

# RGICS

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## RGICS ISSUE BRIEF

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### **Entry of Foreign Universities: From Privatization to Commodification of Higher Education**

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## Entry of Foreign Universities: From Privatization to Commodification of Higher Education

### Key Messages

- 1- **Commercialization of Higher Education:** Currently private education providers in India are not allowed to make profit and share dividend. However, allowing foreign universities to earn profit would create strong base for Indian private higher education institutions to demand for it. The commercialization of education services through this move would adversely affect million of students studying in private institutions as the cost of education will go up. According to MHRD data more than 63% of student in HEIs are enrolled in private aided and unaided institutions.
- 2- **Exclusion of Socially Disadvantaged:** Commercialization of education would hit hard students from disadvantaged castes and tribes. Reservation in higher education for this section of society helped people to study in higher education institutions. According to a study as many as 26% male and 35% female students from India's most disadvantaged caste and tribes in 245 engineering colleges would not be there without reservation<sup>1</sup>. Commercialization of education services would deprive these young students from quality higher education.
- 3- **Exclusion of Economically Disadvantaged:** Higher cost of privatized education itself is big hurdle in escalating higher education GER. According to NSS latest report 16.6% men and 9.5% women in the age group of 18-24 years are forced to discontinue their education because of financial constraint. If these institutions are allowed to treat education as commodity, the share of such disappointed aspirant young people will go up.
- 4- **Separate Education System for Elites:** It would create a separate education system for social and economic elites of this country because foreign institutions running in profit mode would cost high for common citizens.

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<sup>1</sup> <http://www.indiaspend.com/cover-story/how-reservations-help-disadvantaged-caste-students-get-higher-education-88852>

## Entry of Foreign Universities: From Privatization to Commodification of Higher Education

### Introduction

The NDA government is making concerted efforts to help the entry and operation of foreign universities in India. The UPA-II government in 2011 initially pushed this policy proposal, but it could not materialize. It generated much debate and several political parties, ironically including BJP opposed this move. The question, which then arises is whether the NDA government is planning to implement the same policy which it opposed or is the proposed policy different in any fundamental way. This brief note is an attempt to highlight those differences and their implications.

### Why Foreign Universities are Interested in India's HE?

The MHRD in 2013 reportedly claimed that at least 20 foreign universities- mostly from United States of America, Australia and Canada expressed their desire to open campuses in India. According to the report, Duke University, California Institute of Technology and Virginia Tech are among these interested universities<sup>2</sup>. The increasing interest of foreign universities in India can also be understood from their rapid growth in India. According to a report of the Parliamentary Standing Committee on MHRD as of 2010 a total of 631 Foreign Education Providers were operating in India. These universities are operating in various ways which includes distance learning, programmatic collaboration with local institutions and collaborative arrangement with Indian universities. According to the report, number of foreign education providers had increased from a mere 144 in 2000 to 631 in 2010<sup>3</sup>. It means the number of foreign education providers in India had increased by more than 338% in the previous decade.

The exceptional growth of foreign education providers in India is a clear indicator of the growing interest of Indian students in foreign universities. In last two decades, the number of Indian student flying abroad for higher education has also observed tremendous growth. According to a report of MHRD and UNESCO published in 2014, India accounts for 4.7% of the total internationally mobile student worldwide. India is the second largest source of foreign students in the world after China (17.3%). According to the report, in 2012, 1.89 lakh Indian students were enrolled in higher education institutions abroad. The enrollment of Indian students in higher education institutions abroad has increased from 0.39 lakh in 1995 to 1.46 lakh in 2005 and 1.89 lakh in 2012. Indian foreign students are dispersed in around 50 different countries, but around 85% of students were concentrated in six countries: USA, UK, Australia, Canada, UAE and New Zealand. Despite high magnitude of Indian students studying abroad, it represents less than one percent (0.7%) of total enrollment in higher education in India.

