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Challenges and Opportunities in Higher Education in the Context of Globalization[1]

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Backdrop

Let me start with a couple of observations. The first relates to an important insight I obtained from a survey that I had conducted I Gujarat decades ago, in 1979, to be precise. The survey was carried out as part of a study for developing a methodology for evaluating the adult education program. While going around the villages in Gujarat along with the survey teams, I had gotten a sense of people's perception about education at that time. It is the people were aware of the fact that educated people got good jobs and had a higher level of living. But they also perceived that the benefits of education would accrue only if they could support the education of their children beyond the threshold level. Since many of the villagers did not have the means to educate their children beyond the threshold level, they saw no point in sending their children to schools at all the depriving themselves of their farm or family help or the income that the children could supplement to their household income.

Much later in 2009-10, I had an opportunity as part of the Thirteenth Finance Commission to visit different parts of the country. I visited many work sites of women workers under the Mahatma Gandhi national Rural Employment Guarantee Act (MGNREGA). I had asked some of the women at random In those work sites located in different states: what they did with the cash that they earned? I got an overwhelming sense that they spent a large part of their earnings in sending their children, irrespective of whether boys or girls, to 'English Speaking private School'. In the process I learned two things: one, what we have today is an aspirational society and two, there has been a huge awareness of education as a means of empowerment and as a means of economic betterment. This perception stood as a stark contrast to what I had obtained years ago as a narrated earlier.

I would also like to flag two other emerging trends particularly in the context of the developed countries. One, due to increasing longevity together with falling fertility, there has been a sharp division between the working young and swelling ranks of pensioners. The other related to the growing gap between the skilled and unskilled. As a leader in "The Economist" (April 26th-May 2nd, 2014) observed: "Across the rich world, well-educated people increasingly work longer than the less-skilled. Some 65% of American men aged 62-74 with a professional degree are in the workforce compared with 32% of men with only a high school certificate. In the European Union, the pattern is similar. The consequences of such a trend for individuals and society are profound".

Keeping these observations in the background, I would like to share some of my thoughts on challenges and opportunities in higher education in the context of globalization.

To begin with, I may mention a few developments that have taken place in the recent past both at the global and domestic levels which have huge implications on the education sector in general and higher education in particular. I would like to discuss some of these major developments and bring

[1] International Seminar on "Development and Modernization : Inclusion and Exclusion DAV College, Yamuna Nagar, February 7, 2015

out their implications on the level and structure of manpower demand and consequent challenges and opportunities in higher education of the country.

WTO and Education

The GATS that is the General agreement on Trade in Services is one of the agreements of the World Trade Organisation (WTO). GATS that covers also education came into force in the beginning of 1995. GATS aims at deregulating international markets in services through successive rounds of negotiations. 'Most favoured nations' and 'national treatment' are two underlying principles of GATS. 'most favoured nations' treatment requires that all countries be treated equally in regard to import or export and 'national treatment' requires countries to treat foreign companies at par with their national counterparts. The idea behind these principles is the creation of an open, global market for services, like education.

GATS recognizes four different modes of supplying services. In the case of education, these would be: (1) Cross-border supply, such as Distance education; (2) Consumption abroad, such as travelling abroad to study; (3) Commercial presence, such as University branch campuses or partnership agreements and (4) presence of natural persons, such as teachers and professors.

Globalization of education has some important implications. Without going into all of them, I would highlight one or two important implications for institutions of higher education in the country. It is that the institutions of higher education in the country today are in competition with each other, with their own respective past and above all with the best of foreign institutions providing opportunities for diverse skill generation as well as promoting excellence. This means that our universities/Institutions have to benchmark themselves with the best of the world. At another level, internationalization of education leading to its 'commodification' and homogenization tends to undermine diversity in contexts, age-old values and traditional knowledge that our communities have bequeathed. This situation is indicative of the nature and character of threats and challenges as well as opportunities that our higher education institutions today have offered.

