CHAPTER I
GLOBALIZATION AND SELF FINANCING EDUCATION:
TOWARDS A THEORETICAL DEBATE

Theoretical framework is the structure that can hold or support a theory of a research study. Theoretical concern is integral part of social science research because theory represents deeper knowledge stated as well as inductive abstractions. Theoretical understanding is more necessary in comprehending and analyzing globalization, political economy and self financing education and the way in which it works because various theories attach a variety of interpretations to the concept. Theory also helps to make a correct analysis of the concerned topic. This chapter seeks to relate the theories of globalization, political economy and financing education to develop a theoretical framework to analyze its impact on the poorer sections of the students.

‘Globalization’ is a process that involves the broadening and deepening of interdependence among societies and states throughout the world. The most important feature of globalization is that it always encourages free movement of goods, services, labor, ideas, technology, knowledge, capital information, values etc. Globalization is the Process by which events, decisions and activities in one part of the world have significant consequences for other parts of the globe. This process has effects on human well-being (including health and personal safety), on the environment, on culture (including ideas, religion, and political systems), and on economic development and prosperity of societies across the world. Globalization is increasingly and everywhere making education a business.

Defining Globalization

An early description of globalization was penned by the American entrepreneur-turned-minister Charles Taze Russell who coined the term 'Corporate Giants' in 1897. However, it was not until the 1960s that the term began to be widely used by economists and other social scientists. It had achieved widespread use in the mainstream press by the latter half of the 1980s. Since its inception, the concept of globalization has inspired numerous competing
definitions and interpretations.⁴ According to Oxford English Dictionary (OED), Globalization is “the act of globalizing”; from the noun “Global” meaning “pertaining to or involving the whole world”, “Worldwide“; “Universal”.⁵ According to International Forum on Globalization (IFG), “Globalization is the present worldwide drive toward a globalized economic system dominated by supranational corporate trade and banking institutions that are not accountable to democratic processes or national Government.”⁶ According to World Trade Organization (WTO), “Globalization can be defined as a historical stage of accelerated expansion of market capitalism, like the one experienced in the 19th century with the industrial revolution.”⁷

David Steingard and Dale Fitzgibbons defines “Globalization as an ideological construct devised to satisfy capitalism’s need for new markets and labour sources and propelled by the uncritical ‘sycophancy’ of the international academic business community.” David Harvey defines globalization as “a spatial fix for capitalism and an ideological tool with which to attack socialists”. Martin Khor critically defines globalization is “what we in the Third World have for several centuries called colonization.”⁸

**History of Globalization**

The historical origins of globalization are the subject of on-going debate. The most extreme proponent of a deep historical origin for globalization was Andre Gunder Frank, an economist associated with dependency theory. Frank argued that a form of globalization has been in existence since the rise of trade links between Sumer and the Indus Valley Civilization in the third millennium B.C. Others have perceived an early form of globalization in the trade links between the Roman Empire, the Parthian empire, and the Han Dynasty. The Islamic Golden Age was also an important early stage of globalization, when Muslim traders and explorers established a sustained economy across the Old World resulting in a globalization of crops, trade, knowledge and technology.⁹

The sixteenth century represented a qualitative change in the patterns of globalization because it was the first period in which the New World began to engage in substantial cultural, material and biologic exchange with Africa and
Eurasia. This phase is sometimes known as proto-globalization. It was characterized by the rise of maritime European empires, particularly the Portuguese Empire, the Spanish Empire, and later the British Empire and Dutch Empire. Globalization has had a tremendous impact on cultures, particularly indigenous cultures, around the world. In the 17th century, globalization became a business phenomenon. Because of the large investment and financing needs and the high risks involved with international trade, the British East India Company became the first company in the world to share risk and enable joint ownership of companies through the issuance of shares of stock: an important driver for globalization.¹⁰

The 19th century witnessed the advent of globalization in something approaching its modern form. Industrialization permitted the cheap production of household items using economies of scale, while rapid population growth created sustained demand for commodities and manufactures. Globalization in this period was decisively shaped by 19th century imperialism. After the Opium Wars and the completion of the British conquest of India, the vast populations of these regions became ready consumers of European exports. The first phase of "modern globalization" began to break down at the beginning of the 20th century with the First World War said John Maynard Keynes.¹¹

Globalization in the middle decades of the twentieth century was largely driven by the global expansion of multinational corporations. In late 2000s, much of the industrialized World entered into a deep recession. Some analysts hold the view that the world is going through a period of deglobalization after years of increasing economic integration. Globalization, since World War II, is largely the result of planning by politicians to break down borders hampering trade to increase prosperity and interdependence thereby decreasing the chance of future war. Their work led to the Bretton Woods Conference, an agreement by the world's leading politicians to lay down the framework for international commerce and finance, and the founding of several international institutions intended to oversee the processes of globalization. These institutions include the International Bank for Reconstruction and Development (the World Bank), and the
International Monetary Fund. Higher education under WTO regime is now considered as a tradable commodity. Globalization is increasingly and everywhere making education a "business." Globalization insists the governments to withdraw government allocation from the service and welfare sector. The private education institution provides no hope for the poorer strata of the society.

**Perspectives of Globalization**

Scholars David Held, Anthony McGrew, David Goldblatt and Jonathan Perraton provide an overview of different perspectives on globalization dominant in the 1990s. The authors identify the perspective as: 1, the Hyperglobalist perspective, 2, the Skeptical perspective, 3. the Transformationalist perspective.

1. **Hyperglobalist Perspective**

Hyperglobalisers are the advocates of globalization with a neo-liberal ideology, perceptions and focus on its homogenizing nature. They emphasizes on individual freedom, both economic and political. They reject the need of the government, but only of a minimal one. This epoch is characterized by the declining relevance and authority of nation-states, brought about largely through the economic logic of a global market. Economies are becoming “denationalized.” In terms of the “Winners” and “Losers” of the new global order, both orientations agree that the lines and cleavages of economic benefit are changing. One the one hand, neo-liberals views this as largely a good thing. They say that nearly all countries have a comparative advantage in one way or another within the global economy. There will be groups who will be worse off, but on the whole, the benefits are greater than in the past. On the other hand, neo-Marxist scholars view the neo-liberal optimism with deep suspicion. Global capitalism, they believe, will only create and reinforce inequalities within and between countries. With increasing economic globalization, transnational governance organizations will become increasingly important. The result is that national governments will lose influence and be forced to operate increasingly according to rules they do not create. Globalization and privatization significantly weakened the ability of the state to exercise its influence on welfare policies.
2. **Skeptical Perspective**

The skeptics are mainly the neo-Marxists and radicals who focus on the negative aspects of globalization. They view globalization as the triumph of economic liberalism. They consider the current international processes as more fragmented and regionalized than globalized. The authors say that skeptics also disagree whether old cleavages are becoming increasingly irrelevant. The third world is not being drawn into a global economy that destroys old lives of benefit and exploitation. Quite the contrary, the third world, say skeptical authors, is becoming increasingly marginalized. In contrast to perspectives that emphasize the growth of global capitalism, scholars in the skeptical perspective view global capitalism as a myth. The growth of multinational corporations does not mean that nation-states are no longer relevant for governing the flows of economic benefits. Held and his colleagues say that skeptical authors point to the fact that foreign investment flows into the control of a few advanced economies. Authors with a skeptical perspective reject the notions of the development of a global culture or a global governance structure. What is really going on, they argue, is that global governance structures and culture exist as a disguised version of neo-liberal economic strategies that benefit the West.

3. **Transformationalist Perspective**

The transformationalist perspective differs fundamentally from the other two perspectives and seems to take a middle portion on globalization. There is no single cause (that is, the market or economic logic) behind globalization, and the outcome of processes of globalization is not determined.

