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Indian Higher Education: Commodification and Foreign Direct Investment

Rich countries and corporate sector have been preaching that globalisation was meant to benefit all members of the global community and it brought new potentials for development and wealth creation. However, overall globalisation has had a devastating effect on developing countries as the problems of unemployment, inequality and poverty have tremendously increased. It has also adversely affected the life and work of people, their families, and their societies, working conditions, income and social protection, security, culture and identity, and the cohesiveness of families and communities. To date it is estimated that about 40 percent of families in the world survive on less than one dollar per day.

Globalisation is a multifaceted process with economic, social, political and cultural implications for higher education. It poses new challenges at a time when more and more private institutions of higher education are being established and the academic community is generally not consulted in decision-making in education. Such challenges not only address issues of access, equity, funding and quality but also those of national sovereignty, cultural diversity, poverty and sustainable development.

A further and even more fundamental concern, according to UNESCO (2003 Position Paper, Higher Education in a Globalised Society),[1] is that the emergence of cross-border higher education provision and trade in education services bring education within the realm of the market and that this may seriously affect the capacity of the state to regulate higher education within a public policy perspective. Declining policy capacity of the state could *affect weaker and poorer nations and benefit the more prosperous ones.*

In the globalising economy higher education has been brought on the World Trade Organisation (WTO) agenda not for its contribution to development but more as a service to trade in or a commodity for boosting income for rich countries and corporate sector that have discovered education as an industry worth more than a trillion dollars. It is yet to be fully explored and exploited. In this industry education is treated as 'service' with a huge global market in which students, teachers, and non-teaching employees constitute resources for profit making. Here the students are consumers, teachers are expert speakers, the institutions or companies catering to education service are service providers, and the teaching-learning process is no longer for the building of a nation but a business for profit making.

Predatory and powerful transnational corporations are targeting public education, particularly higher education, for profit making. Though pre-dominantly government supported service, most governments are, as a consequence of trade liberalization, withdra-wing from it. During the last one and a half decade, government of India has also been withdrawing from the funding of higher education through extensive privatisation, commercialisation and deregulation.

In the beginning of the last decade,[2] some foreign universities tried to market their higher education programmes in India. Representatives of several countries visited India to market certain percentage of their medical and engineering seats. Some foreign universities have also engaged Indian agencies and firms to recruit students to study in their universities. Others have started franchisee or commercial presence in India by allowing students to be enrolled in India and carry out studies for a part of the period in India and completing the other part of the degree in the institutions abroad. In certain cases even full degree institutions in India for giving foreign university conduct their programmes. Some also have twinning programmes between foreign and Indian universities. Some times concurrent degree programmes, i.e. two degrees in the same period are offered. No conditions of minimum qualification, i.e. percentage of marks, etc. are insisted upon, only 10+2 degree/certificate plus an interview is enough. Quite often the duration for getting degree may also be less than that required in India for the same degree. Some offer programmes through distance mode, through print, computer, television and electronic mode, i.e. the virtual university.

Twenty-first century witnessed unprecedented demand for higher education: general as well as professional. There is an increased awareness among the people, particularly the students passing out of schools, of the vital importance of higher education for socio-cultural and economic development and for building the future and all round development of the society in India. It is an undisputed historical fact that higher education, over the centuries, has been able to induce change and progress in society. This calls for equipping the young generation (17-23 years old) with new skills and knowledge, and further expansion of higher education. However, higher education in India is in deep crisis. It is facing a several-pronged attack from successive Central Governments, its authoritative bodies and the market.

Instead of meeting the demand for higher education and ensuring further growth of the country, the successive central governments, since 1990s – the beginning of the era of globalization, liberalization and privatization, have resorted to this exercise under the dictates of the World Bank and IMF. Higher education in India is being *de facto* commercialised. There are several reasons[3] responsible for it which includes socio-economic policies adopted by the successive union governments, particularly since mid-eighties, the ideological commitments of the ruling classes, proactive role of the judiciary, and vested interest of the business houses. It got legitimacy because of the failure of the State funded education system due to gradual withdrawal of the State in responding to the needs and requirements of the people. It got further boost due to growing choice of the elite, neo-rich and affluent sections for the private sector institutions both local and foreign.

BEGINNING OF THE ONSLAUGHT

According to the National Policy on Education – 1986 (NPE-86),[4] education is essentially for all and fundamental to our all round development. Education develops manpower for different levels of the economy. It is also the substrate on which research and development flourish, being the ultimate guarantee of national self-reliance. In sum, education is a unique investment in the present and the future. Higher education contributes to national development through dissemination of specialized knowledge and skills. It is therefore crucial factor for survival. Being at the apex of the educational pyramid, it has also a key role in producing teachers for the education system. Therefore, it proposed, "in the near future, the main emphasis will be on consolidation of, and expansion of facilities in the existing institutions. Urgent steps will be taken to protect the system from degradation."

The resources were proposed to be raised by "mobilizing donations", "raising fees", "effecting some savings by efficient use of facilities", "levying a cess or charge on the user agencies". The policy document clearly stated that all these measures will "reduce the burden on State resources" and create "a greater sense of responsibility within the educational system." However, it added that the level of expenditure on education would be ensured from the Eighth Five Year Plan onwards to "uniformly exceed to 6 percent of the National Income."

To fulfill the task expected of and the role to be played by higher education, the education was to be free or heavily state subsidized not only at the school level but also at the college and the university levels. Till date "6 percent of the National Income" has never been allocated to education. This is why also 'private schools' flourish while the government schools lack funds and facilities, and elite colleges coexist amidst poorly equipped and housed colleges. Nevertheless, government responsibility for education was the basic principle. Essentially it is this responsibility that was sought to be abdicated as is clear from the prescriptions given by the NPE-86 which have not been in real terms for the "*consolidation of, and expansion of facilities in the existing institutions.*"

THE PRESSURE OF THE WORLD BANK

The National Policy on Education, 1986, was drafted and adopted during the period when the World Bank had been advocating the elimination of subsidies for social services. The World Bank's 'Report on Financing Higher Education in Developing Countries (1986),[5] put the point across sharply that in view of the general shortage of funds, the only way out is for students (parents) to bear a large part of the burden of education costs. It was argued that only the relatively better off students were able to enter higher education; subsidizing those makes for inequality and not egalitarianism; if the same subsidy were shifted instead to primary education, the effect would be towards equality. This had been the old tactic to counterpose one sector against the other. The World Bank had suggested cost recovery from students (parents), educational loans to students desirous of higher education, and pure private educational institutions, which would charge fees sufficient to meet costs and make a profit.