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<sup>2</sup> <http://www.livemint.com/Politics/95uWiRa3RsjewIKYLSB9II/Foreign-universities-allowed-to-operate-in-India.html>

<sup>3</sup> [http://www.prsindia.org/uploads/media/Foreign%20Educational%20Institutions%20Regulation/Foreign%20Universities%20Bill%20\\_SCR.pdf](http://www.prsindia.org/uploads/media/Foreign%20Educational%20Institutions%20Regulation/Foreign%20Universities%20Bill%20_SCR.pdf)

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**Table 1: Top ten sources of internationally mobile students worldwide, 1995, 2005 and 2012**

1995		2005		2012	
Country	Number	Country	Number	Country	Number
China	115871	China	403128	China	694365
Republic of Korea	69736	India	146267	India	189472
Japan	62324	Republic of Korea	100895	Republic of Korea	123674
Germany	45432	Japan	64291	Germany	117576
Greece	43941	Germany	64263	Saudi Arabia	62535
Malaysia	41159	Turkey	53402	France	62416
India	39626	United States	50850	United States	58133
Turkey	37629	France	49177	Malaysia	55579
Italy	36515	Morocco	46009	Viet Nam	53802
Hong Kong	35141	Canada	43335	Iran (Islamic Republic of)	51549
<b>Total</b>	<b>1702788</b>	<b>Total</b>	<b>2830788</b>	<b>Total</b>	<b>4009312</b>

Source: Wit (2008: 33–34) for 1995 and UNESCO Institute for Statistics (UIS) for 2005 and 2012

Courtesy: MHRD, 2014

The recent report of T.S.R. Subramanian Committee on New Education Policy claims that around 3 lakh Indian students study abroad. According to the committee report, these students spend around Rs. 60,000 crore per year. This small fraction of students (less than one per cent) spend twice the amount allocated in the Union budget for higher education and nearly 20 times than what the Indian higher education institutions spent on research collectively<sup>4</sup>(see table below). India's public investment in higher education remains very low, due to which it has not seen any radical growth in last few decades. However, education has now become one of the fastest growing 'market' which the private sector has invested in due to the huge demand-supply gap. The lack of public institutions and increasing demand for higher education services has created a space for private investors in education. According to a report of auditing and consulting firm 'EY' the market of Indian higher education worth around Rs. 46,000 crore and expanding by 18% annually<sup>5</sup>.

Comparison of Estimate Expenditure on Higher Education		
Estimate Annual Expenditure by Indian Student enrolled in foreign universities*	Annual Union Budget Estimate for Higher Education (2016-17) <sup>\$</sup>	Annual Budget Estimate on Higher Education (Centre and State combined) (2013-14) <sup>#</sup>
Rs. 60,000 Crore	Rs. 28,840 Crore	Rs. 47,660 Crore

Source: \* TSR Subramanian Committee Report on New Education Policy, \$ Union Budget of MHRD 2016-17, # MHRD report on budget expenditure on education- 2015

Both the foreign education and private education providers in India are keen to tap this rapidly growing market of higher education. For the foreign education providers the increasing interest of Indian students in foreign degrees is an added advantage. Ever since the discussion on allowing entry of foreign education providers started in India, the issue of profit

<sup>4</sup> <http://nuepa.org/New/download/NEP2016/ReportNEP.pdf>

<sup>5</sup> <http://www.livemint.com/Politics/95uWiRa3RsjewIKYLSB9II/Foreign-universities-allowed-to-operate-in-India.html>

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and repatriation of profit by such institutions has also been a point of discussion. The opinions on this issue are divided, many people think that allowing foreign education providers to repatriate profit would encourage foreign universities to invest in India. Contrary to this, some people think that allowing foreign universities in India with a profit motive would end in commercialization of education. The UPA-II government had claimed that many foreign universities are interested in India even if they were not allowed to generate and repatriate profit.

### How UPA Government Approached the Issue of Foreign University Regulation?

The UPA-I government initiated a discussion on regulating entry and operation of foreign universities in India. The decision of allowing foreign universities to set up their campuses in India was questioned by various people and stakeholders. Major questions were around accountability, national interest, motive of interested foreign universities and overall purpose of inviting them in India. Under the leadership of the then minister of MHRD Mr. Kapil Sibbal, the UPA-II government took it forward in the form of proposing a regulatory framework. The then government introduced 'The Foreign Educational Institutions (Regulation of Entry and Operation) Bill, 2010' in Lok Sabha on 1<sup>st</sup> August 2011 with an objective to develop a regulatory framework for the entry and operation of foreign universities in India. The objective statement of the Bill reads, "*The enactment of a legislation regulating entry and operation of all the foreign educational institutions is necessary to maintain the standards of higher education within the country as well to protect the interest of the students and in public interest.*" The Bill attempted to answer major questions raised by the people and stakeholders. However, the Bill could not be passed in the Parliament because of stiff opposition from Bhartiya Janata Party, Left Parties and Samajwadi Party. Major provisions of the Bill were as follows:

- **Recognition of Foreign Education Provider:** The Bill had proposed to regulate entry and all forms of operation (independent functioning, twining or collaboration with Indian universities) of foreign universities in India. It had proposed to develop a mechanism handled by the UGC to recognize foreign education providers interested in offering educational services in India. In order to ensure authenticity and credibility of foreign universities, they were supposed to route their application for recognition through their respective embassies and high commissions in India.
- **Role of Indian Regulatory System:** The Bill had proposed to give academic autonomy to the foreign universities in India, but they were expected to be under the supervision and control of the Indian regulatory system as any other Indian university. It had proposed regular monitoring of operations of such foreign universities by UGC. The purpose of the proposed Bill was merely to define the terms and conditions for allowing entry of foreign universities in India. In addition to the conditions laid down in this Bill, all foreign education providers were expected to abide with law of land as any other university.
- **Quality of Education:** One of the purposes of the Bill was to allow foreign universities to award foreign degree in India itself. The Bill had expectation from the foreign education provider that they would deliver world class education services within the terms and conditions set by the Indian government. The Bill on issue of quality of education reads as follows:

*"A foreign education provider shall ensure that the course or programme of study offered and imparted by it in India is, in conformity with the standards laid down by the statutory authority, and is of quality comparable, as to the curriculum, methods of imparting education and the faculty employed or engaged to impart education, to those offered by it to students enrolled in its main campus in the country in which such institution is established or incorporated."*

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- **Revenue Generation and its use:** The Bill had discouraged earning profit from operation of foreign university in India. The foreign education provider was not allowed to repatriate and invest in other non-educational activities any surplus fund that it generated. Universities were expected to use surplus (if any) in the growth and development of educational institutions established by them in India.

The UPA government could not pass the Bill in the parliament because of two major reasons. One there was no political consensus on the Bill across the party line and second, the then main opposition (BJP) did not allow the parliament to function the last few years of UPA-II government. Meanwhile, the Parliament referred the Bill to the standing committee for in-depth discussion and deliberation. The committee headed by Mr. Oscar Fernandes unanimously recommended for the passage of the Bill.

### Approach of NDA Government

#### **A deliberate push for commodification of higher education**

The PMO is interested in taking forward the UPA's proposal of allowing entry and operation of foreign universities in India. It was reported that around a year ago, the Prime Minister, Mr. Narendra Modi had a meeting with senior officials of concern ministries and agencies to explore possibilities of allowing foreign universities to operate in India. It has also been reported that the Prime Minister asked officials to identify reasons because of which it did not materialize during the UPA period. The NITI Aayog was given the special task to suggest ways by which government can allow these universities to operate in India. This issue has been taken up on various platforms since then, which shows that the current government is seriously pushing it forward. However, according to media reporting on this issue, it seems that the NDA government has substantially changed the purpose of allowing foreign education providers in India. The PMO in its first meeting with officials in early June 2015, stressed on looking at this issue within the context of 'Make in India'. The focus is on making India a hub for exporting education. A note of Union Ministry of Commerce in November 2014 expresses this idea. The note reads, campuses of foreign universities "could also attract foreign students and promote India a hub in Asia for quality higher education and thus increase India's education services exports." This shift in policy discourse brought in by the NDA government has been observed in following official development in last two years.

#### **The NITI Aayog's Proposal:**

NITI Aayog was asked for suggestions on this proposal to allow foreign universities to operate in India. . NITI Aayog submitted its report to PMO and MHRD on this issue in April 2016. In its report, the Aayog observed that the cost of setting up an institution of higher education for Indian government is very high. To decrease that burden and meet increasing demand of quality higher education services, foreign direct investment (FDI) in higher education is needed. The report suggested following three options in which government can allow entry of any foreign university<sup>6</sup>.

- 1- A new law to regulate the operation of such universities in the country;
- 2- An amendment to the UGC Act of 1956 and deemed university regulations to let them in as deemed universities;
- 3- Facilitating their entry by tweaking UGC and AICTE regulations on twinning arrangements between Indian and foreign institutions to permit joint ventures.