So, even though transformationalist authors describe many of the same general changes involved in globalization, their approach is considerably less certain about the historical trajectories of these changes and less limiting of the factors driving globalization. For instance, hyper globalist authors believe that the power of national governments is waning. Skeptic authors argue that the power of national governments is growing. Transformationalist authors, however, view the nature of national governments as changing (being reconstituted and restructured).
but a description of this change as merely growing or waning is over simplified. The transformationalist authors understand that a new world order “architecture” is developing, though the exact nature of the emerging patterns of stratification is not yet clear. 19

Theories of Globalization

1. Theory of Global Capitalism

The theory of global capitalism see globalization as a novel stage in the evolving system of world capitalism (hence these theorists tend to speak of capitalist globalization), one with its own, qualitatively new features that distinguish it from earlier epochs. They focus on a new global production and financial system that is seen to supersede earlier national forms of capitalism, and emphasize the rise of processes that cannot be framed within the nation-state/inter-state system that informs world-system theory – and indeed, much traditional macro social theory. 20 Sklair (2000) has put forward a ‘theory of the global system’, at the core of which are ‘transnational practices’ (TNPs) as operational categories for the analysis of transnational phenomena. These transnational practices originate with non-state actors and cross-state borders. 21

The transnational corporation is the most important institution for economic transnational practices; the transnational capitalist class for political transnational practices; and the culture-ideology of consumerism for transnational cultural-ideological processes. 22

Robinson (2003) has advanced a related theory of global capitalism involving three planks: transnational production, transnational capitalists and a transnational state. An ‘epochal shift’ has taken place with the transition from a world economy to a global economy. In earlier epochs, each country developed a national economy that was linked to others through trade and finances in an integrated international market. The new transnational stage of world capitalism involves the globalization of the production process itself, which breaks down and functionally integrates what were previously national circuits into new global circuits of production and accumulation. Transnational class formation takes place around these globalized circuits. 23 The capitalist class enjoy all the benefits.
2. Modernization Theory

The concepts of modernization theory have their beginning in the classical evolutionary explanations of social change. Emilie Durkheim, Karl Marx and Marx Weber try to theorize the transformation initiated by the industrial revolution. Two characteristics of early modernization theories continued to influence current modernization discourse. One is the idea of frequent social change and other is the ideas of development. According to Rostow, modernization is the opposite of traditionalism, which keep hold of tradition and custom. Though this, traditionalism involves a conservative connotation and modernization a positive connotation. Here development means economic development. In this discourse underdevelopment, and with it poverty, are the effects of the dualism between traditional economic structures and social structures. This implies a process of social, political, institutional, cultural and technological modernization. Modernization theories try to transfer western development experiences to developing countries. Therefore, western countries recommend modernisation as the initiation of western experience, which they believe would produce successful societies in the current developing societies. In practice modernisation theory was thus very much the same as westernisation. Modernization theory in the current day often looks at globalization critically, analyzing its negative consequences. Critics of modernization theory, both from the left and the right, repeat the accusations rose against modernization theory. Many on the left see it as justification for neo-imperialism or U.S. hegemonism, leading to unfair results, including one-sided gains and negative consequences for cultural diversity, education and the environment. On the right, there is continued fear that compromises will have to be made with others who follow different models, watering down national distinctiveness or sovereignty.

3. World-system Theory

Immanuel Wallerstein, the founder of the intellectual school of world-systems theory, characterizes the world system as a set of mechanisms which redistributes resources from the periphery to the core. In his terminology, the core is the developed, industrialized part of the world, and the periphery is the
"Underdeveloped", typically raw materials-exporting, poor part of the world; the market being the means by which the core exploits the periphery.²⁷ A key structure of the capitalist world-system is the division of the world into three great regions, or geographically based and hierarchically organized tiers. The first is the core, or the powerful and developed centres of the system. The second is the periphery, those regions that have been forcibly subordinated to the core through colonialism or other means and the third is the semi-periphery, comprised of those states and regions that were previously in the core and are moving down in this hierarchy, or those that were previously in the periphery and are moving up. Values flow from the periphery to the semi-periphery, and then to the core, as each region plays a functionally specific role within an international division of labour that reproduces this basic structure of exploitation and inequality.²⁸ Other structural constants in the world-system are cyclical rhythms of growth and crisis, several secular trends such as outward expansion, increasing industrialization and commodification, struggles among core powers for hegemony over the whole system, and the oppositional struggles of ‘anti systemic forces’.²⁹


Manuel Castells’ groundbreaking trilogy, *The Rise of the Network Society* (1996), exemplifies a ‘technologistic’ approach to globalization. Castels’ approach has been closely associated with the notion of globalization as representing a new ‘age of information’. In his construct, two analytically separate processes came together in the latter decades of the twentieth century to result in the rise of the network society. One was the development of new information technology (IT), in particular, computers and the Internet, representing a new technological paradigm and leading to a new ‘mode of development’ that Castells terms ‘informationalism’. The other was capitalist retooling using the power of this technology and ushering in a new system of ‘information capitalism’, what Castells and others have alternatively referred to as the ‘new economy’.³⁰ Castells’ definition of the global economy is an ‘economy with the capacity to work as a unit in real time, or to choose time, on a planetary scale’, and involving global financial markets, the globalization of trade, the spread of international production networks, and the selective globalization of science and technology.³¹
The introduction of technology into the classroom is changing the nature of delivering education to students is gradually giving way to a new form of electronic literacy, more programmes and education materials are made available in electronic form. Such developments in education portray that there has been a shift from industrialisation to information-based societies. The barriers of distance are being broken down at a rapid rate, due to the key aspect of globalization. Nonetheless, a central theme is the division of the world into those areas and segments of population switched on to the new technological system and those switched off or marginalized, giving rise to the oft-cited digital divide. The number of Internet users in the world in March 2011 is 2,095,006,005 and in Asia 5, 29,701,704. Though Asia has only 16% of populations of the world, 37.6% of total internet users are Asian. India has 13% of internet users in Asia and 7.36% that of the world. 32

5. Theory of Global Culture

According to Robertson, cultural theories of globalization tend to line up along one of three positions. Homogenization theories see a global cultural convergence and would tend to highlight the rise of world beat, world cuisines, world tourism, uniform consumption patterns and cosmopolitanism. 33 Heterogeneity approaches see continued cultural difference and highlight local cultural autonomy, cultural resistance to homogenization, cultural clashes and polarization, and distinct subjective experiences of globalization. Here we could also highlight the insights of post-colonial theories. Hybridization stresses new and constantly evolving cultural forms and identities produced by manifold transnational processes and the fusion of distinct cultural processes. Another recurrent theme among cultural theories of globalization is universalism and particularism. While some approaches see particularism as being wiped out others see cultural resistance, fundamentalism and so on, a rejection of uniformity or universalism. A key problematic in these theories becomes identity representation in the new global age. Appadurai’s thesis on the ‘Global Cultural Economy’ refers to what he sees as the ‘central problem of today’s global interactions’, the tension between cultural homogenization and cultural heterogenization. 34
The effects of globalization on education bring rapid developments in technology and communications are foreseeing changes within learning systems across the world as ideas, values and knowledge, changing the roles of students and teachers, and producing a shift in society from industrialization towards an information-based society. It reflects the effect on culture and brings about new form of cultural imperialism. In the twentieth century, many developing countries have experienced growth in the educational facilities available to them due to the entry of institutions from the West. It is merely a modern version of cultural imperialism that will lead to the creation of a universal, ultimately Western society. Through this process, people are losing their vernacular culture. But the Western culture of education is inadequate as it focuses largely on the creation of money whilst paying no attention to the preservation of cultures. 35

**Globalization, Migration and Education**

Migration means movement of people. The movement of people has grown less fast than other forms of globalization. Now, the number of migrants has grown to 214 million, and the figure could rise to 405 million by 2050, as a result of growing demographic disparities, the effects of environmental change, new global political and economic dynamics, technological revolutions and social networks. Europe was the region that recorded the largest number of migrants in 2010, with 77.1 million foreign-born living within this region. This figure has remained relatively stable as a share of the global population, increasing only by 0.1 per cent, from 3.0 per cent to 3.1 per cent, between 2005 and 2010. The United States of America (USA) still hosts the largest migrant stock of any country worldwide, while six of the top ten countries with the largest foreign-born populations (France, Germany, the Russian Federation, Spain, Ukraine and the United Kingdom) are found in Europe. Globally, Nepal is the country with the most feminized migrant stock (68.2%). The international financial crisis that began in the USA in 2008, and quickly transformed into a global crisis by the second half of 2008 and into 2009, has had a substantial impact on international migration. 36
The education sector itself is subject to globalization. In all, there were 2.8 million students in the world in 2007 (UNESCO, 2009). The United Kingdom and the USA together account for almost a million foreign students, while France is the main destination for African students. Indian students constitute the largest group of foreign scholars in U S; more and more Americans are also heading to India to pursue higher studies. According to International Education Institute’s open door reports, 2010, there are 690,923 foreign students in USA and Indians constitute 105,500. India is number one since the last 8 years in the number of foreign students.37

It is often asserted that developed country importers put developing country suppliers under severe pressure to cut costs and improve quality. In this way Suppliers would still supply the same quality but command lower prices. Trade can also affect the supply of education, and act as a substitute or complement to domestic provision. Foreign provision of education might help an economy, but there are issues related to access and accreditation. Such long-run emigration is likely to lead to losses in human capabilities (‘brain drain’), particularly in small developing countries where labour markets cannot react easily.38 Developed countries benefit from this immigration.

**Effects of Globalization**

Globalization is a process, which has affected many areas of human life. On the one hand, globalization is creating opportunities for sharing knowledge, technology, social values, and behavioural norms and promoting developments at different levels including individuals, organizations, communities, and societies across different countries and cultures. At the same time, globalization, potentially creating serious negative impacts for developing and underdeveloped countries. The potential negative impacts of globalization are various types of political, economic, and cultural colonization and overwhelming influences of advanced countries to developing countries and rapidly increasing gaps between rich areas and poor areas in different parts of the world.
Globalization and Developing Countries

Developing countries include African, Asian and most of the Latin American countries. Almost all third world countries face similar problems. One of the greatest problems in third world countries is poverty. In round numbers there are 7 billion people in the world. Thus, with an estimated 925 million hungry people in the world, 13.1 percent, or almost 1 in 7 people are hungry. 98% of the world's undernourished people live in developing countries, 60 percent of the world's hungry are women.