The government took several measures and constituted several committees for the implementation of the National Policy on Education and for gradual withdrawal of subsidy to higher education as dictated by the World Bank. As a consequence, country's growth and development in all spheres and strengthening of national identity was put at stake.

The pressure of the World Bank continued and its document 'Higher Education: The Lessons of Experience' (1994)[6] stated that higher education should not have the highest priority claim on incremental public resources available for education because the social rates of return on investments in primary and secondary education usually exceed the returns on higher education. The World Bank (1995),[7] stated that the benefits of higher education were frequently received by young students from high income families. Therefore, the World Bank put forward a reform package which included, inter alia,

1. Controlling access to state funded institutions of higher education,
2. Creating a favourable environment for private institutions,
3. Recovering costs of education from students,(i.e. several fold increase in fees to be paid by students)
4. Establishment of loans to students who want to continue higher education,
5. Giving institutions enough autonomy, and
6. Establishment of monitoring, accreditation and evaluation mechanisms to verify their performance.

The World Bank has a powerful influence on the political will of governments of those countries,[8] which want international loans. These governments succumb to the World Bank pressure putting at stake the future progress of their countries.

PRIVATE UNIVERSITIES BILL

The Private Universities (Establishment and Regulation) Bill[9] was introduced in Rajya Sabha in August 1995. The statement of objects and reasons of the Bill clearly points out that the private universities will be *"self-financing universities not requiring any financial support from the Government*." These self-financing private universities will provide courses of studies in *"emerging areas of science and technology*" by "making available additional finances." The Bill is still pending in the Parliament. It does not mean that the Government did not want the Bill to be passed because it would have led to the commercial-ization of higher education. It is still pending, because some of the clauses like the requirement of permanent endowment of Rs.10 crores, 30 percent full freeships, and government control and monitoring were not liked by the private sector. Despite the fact that this Bill was still pending, several states established private universities through State Acts in past few years

HIGHER EDUCATION: A NON-MERIT GOOD

It is unfortunate that the policy planners in our country have been surrendering to the World Bank prescriptions in the area of higher education. During United Front Government at the Centre, the Department of Economic Affairs, Ministry of Finance, issued in May 1997 a Discussion Paper[10] on 'Government Subsidies in India'. Taking the same position as that of the World Bank, the Paper stated, a significant portion of subsidies in higher education was being appropriated by the middle to high income groups, because shortages of seats in this sector were being cleared by a quality-based screening in the shape of entrance examination, interview, group discussions, etc., where the poorer sections of society were easily competed out". The Paper characterized that higher education including secondary education was a "non-merit good" for which the government subsidies needed to be drastically cut, from 90 percent to 50 percent in three years, with a further goal of reducing it to 25 percent in another two years. This Paper was rejected due to strong protests by left parties and academia.

Now the UPA Government led by Congress has described the education (other than elementary) as a "Merit-II good" in the Finance Ministry report[11] submitted in December 2004 "Central Government Subsidies in India". This report points out, "While the merit goods deserve subsidization in varying degrees, Merit-I dominate Merit-II in terms of desirability of subsidization." That is Merit-II goods will not be subsidized by the state at the same level as even Merit-I goods.

NDA GOVERNMENT'S AGGRESSIVE INITIATIVE

"Major efforts have been mounted for mobilization of resources and it has been recommended that while the Government should make a firm commitment to higher education, *institutions of higher education should make efforts to raise their own resources by raising the fee levels, encouraging private donations and by generating revenues through consultancy and other activities.* ……If higher education has to be maintained and developed further, the Government will have to step up measures for encouraging *self reliance* while providing a much more massive investment than hitherto." This is what the then HRD Minister, Murali Manohar Joshi of the BJP, stated in the Country Paper[12] 'Higher Education in India: Vision and Action' presented in the UNESCO World Conference on Higher Education in the Twenty-first Century held at Paris, from 5-9 October 1998. Justifying privatization of higher education, he added, "The Government wants to encourage private initiatives in higher education but not commercialization." What we are seeing today is, in fact, commercial-ization of education at all levels. The NDA Government led by BJP was in a tremendous hurry to implement the very same World Bank prescriptions we have been fighting against for the last fifteen years.

BIRLA AMBANI REPORT

Surrendering to the dictates of the World Bank and in order to hurry up the process of privatization of higher education, the NDA government through the Prime Minister's Council on Trade and Industry (PMCTI) constituted a *'special subject group on policy framework for private investment in education, health and rural development'*. The Prime Minister found no experts in the concerned areas but the noted industrialists, Mukesh Ambani (Convenor) and Kumarmangalam Birla (Member) to constitute this special subject group. These two top industrialists submitted their report[13] *'A Policy Framework for Reforms in Education'* to the PMCTI on April 24, 2000. They considered education as a very profitable market. They made a case for full cost recovery from students and immediate privatization of entire higher education with provision of FDI except those areas of education involving "liberal arts and performing arts." Ambani-Birla Report sought to convert the entire system of higher education in the country in to a market where profit making will be the only consideration. Only those who will be able to pay exorbitant amount of fee will enroll in higher education. For Ambani and Birla, education is a very profitable market over which they must have full control and for their industrial requirements "education must shape adaptable, competitive workers who can readily acquire new skills and innovate." In view of this, Ambani and Birla proposed that an appropriate legislation should be enacted "banning any form of political activity on campuses of universities and educational institutions". Even the normal trade union activities were not to be allowed.

MODEL ACT

The University Grants Commission (UGC) issued a Concept Paper[14] in October 2003 entitled "Towards Formulation of Model Act for Universities of the 21st Century in India" with a view *"to prepare the Indian University system for the future."* This Paper advocated *"commercial culture and corporate culture"* for the governance of universities. In addition to already existing traditional functions, the *Model Act*, applicable to all the types of Universities in the country, was to include *"the mobilization of financial resources to become self sufficient"* as one of its objects and would have statutory provisions for raising resources through sponsored research and consultancy for Government, industries and companies, competitive examinations, etc. The concept of the Model Act was to actually implement the plan of commercialization of higher education as proposed by the Birla-Ambani report.

The rules of granting 'deemed to be university' status were modified by the UGC under the NDA government in order to help self financing colleges to come out of the control of the affiliating universities. The conditions regarding fixed endowment, number of years of the functioning and requirement of land were relaxed in case of De Novo institutions in the frontier areas of science and technology. As a result about hundred new deemed to be universities have come up in past few years. A few universities, like Guru Gobindsingh Indraprastha University in Delhi, have been started which affiliate only self financing private colleges.

HIGHER EDUCATION IN INDIA – AN OVERVIEW

Higher education in India is in a miserable condition. Even after 60 years of independence higher education is not accessible to the poorest groups of the population. Hardly 7-8 percent of the population in the age group of 17-23 years is enrolled in the institutions of higher education. It is a matter of serous concern that higher education system in the country is facing deep financial crises. The UPA Government should fulfil its responsibility of re-examining recent policy decisions and the problems of higher education in the country.