<sup>6</sup> <http://indianexpress.com/article/india/india-news-india/allow-foreign-university-campuses-niti-aayog-2755773/>

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### Opinion of Ministry of Commerce:

Few months after the NDA government took over, the Union ministry of commerce prepared a short note on opportunity for education service export for India. A note prepared by the 'Trade Policy Division' of Ministry of Commerce dated 22 November 2014 reads as follows:

*"There is a huge opportunity for Foreign Universities to set up campuses in India, thereby saving billions of dollars for the students traveling abroad. In fact, this would be a win-win situation for both sides since foreign Universities would get a chance to expand their markets and Indian students would get world class higher education at a fraction of the cost in Foreign Universities located in India (saving on foreign exchange). Further, these institutions could also attract foreign students and promote India a hub in Asia for quality higher education (Mode 2) and thus increase India's education services exports<sup>7</sup>."*

The note has criticized the Bill proposed by the UPA government for not allowing foreign investor in higher education in India to repatriate and re-appropriate their profit. The note of the ministry suggested that foreign universities in India be allowed to operate as a profit making business. The note also recommended that the universities should be allowed to repatriate profit.

### Draft New Education Policy, 2016:

The draft new Education Policy, 2016 released by the MHRD in the end of June 2016 has also repeated the need of allowing foreign universities to operate in India. The policy provision reads as follows:

*"Selected foreign universities, from the top 200 in the world, will be encouraged to establish their presence in India through collaboration with Indian universities. If required, steps will be taken to put in place an enabling legislation. Rules/ Regulations will be framed so that it is possible for a foreign university to offer its own degree to the Indian students studying in India, such that these degrees will be valid also in the country of origin<sup>8</sup>."*

However, the draft policy document is silent on profit and repatriation of profit by the foreign universities.

### SEZ for Foreign Universities:

Moving ahead in the direction of commercialization of education the Union Ministry of Commerce has reportedly suggested to the MHRD to allow foreign universities in Special Economic Zone (SEZ). In its latest communication in July 2016, the union ministry of commerce has suggested to the MHRD that this move would skirt numerous restrictions placed on such institutions under Indian law. SEZs are territories where India's domestic tariffs do not apply and companies located in these areas have to pay export and import taxes to transact with the rest of the country. Allowing foreign universities to set up their campuses in SEZ would convert the operation of educational institution into a commercial activity. This provision would further benefit such institutions to repatriate profit, which is barred under Indian law.

## Arguments Put Forth in Support of Foreign Universities by Governments

<sup>7</sup> [http://commerce.nic.in/trade/EXPORT\\_OF\\_HIGHER\\_EDUCATION\\_SERVICES\\_BY\\_INDIA.pdf](http://commerce.nic.in/trade/EXPORT_OF_HIGHER_EDUCATION_SERVICES_BY_INDIA.pdf)

<sup>8</sup> [http://mhrd.gov.in/sites/upload\\_files/mhrd/files/nep/Inputs\\_Draft\\_NEP\\_2016.pdf](http://mhrd.gov.in/sites/upload_files/mhrd/files/nep/Inputs_Draft_NEP_2016.pdf)

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The UPA government pushed hard for the regulation of entry and operation of foreign educational providers in India.. Sensing the continuous logjam in parliament during 15<sup>th</sup> Loksabha, the then minister of MHRD pushed for allowing foreign universities as section-25 company (company under company law of India, constitute for not for profit). The then government put forth several arguments in support of allowing foreign universities to operate in India. But the opposition parties in the Parliament refuted arguments put forth by the government. Senior leader of BJP and former union HRD minister Dr. Murli Manohar Joshi in one of his statement in 2010 said that the entire process is an attempt to corporatize Indian education. Surprisingly, going back on their stand, the current push for the entry of foreign universities in India by the NDA government is backed by the same arguments offered by UPA in 14<sup>th</sup> and 15<sup>th</sup> Loksabha. Some of the major arguments in the support of entry of foreign universities in India by both governments are as follows:

**1- Need for Regulatory Mechanism:** There is no comprehensive and effective policy for regulation on the operation of all the foreign educational institutions in the country. Due the absence of regulatory clarity, more than 631 foreign education providers (till 2010) in India had found their own ways to engage with students and educational institutions in India. Some of popular ways of engagement are in the form of twinning, collaboration and franchising. The MHRD believes that due to absence of centralized policy for foreign educational institutions, the chances of adoption of various unfair practices have increased. Therefore, the government is in favour of regulating foreign education providers operating in India.

