in India offer globally, further education programmes in professional areas like computer application (software development). NIIT offers programmes in 44 countries where it also has study centres. In the recent past, there has been increase in the number of Distance Education Universities apart from IGNOU, like Sikkim
Manipur University, Madurai Kamraj University, Barathiar University, Pondicherry University, University of Kerala, Mahatma Gandhi (MG) University, Kerala, Alagappa, Calicut, Kannur, Karnataka State Open, and Madras universities are some of the universities which are meeting the demand for higher education among the Indian Diaspora in the Gulf States.

B. Mode 2: Consumption Abroad

Internationally mobile students leave their country or territory of origin and move to another country or territory with the objective of pursuing their higher education.

Definition of Internationally Mobile Students

The UIS defines internationally mobile students using the permanent residence and prior Education criteria.

- Permanent residence: Students can be considered to be mobile students if they are not permanent residents of the host country in which they pursue their studies.

- Prior education: Students can be considered to be mobile students if they obtained the entry Qualification to their current level of study in another country. Prior education refers typically to upper secondary education for students enrolled in tertiary programmes.\(^{10}\)
a. Global Scenario

In 2007, over 2.8 million students were enrolled in educational institutions outside their country of origin. This represents 123,400 more students than in 2006, an increase of 4.6%. The global number of mobile students has grown by 53% since 1999 (with an average annual increase of 5.5%) and by 2.5 times since 1975 with an average annual increase of 11.7% throughout this period. Similarly, the number of female mobile students has increased and even at a faster rate. In 1999, it was estimated that 46% of total mobile students were female; this proportion rose to 49% in 2007. (11)

Table No. 3.7 The Top 10 Countries of Origin International Students Mobility

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>No. of Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>China</td>
<td>421,100</td>
</tr>
<tr>
<td>2.</td>
<td>India</td>
<td>153,300</td>
</tr>
<tr>
<td>3.</td>
<td>Republic of Korea</td>
<td>105,300</td>
</tr>
<tr>
<td>4.</td>
<td>Germany</td>
<td>77,500</td>
</tr>
<tr>
<td>5.</td>
<td>Japan</td>
<td>54,500</td>
</tr>
<tr>
<td>6.</td>
<td>France</td>
<td>54,000</td>
</tr>
<tr>
<td>7.</td>
<td>United States</td>
<td>50,300</td>
</tr>
<tr>
<td>8.</td>
<td>Malaysia</td>
<td>46,500</td>
</tr>
<tr>
<td>9.</td>
<td>Canada</td>
<td>43,900</td>
</tr>
<tr>
<td>10.</td>
<td>Russian Federation</td>
<td>42,900</td>
</tr>
</tbody>
</table>

Source: Global Education Digest 2009-UNESCO-UIS

China sends the greatest number of students abroad, amounting to almost 4,21,100. The other major countries of origin are: India (1,53,300), the Republic of Korea (1,05,300), Germany (77,500), Japan (54,500), France (54,000), the United States (50,300), Malaysia (46,500), Canada (43,900) and the Russian Federation (42,900). These ten countries account for 37.5% of the world’s mobile students, reported by 153 host countries with such data. The United States hosts the largest number and share of
the world’s mobile students at 5,95,900 and 21.3% respectively. It is followed by the United Kingdom (3,51,500), France (2,46,600), Australia (2,11,500), Germany (2,06,900), Japan (1,25,900), Canada (68,500), South Africa (60,600), the Russian Federation (60,300) and Italy (57,300). These 11 countries host 71% of the world’s mobile students, with 62% of them studying in the top six countries.^(12)

b. Indian Scenario

India also has a large number of students going overseas for their higher education, and this number has been increased post liberalization. In 2000-2001, India sent out 54,664 students to the USA, against only 4,302 to the UK, 1,412 to Germany and 239 to France. Australia attracted a larger number (4,578) than the three European countries.^(13) While the number of Indian students, in foreign countries, was 61,812 only 7,480 students went to Europe. In contrast, India received in, 2000-2001, only 7,791 students of whom 240 were from the USA, 51 from the UK, 19 from Germany, 23 from France and 44 from Australia.^(14) In the following years, there has been a steady growth in the number of students going to the developed world from India. In the case of the USA the number had increased substantially to 74,603 in 2002-2003 and 79,736 in 2003-2004.^(15) In 2002-2003 the numbers had also increased to 3,303 in Germany and reportedly to about 9,000 in the UK. As of today, there is little possibility of India restricting the number of students going abroad in spite of the so-called ‘brain drain’.^(16) Table 3.8 shows the number of Indian students in the countries where the number has been increasing.
Table No. 3.8 Indian Students Abroad