While technical education produces technical manpower, it is humanities, social sciences, languages and natural and physical sciences that help in producing all-round citizenry. Therefore, the higher education institutions cannot be treated as a part of *non-essential* sector with the attendant vulnerability to the vagaries of fluctuations in public funding. Higher education thus needs sustained funding from public exchequer.

The first college to impart western education was founded by British in 1818 at Serampore near Calcutta.[15] Over the next forty years, many such colleges were established in different parts of the country. In 1857, three federal examining universities on the pattern of London University were set up at Calcutta, Bombay and Madras. The existing 27 colleges were affiliated to these three universities. Later, more universities were established. At the time of independence in 1947, there were 19 universities and several hundred affiliated colleges.

In 1950-51, there were 3 central universities and 24 state universities.[16] The increase in the number of universities since then has been given in Table-1. It is clear that the number of deemed to be universities shot up by 66 (228 percent rise) from 29 in 1990-91 to 95 in April 2005. Of the 66 new deemed to be universities, 57 came into being after 1999-00. This number rose to 101 with 38 aided deemed universities and 63 unaided deemed universities.

Table-1: Number of Universities

Year	Central Universities	State Universities	Deemed to be Universities	Institutions of National Importance	Private Universities	Total
1950-51	3	24	-	-	-	27
1960-61	4	41	2	2	-	49
1970-71	5	79	9	9	-	102
1980-81	7	105	11	9	-	132
1990-91	10	137	29	9	-	185
As on 27.4.05	18	205	95	18	7	343

Source: CABE Committee Report[16]

The increase of number of general higher education and professional colleges from 568 in 1950-51 to 16,865 in 2003-04 has been given in Table-2. It is obvious from the Table that while 5,180 new colleges were started in forty years from 1950-51 to 1990-91, more than this number, i.e. 5,398 new colleges were started in eleven years from 1990-91 to 2001-02. A phenomenal number of new colleges, i.e. 5,719 were started in just two years from 2001-02 to 2003-04. Thus in thirteen years 11,117 new colleges were started.

Table-2: Number of General and Professional colleges

Year	General and Professional Colleges
1950-51	568
1960-61	1,819
1970-71	3,277
1980-81	4,738
1990-91	5,748
2001-02	11,146
2003-04	16,865

Source: CABE Committee Report[16]

As against the total enrolment of 2,00,000 students in 1950, the present enrolment has risen to 99,53,506 out of which 86.97 percent are enrolled in colleges for UG, PG, research and diploma courses and the rest 13.03 percent are enrolled in universities. While 90.25 percent of the graduate students and 65.47 percent of postgraduate students are enrolled in colleges, only 10.95 percent of research students are enrolled in colleges. Of the total enrolment, 45.12 percent of the students are pursuing their degrees in Arts, 20.44 percent in Science, 17.99 percent in commerce and management. The remaining 17 percent students are doing professional courses in engineering, technology, medicine, law, education, etc. Approximately 22 percent of the students are covered under distance education programmes. About less than one-third of all students are enrolled in unaided institutions. Only 8,000 students are enrolled in 150 foreign education providers with an average intake of little over 50 students.

Table-3: Typology and growth trends of higher education institutions

Type	Ownership	Financing	No. of Institutions	No. of Students
Government Universities	Public	Public	240	1,000,000
Private Universities	Private	Private	7	10,000
Deemed Universities Aided	Private or Public	Public	38	40,000
Deemed Universities Unaided	Private	Private	63	60,000
Government Colleges	Public	Public	4,225	2,750,000
Private Colleges Aided	Private	Public	5,750	3,450,000
Private Colleges Unaided	Private	Private	7,650	3,150,000
Foreign Institutions	Private	Private	150	8,000
Total			18,123	10,468,000

Source: Pawan Agarwal[15]

While the total enrolment appears to be large in absolute numbers, but the enrolment of students in the age group of 17 to 23 years was about 7 percent in 2003-04. This ratio is less than the average of lower middle income countries in the world. Various studies have pointed out that no country could become an economically advanced country, if the enrolment ratio in higher education is less than 20 percent.

While women students constitute about 40 percent of all students, enrolment of Scheduled Caste students is only 11.3 percent and that of Scheduled Tribe students is 3.6 percent. These ratios are far less than their corresponding ratios in total population. The women belonging to Scheduled Castes and Tribes living in rural areas are most disadvantaged and on the whole, both in rural and urban areas, scheduled populations are much behind the others.

There were 4,56,742 teachers in 2003-04, which meant the number of students per teacher has risen from 12.6 in 1965-66 to 21.8 in 2003-04.

EXPENDITURE ON HIGHER EDUCATION

At the inception of planning in the country, India was spending barely Rs. 17 crores on higher education, while the government expenditure alone was of the order of above Rs. 9,000 crores in early years of the present decade.[17] However, this growth was more than offset by increase in prices, and increase in population, more particularly student numbers in higher education.

The Union Government share in the total government expenditure on higher education in India fell from 20.57 percent in 1990-91 to 16.71 percent in 1996-97. It rose to over 26 percent in 1998-99 and 1999-2000 and again fell down to 19 percent in 2003-04. In real terms, the Union Government's expenditure on higher education (in 1993-94 prices), declined from Rs. 646 crores in 1990-91 to Rs. 559 crores in 1996-97. It rose to over Rs. 1400 crores in 1998-99 and 1999-2000 and again fell down to Rs. 1006 crores in 2003-04. As a percentage of the GDP, the government expenditure on higher education was 0.46 in 1990-91 which decreased to 0.37 in 2003-04.

Public expenditure on technical education does not seem to have suffered major fluctuations during the 1990s. It increased steadily from Rs. 753 crores in 1990-91 to Rs. 3182 crores in 2003-04 in current prices. The Union Government shares almost half of this expenditure. A substantial proportion, 42 percent of the Union Government's expenditure is only on IITs. As a percentage of the GDP, the government expenditure on technical education was 0.15 in 1990-91 which decreased to 0.13 in 2003-04.

It is shocking to note that expenditure per student has declined from Rs. 7,676 (in 1993-94 prices) in 1990-91 to Rs. 5,522 in 2002-03. This amounted to a decline by about 28 percent in just twelve years.

