

# Impact of Economic Reforms on Higher Education System of India

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## Abstract

*The pragmatism of globalization of knowledge has generated an over optimism everywhere. But India faces a graver challenge to the sustainability of higher education. This paper examines the effect of free marketism on higher education of India. It highlights the problems of higher education in the long run and short run. It examines the prospects of higher education and argues that the present educational system thrives on educational dualism. This paper makes out a case for having a sustainable higher education system which will promote value-based education in order to build a knowledge-based society.*

**Key Words:** Economic Reforms, Higher Education, Human Development Index.

## 1. Introduction:

All sectors of Indian economy seem to be growing with economic buoyancy after economic reforms. The impact of liberalization has become very widespread. It has generated an atmosphere of over optimism of instant economic growth. There is expansion of trade, investment, market, and increase in GNP, productivity, per capita income, profit, efficiency, salary etc. Life styles of metro people in developing countries have become more attractive, comfortable and fashionable than ever before. Premature replication of features of the industrially advanced countries is observed in India. The new reform process pursues economic growth to the best of its ability until it is distracted by other issues like education, health and environment. It adopts the rhetoric of all these issues pretty easily. But, with the conservatism at its core, it only tries to adapt to these considerations without giving up its basic goal. It puts over emphasis on economic efficiency and modern urban sector at the cost of the larger society. There is pronounced urban bias and rural neglect in the development process. The hyper growth of consumerism has created the euphoria of advancement. The current trend of free marketism tends to over emphasize 'economic growth'. Economic reforms tend to aggravate and exaggerate the inequality created by economic growth. There is upward trend of growth of the economy without involving the majority of the population or reflecting their needs and requirements. There is hyper growth of the tertiary sector, in which education constitutes the major component. Both first generation and second generation reforms overlook various social objectives such as education, health, social development, gender inequality, regional imbalances etc. It rather runs counter to these objectives by resorting Willy nilly to the trickledownism. It tends to negate and neglect the priorities of the society at large.

## 2. Neo-Liberal Orientation in Education:

The impacts of external funding agencies seem to have been legitimized and accepted for all sectors of developing countries including the social sector. Education as an investment in the social sector is given wide publicity in this decade. These trends suggest a movement towards a neo-liberal economic orientation in which capital and the market (rather than policies and the state) gain hegemony; and ideas of competition, productivity, efficiency and profit, prevail over ideas of equity and social desirability. As the World Bank is

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a major funding agency for many developing countries, it is important to understand the extent to which the Bank's own orientation to decreasing subsidies to the social sector, and promoting market efficiency as a model, have influenced the orientation of the state towards education. The Bank's rationale for investment in the education' is based on many four economic arguments:

- a) Inducing higher rate of returns/Increased productivity by having an educated labour force,
- b) Increasing the flexibility, efficiency and receptivity of labour market, with better quality education,
- c) Raising willingness to purchase and use green revolution technologies and high yielding seeds, and
- d) Enhancing women's education so as to lower fertility rates and increasing women's participation in labour force.

All these are popularly known as the 'human capital' perspective, in which education is regarded as a 'productive investment'. It is quite convincing and logical. Although not stated in such reductionist terms, the education policy of the Government of India has been framed by the same perspective since the 1990s. Similarly there is pervasive informal influence of the World Bank on the educational system of many developing countries including India.

The World Bank has an indirect role in directing this agenda of human capital formation in many developing countries. This was made more explicit in the 'EDUVISION' seminar held in Bangalore. The vice-president of the World Bank, in his key note address highlighted that he visualizes a future where markets will play a significant role in education. He promoted the idea of 'autonomous institutions' as the viable model in the future. Though year-long consultations were reportedly held with several groups of people, these were select invited fora. There was no open forum for engaging with real issues and problems of the education sector. Even the Education Task Force, was completely left out of the entire process. Teachers' associations and unions were conspicuous by their absence at all levels of consultations. It is obvious that there were some closed and selective consultations which produced a consensual perspective. Even a year after its 'release', the 'Eduvision' document, is available only in a draft form, not to be quoted at any occasion. . Supposedly written with contributions by several local consultants, it is largely consistent with the agenda that the World Bank upholds. We find in it, no serious engagement with issues of equity or quality. There is no mention of how the state will address and alleviate the multiple disadvantages faced by a large number of students, and instead recommends further investments in quality improvements and in research and development. Nowhere does the report indicate what per cent of the state's budget must be committed to higher education.