Figure 1.1
Hungry people in 2010


The other most pressing problem of the economy of developing countries are unemployment. It is directly related to lack of education, rapid change of technology, recessions, inflation, disability and discrimination in the place of work. Emerging technology is doing harm to third world countries. First world countries use highly updated technology to manufacture clothing, food and other items; they no longer use the cheap labour from third world countries, which in turn leads to unemployment and poverty. According to U.N (2011) report, there
are 205 million unemployed people in the world. According to the United Nations labour agency, despite a sharp rebound in economic growth for many countries, global unemployment in 2011 is likely to continue at the record highs of the past three years.

Another major problem with the global education system is accessibility. Many people in the developing world are still illiterate. According to Global Monitoring Report 2011, 759 million illiterate adults in the world, India still has the highest number. The report said two-thirds of the total illiterate people are women. It is very surprising that today's global schooling system, supported by numerous international institutions (UNESCO being one of them), which has already achieved so much in the internationalisation of Pre-University and University education, is suffering a global crisis in the area of primary education. Inequities persist and certain groups especially females, minorities and the poor are disproportionately excluded. Drop-out rates are high in many regions, with only two third s of children who start school staying to the fifth grade. The total number of children out of school fell from 106 million to 67 million between 1999 and 2009. One reason for the setback is funding. Higher education in the developing countries is the lower priority accorded to this sector. The problem is that a good education comes with a price and it is often a price that many people in Third World countries are not able to pay.

The other major problem of the third world countries is over populace. Most of the third world countries are facing difficulties in adjusting too much population within their boundaries, resulting in migration of people from their home countries to the developing or developed nations. Trends in global inequality are found both between and within countries. Inequality between the countries has been characterized by two divergent trends in recent decades. The gap between the richest and the poorest countries over the past 40 years has been widened and a significant number of countries have fallen further behind compared not only to industrial countries but to other developing countries also. The income distribution between countries has consequently worsened.
Increasing the technological gaps and digital divides between advanced countries and less developed countries; creating more legitimate opportunities for a few advanced countries for a new form of colonization of developing countries; increasing inequalities and conflicts between areas and cultures; and promoting the dominant cultures and values of some advanced areas. The interdependence of world society is not real; it tilted in favour of richer nations. The idea of globalization is responsible for most of the world’s economic, political and other problems. In short globalization negatively affects the third world countries.

Globalization and Education

Education has been proclaimed as an integral part of human rights. Education is also the driving force behind economic growth and human and cultural development. That impact can be seen in improvement in health, lowering of the rate of demographic growth, reduction of child mortality and increase in life expectancy. Education also means that populations become aware of their rights and obligations as citizens and are thus able to participate actively in the construction and management of life in their communities. Education is undergoing constant changes under the effects of globalization. One of the main reason for the setback is funding higher education in the developing countries is the lower priority accorded to this sector.

Another important problem of higher education is commercialization of education. The emergence of self financing education and the withdrawal of state from the higher education sector, leads to commercialization in education. Globalization insists to withdraw government allocation from the service and welfare sector. The major expenditure of the Government in the welfare sector is for education. But for getting petty loans from World Bank and IMF as a part of economic Globalization these poor countries are now relinquishing its responsibility and handling over this vital section to the greedy private sector. The IMF, World Bank conditions would seriously hamper the programmes of development that directly concern the common man. In one hand the government is reducing its investment on education while on the other hand they are handling over this vital sector into the black marketers.
GATS is a WTO agreement under which Multinational Companies or Universities can invest in any country even without the control of national governments. Now education is being opened as commodity under WTO regime. The government would have no role on curriculum and fee structures and the people have to pay whatever the foreign institutions would demand as price of education. We will have no right to decide which kind of education we need. With more foreign private sector involvement in our education sector, we would further lose our own choices.\(^5\) Foreign universities and education systems will not provide education to the poor people and the education would reduce to the children from the elite class.

Increasing the technological gaps and digital divides between advanced countries and less developed countries that are hindering equal opportunities for fair global sharing.\(^3\) Global sharing of knowledge, skills, and intellectual assets that are necessary to multiple developments at different levels, creating more legitimate opportunities for a few advanced countries to economically and politically colonize other countries globally. Exploiting local resources and destroying indigenous cultures of less advanced countries is another major problem.\(^4\)

The rise of international trade has prompted many industrialized countries to include educational services in the negotiations of the General Agreement on Trade in Services in order to facilitate the free flow of education – mostly higher education – among countries.\(^5\) Although this would reduce fiscal pressure for many developing countries and, if properly managed, improve the quality of higher education, it would also create many problems in controlling the quality and relevance of foreign, mostly for-profit, higher education in competing with the industrialized countries in student and staff recruitment, threatening public funding of higher education of domestic students, and lastly, damaging the mission of higher education in order to promote its commercial objectives.\(^6\) These phenomena will have implications for financing higher education all over the world.
Globalization and State

At the beginning of the 21st century, we are living in an era of globalization. The system of independent sovereign states leads to the erosion, loss and diminution of the state. This argument is explicitly presented in publications such as “The End of the Nation-State” (Kenichi Ohmae, 1995), and “The Retreat of the State: The Diffusion of Power in the World Economy” (Susan Strange, 1996). According to this argument, economic globalization signals supremacy or triumph of the market over the nation-state and of economics over politics. At the root of this belief is the view that globalization is beyond the control of nation-states.

The traditional role of Government was to provide public goods such as education, defence, maintenance of order, and an engine for economic growth. Karl Marx who advocated total control of all means of production by the government, was a very strong exponent of public education, controlled and financed by the government. But globalization and privatization undermines state's role in all services and welfare sectors including education whereas education for all is essential for knowledge and development. If we give a price tag to education, it deprives millions of the poor of access to knowledge and development. Education loses its real spirit if it is priced and that too a profitable one. There is a general agreement on service (GATS) which impacts all our services including education. Commercialisation of education is depriving the poor meritorious students for getting qualitative education at the cost of state. It denies a fundamental right of the children. Globalization expanded the government role into other areas such as guardian of local industry to a gradual promoter of competition that allows companies with negative profit to fail or be acquired by better managed corporations. But the state continues to be needed to provide good quality education because education is a public good.
Political Economy of Self Financing Education

Political economy is a social science dealing with the interrelationship of political and economic process. Political economy is the original name of economics abandoned a hundred years ago for the simpler term “economics”. The term is derived from the Greek oikos (meaning "home") and nomos (meaning "law" or "order"); thus political economy was meant to express the laws of production of wealth at the state level, just as economics was the ordering of the home. The term ‘Political Economy’ was first used by French Economist Antonie de Monte Chrétien in his book titled ‘Traicte del Economic Politique’ (A Treatise on Political Economy). According to Mcullosk political economy is the science of laws which regulate the production, distribution and consumption of those articles or products which have exchangeable value and are necessary, useful or agreeable to man. For Joe Oppenheimer “political economy explains how politics determines aspects of the economy and how economic institutions determine political process.”

Approaches of Political Economy

1. Liberalism

The liberal approach is drawn primarily from the field of economics and can be traced to the writings of Adam Smith, and David Ricardo. First, liberals assume that individuals are the principal actors within the political economy and the proper unit of analysis. Secondly, liberals assume that individuals are rational, utility maximizing actors. Thirdly, liberals assume that maximize ability by making tradeoffs between goods. The liberals regard the individual as both the originator and the end of economic activity. Individual’s effort is the prime and the sole motive power of social evolution. The intervention of state authority should be reduced to the minimum that is indispensable to the safety all, in one word, the policy of Laissez-faire. The government is merely a means, an agency through which individuals achieve their ends. The liberal school of thought is
synonymous with capitalist political economy. It reflects the present elite nature of the education system.

2. **Realism**

The realists consider the state to be the principal actor in international politics, and they view the international system as a “self help” system without a centralized authority, in which states must build up their own power to prevent being dominated by others. The realists place considerable emphasis on the struggle for power.

3. **Historical Structuralism**

Historical structuralism encompasses a wide range of theoretical approaches including Marxism, dependency theory, world system theory, feminist theory and business conflict theories. Although all these approaches have some roots in Marxism, they often diverge substantially from mainstream Marxist ideas. In their view, history has been marked by exploitation, and the dominant system today is capitalist, with the capitalist class exploiting the workers.

1. **Marxism**

Karl Marx and Frederick Engels who carried out a revolution in political economy. According to them labour is the prime and basic condition of human existence. Karl Marx claimed to have identified four stages in human history. He labelled these societies as communal, slave, feudal and capitalist societies. An important aspect of the Marxian doctrine is the exploitation of human labour. Every society has a class of exploiters living on the surplus extracted from the toilers. Exploitation of labour extracted the shape of surplus values leads the alienation of labour. According to Marxists, the causes for unrest and violence in the society are located in the economic structure of society. The primary sources of contradiction in human society are its division into two classes, the propertied
and non propertied, the bourgeoisie and the proletariat, in short, the exploiters and
the exploited classes are distinguished by their relation to the mode of
production. The case of education also only an elite stratum of the society
according to the present circumstances enjoys the benefits.