Service Key Driver of Global Growth and Trade: Indian Presence and Resultant change in the Structure of Demand for Skills

The second development is that world trade in services had emerged as the key driver in the structural change in the world economy.[2] The total world export of service rose eleven times from US $ 396 billion in 1980 to US $1.6 trillion in 2002 to $ 4.4 trillion in 2012. Service exports' share in total global trade grew from 16.7% to 19.6% in the corresponding years[3] Industrialized countries dominate the trade in services and earn surplus in their balance of trade in service vis-à-vis the emerging economies and the least developing countries. Some of the emerging economies led b India have, however, witnessed an increasing role in international trade in services. Some of the emerging economies led by India have, however, witnessed an increasing role in International trade in Services.

The emergence of India as one of the fastest growing economies in the world since the 1990s is to a significant extent due to rapid growth of its service sector. In the last two decades the services sector grew at an average annual rate of 9% accounting for close of 60% of the overall growth of the economy. India's service exports recorded a growth of over 17% and grew two-half times faster than the domestically traded part of the service sector. India now claims 3.2% of the global exports in services as compared to a mere 1.4% in goods.

[2] For further details see, Pritam Banerjee, "Negotiating on Services: An appropriate Approach for India" Presented at Outreach Seminar on WTO and India: Issue and negotiating strategies" Department of Economics, Cotton College, Guwahti, August 11-12-2004

[3] UNCTAD (United Nations Conference on Trade and Development) database)

The most dominant growth in services in India related to information technology and business process outsourcing services. In fact, Indian software exports shot up from USD 40.3 billion in 2007-08 to over USD 65.9 billion in 2012-13 (based on balance of payment data), at an annual average increase of USD 5.12 billion or at an annual growth of 10.3 per cent per year, and now account for almost 60.8 per cent of miscellaneous business, professional, financial and technical services. Its share in India's total services exports declined, to an extent from 46.2 percent to 4.7 per cent in the respective years, due to global slowdown. However, The NASSCOM (National Association of Software and Service Companies) has projected an export target of $ 175 billion by 2020 from the Current level of $ 47 billion. Other sectors such as telecommunications, financial services, community services and hotels and restaurants have also surpassed the growth of GDP.

The NASSCOM has also projected that the present level (2013) of employment at 3 million is expected to increase ten times to 30 million (direct and indirect) by 2020.[4] The IT and IT services would require 3.8 million new entrants per annum.

Structural change in the Indian economy as well as its comparative advantage in services in world trade suggests a change in the structure of demand for skills. This means that skill requirement has to be tune with the fastest growing service sector of the country.

Demographic Trend and Manpower Demand

The third development relates to the changing demographic profiles of the developed countries and, to an extent, in countries like ours that would has important implications on the job market.

The economic success of the western industrialized countries has impacted the choice and attitude of the households with rising demand for labour, wages and employment opportunities. At the same time labour saving gadgets have made household chores simpler, easier and less time consuming. This has made possible for women to have wider choices for engagement outside the home. The process has moved the furthest in the advanced countries leading to increasing independence of women, the breakdown of the traditional division of labour between sexes and replacement of traditional joint family system by nuclear family. This process is visible even in countries such as ours in the form of dissolution of the extended/joint family system.[5]

As more and more women have taken up jobs while the traditional support structure for child-bearing and rearing has crumbled, birth rates in rich countries have clumped as is happening in the better off segment of urban India. In a very few advanced industrial countries today, the total fertility rate i.e. the number of children born to an average women during her reproductive age span in above the replacement level of 2. In the U.S. the total fertility rate is hovering around the replacement level of 2 (1.9 in last two years) due to very high Latino fertility rate of 3 and a black fertility rate of 2.4. But in countries like Japan and Italy it has averaged at 1.4 in the past five years. In the high-income countries as a group, the total fertility rate has plunged to 1.7 during the same period from 2.25 a quarter certury ago (1970-75).[6] Even in India it has fallen to 2.6 in 2011 from 5.3 in 1971.