Therefore educational reform has created more a euphoria and fake optimism rather than real quality-improvement in educational system. Opening or closing of a college or a course in the university or research institutes should not depend on the job market indication.( It can be the goal of a training institute or of a polytechnic). But the fate of a subject/degree/college should not fluctuate with the fluctuations in the job market. The subject should not sink or swim in accordance with the degree of buoyancy in the job market. Knowledge-base of the country should not afford to dance according to the tuning of the market. Because knowledge has permanent value. Knowledge is always universal. It is never contextual, temporal, national or regional or personal property. But present educational reform increasingly aims and makes knowledge as a personal property to be patented. On the other hand, it is an irony that it aims at building a knowledge-based society.

Downsizing higher education in India eventually may lead to 'intellectual marginalization' and isolation. It is by design but not by default. Its series of social and economic implications is beyond perception. Because it violates the constitutional obligations of the country. Many types of socio cultural problems arise due to educational downsizing. It is likely to produce an appalling situation in the future. It has made an

orchestrated attack and an offensive strategy against higher education which may precipitate a crisis in future.

That the issue of equity and appropriate policy in education at all levels in general continues to be dodged by the state government in creating frequent crises and tensions that the state faces with different education sectors and agencies. These contradictions are glaring and increasing. It cautions us about the worsening situation that may develop if such externally- funded philosophy are permitted to become the normative form in which state obligations to governance and provisioning of public goods are defined. In the absence of a guiding policy framework, projects promoted by external funding agencies, which now include many private corporate philanthropic ventures, seem to provide the state with its social welfare fig leaf. The extensive media coverage has also become good publicity for the state, donors and private investors. In the context of a fragmented political apparatus, a co-opted media and an indifferent intelligentsia, there is greater need to be more vigilant about such trend and to seek alternatives which will enhance the systemic capabilities of the states. There is an urgent need for higher education to derive from a policy that is built on the norms of democracy, equity and sustainability.

### 3. Privatisation in Education

The Ministry of Higher Education in India has undertaken a series of reformatory measures after globalization. It has been aiming at curtailing subsidy and downsizing higher education through public funding. The Privatization Process, education has become very strong. Private educational institutions are growing very rapidly. As direct disinvesting' the education is not very easy, Government of India is adopting many indirect measures to transfer education safely to the private sector. It has been promoting autonomous colleges and deemed universities and neglecting old universities. It has encouraged and introduced new courses having job marketability. With minor tinkering the courses are revised and credit hours have been increased. In India, the following four steps have been boldly adopted under liberalized regime:

- Complete freeze on recruitment
- Complete ban on creation of new posts
- Abolition of all vacant posts which are vacant for more than one year
- Ad hoc reduction of 10% of total staff strength

These steps are based upon the fifth Report of Expenditure Reforms Commission, March 2001. In fact, the 9th report of Expenditure Reforms Commission emphasizes that "higher education is very important and the Government should take appropriate steps to strengthen it".

The Educational policy and planning of the government of India has generated a very dismal and appalling situation for India. The overall educational index (OEI) of India has remained very low, having the rank of 141 among the comity of nations, while Sweden has the highest rank in terms of educational index in the world. It is seen from table 1.4 that India's educational profile is not very impressive even after privatization. But India seems to be complacent with its euphoric success in producing the larger number of 'cyber coolies' in the process of out sourcing of the western world.