Public expenditure on scholarships in higher education decreased from Rs.15.35 crores (in 1993-94 prices) in 1990-91 to Rs.13.49 crores in 2003-04. This expenditure as a percentage of total expenditure on higher education was just 0.49 in 1990-91 and 0.32 in 2003-04. Similarly, public expenditure on scholarships in technical education decreased from Rs.2.72 crores (in 1993-94 prices) in 1990-91 to Rs.2.13 crores in 2003-04. This expenditure as a percentage of total expenditure on technical education was just 0.45 in 1990-91 and 0.23 in 2003-04.

However, we must welcome that after a long time, there is a 34 percent rise in the education budget of the Central Government for 2007-08. Increased budget will mainly cater to the expansion of seats by 54 percent in centrally funded institutions of higher education that has been necessitated by reservation of 27 percent seats to Other Backward Classes without reducing the existing seats for general category.

PROACTIVE ROLE OF THE JUDICIARY

The Courts have played a proactive role in shaping the private higher education in the country. Since early nineties till date, the Supreme Court has been giving conflicting and confusing judgments shifting its position from suspecting private sector to the acceptance of the present reality. The historic judgment of the Supreme Court in *St. Stephens College v. University of Delhi* in 1992 ruled that “the educational institutions are not business houses and they do not generate wealth.” In another historic judgment in *Mohini Jain v. State of Karnataka* in 1992, the Supreme Court ruled the exorbitant fee demanded was in reality a capitation fee with a different tag.

These judgments were followed by another landmark judg-ment[18] in 1993, in *J. P. Unnikrishnan v. State of Andhra Pradesh*, which revisited the right of the State to interfere in the admission policy and fee structure of private professional institutions. The Court ruled that the capitation fee is patently unreasonable, unfair and unjust, and unconstitutional and thus it practically banned high fee charging private colleges, popularly known as capitation fee colleges. It held, among others, reservation of at least 50 per cent of the seats in private colleges to be filled by the nominees of the government or the university as “free seats” on the basis of merit with a fee structure prescribed for government institutions. It called for a common entrance test and the appointment of a committee to fix the fee structure for the rest of the 50 percent that could meet all the expenditure, including that of the free seats, plus leave some profit to the management and the like. The scheme appeared attractive without any problem until it was put into practice. This judgment enabled the growth of capitation fee colleges in the name of self-financing colleges.[19] Thereafter, several other judgments came.

The loot of the students continued unabated. There were bitter struggles in several states on admissions and fee structure. Most notable struggle, bitterly fought and won, was the struggle of students of Maharashtra in the beginning of this decade, led by the Students Federation of India. A number of petitions were filed in the courts and a large litigation process started.

In 2002, a majority of an eleven-judge Constitution bench of the Supreme Court,[20] in *TMA Pai Foundation v. State of Karnataka*, while upholding the principle that there should not be capitation fee or profiteering, argued that “reasonable surplus to meet the cost of expansion and augmentation of facilities, does not however, amount to profiteering.” Further, the restrictions on fees and admission proposed in Unnikrishnan case prevented the accumulation of “reasonable” surplus. Different people interpreted this judgment in different ways. The Supreme Court judgment[21] in 2003 in *Islamic Academy of Education v. State of Karnataka* tried to interpret several questions emanated from TMA Pai judgment. Its order was described by the private colleges as re-incarnation of the dead Unnikrishnan scheme.

The seven-judge bench of the Supreme Court delivered its verdict[22] in *P A Inamdar &Anr. v. State of Maharashtra* case on 12 August 2005. It held that states have no power to carve out for themselves seats in the unaided private professional educational institutions; nor can they compel them to implement the state's policy on reservation. It further held that every institution is free to devise its own fee structure; but profiteering and capitation fee are prohibited. A committee headed by a retired judge was proposed to act as a regulatory measure aimed at protecting the interests of the students. However, the Court allowed up to a maximum of 15 per cent of the seats for NRIs. This was a virtual endorsement of giving a legal license for converting education into a commodity that can be sold in the market to those who can afford it. In a situation where the State is increasingly withdrawing itself from the field of expanding the existing facilities in higher education it is only natural that commercialisation of higher education would follow.

Therefore, it is worth mentioning here once again, as pointed out above, that 5,398 new colleges were started in eleven years from 1990-91 to 2001-02. A phenomenal number of new colleges, i.e. 5,719 were started in just two years from 2001-02 to 2003-04. Thus in thirteen years 11,117 new colleges were started. A vast majority of these included self-financing colleges offering various types of courses. The private professional colleges outnumber public institutions several times over. For example, Andhra Pradesh has, as on date, 240 engineering colleges of which 230 are private self-financing colleges[23] and merely 10 are public institutions. Likewise Karnataka has as on date 122 engineering colleges of which 102 are private self-financing colleges, one is a deemed to be university and 19 are either government or aided colleges. Both the quality and equity are the victims of this growth. Of these very few colleges have adequate infrastructure to impart quality education. It is known to every one that these colleges have been opened for making quick money.

According to the AICTE statistics for 2004, there are 1346 engineering colleges in India[24] in the government and private sector with the annual intake of 439,689 students which rose to 452,000 in 2005-06. However, estimated turn out of graduates from these institutions was only 251,716 in 2006 with more than half of these students passing out from institutes in Tamilnadu, Andhra Pradesh, Maharashtra and Karnataka. The growth of intake and the number of institutions had taken place from 1998 to 2004 during the NDA regime and got further boost after UPA government came to power in 2004.

WTO AND GATS

The General Agreement on Trade in Services[25] (GATS), covered in the World Trade Organisation (WTO), is a legally enforceable agreement aimed at deregulating international markets in services, including education. This is first and foremost an instrument for the benefit of business. It is clear from the preamble of GATS that its main aim is "the early achievement of progressively higher levels of liberalization of trade in services through successive rounds of multilateral negotiations."

The US, the European Union (EU), Japan and Canada are the main forces behind the GATS. Though WTO membership consists of nation states, its agenda is shaped by the transnational corporations (TNCs) of these countries that sit on all the important "advisory" committees and determine detailed policy.

BASIC RULES OF GATS

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

As per Article II, subsection 1 of GATS on "Most Favoured Nations": "each Member shall accord immediately and uncondi-tionally to services and service suppliers of any other Member treatment no less favourable than that it accords to like services and service suppliers of any other country." That is, there should be no *discrimination between the Members of the agreement*.

As per Article XVII, subsection 1 of GATS on "National Treatment": "each Member shall accord to services and service suppliers of any other Member, in respect of all measures affecting the supply of services, treatment no less favourable than that it accords to its own like services and service suppliers." That is once a service provider from a Member country enters another Member country under specific commitments, *it cannot be discriminated from other domestic service providers in the other country*. (Emphasis added)

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

Each Member country will have to make a request offer for a particular service to be a part of the agreement. That is, a Member country can decide which service sector it would like to cover under GATS rule. Therefore, India is also not obliged to open up education under GATS.