Increasing longevity accompanied by falling births has drastically altered the age structure. In high income countries together, the population above 65 years is projected to rise to 17.7% in 2015 from

[4] NASSCOM (2013)' perspective 2020: Transform Business, Transform India' This outlines roadmap for the Indian Technology and Business Services Industry and the Report is based on the research conducted by McKinsey & Company.
[5] For detailed discussion of the point, see Ashok guha, "The WTO and our Role in the World Economic of the Future", Outreach Seminar: WTO and India: Issues and negotiating strategies, Department of Economic, Cotton College, Guwahati, August 11-12-2004.
[6] UNDP, Human Development Report 2004-05 Demographic Trends PP-152-155

14.6% in 2002 while that below 15 years is expected to fall to 16.6% of the total population from 18.3% in respective years.[7]

In India the population above 65 years will be relatively low at 6.3% (4.8% in 2011) in 2015 though rising from 5.1% in 2002 while 27.7% (32.9% in 2011) of the total population will still be under 15 years. This demographic trend in India vis-avis high income countries' highlights the fact that the advanced countries are aging fast while India is young with more than two-thirds (68.0%) is below the age of 35 in 2011.

The aging population in the west means growing burden of old age support. A declining working population will have to provide for the growing size of retirees. But the elderly has claim on current output through social security and pensions as well as through their ownership of largest part of the nation's wealth. While they would have adequate rent income and social security and pension provisions, they would demand various types of services that the shrinking working population will not be adequate to supply. The west thus will have to look to the young nations not only to provide the support service of the aging population of the west but also to sustain the present level of activities.

This demographic trend clearly indicated the nature and types of manpower that will be in greater demand globally in future.

Emerging Role of Knowledge Intensive Activities

It is widely perceived that knowledge has emerged as a source of societal transformation and wealth creation. India has the second largest pool of English speaking manpower in the world and the third with respect to scientific and technical manpower. Information Technology 9IT) and IT Enabled Services (ITES) employed 2.5 million professionals directly and 8.3 million additional employment indirectly till 2012 as per NASSCOM estimates. The number of technical personnel at all levels is growing at a fastpace. They have made notable achievements in the fields like agricultural science, space, oceanography and technologies. India has vast biodiversity capable of supporting rapid advances in the highly promising field of Biotechnology. To leverage on all this, the planning Commission constituted a task force in 2000 'to prepare a road map that would make India a major knowledge power within this decade".[8]

The Task Force aided by a steering Committee under the chairmanship of the former president of India, Dr. A.P.J Abdul Kalam and distinguished scientists like Dr. R.A. Mashelkar notes: The twenty first century will be century of knowledge. It states the characteristic of a knowledge society as follows:

1. It uses knowledge through all its constituents and endeavors to empower and enrich its people.
2. It uses knowledge as a powerful tool to drive societal transformation.
3. It is a learning society committed to innovation.
4. It has the capacity to generate, absorb, disseminate and protect knowledge and also use it to create economic wealth and social good for all its constituents.
5. It enlightens its people to take an integrated view of life as a fusion of mind, body and spirit."[9]

The Task Force has identified three key drivers of a knowledge society they are: one, societal transformation for a just and equitable society: by focusing on education, health care, agriculture and

[7] Ibid.
[8] Government of India, Planning Commission, (2001), India as Knowledge Superpower-Strategy for Transformation, New Delhi.
[9] Op.Cit. p.1.

governance: two, wealth creation by focusing on technology related areas such as IT and communication, Biotechnology, Space Technology, Materials Technology and Oceanography and on service areas such as disaster mitigation, weather modification, telemedicine, tele-education, native knowledge products, information, infotainment, conventional and non-conventional energy and Environment and Ecology and three, protection of knowledge, "not only the one generated in research laboratories but also its traditional knowledge generated by our communities over centuries in laboratories of life."[10]

The thrust articulated by the Task Force underscores the kind of skills that would have growing demand. Recognising this trend, a large number of institutions have come up in the recent years largely at the private initiative to generate skills that are growing in demand. Government regulated universities and institutions, have also opened up new avenues of skill generation. A vast majority of them, however, largely for lack of either resources of initiatives or both, have not yet been able to gear themselves to the emerging trends.