<table>
<thead>
<tr>
<th>Name of The Country</th>
<th>2003-04</th>
<th>2004-05</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>79,736</td>
<td>80,466</td>
<td>730</td>
</tr>
<tr>
<td>UK</td>
<td>11,000</td>
<td>15,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Australia</td>
<td>17,853</td>
<td>22,279</td>
<td>4,426</td>
</tr>
<tr>
<td>Total</td>
<td>1,08,589</td>
<td>1,17,745</td>
<td>9,156</td>
</tr>
</tbody>
</table>

Source: Global Education Digest 2009-UNESCO-UIS

On the other hand, the number of international students coming to India is depressingly low. In fact the number of international students in India dropped from 13,707 in 1993-1994 to 5,323 in 1998-1999 before again picking up as a result of promotional activities to 8,145 in 2001-2002. International students come to India for higher education are from Asia and Africa particularly from Nepal, Sri Lanka Bangladesh, Kenya and Mauritius. India needs to intensify its promotional activities and the University Grants Commission (UGC) is attempting to do so through its Committee for the Promotion of Indian Higher Education Abroad (PIHEA). The private deemed-to-be-universities are also undertaking marketing activities to attract international students to their professional programmes.

C. Mode 3: Commercial Presence

One of the first growing modes of trade in educational services after consumption abroad is the establishment of Branch Campuses, Joint degree programmes, Twinning programmes and franchising programmes. Table 3.9 analyses the Definitions and Features of the different modes of Delivery.
<table>
<thead>
<tr>
<th>Modes</th>
<th>Definition</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch Campuses</td>
<td>Foreign institution establishes a subsidiary, either on its own or jointly with a local provider, and delivery is entirely by the foreign university, leading to a degree from the latter.</td>
<td>Requires heavy initial investment in land, infrastructure and equipment. Faculty of the foreign institution often teaches courses directly in the branch campus. Often, a formal government commitment from the host country (through subsidies or provision of land, etc) is required to mitigate risks for the foreign provider.</td>
</tr>
<tr>
<td>Double/Joint Degree</td>
<td>Students pursue a program jointly offered by institutions in two countries. The qualification(s) can be either a degree that is jointly awarded or two separate degrees awarded by each partner institution.</td>
<td>The course adheres to the standards of both institutions. In a joint degree, each university takes responsibility for different aspects of the program. Generally, the two collaborating institutions must be on par with each other to ensure that academic content and skill requirements are similar.</td>
</tr>
<tr>
<td>Twinning</td>
<td>Students pursue part of the program at the domestic institution and part in the partner foreign institution. The degree is awarded by the foreign institution.</td>
<td>Segments of the curricula of the foreign provider are replicated for one or two years in the domestic institution. Courses generally use same teaching formats, texts and evaluation methods as in the home campus, with some adaptation for local content. Faculty of foreign provider will usually also teach some part of the course along with local instructors. The local provider supplies physical facilities and recruits teachers and staff, according to criteria and standards set by foreign provider.</td>
</tr>
<tr>
<td>Franchised Program</td>
<td>Learning programs designed by the foreign provider (franchiser) and delivered in the domestic institution (franchisee). The Student receives the qualification of the franchiser</td>
<td>In a full franchise, the foreign provider delegates all powers (including full academic authority), but this is rare. More common are part franchises, where the agreement between the partner institutions</td>
</tr>
</tbody>
</table>
Validated Program

A program established in a local higher education institution that has been “approved” by a foreign institution as equivalent to its own, leading to the award of a qualification from the latter.