FORMS OF TRADE IN SERVICES

In terms of Article I, subsection 2 of GATS, the WTO has defined trade in services in the following four modes:

1. Cross Border Supply: "supply of a service from the territory of one Member into the territory of any other Member." This service in education includes any type of course provided through distance education, or Internet, or any type of testing service and educational materials that can cross national boundaries. When the institution of a Member country A provides distance courses, etc. to another Member country B, then A is deemed to be exporting education service to B.
2. Consumption Abroad: "supply of a service in the territory of one Member to the service consumer of any other Member." This refers to the education of foreign students. When the students of a Member country A move to another Member country B, then B is said to be exporting education service to A.
3. Commercial Presence: "supply of a service by a service supplier of one Member, through commercial presence in the territory of any other Member." This refers to the actual presence of foreign supplier in a host country. This would include foreign universities or providers of a Member country A setting up courses through branches or franchisees or entire institutions in another Member country B. A would be deemed to be exporting education service to B. This mode is also known as Foreign Direct Investment (FDI).
4. Presence of Natural Persons: "supply of a service by a service supplier of one Member, through presence of natural persons of a Member in the territory of any other Member." This refers to when foreign teachers of a Member country A move to teach in another Member country B. A would be deemed to be exporting education service to B.

ALL EDUCATION UNDER GATS UMBRELLA

Article I.3 defines "services" to include "any service in any sector except services supplied in the exercise of government authority;" and "a service supplied in the exercise of government authority" means "any service which is supplied neither on a commercial basis, nor in competition with one or more service suppliers."

That is, only when the services are entirely provided by the government, they do not fall within the GATS rule. For a service to be out of the purview of the GATS rule it has to be entirely free. However, when the services have been provided by the government either partially or some prices are charged (as happens in education in India where some fees is charged) or provided by the private providers shall fall under the GATS rule.

The idea behind this is the creation of an open, global marketplace where services, like education, can be traded to the highest bidder. GATS covers the educational services of all countries whose educational systems are not exclusively provided by the public sector, or those educational systems that have commercial purposes. Since total public monopolies in education are extremely rare, almost all of the world's educational systems fall under the GATS umbrella.

PRESSURE TO REMOVE TRADE BARRIERS

The WTO has identified certain barriers to trade. These barriers/ obstacles include the restrictions on free movement and nationality requirements of students and teachers, immigration regulations, type of courses, movement of teachers, modalities of payments or repatriation of money, conditions concerning use of resources, direct investment and equity ceilings, the existence of public monopolies, subsidies to local institutions, economic need tests, exchange controls, non-recognition of equivalent qualifications, etc. Because services are not objects, barriers to trading services are referred to as non-tariff barriers. The goal of 'free trade' regime under WTO is to get these barriers removed in order to further liberalize the world economy.

The US proposal[26] calls for "an open regime in the education and training sector" and demands "market access, national treatment, and additional commitments" from Member countries who have been called upon to "inscribe in their schedules 'no limitations' on market access and national treatment" and to undertake "additional commitments relating to regulation of this sector."

RECENT PRESSURES AND GOVERNMENT'S RESPONSE

A National Level Meeting of Vice-Chairpersons of State Council of Higher Education, Vice Chancellors and Experts on "Trade in Education Services under WTO Regime" was organized by NIEPA on 11 September, 2001. The meeting expressed concern that "the socio-economic implications of opening the education system globally and making education service for profit needs to be carefully examined. Even making it a full cost paying service has caused social and cultural trauma in many countries including developed countries. Making open to world competition with high cost of education might cause further social-cultural problems. These may be un-manageable in the developing countries and particularly in India. Global competition, full or profit cost pricing of education has several socio-cultural implications and may adversely affect the Constitutional obligations of equity."

National Seminar organized by NIEPA on Privatization and Commercialization of Higher Education held on May, 2, 2006, re-iterated[27] that the "State is primarily responsible for ensuring quality education at all levels and in all regions. This would entail strengthening of public institutions as also their quantitative expansion. It is evidently the obligation of the state to find ways and means of raising public resources for higher education."

Commercialization of higher education can have adverse implications, both in terms of access and equity. Commodification of education, research and knowledge will not serve the long range interests of the nation. It could lead to truncated growth and lop sided development of higher education. Therefore, the NIEPA seminar recommended that "commercialization needs to be controlled."

On Foreign universities, NIEPA seminar stated that the universities "are promoting the process of privatization and fuelling commercialization. Issues like regulation by the various professional bodies to control fees, fine tune quality and suitable legislation for the entry of foreign universities would have to be immediately attended to."

ASSOCHAM – ICRIER Joint Conference on Globalization and Higher Education in India held on 1-2 November 2006, New Delhi, came out with a 27-point charter[28] that "ASSOCHAM would earnestly pursue." Some of the demands are

1. Borderless learning would necessitate a 6-pronged approach of 1. Attracting world class institutions 2. Diversifying the range and modus of PPP 3. Making India an educational destination. 4. Catalyzing education systems of "India Abroad" 5. Devising an India window programme for internship and 6. Promoting distance education in a hybrid model like IT & ITES undertaking a "Marketing Brand India Education Mission".
2. Commercial orientation of educational offerings should be tried as philanthropic approach alone cannot deliver both quality and quantity on the scale demanded in India.
3. Favourable FEP (Foreign Education Providers) regime and setting up more and more model institutions of collaboration (like Oxford Business School on the anvil).
4. Endeavour to try and test innovative models like "SEZ for Universities" for capitalization of knowledge through restructuring of Universities.
5. Higher Education in India has by and large remained one of the most stringently regulated sectors that has only stifled growth with quality. It is therefore essential to re-determine the policy matrix by dismantling the hurdles and barriers, both implicit and explicit. The conducive policy should envisage a judicious mix for growth through private commercial orientation for the affordable and a financing support for the poor.
6. To make teaching an attractive respected and valued profession begin by delinking pay from the UGC scales and letting the market determine the remuneration structures.

7. Passage of a legislation enabling easy setting up of private universities should be desirable in keeping with the recommendations made by Mukesh Ambani Committee.
8. A beginning has to be made by enlisting companies in Higher Education that would work for "Not for Profit" and redeploy their accretions for the growth of the enterprise. This would be a precursor to the opening up of the sector for commercial orientation.