2. Dependency Theory

Dependency theory is based on two major traditions: Marxism and Latin
American structuralism. They reject the optimism of liberalism and argue that
the advanced capitalist states either underdevelop LDCs or prevent them from
achieving genuine autonomous development. They argued that the core countries
in the north benefit from global capitalist linkages and experience dynamic
development based on internal needs, development in peripheral countries of the
south is severely constrained as a result of their interaction with the core.

3. World System Theory

The main unit of analysis in the world system theory is the world system,
which has a single division of labour and multiple cultural systems. According to
the world system theorists, there is only one world system, the modern world
system, which is a capitalist world economy. The main features of the capitalist
world economy are production for the market to gain the maximum profit and
unequal exchange relations between strong core states and weak peripheral
states.

4. Feminist Theories

Historical structuralism is concerned with structural hierarchies that could
include not only class and states but also gender and ethnicity/race. Although
there are great differences in the economic position of women based on their
class, race and nationality, they are located disproportionately on the lower end of
the socio-economic scale. The unequal gender hierarchies that exists in all societies affects the subordination of women and other marginalized groups.\textsuperscript{68} Neo-liberal restructuring involving deregulation and privatization has been especially damaging to women because of their dependence on the state for public services such as child care.

5. Business Conflict Model

According to business conflict theorists, business firms are the most important societal groups affecting government policy, but there are major cleavages within the business community over policy. The business conflict model emphasize the role of interest groups in government policy making and they argue that state does not have relative autonomy from business groups, even in the short term. In short business conflict model poses a direct challenge to the assumption of instrumental Marxists that state is controlled by the capitalist class.\textsuperscript{69} From the above approaches we can notice that in every society there exists two classes of people namely haves and have-nots, like in the case of education.

Global Political Economy

The global pattern of production and consumption is marked by a high degree of inequality in wealth and power. One is the world of the rich, the other the world of the poor, united by its heritage of common suffering. The one billion people in the developed countries account for about 80\% of the world’s GDP, and the 6 billion people in the developing countries account for the remaining 20\%.\textsuperscript{70} The richest 2\% of adults in the world own more than half of global household wealth according to a path-breaking study. According to a new report by \textit{Boston Consulting Group}, the world’s millionaires represent 0.9\% of the world’s population but control 39\% of the world’s wealth, up from 37\% in 2009.\textsuperscript{71}
Map 1.1

Striking map of the world: Combining Population Density and Wealth

The map overlays one of four different colour filters on each country on top of a global population distribution map to indicate not only where people live but how wealthy, on average they are – in per capita GDP. Although it doesn’t tell the full story – e.g. the huge income variation within countries – the map powerfully demonstrates the massive disparities in wealth around the globe.

The political economy of the third world countries shows a high proportion of subsistence agriculture with a very limited application of technology. In the poor countries agricultural production accounts for about 40-50% of the GNP while in the rich countries the ratio is about 5%. The third world economy is basically an agrarian economy. But the developed countries have less than one-tenth of their labour force in agriculture, in some cases less than one-twentieth. Gunner Myrdal has observed that “the struggle for long term economic development in South Asia will be won or lost in agriculture. The agrarian problem is one of the most complicated problems in socio-economic development in Asian, African and Latin American countries and that is because agriculture is the most backward sector in national economy.”

**Political Economy of India**

India’s rural economy is basically an agrarian economy. In India where the vast masses of the people are poor and often socially disadvantaged, a relatively small minority holds much of the power. In terms of economic interests the groups which have often been identified as powerful include large and medium business houses, large and medium sized farmers, the upper echelons of the salaried class, and the top layer of unionised labour. The wealth distribution, which of course, is highly unequal in India. The gulf between the educated and the uneducated in India is largely reflected in the social and economic disparity between those who do manual work and those who do not. This is the big dividing line in India. A report by National Council for Applied Economic Research’s (NCAER) Center for Macro Consumer Research said by 2015-16, India would be a country of 53.3 million middle class households. The World Bank estimates that 80% of India's population lives on less than $2 a day which means a higher proportion of its population lives on less than $2 per day as compared with sub-Saharan Africa.

The Indian capitalist class has vastly expanded. In addition to the national industrial large bourgeoisie, the capitalist class also includes the agricultural bourgeoisie, the provincial industrial bourgeoisie and the non-resident Indians. The non-capitalist class includes the poor peasantry, the landless, agricultural
workers, the urban petty bourgeoisie and the industrial working class, including its semi-skilled and unskilled segments and the casual and contractual labourers. The class character of the state points to the classes that are the primary beneficiaries of state actions (or in-actions). Chaudhuri says in the Sathyamurthy collection that ‘Indian planning was meant to benefit the industrial capitalists and the rich farmers’. Exercise of power over the state is facilitated by, although it does not necessarily require, the instrumental control by the dominant classes over the state apparatus. Instrumental control occurs both in terms of these classes actually occupying positions within the state apparatus and also in terms of their capacity to influence ideologically the actions of state actors.\textsuperscript{78} The policies of the Indian state have been basically in favour of the propertied classes, especially the capitalist class, as seen in its current Neoliberal policy. Under capitalism, the moneyed class could control political parties, the legislature and the mass media so that democracy existed in name only.\textsuperscript{79}

**Political Economy of Higher Education**

Higher education has been an effective instrument for both individual mobility and social development. As its returns are expected to be positive and high returns, investment in higher education can easily be justified. Based on these estimate, further investment will be attracted in the domain of higher education. It is in this logic, the political economy of higher education has logically been rationalized in our times both in terms of demand and market. However, one cannot shy away from the consequences of higher education for instance, alarming rate of unemployment, social unrest, slow economic growth and economic disparities. To normalize this pervasive situation, careful policies in education, perhaps, is effective tool. With the on set of policies, particularly the question of financing higher education becomes all the more important. Developing countries like India, with escalating cost on the one hand and increasing need on the other, same question arises on how to finance education effectively. The implicit logic behind however, was to slash down public investment in higher education, so as to expand private investment. This can be substantially rationalized with the rate of return from the investment.\textsuperscript{80}
In higher education, although India made huge investment, its returns have not been impressive. It has projected that private return are higher than social returns from higher education. However, critical evaluation on the impact of education since independence show that only a small section of elite groups benefitted, contradictory to the fact that a huge subsidization was made at the cost of the poor. Privatization, being alternative to pool resources for higher education, will ultimately keep the state outside of its public exchequer and accountability. Knowing the fact that, the perpetual elite domination on the one side and widening of diverse forms of inequalities in accessing higher education amongst the majority sections of Indian populace. Privatization of domestic higher learning in the backdrop of political economy world over, certainly inappropriate for a democratic society.81

Contrary to domestic principles, many developing countries, including India, began to setup certain reform strategies in higher education as it has been inevitable for the world economy. The location of education, world over, is being a potential indicator for new economic restructuring, whereby, knowledge would eventually geared to the market demand. Moreover, structural adjustment in the reform policies of the state pressurized the universities relatively unmediated manner to be economically viable. It reshaped higher education as a commodity to meet the growing external pressures such as market forces. As a result, system of higher learning will adversely be affected, that in turn, undermines the socio-cultural objective of higher education as publically owned. Mushrooming of professional colleges have largely become, mere business entities dispensing very poor quality education become grave concern of policy makers.82

Theory of Education

Education in the largest sense is any act or experience that has a formative effect on the mind, character or physical ability of an individual. In its technical sense, education is the process by which society deliberately transmits its accumulated knowledge, skills and values from one generation to another. Etymologically, the word education is derived from educare (Latin) "bring up", which is related to educere "bring out", "bring forth what is within", "bring out
potential" and ducere, "to lead". Education is the most potent mechanism for the advancement of human beings. According to Pestalozzi, education is a constant process of development of innate powers of man which are natural, harmonious and progressive.\(^8^3\) It is said that in the Twenty First Century, 'a nation's ability to convert knowledge into wealth and social good through the process of innovation is going to determine its future,' accordingly twenty first century is termed as century of knowledge. Let us examine some of the educational theories proposed by major thinkers.