The public educational investment is very low in all developing countries. Countries like USA, Sweden, France and many advanced countries invest 10 times more on higher education. North America has 9 times more teachers, Europe has 5 times and Latin America has 3 times more teachers than India and Thailand. There is persistent lack of commitment of the public sector in India particularly in the education sector.

**Table 1: Overall Educational Index of India**

Countries	Rank	OEI
Sweden	1st	0.99
India	141	0.57
Thailand	70	0.84

The expenditure on higher education in India is only 13 percent of total public expenditure as compared to 27 percent that of Sweden. The comparative picture is shown in table 2 below.

**Table 2: Expenditure in Higher Education**

Countries	PEE/GNP	PEE/Total Expenditure	HEE/Total Expenditure
Sweden	8.3	12.2	27.2
Norway	7.4	16.8	27.9
India	3.2	11.6	13.7
Thailand	4.8	20.1	16.4
China	2.3	12.2	15.6

PEE= Primary education Expenditure, HEE= Higher Education Expenditure

Alternative models, however, the Rastogi Committee observed in 1997, that only about 1/3<sup>rd</sup> of the universities have implemented the CDC reports on different subjects.

The present Higher Educational System (HES) is closing many old courses and neglecting old colleges/universities, which has less or no job prospects. It is encouraging new colleges and new courses having job-market orientation for the urban sector. The academic load and number of papers in various degrees for the students has increased. Donations and courses fees in BT, IT and FT (Bio technology, Information technology and Fashion technology) courses have increased like anything. This trend is also endorsed by the academic circles. Professors of 'Management and Technology' departments of the universities are enjoying the hosanna self-financing courses. They used to pity subjects like history, Sanskrit, philosophy etc. and give tendentious justification in favour of commercialization of education. Other professors are mostly indifferent. Some academics accept the fate of their subject as not being market oriented. But all of them are in the same boat which is sinking Indian parents in cities have become too crazy to analyse the real worth of the degree. They used to sell their property to invest in the admission of their son/daughter in these courses. Therefore higher education has remained more a 'means and end' of luxury of the upper class only. The trend has become more pronounced and pervasive during the current decade of economic reforms.

The job market has become very powerful. It is widely accepted in India now. It has created an attractive wave, which is equally very deceptive. It is highly transient and inconsistent. It is unfortunately deciding the fate and future of the emerging knowledge-base of the society. The job market fluctuates for several temporary causes and spurious external factors. Parents used to invest heavily and therefore expect high returns from the job market. The salary of few 'two-in-one' degree holders working in 'three-in-one job' in the metros has increased beyond expectation. It generates only high expectation and eventually results in high frustration among the urban-youth. Ultimately that results in high labour cost and production cost, which are added to the price and shifted to the shoulder of the innocent consumers only. The educational reform has now linked all grants and public funding with the assessment of performance of the

academic institutions .It has become counterproductive. As a result, the quality of education and examination/evaluation standards has been deteriorating in academic institutions more so in so-called autonomous institutions. It has encouraged self -financing courses in both public and private universities/colleges. It has introduced many study loan schemes for the students going abroad. But the returns from higher education to the society in real terms have remained very low. This argument does not uphold the view against commercialization of higher education. The fact remains clear that commercialization of education is becoming a very powerful process where the return to the society in the long run remains a question. Ironically it is widely accepted among the educated class of urban society. The policy makers sit on the ivory tower of success and remain increasingly insensitive to this perverse trend. But it only promotes individual interests, not social welfare.

#### 4. Human Development

Human development is very low and slow in developing countries. The trend and position of India, China and Thailand in the ladder of human development can be perceived from the following comparative table. Therefore higher education is very crucial parameter in bringing human development, gender development and social development of developing countries.