The FICCI Secretary General, Dr. Amit Mitra, while addressing a seminar[29] on "The United States & India: Partners in Education" in New Delhi on 29 March, 2007, said that "the long-term nature of our economic partnership is further strengthened by the convergence based on skills availability in India and *human resource needs of the U.S.* An English speaking, pluralistic society with an open economy that produces graduates by the millions and engineers, and scientists and doctors by the hundreds of thousands, will be a natural long-term partner for the United States in the era of the knowledge economy." Referring to various provisions in the proposed Bill to regulate foreign universities, like FEPs have to obtain No-Objection Certificate issued by the concerned Embassy in India, the fee to be charged and the intake in each course to be offered by a FEPs shall be as prescribed by the AICTE, and only existing Indian institutions recognized by AICTE will be eligible to enter into collaboration/ partnership/twinning arrangements etc. with FEPs, Dr. Mitra called upon getting "the issue of FDI in higher education in India" addressed "appropriately leading to increased opportunity for qualitative collaborations and partnerships between India and USA."

Clearly the Vice Chancellors' meet cautioned the Government of "the socio-economic implications of opening the education system globally and making education service for profit needs". The NIEPA, while re-establishing that "State is primarily responsible for ensuring quality education at all levels and in all regions" called upon the Government to immediately bring "a suitable legislation for the entry of foreign universities" because they were "promoting the process of privatization and fuelling commercialization."

The corporate organizations have been making clear demands of deregulated FDI in higher education. FICCI made its choice clear that it wanted to make closer trade ties in the field of higher education with the United States. The ASSOCHAM is aggressively demanding favourable FDI regime with commercial orientation making India destination for FEPs for a "Marketing Brand India Education Mission". It has demanded SEZ for universities to get huge facilities at cheaper rates and no tax regime so that profits could be maximized, delinking pay from UGC scales so that differential pay structure could be introduced and a suitable legislation for easy setting up of private universities. Only for profits and more profits.

THE APPROACH PAPER

The Planning Commission issued, in June 2006, an Approach Paper[30] to the 11th Five Year Plan titled "Towards Faster and More Inclusive Growth". For the transition towards faster and more inclusive growth, the Approach Paper calls for new initiatives in many sectors including 'education services' and "a more comprehensive restructuring" which actually would lead to privatization and commercialization of education.

Approach Paper points out that India "provides a 24 hour working day to American professionals." Therefore, it recommends to "work through WTO" and full exploitation of private sector initiatives in higher learning for expanding capacity towards human resource development. The entire concept towards education in the Approach Paper is centred around privatization, and appeasing the US lobby interested in education that can be traded as a commodity for profit. That the higher level of education, which ensures quality, quantity and equity, in a country leads to all round development of the country does not figure at all in the Approach Paper.[31]

THE CONSULTATION PAPER

It is expressed all over the world that education policies under the GATS regime are decided by the commerce and trade ministries and not by the education ministry. It is true now in India, and it appears that the Commerce Ministry is under pressure to make commitments in the higher education, as part of adjustments, to secure commitments in other sectors.

The Trade Policy Division of the Department of Commerce, Government of India, in September 2006, circulated a consultation paper[32] on trade in education services titled 'Higher Education in India and GATS: An Opportunity" in preparation for the on-going services negotiations at the WTO. The Consultation Paper, while pointing out the problems of higher education in India, has argued that with a multi-billion dollar industry involving foreign education providers, distance learning and franchisees, "GATS could provide an opportunity to put together a mechanism whereby private and foreign investment in higher education can be encouraged."

According to it, education is generally considered more a merit good rather than a public good. However, this is based on the assumption that "the government steps in to provide education services, because it is 'good' for society. If this assumption is relaxed, education could as easily be considered a private good."

Thus a case is being made to relax the aforesaid 'assumption' in order to shift higher education from the category of even 'Merit-II goods' to 'private goods'. It is further stated that "higher education does display many characteristics of private goods in a number of countries." Thus would lead to further degeneration of our higher education system rather than solving its problems.

Even then the Commerce Ministry recommended that services negotiations (*in WTO*) could be used as an opportunity to invite foreign Universities to set up campuses in India. It further recommended striking "a balance" between "domestic regulation and providing adequate flexibility to such Universities in setting syllabus, hiring teachers, screening students and setting fee levels."

In order to strengthen the case of commercialisation of higher education in India as demanded by the big business, the Consultation Paper even questioned the Indian Higher Education System. It stated, "While India is endowed with a large and growing base of skill professionals (21.4 million graduate workers in 2000), there are conflicting views about the quality of its endowment. According to McKinsey (2005), only 25% of Indian engineers, 15% of its finance and accounting professionals and 10% of Indian professionals with general degrees are suitable to work for multinational companies. The fact that many Indian professionals do not possess the global skill and quality is also evident from the fact that, despite large pool of middle managers available at home, some Indian firms are beginning to recruit them from abroad. The issues concerning scarcity of quality human resource have come out clearly in our consultations with various professional associations and industry bodies, particularly NASSCOM. There is a consensus in these consultations that reforms in higher education are required since this would lead to better human resource development."

EXPORT OF EDUCATION SERVICES

The USA is the largest exporter of education services in the world. The other large exporters are UK, Australia and New Zealand. Developing countries such as India and China are the largest importers of education in the world. According to the Consultation Paper, in 2004-05 the Asian countries had 3,25,000 students in U.S. colleges and universities, including 80,466 from India, 63,000 from China, 53,000 from South Korea and 42,000 from Japan. Further, 15,000 Indian students were enrolled in UK, 22,279 in Australia and 2567 in New Zealand. However, the Indian enrollments in United States dropped[33] from 80,466 in 2004-05 to 76,503 in 2005-06 - a 4.9% drop represented the first decline since 1996-97.

In 2004, nearly 14 per cent of all international students in the US were from India. Education itself generated as much as $13.4 billion in export revenues for the US in 2003. The US has therefore benefited enormously as a result of these revenues, which have come in through Mode 2 (Consumption abroad).

The Consultation Paper therefore asserts that "there is a huge excess demand in India for quality higher education", which is being met by "foreign campuses". Indian students studying abroad keep these "foreign universities going and even subsidizing foreign students". In comparison with 105 lakh students enrolled in higher education institutions in India, a meagre 1.4 lakh students enrolled abroad does not amount to a "huge excess" demand. It is only 1.3 percent! These students could be retained in the country, had the Government invested in the higher education as promised in its National Common Minimum Programme.[34] In any case, the Consultation Paper has clearly shown that India was not spending even as much as was being spent by other South East Asian countries.

NATIONAL KNOWLEDGE COMMISSION

Sam Pitroda, Chairman, National Knowledge Commission (NKC) submitted, in January 2007, annual report[35] to the Prime Minister. The NKC's 'Report to the Nation 2006', which caters to the demands of the big business, has given recommendations regarding reforms in existing public universities, undergraduate colleges, regulatory structure, financing, quality, creation of National Universities as centres of academic excellence and access to marginalised and excluded groups. However, the 'initiatives' or prescriptions provided by the NKC in its Report are contrary to the purpose. These prescriptions are no different than those provided by the infamous Birla-Ambani Report, the Concept Paper for the Model Act for all the universities, ASSOCHAM – ICRIER, FICCI, NASSCOM, etc.