**2- Saving Forex and Earning Forex:** there is high demand for education services of foreign universities amongst Indian students. According to the latest T.S.R. Subramanian committee on New Education Policy, nearly three lakh Indian students are currently studying abroad. According to the report, these students spends Rs. 60,000 crore every year, which is double the amount allocated for higher education by the union government. This expenditure by the Indian students in foreign countries is net loss of forex (foreign exchange) of India. The argument being put forth that allowing foreign universities to open their campuses in India would reduce the number of student flying abroad. This will further reduce in forex loss of India.

The NDA government added another dimension to it. The PMO and Union Ministry of Commerce have expanded the idea of foreign education providers in India. Both the PMO and the ministry of commerce are in favour of developing India as an educational export hub for neighboring and South East Asian countries by allowing foreign universities to open their campuses in India. The NDA government is in view that the move will not only save forex but would generate additional forex if students from other countries avail the educational services provided by these universities in India. However, the Ministry of Commerce has not predicted any estimate regarding forex saving or generation in this matter.

**3- Providing World Class Quality Education to the Indian Youth:** It has been argued that world class foreign universities across the globe are attracting huge number students from different countries because of their quality educational services. Having their campuses in India would satisfy a large number of Indian student's aspiration of having world class foreign degree in India at lower cost.

**4- Meeting demand of more number of Higher Education Institution:** Among the large economies in the world, India has the youngest demographic profile. Youth in the age group of 15-29 years in India constitute over 27% of India's population. The demographic dividend of India is such that it needs lot many new institutions of higher education in coming years. There is huge shortage of quality educational institutions. Various reports of government and independent agencies have revealed that the quality of education in higher education is so poor that more than two third professionals trained by these institutions are not employable. Despite this, successive governments have not shown interest in expanding the network of public higher education system. In fact, the draft new education policy released in June 2016 by the government explicitly says that government will not invest in opening new institutions of higher education. The



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government believes that, the entry of foreign university in India would solve the problem of scarcity of higher education institutions.

### Impact of Privatization and Commodification of Higher Education on Students

The enrollment in higher education in India has seen substantial increase in last few years. In last five years, the Gross Enrollment Ratio (GER) has increased substantially from 19.4% in 2010-11 to 23.6% in 2014-15. Despite this, the Gross Enrollment Ratio remains very low compared to major emerging economies in the world. The increase in number of students applying for higher education and acute shortage of public higher educational institution has led to proliferation of large number of private educational institutions. According to the MHRD data, the share of private educational institutions in higher education has increased from 73% in 2010-11 to 76% in 2014-15. It is disheartening that the public higher education system has only 24% of total institutions of higher education in India and caters to the educational demand of around 37% students. The dominance of private sector in higher education further led to increase in the cost of education. This increased cost of education and unavailability of low cost quality education has adversely affected higher education aspirations of millions of young Indians. The entry of foreign universities in India and allowing them freely to generate and repatriate profit would further deprive students in India.

Statement 4.8: Percentage distribution of currently attending students pursuing different types of education by type of institution

type of education	type of institution	rural			urban			rural + urban		
		male	female	person	male	female	person	male	female	person
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
general	govt.	67.5	72.1	69.6	34.5	38.0	36.1	58.7	62.6	60.4
	private aided	9.5	9.6	9.6	21.4	22.2	21.5	12.6	13.1	12.8
	private unaided	23.0	18.0	20.8	44.0	39.6	41.9	28.5	24.3	26.6
	<b>total (incl. n.k.)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
technical /professional	govt.	28.7	30.6	29.4	22.6	23.1	22.9	25.5	26.5	25.9
	private aided	22.7	18.8	21.4	27.1	26.6	26.9	25.0	23.2	24.4
	private unaided	47.3	50.2	48.2	49.6	49.7	49.6	48.4	50.0	49.1
	<b>total (incl. n.k.)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Courtesy: NSS Report (71<sup>st</sup> Round)

Technical and professional courses in India are relatively expensive. Private institutions have mushroomed in this area rapidly and capture close to two third of total enrollment. According to NSS report (71<sup>st</sup> Round) in the year 2013-14, private institution had shared 74% of total enrolment in technical and professional education. The privatization of higher education has adversely affected poor and disadvantaged people. Some of those adverse impacts on people are as follows:

#### **Commodification of Education and Exclusion:**

The privatization of education has led to commodification of educational services. In last few years, the cost of education has gone up tremendously. The difference of cost of education between government and private institution is huge. Comparing the two NSS report on education published in 2007-08 and 2014, shows that cost of education has increased nearly 100% in just 6 years. According to the reports, the cost of education for general courses has increased from Rs. 2461 per student in 2007-08 to Rs. 6788 in 2014. The increase in average expenditure per student for different types of courses is given below:

#### **Average Expenditure (in Rupees) per student for different types of education**

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(Amount in Rupees)

Type of Education	2007-08	2014
General	2,461	6,788
Technical/professional	32,112	62,841
Vocational	14,881	27,676

Source: NSS report (71<sup>st</sup> round)

The course wise details of private annual expenditure by students explain market dynamics of privatized higher education services in India. Every single course in private sector is being transformed into a commodity with a price. The T.S.R. Subramanian report on New Education policy recently stated that most of these private institutions are offering poor quality education and acting as mere degree shops. According to the NSS report (71<sup>st</sup> round), even for general courses, private institutions are charging more than double of what government institution charge (see table below). Private institutions are able to keep cost of education high, despite restrictions on generating profit and the mandate to distribute dividend.

### Average expenditure per student during current academic session pursuing general courses

(Amount in Rupees)

Type of Institution	General Courses			Technical and Professional Courses		
	Graduate	Post Graduate	Diploma	Graduate	Post Graduate	Diploma-Graduate and above
Government	9,713	12,387	10,981	39,882	39,923	42,069
Private Aided	14,037	17,292	16,519	69,247	65,760	63,867
Private Unaided	20,462	27,080	30,135	85,027	94,842	73,880

Source: NSS Report (71<sup>st</sup> Round)

According to the NSS report on education, the private sector shares around 74% of total enrollment in technical and professional courses because it has market demand. On the other hand, it shares only 39% of total enrollment in general under graduate and postgraduate course. It indicates that the private educational institutions have nothing to do with core purpose of education. Their investment in a particular type of educational services is led by profit oriented business strategy. These courses involve huge money, which would allow institutions to make huge profit.

### Forced to Enroll in Private Institutions:

Successive governments in India have failed to respond rapidly increasing demand for higher education services. Instead of expanding network of higher education institutions, the governments (centre and states) have been outsourcing this constitutional obligation to the private sectors. For millions of students, these highly expensive and most of the time poor quality education remain the only option to pursue higher education.

**Students studying in private institution by reason for preferring private institutions**

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(Figures in Percentage)

Reasons	Graduation and above	Diploma /Certificate courses
Government Institution not available nearby	21.4	20.6
Tried for government institution but could not get admission	31.5	43.6
Better Environment of learning	32.1	24.4
English is the medium of instruction	1.4	1.4
Quality of Education in government institution is not satisfactory	10.2	7.2
Can't Say	3.3	2.7

Source: NSS Report (71<sup>st</sup> Round)

Data shows that the private sector meets higher education demand of nearly 63% of enrolled students in India. The NSS report (71<sup>st</sup> round) attempted to delve into the reasons for such a large enrollment in private educational institutions. Finding of the report shockingly reveals that around 53% students enrolled for graduation and above courses because of unavailability of public higher educational institutions. Short-term diploma and certificate courses have relatively higher demand because of their employable prospect. Data shows that there is huge shortage of public institutions offering these courses. This shortage of public technical institutions has forced a large number of aspirant young students to opt education in private institutions. According to the NSS report, nearly 64% students enrolled for diploma and certificate courses in private institutions are there just because of unavailability of public institutions (see table above). This report reveals that there is a high demand for public higher educational institutions, but successive governments have failed to meet this demand. Furthermore, the encouragement for commodification of education through privatization has also been forcing students to buy 'education' from the market at very high price.