### 1. Plato's Theory of Education

In his ideal state Plato has made greatest stress on education. Education to him, essential for the harmonious working of both the state as well as the society. He believed that proper education could cut all the roots of all social evil. Plato lay so much stress on education that he called it as the ‘food of soul’ . He felt that best agency to impart proper education was state itself. In the absence of such a control, education was bound lead to selfish ends. To him, both men and women should be given same type of education because they were equally citizens of a State and where to work for its welfare, it was essential that both should be properly and uniformly educated. To him, education was not an optional matter for the family or parents but that it was compulsory and obligatory in the parents to educate their children.\(^8^4\)

### 2. Aristotle's Theory of Education

According to Aristotle, the purpose of education is to produce a good man. Man is not good by nature. He must learn to control his animal activities through the use of reason. Education must aim at the development of the full potentialities of each man. It must seek the development of man's intellectual capacities to their fullest extent. To him, the purpose of the state is to educate the people -- to make them virtuous. Virtue is the life principle of the state. The goal of the state is to educate with a view toward its own institutions (to preserve them) - political education of all citizens.\(^8^5\)
3. Jean Jacques Rousseau’s Theory of Education

Rousseau's theory of education rests on two assumptions: that man is by nature good and that society and civilization corrupt the native goodness. Only through proper education in youth could the "natural man" come to being. In his Theory of Value he argued that the sciences and the arts, while brilliant, are not a genuine expression of fundamental human needs but the result of pride and vanity. Man's fundamental first duty is to learn the art of living; man's first duty is to be human. He was against early childhood education. Goals of education recognizes a progressive education that respects that the child has his own special needs as a being who exists in his own right.86

4. Ivan Illich’s Theory of Education

Ivan Illich’s book ‘School: the Sacred Cow’ (1968) is the first of a series of work in the field of education. In it Illich fiercely criticizes public schooling for its centralization, its internal bureaucracy, its rigidity and, above all, for the inequalities it harbours. His controversial book ‘Deschooling Society’ (1971) advocated for radical changes in the education system, including the dis-establishment of traditional schools and the development of more informal “learning webs.” Ivan Illich envisions a better way to encourage learning. Instead of traditional schooling, he believes that people of all ages should be able to choose what they learn and when they learn it. He stood for educational credit in the form of an educational passport or an “edu-credit card” provided to each citizen at birth. Such credits would permit most people to acquire the skills most in demand, at their convenience, better, faster, cheaper, and with fewer undesirable side effects than in school.87

5. Gandhian Theory of Education

As a keen student of men and their surroundings, Gandhi realised at an early age that education was the only sovereign remedy for all the ills and evils with which, India has been afflicted for centuries. He was in favour of Wardha scheme popularly known as Basic Education. The features of the scheme were: free compulsory education, education should be free and compulsory for all boys and girls between the age of seven and fourteen. Gandhi believed that the
minimum universal education was indispensable to the successful working of democracy in the country. To him, education should be imparted through some craft or productive work, which should provide the nucleus of all the other instruction provided in the school. He was a staunch supporter of self-supporting education.  

6. Swami Vivekananda’s Theory of Education

Swami Vivekananda was a staunch supporter of national system of education and a great champion of woman education. To him, in every individual there are certain dormant powers which are inborn. Education manifests and develops these powers. It is the task of education to see that there are no obstacles in the child’s path of self-development. He believed that education is a means for establishing brotherhood in all mankind. He stood for vocational education. According to him, the aim of education should be to search unity in diversity. Vivekananda holds the view that education is the birthright of every human being. He believes that the root cause of all evils in India is the poverty of the people and education is the sole remedy for improving the condition of poor in the country.

7. Swami Dayananda’s Theory of Education

Swamy Dayananda’s aims of education are to provide true knowledge to develop culture, character, morality, to develop spiritualism and to get liberation. According to Swami Dayananda education is that which increases knowledge, culture, and religiosity and eliminates such shortcomings as ignorance and prepares one for happiness. In his Book ‘Satyarth Prakash’ (1875) he states that knowledge helps to distinguish between the permanent and the temporary, the true and the false, the pure and the impure. Swami Dayananda was a staunch supporter of female education, universal and compulsory education This education should be imparted irrespective of one’s caste, creed, the rich or the poor, the price and the peasantry, the high and low. In fact, it is the duty of the state to provide free and compulsory education.
8. Rabindranath Tagore’s Theory of Education

The highest mission of education he wrote is to help us realise the inner principle of unity of all knowledge and all the activities of our social and spiritual being. Thus according to Tagore, true education is the realization of an inner quality of man, a realisation that places human life in harmony with all existence. According to him, real moral training consists not in foisting moral teachings like external decorations, but in making religion, and morality an intimate part of life. He was a supporter of self discipline. Another ideal of education was an inner freedom, an inner power and enlightenment of the individual. It was a kind of liberation of the self from all kinds of slavery. Tagore was against imitation of western ideals. To him knowledge includes all training that is useful for service of mankind, and liberation means freedom for all manners of servitude, even in the present life.92

The latter half of 19th century witnessed various social reform movements in Kerala. The most important leaders are Narayana Guru, Vakkam Moulavi and Ayyankali. All the leaders emphasized and campaigned the need for modern education, the education of women. They viewed that economic and social development is possible only through education. They encourage people to seek knowledge. According to EMS education should be state responsibility. He stood for free and compulsory primary education. He was an ardent advocate of mother tongue education. He was of the opinion that governmental control in educational institution is necessary.

Financing of Higher Education

The financing of higher education throughout the world has seen dramatic changes in the last decades of the 20th and the first decade of the 21st centuries. The economic reform policies that include stabilization and structural adjustment, introduced in almost all developing countries during the last quarter century, required a drastic cut in public expenditures across the board, including higher education. In fact, these policies set the tone for drastic reforms in higher education; and on the whole higher education suffered severely. Public expenditure on higher education declined - in terms of relative priorities
Along with a significant increase in public apathy for higher education, one can note a re-emergence of forces in favour of private higher education. The lack of resources is one oft-cited reason for the growth of private higher education. But an equally important reason is the changes in attitudes towards higher education, and towards private higher education, and towards ‘for-profit’ private institutions of higher education, in particular. The public and merit good nature of higher education is being increasingly discounted. The march towards privatization of higher education is taking place through a variety of measures: financial privatization of public universities, transfer of ownership of public institutions, and establishment of private institutions - private institutions with government support, self-financing private institutions (with no government support), and profit-making private institutions. They also consist more of institutions without government recognition.

The role of higher education is redefined and reinterpreted. Traditionally higher education is viewed as one that creates and diffuses knowledge, instrument of personal development of individual, instrument of social engineering. The classical and neo-classical economists like Adam Smith, Ricardo, Malthus, J.S. Mill, Nassau W. Senior, John R. Mc Culloch and Alfred Marshal favoured mass education and placed education as a social good. Screening or sheepskin approach views education simply as a device with confer a certificate enabling holder to obtain a well paid job without directly affecting his productivity. Human capital theory provides strong support for public funding of higher education. The human capital theorist placed emphasis on the role of education in transformation of human beings into human capital, an instrument of production and economic growth and thereby economic wellbeing of the people and societies. Many institutions of higher education in the contemporary period aimed at serving all these functions. Now with the introduction of privatization all these functions are getting replaced by profit motives.
## Table 1.1
Emerging trends in Policy, Planning and Financing of Higher Education in Developing Countries

<table>
<thead>
<tr>
<th>Conventional System</th>
<th>Emerging System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welfare approach</td>
<td>Market approach</td>
</tr>
<tr>
<td>Public higher education</td>
<td>Mixed and private higher education</td>
</tr>
<tr>
<td>Public financing</td>
<td>Private financing</td>
</tr>
<tr>
<td>Private: State owned institutions</td>
<td>Private: Self financing institutions</td>
</tr>
<tr>
<td>Private: Government recognized intuitions</td>
<td>Private Institutions requiring no govt. recognition</td>
</tr>
<tr>
<td>Private: Degree awarding institutions</td>
<td>Private non degree (diploma/certificate) awarding institutions</td>
</tr>
<tr>
<td>Private: Philanthropy and educational considerations</td>
<td>Private: commercial and profit motives</td>
</tr>
<tr>
<td>No fees</td>
<td>Introduction of fees</td>
</tr>
<tr>
<td>Low level of fees</td>
<td>High levels of fees</td>
</tr>
<tr>
<td>No student loan</td>
<td>Introduction of student loan programmes</td>
</tr>
<tr>
<td>Commercially ineffective loan programmes: no security high default rates but based on criteria of educational qualification and academic needs</td>
<td>Effective/commercially viable loan programmes security/mortgage Expected high recovery rates ,Based more on commercial considerations</td>
</tr>
<tr>
<td>Scholarly/academic disciple of the study</td>
<td>Self financing/commercially viable /profitable disciples of study</td>
</tr>
<tr>
<td>Emphasis of formal/fulltime education</td>
<td>Open/ distance/part time education</td>
</tr>
<tr>
<td>Selection criteria for heads of institutions: academic backgrounds</td>
<td>Selection criteria for heads of institutions: expertise in financial /money management and in resource generation</td>
</tr>
<tr>
<td>Academic institutions</td>
<td>Entrepreneurial universities and commercial institutions</td>
</tr>
</tbody>
</table>


The most important faulty assumption that was widely held for a long time was that ‘higher education was not important for economic growth and
development’ and ‘the State can as well withdraw from its responsibility of providing higher education in favour of the markets’. But higher education can be expected to have a positive effect on the level of economic growth. Many developing and developed countries clearly demonstrated the experience. Further the rapidly technologically changing world technology makes a significant difference to the economic growth of the nation. Recent trends indicate a growing public apathy for higher education, followed by reduction in public expenditure and erratic and unregulated growth of private higher education led to Laissez Faireism in higher education. 