Distance/Open Learning (e-learning)

Course is through distance learning whether traditional or on-line and could be with local partner or entirely foreign. “Open Learning” also signifies that the program does not have the normal academic entry requirements.

specifies the division of responsibilities. Usually, the foreign provider assesses the ability of the local partner to meet minimum quality standards and provides guidelines and/or supports/monitors student admission criteria and assessment. The course belongs to the foreign provider which charges for use of syllabi, course materials, examinations and technical support to staff. Although the qualification is delivered by the foreign provider, it may state the site of study.

The foreign provider may assist the local provider to design and establish the course which it “approves”.

Considerable variation in business and educational models across providers and countries.


a. Global Scenario

Policies encouraging collaboration of local higher education institutions with foreign higher education institutions have been put in place by several developing countries. These include China, Malaysia, Singapore, Hong Kong, the Caribbean countries, Oman, Yemen, Philippines, several Latin American countries along with some East and Central European countries.
Countries which have encouraged foreign collaborations have primarily focused on expanding access to higher education through diversification of programs, particularly by offering shorter, job-oriented programs. In some cases such as Malaysia and Oman, the objective is also to enhance the quality of domestic private sector providers. The establishment of branch campuses, however, has had the objective of improving quality in the domestic university sector as a whole, or of becoming a regional hub for international education. Malaysia, Singapore, Dubai and Qatar are systematically encouraging branch campuses, aided by government subsidies and an enabling framework, for this latter purpose. (18)

b. Indian Scenario

There are large number of foreign institutions entering India through twinning and franchise arrangements. In spite of it being mandatory that all Institutions offering foreign programmes in India have to take an approval from AICTE. The AICTE official web site shows list of 67 unapproved Institutions running Technical Programmes with Foreign Collaboration without AICTE approval but there is no list of approved institution. In 2005-06, there are approximately 150 foreign institutions with more than 8,000 students. (19) The number is increasing at very fast rate which can be observed with increasing number of newspaper advertisements of such programmes.

In the recent years few reputed Private Deemed universities have set up off shores campuses like Birla Institute of Technology and Science (BITS) in Dubai; the Birla Institute of Technology (BIT), Ranchi in Oman, Manipal Academy of Higher Learning (MAHE) in Nepal, Malaysia, Antigua, and Dubai. Many more Indian Universities and
D. Mode 4: Presence of natural persons

Mode 4 is by far the smallest mode of service delivery in terms of both trade flows and the volume of scheduled concessions. The limited commitments that have been made under the Mode 4 refer almost exclusively to higher-level personnel. SE specially to intra­corporate transferees, whose mobility is intimately related to Mode 3 foreign direct investment, persons travelling to another country on temporary basis to provide educational teaching and research service like teachers, professors, trainers and researchers.

a. Global scenario

A large number of developing countries particularly in Asia, Africa and Middle East countries have no restriction on movement of teachers and professors there is not much data. Offshore programmers offered by many Universities regularly require academicians to visit partner organizations or branch campuses in foreign countries for teaching and related purposes. Obviously, with the rise in number of such programmes, the international movement of academics has increased substantially, particularly within the Asian Region. However, there is little data on actual numbers of staff movements.
b. Indian Scenario

The Indian teachers, lecturers are in great demand in Middle East, Africa, researchers/scholars on visiting arrangements abroad but mostly at Secondary and High school level to teach Mathematics, Science, and English in particular there is not much with regards to higher education.

3.12 Implications of GATS on Indian Higher Education

a. Policy implications

India will be required to make certain revisions to their current educational policies. For example, allowing foreign providers to freely compete with national institutions of higher education would require certain revisions in the policies. Admission policies, levy of fees, reservation to economical and social backward classes like ST, SC, and BC. The principle of free and equal access to higher education, which is dominant in Indian higher education policies, may become less important under GATS. In financial terms, the spread of private and foreign providers may gradually shrink government’s support to higher education, leaving it totally to market forces. Unless Indian governments put restrictive clauses on the liberalization of trade, higher education will be gradually converted from a public service to a marketable commodity open for competition between national institutions and foreign providers. The fear is that in the long run national institutions which cannot compete in free trade markets will vanish from the scene to be replaced by foreign providers for whom cultural and social agendas are not important. What is important is profit making.
b. Legislative implications