The entire structure on higher education in India presented in the NKC's Report is elitist and will not benefit the vast majority of young people below the age of 25 years. It will decrease the enrolment instead of raising it to 15 percent by 2015. Raising the student fees to 20 percent of the recurring expenditure, financing pattern, private investment, salary differential, regulation by IRAHE with enormous powers, bias against the disadvantaged section of the society, autonomous colleges, elitist National Universities based on commercialization, etc. are retrograde recommendations which will lead to privatization and commercialization higher education in India.[36]

FOREIGN DIRECT INVESTMENT IN HIGHER EDUCATION

It should be noted that Foreign Direct Investment (FDI) in education, including higher education, is allowed in India under the automatic route, without any sectoral cap, since February, 2000. There is no offshore campus of any foreign university in India. There are, however, many foreign universities and education service providers operating in India through twinning programmes. As per the information available at the website of All India Council for Technical Education (http://www.aicte.ernet.in/) accessed on 25 April 2007, in India there are 106 institutions running technical programmes in collaboration with foreign universities and institutions. Of the 106 institutions, only two are approved by AICTE.[37] Neither the rest of the 104 institutions nor the programmes offered by them are approved by AICTE under its Foreign University Regulation.[38]

As per the provision of the AICTE Notification,[39] promulgated on 16 May 2005, on Regulations for Entry and Operation of Foreign Universities/ Institutions imparting technical education in India, every institution, foreign or Indian, has to get the approval from the AICTE. The existing institutions were obliged to take approval from the AICTE within six months from the date of promulgation of this Notification. As per the punitive provisions prescribed in the Notification, "In case it comes to the notice of the Council, that a Foreign University is running diploma or/and degree at under-graduate, postgraduate and research level in technical education in India directly or in collaboration with an Indian partner without obtaining a certificate of registration, Council shall take immediate steps to initiate action under the Indian Penal Code for Criminal breach of trust, misconduct, fraud & cheating and under other relevant Indian Laws." While the AICTE website has listed 104 unapproved institutions having collaborations with over 125 foreign universities and institutions, it has not made known as to whether any action under IPC or any other relevant Indian Laws has been initiated against any institution running illegally.

IMPLICATIONS OF FDI IN HIGHER EDUCATION IN INDIA

It is argued that due to lack of funds investments in public funded institutions is being reduced and it is not possible to increase the number of state funded universities and colleges. Therefore FDI in higher education would solve this problem. Another argument is that since a large number of Indian students go abroad for higher education, by allowing foreign educational institutions opening their campuses in the country will arrest the outflow of Indian students. As a result, a relatively larger number of Indian students would be able to access quality higher education in the country itself which would be relatively much less expensive in terms of fees, travelling costs and living expenses abroad. This would also not allow the outflow of our foreign exchange reserves.

It is also argued that foreign higher educational institutions would create competition with the local institutions enabling them to become internationally competitive. This competition would force the local institutions to change their curricula and respond to the immediate needs of the students. And by this, the degrees offered by these institutions will become internationally comparable and acceptable. Further, the FDI in education would create new institutions and infrastructure and generate employment.

In fact, the FDI in any field does not have an attached objective of fulfilling the social agenda of a welfare state. It is guided by profit and market. If it is not so the investors look for other destination for FDI. Foreign investors aim to increase their profits that lead to commerc-ialisation. In the field of higher education, FEPs would launch courses in frontier areas of science and technology, design courses which the market needs, create false impression about their courses through advertisements, charge exorbitantly high fees for courses which have immediate employment potential.

By their money power FEPs would be able to attract best teachers and financially well off students from local institutions affecting them adversely. Since competition entails reduction in costs, infrastructure, laboratories and libraries would find least investment and also teachers and non-teaching staff being appointed without necessary qualifications on such terms which would be exploitative as is in existence in most private institutions existing even today. Teaching learning process and award of degrees would also not be as rigorous as is required.

FDI would impede the development of indigenous and critical research within our university education system, aggravate the tendency towards commercialization and strengthen the stranglehold of neo-liberal ideas in our academia. The FEPs would be concerned about their profits and not about our culture and society. Therefore the courses which would appreciate and strengthen our ethos would not only be not started by the FEPs, but such courses would get marginalized in public funded higher education institutions also due to competition.

These tactics of the FEPs would also result in local private institutions raising their fee charges to establish competitiveness affecting adversely those students who are studying in local private institutions. The FEPs would tend to repatriate as much profit as possible back home thus accelerating the outflow of foreign exchange from the country. Therefore, the argument put forward by those welcoming FDI in education that outflow of foreign exchange from the country could be reversed has not sound footing.

FEPS: ONLY FOR PROFIT

A survey of advertisements that appeared in 14 national newspapers, between July and December 2000, was organized by Association of Indian Universities (AIU).[41] It showed that the largest number of advertisers (who total 144) are from the United Kingdom (53) followed by Australia (40), the United States (24). While 117 of the institutions were seeking to attract students to their countries, the remaining 27 were offering programs in India. Furthermore, as many as 46 foreign providers were not recognized or accredited in their own countries. Besides, 23 of the 26 Indian partners were not affiliated with any Indian university—an indication that they have entered the academic arena primarily for commercial gain. The programs offered in India are predominantly those in the professional areas of management and engineering. Other postgraduate management programs are in hotel management, healthcare, and tourism.

To promote quality education, the Association of Indian Universities (AIU), in 1999, formulated guidelines covering the grant of equivalence to degrees offered in India by foreign universities. The main conditions laid down were, first, that the Indian institution (partner) had adequate infrastructure and facilities as substantiated by the report of a Review Committee of the AIU; second, that the programmes were implemented jointly by the foreign and the Indian universities, or academic institutions affiliated to them, with both contributing to the academic program in approximately equal measure; and third, that the foreign university gave an undertaking, in the form of a certificate, that the degree or diploma awarded to the student in India would be considered as equivalent to the corresponding degree or diploma awarded by the home university, and that it would be recognized in that country as being equivalent to the corresponding degree or diploma of the awarding university. Only one university had applied for the grant of equivalence. Obviously, the guidelines of the AIU were not acceptable to the foreign providers of higher education.

AUSTRALIAN CONFESSION

Australian higher education system is being largely financed by the foreign students, particularly Indian. Acording to Michael Gillan et al[42] "given the immediate necessity of supplementing rapidly decreasing commonwealth operating grants, the direct financial returns from foreign student fees is of much greater priority than idealized projections of international research or cultural/institutional exchanges."