As the public budgets squeeze, the need for reforms in financing higher education becomes crucial. The structural adjustment and stabilization policies further emphasize the need for reforms investment in education in developing countries like India has not been an easy task. Investing adequate resources for higher education is difficult, because of lower levels of economic development and the availability of scanty physical resources both in quality and quantity. In this context, specifically the role of student loans, voluntary contributions, graduate taxes, educational cess and students’ fees are discussed here. While each measure has its own strengths and weaknesses. Samuelson is considered as the author of the theory of public goods. He accepts public goods as goods, which bring benefits for all members of society to the intent that the consumption of a public good by one subject do not preclude its consumption by another subject. Higher education is in general considered as a public good. It consequently results a need for state intervention in the sphere of financing higher education.

**Brief History of Higher Education in India**

Higher education is not a recent phenomenon for India; it has had long historical roots through which a modern system of education has been evolved. The institutions of higher education are recognized as the most important agency of social change involved in the human resource development of the country. However, the system has many issues of concern at present, like financing and management including access, equity and relevance, reorientation of programmes by laying emphasis on health consciousness, values and ethics and quality of
higher education together with the assessment of institutions and their accreditation. Before we discuss the current higher education system in India, a brief historical background will be helpful to understand the developments over the past several decades.

India has a long tradition and rich heritage of values, culture and education. The nature of higher education in Ancient India was considered as religious. In ancient times, Nalanda, Vikramshila and Takshashila were glorious centres of religion and philosophy. Before the British occupied India, different indigenous systems of education were prevalent. These were mostly individualistic in character. It is generally accepted that the current university system in India is a creation of the British colonialist influence. The East India Company did not make any attempt to impose a western system of education on its Indian subjects for a long time. English Higher Education in India really began with the establishment of a Hindu College in Calcutta in 1817, the first “Europeanised” institution of higher learning in the country. In fact, the present system of higher education in India has its roots in Mountstuart Elphinstone’s ‘Minute’ of 1823.

The idea of establishing Universities in India on the model of the London University (i.e. universities of the affiliating type), was first promoted in Sir Charles Wood’s Dispatch of 1854 which has been described as the ‘Magna Carta’ of English education in India. Both Macaulay’s Minute of 1835 and Woods Dispatch of 1854 laid down the basic objectives for the development of English education in India. Moreover, Curzon’s University reform represents a climax in the official attitude against the spread of higher education which had been developing since the mid 1850s. The missionaries were permitted to establish educational institutions in Indian territory and got legitimacy as institutions of state or private agencies/trusts. The Sergent Report of 1944 was the first attempt to formulate a national Policy on Education in India. It pointed out the failure of making university education relevant to community needs and suggested means for improvement. In brief, higher education in colonial India remained
concentrated in and around the cities and towns and was more widespread among men than women and amongst the higher castes. There were serious inequalities in the colonial system of higher education. The demand for education increased rapidly during freedom movement and the political leadership recognized education as pre-requisite for socio-economic empowerment of people, social integration and national development. There was a linear growth in subsequent years and our educational thinkers considered it necessary to formulate a comprehensive plan of educational development and national system of education.

The system of education evolved during the post independence period is essentially liberal and secular in character. Higher education is the basis of future innovation and progress. Independent India inherited ownership of its system of higher education from the colonialists, but the need for the reconstruction of education was felt long before independence. However, it was only after independence that the national leadership had an independent opportunity to tackle the problem. The Radhakrishnan Commission of 1948 recommended the reconstruction of university education as essential to meet the demand for scientific, technical and other human power needed for the socio-economic development of the country. A number of new committees and commissions were set up after 1953, to advise the government on the steps to be taken for changing the quality and reach of education in India. Most prominent among these are the Education Commission (1964-66), National Policy on Education, 1968, National Policy on Education, 1986 , National Policy on Education, 1986 (As modified in 1992), National Common Minimum Programme (NCMP) of the UPA Government relating to Education, Right to Education Act and various Policy pronouncement like setting up of National Commission/Council for Higher Education, The National Accreditation Regulatory Authority for Higher Educational Institutions Bill, 2010, Prohibition of unfair practices in Technical Educational Institutions, Medical Educational Institutions and University Bill
2010, The Educational Tribunals Bill, 2010, The Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010 and Academic Reforms. The University Grants Commission came into being and assumed a most important role in the co-coordination and development of universities in India.\textsuperscript{105}

In the recent past, the growth trends in higher education seem to have found favour with those courses of study that have high economic payoffs. The participation of the private sector has resulted in the truncated growth of higher education.\textsuperscript{106} It is the recent trend of privatization where the motive of investment has changed from philanthropy to profit seeking. Indian higher education system is, indeed, facing several challenges like access, equity, relevance and quality. Even after significant expansion in the post-independence period, access to higher education in India continues to be poor and more so for the disadvantaged groups. Unfortunately, the country has no comprehensive database to help assess the response of the higher education system to the impact of globalization in the last one and a half decades.\textsuperscript{107} Since independence, the number of colleges and universities has registered a significant hike.

**Growth Trends in Enrolment**

In ancient times, Indian universities were renowned seats of higher learning, attracting students from far and wide. During the colonial era, the rulers consciously did not use education for sustainable development. Since independence, the number of colleges and universities has increased significantly. From 1950-51 to 2010-11, while the number of universities has increased from 28 to 544, the number of colleges has grown from 578 to 31,324. During this period, enrolment in higher education has registered a steep increase from around 1 lakh to 146.25 lakhs. The number of teachers has also gone up from around 15000 in 1950-51 to 6.99 lakhs in 2010-11.\textsuperscript{108} The growth trends in higher education may be seen in the table shown below.
Table 1.2
Capacity Expansion in Higher education

<table>
<thead>
<tr>
<th>Institutional Capacity Indicator</th>
<th>1950</th>
<th>2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Universities</td>
<td>25</td>
<td>544</td>
</tr>
<tr>
<td>Number of Colleges</td>
<td>700</td>
<td>31,324</td>
</tr>
<tr>
<td>Number of Teachers</td>
<td>15000</td>
<td>6.99 lakhs</td>
</tr>
<tr>
<td>Number of Students Enrolled</td>
<td>1 lakh</td>
<td>146.25 lakhs</td>
</tr>
</tbody>
</table>


Figure 1.2
Type of Universities

This growth happened because of increased demand for higher education and participation of the private sector, particularly in technical and professional education. This rapid expansion, however, hides the story of the stark inequality that prevails in access to higher education across states and union territories. The Indian higher education system is the largest in the world in terms of the number of institutions.

It is important to underline the fact that from the Second to the Sixth Five-Year Plan period, higher education grew reasonably well with increasing attention coupled with rising allocations of public resources. But from the Seventh Five-Year Plan onwards, higher education did not receive the attention it deserved. This resulted in erratic growth of higher education, affecting the access, equity, relevance and excellence. Inequalities in access to higher education by gender, caste and religion increased and inter-institutional variations in quality of higher education became strikingly visible. The participation rates of girls, SCs and STs have been increasing over the years, social and gender disparities still remain subjects of major concern. It may, however, be mentioned that differential access and participation in higher education reflect in turn unequal access to school education in the country.\textsuperscript{109}
Map 1.2

Institutional strength in Higher Education – 2011

Public-Private Partnership in Education

Public-private partnership (PPP) has become a fashionable slogan in new development strategies, particularly over the last couple of decades. According to some scholars, Public Private Partnerships are the same as privatization. It is projected as an innovative idea to tap private resources and to encourage the active participation of the private sector in national development. It is more forcefully advocated when public resources are projected to be inadequate to meet needs. After independence the approach of the country towards private education has changed considerably. Government increased public spending in education and enhanced control vis-à-vis private management. It was necessitated by the declining standard and conversion of education institutions as the monopolies of the managements. With the emergence of self financing institutions in higher education the governmental control and public spending are declining. The model thus allows the so-called non-profit institutions to work for, and actually make, profits. As a result, the model, which claims that it is not for privatization, and that it will not allow the profit motive to enter the field of education, will promote the opposite: privatization and, in practice, a high degree of commercialization. It is privatization and commercialization with a difference — utilizing public funds. Most important, the PPP model does not feel the need to view education as being distinct from the production of commercial goods and building of infrastructure. In the case of education, PPP has been proposed as an important strategy in the Eleventh Five Year Plan. The PPP model proposed in the Eleventh Plan provides for no government or social control over education. It will lead to the privatization and commercialization of education using public funds, and the government has little control over these schools. The present PPP model conceived in the neo-liberal times provides for no government or any type of social control on education. In fact, it provides for unlimited power to the private sector.