Indian constitutions provide for education is a basic human right and is the sole responsibility of the state. Hence, higher education is highly subsidized and fee structure is regulated by the government when in private educational providers. As a result of the tremendous pressure caused by social demand and the inability, this may become very difficult to maintain under GATS agreement. India should provide for legislation for regulation of Cross Borders Educational Providers ensuring for affordable fee for all sections of the society and not make education only for the elite class.

c. Regulatory implications

It is a fact that, Indian Higher Education lacks sound mechanisms and frameworks for accreditation, recognition and quality assurance of institutions of higher education, despite the importance of this aspect. For liberalizing trade in higher education, it is vital to set up national mechanisms which can address accreditation and quality assessment procedures for the academic programmes of new and foreign providers. This is very important for preventing foreign providers from offering programmes of dubious quality. It is also very important to set a mechanism for recognizing the equivalence of various courses with the existing Indian courses. The expansion of distance and open higher education with major investments in the utilization of information and communication technologies (ICTs), has undoubtedly changed the whole landscape of the higher education systems. All these types of providers are capable of crossing borders without adhering to the rules and regulations of any state. In the absence of national and international regulatory frameworks, the concepts of quality, accreditation and recognition of studies and degrees remain questionable areas.
d. Educational implications

A consistent criticism of the liberalization of higher education is that it will curtail a
nation’s ability to develop its own system, thus reflecting its unique social, cultural and
political characteristics. There is also a risk of homogenizing national education
systems. Foreign providers bring with them foreign curricula which mostly have limited
relevance to the importing countries’ socio-cultural contexts. This is in contradiction with
the national mission of higher education which seeks, among other functions, to preserve
and promote national cultures, instill cultural identity and educate for citizenship. The
most important and crucial fear in the long run to a total take over by cross-border
providers with no interest in serving national objectives and agendas.

e. Financial implications

The public funding of higher education India is already witnessing negative growth
despite the rising social demand and allowed the private sector to share the financial
burden. The role of this sector in funding has increased largely in recent years. Thus,
giving government’s reasons to reduce its public funding to higher education. The
question to be raised concerning funding vis-à-vis GATS is whether cross-border
providers can mobilize alternate funding sources or whether they are there to gain access
to financial resources. Although in both cases the answer is ‘Yes’, they will signal to
governments that they can decrease funding for higher and adult education, thereby
jeopardizing domestic publicly-funded institutions. Allowing free trade in higher
education with foreign providers charging high tuition fees will both increase the cost of
education, thus paving the way for the return of the elitist systems, and increase the
financial burden on the society as a whole.
f. Socio-cultural implications

The mission of higher education is not restricted to training professionals and serving economical objectives only. As well, it must instill cultural values and social equality. Education being a basic human right must be made available to society either free or at affordable cost. This is a principle which has prevailed in for long India since the post-independence era. However, there is a fear that converting higher education into a marketable commodity will endanger this cherished principle. Higher education must assume the responsibility of preserving and enriching the national culture, preparing for citizenship and serving national social and economic objectives and agendas. There is a doubt that foreign providers will be interested in catering for these objectives. Foreign providers will be less interested in serving these objectives for two reasons (a) their interest is mainly in programmes which can be saleable on the market; and (b) they bring with them cultural values that are predominant in their countries of origin. This will certainly contribute to the homogenization of national cultures and therefore threaten the concept of cultural diversity.

Table No. 3.10 Pros and Cons of Liberalisation Education in Developing Countries under GATS

<table>
<thead>
<tr>
<th>Mode of supply</th>
<th>Advantage</th>
<th>Disadvantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mode 1</td>
<td>➢ Greater exchange of information through provision of telephone and internet</td>
<td>➢ Necessary infrastructure may not be available in developing countries</td>
</tr>
<tr>
<td></td>
<td>➢ Lower costs and rapid access</td>
<td>➢ Financial resources needed to access internet</td>
</tr>
<tr>
<td></td>
<td></td>
<td>➢ Regulatory problem for government to ensure the quality of education</td>
</tr>
</tbody>
</table>
| Mode 2 | ➢ Expertise gained  
➢ Income earned from foreign consumers could be used to improve local education infrastructure | ➢ Only for those who can afford to pay for it  
➢ Possibility of brain drain if students take jobs abroad after completing education there |
| Mode 3 | ➢ Targeted FDI can upgrade national infrastructure, introduce new technologies and provide employment opportunities  
➢ Reduce burden on government | ➢ It may lead to two tired service supply- once for poor and another for the rich  
➢ Quality education may become expensive |
| Mode 4 | ➢ Increased mobility leading to greater exchange of knowledge  
➢ Better wages and work condition for the employee and home country benefits from the remittances | ➢ Possibility of brain drain |