For this purpose, "overly aggressive marketing practices" are used and "private education agents are employed by most Australian vocational colleges and higher education institutions operating in India in order to identify and recruit potential students and process student applications for academic admission and student visas. Working on a commission basis, there has been a proliferation of such private agents throughout India over recent years representing Australian institutions (or claiming to do so)."

The authors conclude, "Australia is generally seen to be very commercially oriented. There is a perception that Australia benefits from the presence of Indian students but does not contribute any thing to India in return. The quality of Australian education provision receives little recognition in India [Australian International Education Foundation 1998]."

FDI: A MISLEADING MIRAGE

M. Anandakrishnan, Chairman, IIT, Kanpur, and Chairperson, Madras Institute of Development Studies, points out in an interview in *Frontline*,[43] "Even now foreign institutions can come to this country through what is called "the automatic route" under the rules framed by the Foreign Investment Promotion Board. However, in the last 10 years, though about 150 foreign programmes are being offered in India, not one of the foreign institutions has invested any money in this country. Most of them have been offering what are called "twinning programmes", studying partly in India and partly abroad, or are "franchising" their degree programmes for hefty fees, without proper supervision and quality monitoring. These programmes are being offered by second- or third-tier foreign institutions and their motive is only commercial; they have not established any campuses of their own in this country. These institutions have only tied up with private Indian institutions for commercial motives and, that too, not with the best institutions in this country. So, to expect an FDI flow into this country is "a misleading mirage". Even if we assume that an FDI flow will take place, "my own assessment is that it will only be a conduit for laundering the hundreds of crores of rupees earned as black money by private educational institutions in this country."

He goes on to say, "In India, the government has already abandoned higher education to the private sector. Now if the country throws open the field for FDI and if foreign institutions respond, that would only provide an additional excuse for it [the government] further to give up interest in higher education. "Oh, we have provided so many foreign institutions offering [higher education]. Why don't you go there?" This is like asking people who are crying for rice: "Why don't you eat cake?" So, this is the danger implicit in the proposal."

FOREIGN EDUCATIONAL INSTITUTIONS BILL, 2007

The Foreign Educational Institutions (Regulation of Entry and Operation, Maintenance of Quality and Prevention of Commercial-ization) Bill, 2007 was planned to be introduced in the Parliament (Rajya Sabha),[44] in the first week of May 2007. The moment it was learnt, the CPI(M) told the Central Government that the Party would oppose it right at its introduction stage because of its position on the issue of Foreign Universities and Foreign Direct Investment (FDI) in education in India. The Party further said that such a Bill could not be introduced in the Parliament without discussion and the Government agreed to that. Though the Bill has not been introduced in the Parliament, it is necessary to know the provisions of the Bill and understand its consequences.

According to the Statement of Objects and Reasons of the Bill, a number of Foreign Educational Institutions (FEIs) have been operating in the country. Some of them may be "resorting to various mal-practices to allure and attract students, particularly in smaller cities and towns."

According to the Bill, if a FEI wants to start an educational institution independently, it will come under the ambit of this Act. And, if it instead makes a joint arrangement with any recognised institution, the provisions of this Act shall not apply. This is the provision which would be actually used by FEIs to enter India in the field of higher education. This is the provision which would also be used by any unscrupulous recognised private institution of higher education to have joint programmes with FEIs and be outside the purview of this Act and make high profits. There is no provision in the Bill which restricts any repatriation of revenue generated by the FEIs to their countries of origin.

This provision would also encourage public funded colleges and universities, starved of funds, to enter into joint arrangements (collaboration, partnership or twinning programme) with FEIs to start self-financing courses in frontier areas of science, technology and other professions with high fee charges in order to raise resources. Thus, this provision of this Act shall keep those students who cannot afford high fees away from enrolling in such courses. The Central government and UGC have been encouraging the public funded institutions to raise their resources by such means that are commercial in nature. If this Bill is enacted as an Act, the funding agencies might themselves advise the public institutions to enter into arrangements with FEI. This would lead to a drive towards commercialisation of public funded institutions as well.

THE REVIVAL OF MACAULAY

The three universities of Calcutta, Madras and Bombay established in 1857 were in the port cities of India training their human resource to the needs of the labour market. These universities were affiliating and examining universities awarding degrees in different branches of Sciences and Arts. The goals of British imperialism for British Education in India were articulated in 1835 by Thomas Macaulay,[45] Chairman of the Board of Public Instruction, *"We must do our best to form a class who may be interpreters between us and the millions whom we govern, a class of persons Indian in blood and colour, but English in taste, in opinions, words and intellect."*

As the architect of Colonial Britain's Educational Policy in India, Thomas Macaulay was to set the tone for what educated Indians were going to learn about themselves, their civilization, and their view of Britain and the world around them. An arch-racist, Thomas Macaulay had nothing but scornful disdain for Indian history and civilization. In his infamous minute of 1835, he wrote that he had *"never found one among them (speaking of Orientalists, an opposing political* *faction) who could deny that a single shelf of a good European library was worth the whole native literature of India and Arabia".* "It is, no exaggeration to say, that all the historical information which has been collected from all the books written in Sanskrit language is less valuable than what may be found in the most paltry abridgments used at preparatory schools in England".

Thomas Macaulay, in his infamous minute of 1835, was opposed to funding of education and scholarships to students and wrote "it is not the fashion for students in India to study at their own expense." Regarding the teaching of Indian literature and in Indian languages, he was firm that "on all such subjects the state of the market is the decisive test."

The aim of the university system was later redefined towards assimilation, creation and dissemination of knowledge for the welfare of the whole society. Now, 150 years after establishment of these universities which were created to help the British get people trained and suitable for their trade and business, the big business and policy makers are responding to the market demands and marching towards all out commercialisation of higher education in India.

IN CONCLUSION

In a market-model university, departments that make money, study money or attract money are given priority. Heads of universities assume the role of travelling salesmen to promote their programmes. The thinking and attitudes of students, now called consumers, are manufactured and an education system is created that produces standardised people. Thus the whole idea of culture will be threatened as this standardisation eliminates cultural focuses, thoughts, language, and educational themes. No longer will truth be sought, except whatever suits the corporate interests. As this standardisation is institutionalised through international equivalency, the uniqueness of each educational institution will vanish. Therefore, the foreign direct investment in education cannot be accepted and it should be opposed.

In order to strengthen national intelligence, to increase contacts with the scientific and intellectual community of the world, and to increase capabilities and upgrade knowledge for further development, India has no option but to strengthen its public higher education system. The Government must take care of public interests and act to protect public services like health and education from the predatory elements that preach the ideology of the marketplace as the solution to every issue.

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