**Table 3: Human Development Index**

Countries	1975	1980	1985	1990	1999	2000 (Rank)
Thailand	0.604	0.645	0.676	0.713	0.749	0.762 (70)
China	0.523	0.554	0.591	0.625	0.681	0.726 (96)
India	0.407	0.434	0.473	0.511	0.545	0.577 (124)
Japan	0.854	0.878	0.893	0.909	0.923	0.933 (9)
USA	0.863	0.884	0.989	0.914	0.925	0.939 (6)

Sources: UNDP Human Development Reports, different years

In India the per capita GDP is very low in comparison to the advanced countries. It is also seen from the GDP index. It is as low as 0.55 in case of India. On the contra it is observed that the human development index is very low in developing countries. The HDI rank of Thailand and India are 70 and 124 respectively. The GDP minus HDI rank positive in case of Japan and negative for India and USA. It implies that there is inconsistency between in human development and economic development. Higher economic development does not automatically leads to better social development. The Education index is very low for developing countries;it is 0.57 for India and 0.84 for Thailand while it is 0.98 for USA. The adult literacy rate is very low in developing countries. It is 57 % and 84 % in India and China respectively. The Net secondary enrolment ratio is also very low in developing countries, The Public expenditure on both secondary and tertiary education as a percentage of total public education expenditure (TPEE) is very low, in comparison to that of Japan and USA. Gender discrimination is also quite perceptible in all developing countries except Thailand; The Female literacy ratio is 45% and 76% in India and China respectively. The Gender Development Index (GDI) is very low in developing countries. Rank of India and China are 105 and 77 respectively. The difference between HDI and GDI is positive for Thailand and China but negative for India and Japan. It implies that there is again incompatibility between human development and gender development. Higher human development does not necessarily imply better gender-neutral development.

**Table 4: Education Related Variables in Developing Countries**

Indices and Variables	Thailand	China	India	Japan	USA
PCGDP\$(Percapita GDP)(2000)	6402	3976	2358	26755	34142
GDP(Gross Domestic Product) Index	0.69	0.61	0.53	0.93	0.97
GDP rank-HDI RANK	0	0	-1	2	-4
Education Index	0.84	0.8	0.57	0.93	0.98
PTEE / TPEE IN %	16.4	15.6	13.7	12.1	25.2
PSEE / TPEE IN %	20	32.2	26.5	41.8	36.1
ALR (Adult Literacy Rate)	95.5	84.1	57.2	100	100
NSER (Net Secondary Enrolmt. Ratio)	55	50	39	.	90
RDE / GNP ( in %)	0.1	0.1	0.6	2.8	2.5
SERD per million Population	102	459	158	4960	4103
PGR (Patents Granted to Residents)	1	1	1	994	289
FLR (Female Literacy ratio)	93.9	76.3	45.4	99	99
GDI (Gender Development Index)	0.76	0.724 (77)	0.56	0.927	0.937
HDI rank-GDI rank	1	3	-2	-2	0
PSV(Political Stability lack of Violence)	0.21	0.39	-0.058	1.2	1.18
GE (Government Effectiveness)	0.1	0.14	-0.17	0.93	1.58
CPI (Corruption Perception Index)	3.2	3.5	2.7	7.1	7.6
Freedom of Press	29	80	42	23	15
TOT (Terms of Trade)	72	105	148	196	116

Research activities are not encouraged by developing countries. It is also left to the market forces. Government's emphasis on Research and Development in developing countries is very less. The expenditure in R & D is only 1 % of GNP in Thailand and 0.6 % in India. The number of Scientist and Engineers per million of population is only 102 in Thailand and 158 in India, while it is 4960 in Japan. The patentability of research output has regressive impact on developing countries. The research and knowledge has remained the captive monopoly resources of developed north. After the establishment of WTO, the number of patents granted to the developing countries has not improved. Patents granted to the residents of India, China and Thailand is only one each, while Japan has received 994 patents till now.