3.13 Privatisation of Higher Education a Global Phenomenon

The growth of private higher education worldwide has been one of the most remarkable developments of the past several decades. Today, private institutions globally account for some 30 per cent of all students in higher education.\(^{23}\) During the past few years, more private institutions than public ones, have been established in most developing countries and emerging economies of the world. Private higher education is worth an estimated $400 billion worldwide—around 17 percent is spent globally on the sector and a quarter of all higher education students are in private institutions.\(^{24}\)
In some regions of the world, private higher education institutions are part of a fast growing international education market. The private sector represents slightly more than 10 per cent of total tertiary enrolments in Spain and France and about 30 per cent in Poland, the US and Mexico. In Asian economies, such as Japan, Korea, Indonesia and the Philippines, over 75 per cent of enrolments are with private education providers, while in Mexico, Brazil, South Africa and Chile it is about 50 per cent.

Table No. 3.11 The Percentage of Private Sector in Higher Education

<table>
<thead>
<tr>
<th>Countries</th>
<th>0-10%</th>
<th>&gt;10&lt;35%</th>
<th>&gt;35&lt;60%</th>
<th>&gt;60&lt;100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing Countries</td>
<td>Cuba, South Africa</td>
<td>Egypt, Kenya</td>
<td>India, Malaysia</td>
<td>Brazil, Indonesia</td>
</tr>
<tr>
<td>Developed Countries</td>
<td>Germany, New Zealand</td>
<td>Hungary, United States</td>
<td>(none)</td>
<td>Japan, Republic of Korea</td>
</tr>
</tbody>
</table>

Source: www.albany.edu.

Table 3.11 shows countries with over 70% private enrollment include Indonesia and Brazilian in the developing countries, Japan and The Republic of Korea in the developed countries. India and Malaysia have around half of its students enrolling in PHI. While in Cuba, South Africa, Germany and New Zealand, have less than 10% of the students enrolling in PHI. PHI, many of them for-profit or quasi for-profit, represents the fastest-growing sector. The "privatization" of higher education is by all accounts a global phenomenon.
3.14 Privatization trends in India

While the higher education has been expanding since independence, expansion has been more rapid in recent decades. This has been largely driven by private sector. Responding to the rising demand for vocationally oriented education; the private players entered the higher education sector in the 1980s. Their earnings came mostly from the tuition fees. They are often costlier than the government institutions. Currently, almost 43 percent of the institutions and 30 percent enrolments are in the private sector. In professional streams, nearly 80 percent institutions and enrolments are in the private sector table. Thus, private higher education is growing very rapidly in the country and systemic moving towards private-dominance.