Share of Private Sector

The processes of globalization and liberalization made a tremendous degree of impact on the privatisation and commercialisation of higher education not only on the international front but also in India. In recent years there has been an increasing trend both in the number of private higher education institutions and in enrolments. In 2000-01, private unaided institutions constituted
42.6% of the total number of higher education institutions. This increased to 63.21% in 2005-06 (UGC 2006). Similarly, the share of enrolment in private unaided higher education institutions has risen from 32.89% in 2000-01 to 51.53% in 2005-06 and rising substantially year by year.\textsuperscript{114} India has come out with a novel scheme of self-financing colleges and self-supporting courses. Most of them are concentrated in western and southern parts of India. The rise of private higher education institutions in the northern parts of India is a recent phenomenon. Though the self-financing colleges under the private sector and self-financing courses affiliated with public universities and colleges have found favour with the burgeoning middle class in India, they are criticized by some in academia for eroding educational quality; for perpetuating socio-cultural disparities and economic inequalities; and for contributing to a decline in moral values, the escalation of dowries, a rise in corruption, etc.\textsuperscript{115} Their sole aim seems to be profit. Dominance of private sector prevents many from seeking admission in higher education.

**Figure 1.3**

*Share of Private Sector in Higher Education in India*

![Bar chart showing share of institutions and enrolment from 2000-01 to 2005-06 for government and aided institutions and private institutions.]

Source: \textit{UGC, Annual Reports, 2003-04 and 2004-05}
Trends in Financing Higher Education

Higher education has generally been recognised as a “public good”, at least as a “quasi-public good”. The public good nature of higher education warrants that the state should play a more active role in the financing of higher education. Indeed, the state has been funding higher education since independence. Early on, it was realised that a strong, self-reliant and modern industrial economy could be built only on the foundations of higher education. However, owing to several factors including the new economic policies adopted since the 1990s, state funding to education in general, and higher education in particular, has been declining in real terms. Further, private institutions, particularly in areas of management, engineering, medicine, computers, etc, have been coming up in large numbers raising issues of access, equity, quality and regulation. The entry of foreign institutions is making it all the more complex. Interestingly, higher education is facing these challenges at a juncture when it is expected to play a greater role in improving the nation’s competitiveness in the emerging global knowledge economy.¹¹⁶

Expenditure on Higher Education

Higher education is being regarded as an important constituent of specialized human capital. Investment returns to total factor productivity in higher education are considered to be quite high; however, escalating costs and dwindling public budgetary resources are affecting overall education in terms of quality, development, and infrastructure. According to the National Knowledge Commission’s note on higher education, at 0.7% of GDP the current support for higher education is simply inadequate. It is estimated that government support for higher education should form at least 1.5% of GDP out of a total of 6.0% allocated to the education sector. According to the draft report of the Working group on higher education of the Planning Commission, public expenditure in elementary education went up four times whereas that for secondary and higher
education went up by around three times during 1993-94 to 2004-05. During the same period, public expenditure per student in higher education, in real terms, declined from ₨ 8,961 in 1993-94 to ₨ 7,117 in 2003-04. Much of the central government expenditure on higher education is routed through the University Grants Commission (UGC). It is interesting to note that the disbursement of funds by the UGC is uneven and the bulk of it goes to the central Universities and their affiliated colleges and to a few deemed universities.¹¹⁷ Since the 1990s, the priority given to higher and technical education has declined even as their importance in facing the new global challenges is growing. The allocations to higher and technical education put together hardly constitute 0.6 per cent of GNP in 1990-91 and further declined to 0.46 per cent by 2004-05. Estimates of expenditure per student are somewhat of the quality and efficiency of education. The decline has been very drastic during the 1990s. Decline in per student expenditure means decline in real resources available per student on an average, seriously affecting the quality of higher education.¹¹⁸

**Education: A Fundamental Right**

Education is a fundamental human right, which “functions as a multiplier, enhancing all rights and freedoms when it is guaranteed while jeopardizing them all when it is violated.” These rights ensure the fullest physical, mental and moral development of every citizen. Several international conventions and numerous writings and reports by UN bodies stress the importance of the fundamental right to education. However, very little attention is paid to the content of education.¹¹⁹

United Nations, on 10th December, 1998 adopted Universal Declaration of Human Rights. The Preamble to the UDHR stated that: ¹²⁰ every individual and organ of society....., shall strive by teaching and education to promote respect for these rights and freedoms...." In accordance with the Preamble of UDHR, education should aim at promoting human rights by imparting knowledge and
skill among the people of the nation states. Article 26 (1) of UDHR proclaims that: Everyone has a right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit. "Article 26 (2) states that education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms; It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for maintenance of peace. Further, Article 26 (3) provides that parents have a prior right to choose the kind of education that shall be given to their children."

The Founding Fathers of our nation recognizing the importance and significance of right to education made it a constitutional goal, and placed it under Chapter IV Directive Principle of State Policy of the Constitution of India. Article 45 of the Constitution requires state to make provisions within 10 years for free and compulsory education for all children until they complete the age of 14 years. Further Article 46 declares that the state shall promote with special care the educational and economic interests of the weaker section of the people. However, the Judiciary showed keen interest in providing free and compulsory education to all the children below the age of fourteen years. In case of Mohini Jain V State of Karnataka, the Supreme Court held that right to education is fundamental right under Article 21 of the Constitution. The Government of India by Constitutional (86th Amendment Act) Act, 2002 had added a new Article 21A which provides that "the state shall provide free and compulsory education to all children of the age of 6 to 14 years as the state may, by law determine". On the basis of constitutional mandate provided in Article 41, 45, 46, 21A and various judgments
of Supreme Court the Government of India has taken several steps to eradicate illiteracy, improvement in the quality of education and make children back to school who left the school for one or the reasons.\(^{122}\) Besides, this several states have enacted legislation to provide free and compulsory primary education.

The right of children to free and compulsory education act came into force in the country on April 1, 2010. With this; India joined a select group of a few nations where education is a fundamental right.\(^ {123}\) It is stated that making elementary education an entitlement for the children in the 6-14 years age group, the act will directly benefit close to one crore children who do not go to school at present. Nearly 92 lakhs children, who had either dropped out of schools or never been to any educational institution, will now get elementary education as it will be binding on the part of the local authorities and the state governments to ensure that all children in the 6-14 years age group get schooling.\(^ {124}\) Free and compulsory education remains a distant dream for millions of children despite the right to education act. Some fight the odds and manage to get to schools juggling adult responsibilities on their young shoulders. Others are forced to drop out to be breadwinners for their families. The right to education will be meaningful only and only if the all the levels education reaches to all the sections of the people otherwise it will fail to achieve the target set out by our Founding Father to make Indian society an egalitarian society. Here is the importance of the role of state. Only state can provide this basic right. But globalization of education denies this fundamental right of the children.
School boys watch girls, who are school drop outs, carry heavy sacks on their heads near Convent junction in Visakhapatnam on Jun 25, 2011

Source: The Hindu, June 25, 2011.
A Review of Women Education in India

Education has a great role to play in decreasing social disparities and promoting social mobility. The constitution is pledged to equality among men and women, and several laws have been enacted, welfare programmes have been launched and legislative measures have been taken with the major objective of improving the status of women. Despite the provisions in the official documents for the gender equality, it is recognized that women as a group and the poor women in particular, have been adversely affected by the process of growth, economic transformation and development. Women can not avail of opportunities of education as they are denied of equal opportunities and it is found that half as many women are literate as the males. Women in India stills lag behind in every sphere of social, economic and political life.\textsuperscript{125}

According to Allen and Castleman in post 1991 phase increasing privatization and restructuring of public universities leading to their downsizing have aggravated gender inequalities. It is a fact that education increases women’s earning capability and changes their position in the family and society, which translates directly into more resources for children. But the social role expectations in our country has adversely affected the expectation of women in a patriarchal society. Keeping these factors in view girls prefer to study arts and humanities as they are cheaper and softer. In a vast and diverse country like India the social and economic disparities are reflected not only by criteria of caste and tribe but also at the regional. The proliferation of the technological institutes in the southern states and the prevailing culture of the study of science may explain this high enrolment of women in science. However even in the southern provinces, Poverty remains a major factor in determining women’s access to education.\textsuperscript{126}

Despite the improvements in literacy, a large gap exists between the literacy level of men and women. In a developing country like India, availability of higher education ought not to be confined to the well off as a vast section of the population in India belong to lower middle and lower income groups without much social security. In India, the position of women in higher education can only improve to reduce social exclusion for ensuring that poor and females are brought into the educational system.\textsuperscript{127}
Emerging Problems of Higher Education

Education is prime service for the development of human being in every country. India is the second largest populous nation in the world. But only 7 to 8 percent population are taking higher education. It is not sufficient nation building process. After the advent of New Economic Policy in India since 1991, structural adjustment programme followed by the Government laid emphasis on the development of primary education alone leaving higher education at the mercy of private educational barons. The policy of withdrawing slowly from the public higher education system to increasing private participation in higher education is considered not conductive for the development of the nation, economically, socially, politically and educationally.

Though India can boast of having the largest system of higher education in terms of the number of institutions, in relative terms, it still lags behind developed and even several developing countries in terms of access. The access to higher and technical education is still abysmally low. Even then, after nearly six decades of independence, higher education is not accessible to the poorest groups of the population. Hardly 7 or 8 percent of the population in the age group of 17-23 years is enrolled in the institutions of higher education. It is important that the increased access to higher education should be inclusive. The representation of SCs, STs and women in higher education is less than their proportion in the population.