The political instability is very high in developing countries too. The index measured by UNDP shows that India has negative PSV (political stability and lack of violence) index. Similarly, the corruption perception index is very low, while corruption level is high in developing countries. It is 2.7 and 3.2 for India and Thailand respectively. The effectiveness of the government is also very low in developing countries. It is 0.1 for Thailand and negative (-0.17) for India. The freedom of press in developing countries is also low. Even the term of trade has not been impressive. It is 72 for Thailand, while it is 196 for Japan. Therefore Government of developing countries cannot afford to adopt *laissez faire* policy but has to play a proactive role in education sector. The fate of higher Education and research cannot be left to market forces. The sustainability of higher education depends on the appropriate macro policy framework. Developing countries have different social and educational characteristics. The higher education system can improve all these characteristics. Therefore the role of the Government in the educational sector has to be different and proactive in developing countries due to following reasons: low human development, low education index, low level of enrolment, high female illiteracy, high gender inequality, lesser technological advancement, lesser freedom of press, high degree of political instability, lower government effectiveness, low perception on corruption and adverse terms of trade.

Economic reforms has brought fundamental changes in the approach to higher education and research in India, It has substantially reduced the subsidy and financial support to academic institutions. But the private sector, left to its own devices, pursues short term gain with no vision of long term development. There is sharp increase in enrolments and fees, but we still do not have any reliable information on functionality and quality in these educational institutions.

Now the aim of higher education is merely to prepare students for different jobs or employment opportunities or to train students to become robotic labourers or so called professionals. Market-relevance does not necessarily imply social desirability. The academic system without research becomes ultimately stale and sterile. The education which tends to remain relevant to the market and more so for job market is unlikely to remain relevant to the society and even to its own sustainability. The knowledge-based society never emerges from this kind of regressive educational system. The quality can be achieved through both private institutions and public institutions. But there is a overt and undue attack on educational institutions owned by the public authority. The Higher Education may not be sustainable because its present success is not based upon quality but upon a powerful educational dualism. Ironically this dualistic pattern is very stable. But this stability and strength in the educational system is socially most undesirable and unacceptable in the long run. This educational dualism manifests in and perpetuates, inter alia, the persistence of :

1. Difference in labour productivity
2. Difference in employability
3. Wage/earning differential
4. Casualization/ contractualisation of jobs
5. Gender disparity, subordination women
6. Rural urban disparity, hierarchy in access
7. Social exclusion, class-caste hierarchy High
8. Child labour and semi-bonded labour practice
9. Prostitution, child trafficking
10. Voiceless civil society
11. Lack of peoples participation
12. Economic marginalization and inequality
13. High dropout /push out rates

#### 4. Conclusion

The free market policy is extended to all sectors including health and education, under the justification of higher efficiency and pragmatism of sustainability. The realities of Indian economy are worse than the scenario that is published in reports and newspapers. The higher education is very essential and needs to be recognized as vitally important for long run prosperity of the nation and taken as a non-negotiable factor. It is not a stand-alone discrete activity. Therefore, under globalization, the higher education system in India should aim at promoting 'value-based education'. It can be achieved both by private institutions and public institutions. The 'quality' is important but not the ownership/organization. None should be blamed or pampered. The goal of sustainability in higher education does not involve the change of ownership. It involves the shift in emphasis/approach for genuine quality and social relevance but not necessarily for job-market-relevance.

Researches, approaches and methods of higher education should be more holistic. The research priorities are to be determined by the people but not by scientists themselves. The evaluation is to be done by clients but not by peers. The, debate on quality has to be north-south but not north-north. The higher educational system should have a strong and meaningful 'feedback system' It should strive for continuous

expansion of the knowledge-base, moral values and social development. It should not be confined unfortunately to the narrow goal of achieving a materialistic success. The higher education should not be used only as a means to higher earnings/ position. It should not promote a spendthrift consumerist culture. Therefore higher education should integrate materialism with morality. It should promote knowledge, dignity, a': instil self-confidence. The higher education system should help in building a society which automatically rejects any Old of malfunctioning and mal-development. Therefore, our government should initiate meaningful economic reforms an strive hard to build a knowledge-based society, which is attainable through sustainable higher educational system.

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