Table No. 3.12 Growth and Share of Career Oriented Courses and Programs

<table>
<thead>
<tr>
<th>Name of Course and Programs</th>
<th>No. of Institutions (1999-00)</th>
<th>No. of Institutions (2006-07)</th>
<th>% Increase</th>
<th>(% Private Share (2003/04))</th>
<th>(% Public Share (2003/04))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering</td>
<td>669</td>
<td>1,511</td>
<td>125.85</td>
<td>88</td>
<td>12</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>204</td>
<td>665</td>
<td>225.98</td>
<td>94</td>
<td>6</td>
</tr>
<tr>
<td>Hotel Management</td>
<td>41</td>
<td>64</td>
<td>56.10</td>
<td>90</td>
<td>10</td>
</tr>
<tr>
<td>Architecture</td>
<td>78</td>
<td>116</td>
<td>48.72</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
<td>Computer Applications (MCA)</td>
<td>780</td>
<td>1,003</td>
<td>28.58</td>
<td>68</td>
<td>32</td>
</tr>
<tr>
<td>Management (MBA / PDPM)</td>
<td>682</td>
<td>1,132</td>
<td>65.98</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td>Teacher Education(B.Ed.)</td>
<td>1,050</td>
<td>5,190</td>
<td>394.28</td>
<td>64</td>
<td>36</td>
</tr>
<tr>
<td>Medicine(MBBS)</td>
<td>174</td>
<td>233</td>
<td>33.90</td>
<td>46</td>
<td>54</td>
</tr>
<tr>
<td>Dentistry(BDS)</td>
<td>45</td>
<td>189</td>
<td>320.00</td>
<td>64</td>
<td>36</td>
</tr>
<tr>
<td>Physiotherapy</td>
<td>52</td>
<td>205</td>
<td>294.23</td>
<td>92</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,775</td>
<td>10,308</td>
<td>173.05</td>
<td>78</td>
<td>22</td>
</tr>
</tbody>
</table>
Manipal University (earlier Manipal Academy for Higher Education) became the first private institution to be declared a deemed university in 1993. In 1998, to encourage the development of educational opportunities in emerging subject areas, even new institutions were to be given deemed university status. As a result, there has been a sudden increase in the number of private deemed universities. But in recent years, this provision is more liberally used. The number of deemed universities increased to 29 in 1990-91 and 38 in 1998 and now exceeds to 114. Many public universities have started offering self-financing programmes and derive substantial income from such operations. Distance education - where the fee is relatively high has grown fast as well. Barring exceptions, fee levels in public higher education also have increased overall. Thus, cost of higher education is continually shifting from government to households resulting in privatization of public institutions. (27)

3.15 Role of Corporate House Indian Higher Education

India has a strong tradition of private philanthropy in higher education. Big business houses like the Tata’s established the Indian Institute of Science at Bangalore, Tata Institute of Social Sciences and the Tata Institute of Fundamental Research at Mumbai, the Birla’s established BITS (Pilani) and the Thapar group set up Thapar University at Patiala in Punjab. These are today some of the best institutions for higher education. Other corporate houses set up Nirma University and Jaypee University. Several business houses established chain of educational institutions in their respective regions. Apeejay Group has set up a string of institutions in North India. Many education entrepreneurs have emerged on the scene. They set up institutions of higher education without any supporting business activity. These included the Manipal University in South India, the Amity University in
North India, Techno India Group in East India and DYPatil Group in the West. Some of them now have a Pan-India and even Global Presence Group of professionals setup a series of ICFAI Universities all over the country.

In recent years, large corporate sector has evinced keen interest in higher education. Big business house of Ambanis set up Dhirubhai Ambani Institute of Information Technology at Gandhinagar. The Mukesh Ambani Group is setting up a Reliance School of Life Sciences. Steel magnate Mittal set up a technical university at Jaipur. Most ambitious of them is the Anil Agarwal of Vedanta Group setting up a mega university, The Vedanta University in Orissa. Mahindra and Mahindra, an automobile major is setting up five engineering colleges in collaboration with premier foreign institutions at Chandigarh, Goa and Pune and two other locations to be identified.\(^{28}\)

The noteworthy development of corporate tie ups in Higher education is BPO major Accenture and IGNOU have entered into a collaboration to offer a diploma course on BPO services in India. March 10, 2010 is the Global Partnership IGNOU & NIIT has planned to collaborate in domains like Information Technology and Management Sciences for its India and international operations. Joint Programs in IT would include programs in stand-alone undergraduate programs or combined Master's programs. An Executive MBA will be offered as a part of management programs.
3.16 Conclusion

In conclusion, the private sector is "demand absorbing", offering access to students who might not be qualified for the public institutions or who cannot be accommodated in other universities because of overcrowding. While some selective private universities exist, in general the private sector serves a mass clientele and is not seen as prestigious. Legally for-profit institutions constitute a small higher education sub-sector but there is notable growth in all developing regions. The sector is run mostly on a business model, with power and authority concentrated in boards and chief executives, faculty hold little authority or influence and students are seen as consumers. A related trend is the privatization of public universities. Governments have been explicit in asking universities to earn more of their operating expenses by generating their own revenues. Besides tuition fees, public universities see income from research funds, income from the sale of university-related products, consulting and research services and university-industry linkages. In some cases, such financial sources contribute to the commercialization of the institution and conflicts with the traditional roles of the university.
REFERENCE


3. Ibid.


12. Ibid