The unbridled expansion in the field of private education has affected its quality greatly. The quality and merit are closely related with each other. The management of self financing colleges takes little care about quality. They don’t bother to ensure quality students are admitted to the institution. In several self financing colleges there is a dearth of qualified and experienced faculties. Quality is compromised mainly to assure profit for the management. Naturally, the profit-hungry managements will appoint teaching staff having poor quality anticipating that the latter would be satisfied with less salary.

Infrastructural facilities are most important for learning process. But the Indian rural institutes have a big problem of infrastructural facilities of the education. When we compare this system at the global scenario we found that we are far away from the
technological advancement in the education system. According to the study only 20 per cent of the institutions have the basic minimum laboratory equipment, sufficient books, journals, and other facilities. Only few urban institutes have advanced learning and teaching equipments.\textsuperscript{132}

Proliferation of private higher educational institutions is another problem. The share of private participation in higher education, which stood at 57 percent in 1980s, increased to more than 75 percent in the new millennium. Privatization of education refers to the process of private ownership and management of educational institutions whereby investments are made with the motive of earning profit.\textsuperscript{133} The government has slowly withdrawn from the higher educational system in the last 20 years citing financial constraints.\textsuperscript{134} The higher and technical education in India is being increasingly privatized in multiple ways. The large growth of these institutions, it is argued, represents commercialization of higher education. These institutions make huge profits. They do not even reserve seats for the marginalized groups with severe implications of equity.

Absence of uniform development of higher education is also a problem. All the four southern states along with Maharashtra have accounted for 60 percent of all professional institutions, and 46 percent of non-professional institutions with a population share of only 32 percent. However, the northern states such as Uttar Pradesh, Madhya Pradesh, and Bihar with 34 percent of population have accounted for a mere 14 percent of professional institutions and 23 percent of non-professional institutions.

The growth of self financing professional colleges involves many a negative social impact. The engineering education is gaining wider currency because of the growth of Information Technology. But since the market laws dictate the demand for professionals, engineering graduates also face the problems of unemployment and under employment. The market economy promotes the growth of self financing education because it will ensure cheap labour through increasing the number of job seekers. Preponderance shown to the professional education also affects other streams of higher education for example, social sciences and basic sciences.

The state has understanding that, the investment in the educational institutions is unproductive. Therefore government do not concentrate on public investment in
education sector in large amount. But it is totally false, because is it higher productive investment compare to all other sectors.\textsuperscript{135} The returns of the educational investment may be late but it is cute and better for the nation building process and personal development also. Expenditure on higher education is only 0.67 to 0.70 percent of GDP in India. From year of 2005-06 to 2007-08 only 0.10 percent of expenditure of GDP has been grow on higher education.\textsuperscript{136} It shows that the negative attitude of the centre and state governments in India.

The privatization of education in general and self financing colleges in particular denies right to education of poor students. The students may have better academic quality but they are unable to pay the fees. The state seems to be totally withdrawing from providing any financial aid to them. In this context the establishment of self financing colleges is to be discussed against the withdrawal policy of the state from its responsibility to assist the poor people. Only an elite stratum of the society according to the present circumstances enjoys the benefits.

Differences in educational costs are also a problem. Educational costs vary widely for different courses such as medical, engineering, management and general education. And lastly, there is no co-ordination and uniform policy among the national bodies of higher education, such as UGC, All India Council of Technical Education (AICTE) and Medical Council of India (MCI) leading to poor quality of higher education and unnecessary court disputes.

The WTO has considered that higher education is a marketable commodity like a manufactured product. The GATS covers educational services of all types for all countries whose educational systems are not exclusively provided by public sector or those systems that have a commercial purpose. The possibility of GATS agreement has begun to influence the character of higher education in favour of privatization and commercialization. This has posed a threat to the public character of higher education. Commercialization is adversely affecting on the need of common mans educational facilities because it has been selling on the basis of trade and commerce.

Under the conditions of GATS, Multinational Companies or Universities can invest in any country even without the control of national governments. Now education is
being opened as commodity under WTO regime. Foreign universities can set up their facilities. The government would have no role on curriculum and fee structures and the people have to pay whatever the foreign institutions would demand as price of education. We will have no right to decide which kind of education we need. With more foreign private sector involvement in our education sector, we would further lose our own choices. Globalization would also the result in exodus of good trained teachers and students.

The new challenge before India at the beginning of the twenty first century was to become a developed society by the year 2020, which requires that not only a vibrant economy driven by knowledge has to be ushered in soon, but also a new society where justice and human values prevail has to be created. Moreover, challenges in higher education are no longer only nation centric. They have already attained global dimensions, particularly after trade in services has been brought under the purview of the WTO regime.

Towards Integration of Theories

The above analysis of the different theories shows that theories have conflicting views with regard to the applicability and development potentials of globalization, political economy and education. A key feature of the all theories of globalization is the division of the world into two great regions ie, the centre (developed countries) and periphery (developing countries). Globalization has become a great challenge to third world countries especially in India. The study is significant since it can examine the political economy and class character of self financing education. The elite domination on the one hand and widening of diverse forms of inequalities in accessing higher education amongst majority sections of populace, privatization of domestic higher learning in the backdrop of political economy world over are certainly inappropriate for a democratic society. All the theorists strongly put forward that education is most important for the fullest development of individuals and it must be the responsibility of the state especially in the present globalized context. Recent trends indicate a growing public apathy for higher education, followed by reduction in public expenditure and erratic and unregulated growth of private higher education. These trends had led to
Laissez Faireism in higher education. Many institutions of higher education in the contemporary period aimed at serving all these functions. Now with the introduction of privatization all these functions are getting replaced by profit motives. Hence the researcher stress the role of the state in providing and funding higher education because education basically is a social good.

References

10. Ibid.
11. Ibid.
17. Busch, Andreas, op cit., p.46.
21. The model involves TNPs at three levels: the economic, whose agent is transnational capital; the political, whose agent is a transnational capitalist class (TCC); and the cultural-ideological, whose agent is cultural elites. Each practice, in turn, is primarily identified with a major institution.


23. Ibid.

24. One of the theories which identify both of these above mentioned characteristics is Rostow’s concept of economic growth. He argues that within a society sequential economic step of modernization can be identified. These steps are linear and towards and evolutional higher development.


29. Ibid.

30. Ibid.

31. Ibid.


33. William I. Robinson., *op cit.*


40. http://www.thp.org/learn_more/issues/know_your_world_facts_about_hunger_and_poverty?gclid=Crlx2c-2nqoCFQ976wodTg0i1w, accessed on 15/07/2011 at 2 p.m.


51. Ibid., p.82.


56. Daun, Holger op cit., p.79.


62. Ibid., p.7.

63. Throodore H.Cohn, op cit., p.102.


67. Ibid., 105.

68. Ibid., 109.

69. Ibid., 110.

70. Ibid., p.7.
74. Ibid., p.3.
81. Ibid., p.6.
82. Ibid., p.7.
84. H.R. Mukhi (2004), History of Western Political Thought: Plato to Present, New Delhi, SBD Publishers Distributors, p.83.
85. Ibid., p.167.
89. Ibid., p.132.
90. Ibid., p.136.
91. Ibid., p.142.
94. Ibid., p.156.
95. Ibid., p.158.
96. Ibid., p.164.


100. University Grants Commission (2006), Higher Education in India Issues, Concerns and New Directions (2006), University Grants Commission, New Delhi, December, p.56.

101. This included Pathshalas (Gurukula Ashrams) of the Hindus, monasteries (Viharas) of the Buddhists and Madrassas of the Muslims.


104. Sujit Kumar Choudhary, op cit., P. 9.

105. http//www.ugc.ac.in, accessed on 23/03/2011 at 11.30 p.m.

106. Krishna Kumar (1996), Democracy and Education in India, New Delhi, Radiant Publishers, p.34.


113. Sujit Kumar Choudhary, op cit., p.19.

114. There is a high participation of private sector in higher education in terms of the share in the total number of institutions in countries like Chile, Japan, South Korea, Malaysia, Brazil, the Philippines, Georgia, Mexico, Thailand and the US.


117. University Grants Commission (2006), op cit., p.56. (A vast majority of universities and other degree awarding institutions are not even eligible to receive any kind of grants from the UGC).

118. Sujit Kumar Choudhary, op cit., p.23.


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122. Some of these programmes are National Technology Mission, District Primary Education Programme, and Nutrition Support for Primary Education, National Open School, Mid- Day Meal Scheme, Sarva Siksha Abhiyan and other state specific initiatives.


126. Ibid., p.136.

127. Ibid., p.138.


133. Historically, education emerged out of the social needs and even though it was privately managed and financed, profit had never been the motive for financing education. It had always been guided by social concerns. Later, the government took over the major responsibility of financing and managing education on the premise that growth of education leads to a large-scale externalities or economic benefits to the society.

134. Sukhadeo Thorat *op cit.*, p.69.