### Privatization of Higher Education a Major Hurdle in Increasing GER:

Low Gross Enrollment Ratio (GER) in higher education has been a big concern in India. Various policy decisions related to higher education in last few years have tried to address this issue. Implementation of such policies yielded some positive results. Data shows that India has made considerable progress in increasing higher education GER in last one decade. According to the MHRD data, the GER of higher education has increased from just 10.0% in 2004 to 23.6% in 2014. However, it remains one among lowest GER in major emerging economies such as Brazil, China, Russia and South Africa. Currently the GER remains as low as 23.6% in higher education. It means only 23.6% of young Indians in the age group of 18-23 years have been accessing higher education services. This number is very small compared to the number of student completing their school education (higher secondary) in the age group of 14-17 years. According to the MRHD data, the GER of students in the age group 16-17 year was 49.1% in 2014. According to this figure, more than half of students in the age group of 16 and 17 years do not enroll for higher education after completing their schooling. The sudden dip in enrollment after higher secondary education is a result of various factors. The NSS Report (71<sup>st</sup> round) attempted to map factors responsible for dropping out or discontinuing education by students. The report has found various reasons behind drop-out and discontinuation of education. Some of significant reasons are: financial constraint, disinterest in education and engagement with domestic or economic activities. Data shows that the financial constraint is one of the major reasons in India. It deprives nearly 23.6% male and 15.2% female in the age group of 5-29 years from education. In the case of higher education, the financial constraint deprives 16.6% male and 9.5% female in the age group of 18-24 years from education (see table below).

### Higher Education: Reasons for dropping- out/discontinuing study

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(Figures in Percentage)

Reasons	Age Group 18-24 Years	
	Male	Female
Not interested in education	8.3	4.6
Financial constraint	16.6	9.5
Engaged in domestic activity	4.0	21.0
Engage in economic activities	41.5	7.3
School far off	2	1.7
Unable to cope up with studies/failure in studies	27	1.9
Completed desired level	18.0	20.4
Preparation for competitive examination	5.2	3.3
Marriage		25.0
Other	3.6	4.8

Source: NSS Report (71<sup>st</sup> Round)

Successive governments have argued that allowing private sector in higher education would lead to higher enrolment. It was with this objective, both state and centre governments have allowed massive expansion of private educational institutions in the last 10 years. It is true that during this period the GER in higher education has recorded a considerable growth. The expansion of private educational institutions made higher education available to a vast majority of people. However, the increased cost of higher education due to the privatization has deprived million other aspirants from education. Had it been more affordable, we would have 16.6% more men and 9.6% more women enrolled in higher education.

### Exclusion of Socially Disadvantaged Communities:

The increase in enrolment in higher education in last 10 years is also a result of reservation for SC, ST and OBC students in institutions of higher education. During this period, reservation in higher education was extended to OBCs. It made higher education accessible to a large section of society, which is socially and economically disadvantaged. A recent study shows that the enrolment of OBCs in higher education has increased from 7.0% in 2001 to 32% in 2014. The study reveals that 74% ST students, 55% SC students and 31% OBC students currently enrolled in engineering degree would not have enrolled without reservation<sup>9</sup>. This affirmative policy helped students from disadvantaged communities to pursue higher education especially in public educational institutions. The policy of reservation for disadvantaged communities is not applicable to private businesses. The proposal of allowing foreign universities to trade in education service as a profit making business would adversely affect students from SC, ST and OBC communities.

The argument of further increasing enrolment in higher education has also been used in favour of allowing foreign universities to operate in India. But, we have now seen that privatization of higher education has excluded millions of young aspirant students. Despite, discouraging private institutions to make any profit, educational services of these institutions are unaffordable to a large section of society. We can well imagine if they are allowed freely to trade in education services, as it is proposed for foreign universities, who would be able to afford. This move of the government would deprive more students from their basic right of education.

<sup>9</sup> <http://www.indiaspend.com/cover-story/how-reservations-help-disadvantaged-caste-students-get-higher-education-88852>

## Entry of Foreign Universities: From Privatization to Commodification of Higher Education

### Conclusion

Various policy developments on the issue of allowing entry and operation of foreign universities in India in last two years indicates that the NDA government has changed the original purpose of regulating foreign education providers in India. There is a clear attempt to commercialize higher education services (a public good). The T.S.R. Subramanian committee on new education policy has explicitly stated in its report that most of the private institutions are selling higher education degrees as a commodity. Experiences of rapid expansion of private higher educational institutions in last two decades, shows that the process has excluded poor and disadvantaged people this country. The proposed policy idea of union government to allow foreign universities to trade in the higher education sector will have serious ramification on India's future. It is a deliberate attempt to transform higher education in a commodity. The commodification of higher education would deprive million of students from socially and economically weaker sections from their basic right of education.

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