Indian Realities and Options

Globalisation that has swept the entire world particularly since the last decade of the twentieth century has thrown up great challenges to higher education in India. For one thing, there existed inadequacies in the coverage and content of higher education during the colonial period. Added to it, was the fast growing aspiration for higher education in the development process in the post independence era. For the other, the integration of the Indian economy with the rest of the world has spurred the demand for a wide variety of skills that the erstwhile institutions of higher education did not envisage to impart.

Despite the Indian higher education system being one of the largest in the world, it is grossly inadequate to educate all the youths numbering 121.2 million or 15 percent of the population in the age group of 17-24. This could cover only 25.9 million or 17.9 percent of 121.2 million youths in the age group of 18-22 in 2011-12. It is remarkable that China could extend higher education to 29.3% of its population in the same age group in 2009.

One projection estimated that India would need by 2011, 344 conventional universities as against the existing 178 in 1997 or 256 in 2001, 12,695 Arts and Science College as against 6759, 778 Engineering colleges against 418, 1231 Medical colleges against 655 and 1375 Technical training colleges as against 697.[11] However, India already had 620 universities in 2012 which include 298 state universities, 130 deemed, 44 central and 148 private universities.

While the need is so large, public expenditure on education, though rose from 1.2% of Gross Domestic Product in 1950-51, was barely 3.1% of the country in 2012-13 (BE) as against the recommended 6% by the Education Commission way back in 1964-66. Even with 12.2[12]% of the total expenditure under education being allocated for higher education-down from 50% in British India-public investment on higher would fall short of the rising needs. On the other hand, students fees that contribute less than 5% of the total expenditure on higher education do not supplement the needs significantly.[13]

In the recent years primary education has rightly received greater attention of the government and higher education has been treated as non-merit goods. Two important findings have led to treating higher education as non-merit goods. First, the rate of return to investment in primary education (estimated for the period 1971-1982) in found to be much higher (20%) than that in higher education

[10] Ibid.
[11] Op.cit. p.11.
[12] Analysis of budget expenditure on education 2009-10 to 2011-12.
[13] Ibid.

(at only 11%).[14] Again, both social and private rates of return to investment in primary education as worked out for Asia are almost double those in higher education.[15] This has motivated the government to withdraw subsidies slowly for higher education. The other is that higher education particularly those relating to growth oriented institutions such as IITs and IIMs benefited more the smaller segment from the higher income groups who have affordability.

Such perceptions coupled with the shift in the economic policy to a market driven system has titled the focus of government to primary education thus leading to its lesser involvement in higher education. At the same time the massive expansion of higher education institutions in the post independence period even if it falls far short of the required level, is of the order that the public sector cannot provide adequate resources.

On the other hand, the shift to the market derive system and to the integration of the Indian economy with the global system calls for continuous modernization and upgradation of technology for competitive development, which is turn demands a vast educated, and skilled workforce within a minimal time frame. Globalisation through cultural integration has also facilitated newer choices in numerous spheres that require products of education and training of higher order in diverse spheres ranging from leisure industries, fashion industries to various luxury products and their servicing.

It follows that demands on higher education that technology, the market economy and globalisation have put, are far beyond the resources of public exchequer. What is more, the rigid rule and regulation based higher education system under the public sector that has existed, cannot cope with the pace and diversity in manpower demand, leaving aside the issue of quality education. The considerations such as above provide the basic rationale for the private sector to play a greater role in higher education.

Viewed even in the context of India's constitutional and policy framework, the private sector has a role to play in higher education. The Indian constitution promises schools education to all children up to the age of 14 and opportunities of further education even beyond. Right to Education (RTE) Act has provided just that. Up until 1976 education was the exclusive responsibility of the states while the Union government was concerned with the areas such as coordination and standards in technical and higher education. In 1976 it was included in the concurrent list through the 42nd amendment to the constitution. As a result, education came to be the joint responsibility of both the Centre and the states. The National Policy on Education, 1986 and the programme of Action, 1992 also envisage free and compulsory education for all children up to the age of 14. Thus it appears that school education but not higher education has been envisaged as the exclusive responsibility of the state.

However, the Indian Constitution incorporated social and economic equality in the Directive principles of State Policy as one of the goals of Independent India. This has clearly bearing on State's responsibility since access to higher education impacts income distribution.

To meet the ever growing needs for diverse higher education, the government has indeed allowed the entry or private trusts, corporate houses, and individuals to set up 'self financing institutions to provide education as also qualified manpower. The government has also attempted to recover partly or fully cost from the students.

There could be two broad types of private participation in higher education: government aided institutions and self-financed ones. The former adopting usually conventional pedagogy does not have the flexibility and dynamism to meet global standards in providing skills, self-confidence and

[14] The world Bank, Priorities and strategies for education- A world Bank Review 1995.
[15] The social rate of return in investment in primary education in Asia is worked out at 19.9% while the private rate of return is 39%. The corresponding rates of return to investment in higher education are 11.7% and 19.9% priorities and strategies for education-A World Bank Review 1995.

communicative competence. On the other hand, some of the self-financing institutions with financial and administrative autonomy have proved to be capable of providing globally comparable academic and human resource support. Many of them have demonstrated their capability for academic innovations by way of offering enrichment courses, pat-time courses, modular inputs, industry linking and several other things that lead to successful skill generating activities in tune with demand.

But the danger inherent in the self-financing institutions in the commercialization/commodification of education- that is profit being the sole driver. This is not compatible with the core of National Policy on Education that seeks equity and social justice within the framework of secular and social constitution. There is also the danger of mushrooming private institutions without adequate infrastructure and teaching staff and capability.

To avert such consequences, appropriate regulatory mechanism has to be put in place to ensure adequate infrastructure and teaching staff for quality education. At the same time, a creative public-private partnership in higher education has to be forged to ensure dynamism of the private sector, on the one hand and non-exclusivity of the public sector, on the other hand and non-exclusivity of the public sector, on the other. This, however, is easier said than done. In fact, this is one of the major challenges to higher education.

Concluding Remarks

In wrapping up the discussion, I should submit that I have addressed the issues of higher education with a narrow canvas. I have not addressed the issues from the angle of basic objectives of higher education. What I have kept in mind are expectations from investment in higher education such as accessibility, adequacy of manpower needs of development and remaining in the forefront of knowledge.

What I have also been kept in view is the declaration of the UNESCO in the world conference on Higher education on the theme of Higher Education in the Twenty First Century: Vision and Action.[16] It states: "The conference was unanimous in considering that renewal of higher education is essential for the whole society to be able to face up to the challenges of the twenty first century, to ensure its intellectual independence, to create and advance knowledge and to educate and train responsible, enlightened citizens and qualified specialists without whom no nation can progress economically, socially, culturally and politically."

"…Since society in increasingly knowledge-based, higher education and research now act as essential components of cultural, socio-economic and environmentally sustainable development of individuals, communities and nations. The development of higher education must, therefore, feature among the highest national priorities."

It is in this background that I have dealt with the pressing demands on higher education arising from some significant global and domestic developments. These developments have widened the contour of higher education and stressed the thrust on excellence. Fast growing services sector, particularly IT and ITES and India's prominence in the global trade in services has impacted the pattern of manpower needs while increasing integration with the global economy has led to the demand for diverse skills. The rising importance of the service sector has enhanced demand for manpower trained in newer disciplines with focus on relevant skill generation.

At the same time there is a growing need to enlarge accessibility of higher education to cover increasingly large number of youths in the country so as to arrest widening gap between the skilled and unskilled. But the resources available for higher education are not expanding at the required

[16] October 5-8, 198 Para 12 of the declaration.

pace. In a situation such as this, there is a wide scope for private participation in higher education. In fact, it is growing at a fast pace.

In view of growing number of private institutions of unknown and uncertain quality, there is an urgent need for putting in place an appropriate regulatory mechanism to ensure quality education and skill generation.

Rules and regulations governed and resource stressed universities especially in the state sector lack both flexibility as well as means to cope with the growing demand for a variety of skills and quality manpower.

I would like to conclude by saying that opportunities and challenges in higher education in the globalized world are many. But it is crucial for India to address the challenges so to reap the demographic dividends the opportunity for which comes but only once in a nation's life.