



Analyzing The Impact Of GATS (General Agreement On Trade In Services) On Higher Education System In And Around Pune City(With Specific Reference To Professional Disciplines).

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Citation: Dr. Mrs. Ashwini Renavikar, Mrs. Anjali Deshpande Bapat (2024), Analyzing The Impact Of GATS (General Agreement On Trade In Services) On Higher Education System In And Around Pune City(With Specific Reference To Professional Disciplines), *Educational Administration: Theory and Practice*, 30(5), 13543 - 13547
Doi: 10.53555/kuey.v30i5.5850

ARTICLE INFO

ABSTRACT

India opened its gates to foreign universities through GATS in the year 2000 and then the vibrations of change started. All metro cities in India, in an attempt of trying to equip themselves to face the competition, are undergoing tremendous change. It has multifold effects on many service sectors such as Banking, Insurance, Hotels, Hospitality and Tourism. Education sector was the last one to join the list. The study undertaken seeks to analyze the impact of GATS on the Educational system in Pune. The Study deals some areas such as cost of education, quality of education, mode of teaching-learning and interaction with other universities and industry.

Introduction:

Brief History of GATS

The General Agreement on Trade in Services (GATS), which came into force in 1996, is a multilateral agreement, which is based on the premise that progressive liberalization of trade in commercial services will promote economic growth in WTO member countries. It provides legal rights to trade in all services, except those (like defense) provided entirely by the government. GATS has three parts. The first part is the Framework Agreement containing 29 Articles, second part consists of national schedules that list a country's specific commitments on access to the domestic market and the third part consists of a number of Annexes, Ministerial Decisions, and Schedules of Commitment etc. Presently, GATS covers 161 activities falling within 12 services, education being one of them (Chanda, R., 2004).

Under GATS, member nations have obligations of two types – General and Conditional. General Obligations are those that apply automatically to all member countries regardless of existence of commitments made for any sector. These relate to Most Favored Nation (MFN) treatment, transparency, and establishment of administrative reviews, procedures and disciplines. Under conditional obligations each country has to identify, if it so wishes, the Sectors/sub-Sectors, and modes of supply, under which it is willing to make commitments (with limitations if it so desires). and make commitments relating to market access and national treatment. **The basic principles of GATS are.**

1. There has to be progressive liberalization with the process being irreversible because of binding commitments on negotiated levels of market access.
2. Countries are free to decide which service sectors they wish to subject to market access and national treatment disciplines. In theory, if a country is unwilling or not prepared to open up a particular service sector it can say so.
3. Under 'Most Favored Nation (MFN)' treatment no discrimination can be made amongst members in terms of treatment accorded to the service suppliers. The guiding principle is 'favor one favor all'.
4. Under the principle of 'National Treatment' nationals and foreigners need to be treated equally. There can be no discrimination between national/local and foreign service-providers. However, under certain conditions there can be limitations on National Treatment.
5. There has to be transparency with all policies related to barriers to market access and discriminatory restrictions by the members have to be notified. (Powar, K. , 2005)

GATS recognizes four Modes of Trade in Services, namely Cross Border Supply, Consumption Abroad,

Commercial Presence and Presence of Natural Persons.

In education sector, we can specify the four modes as:

Mode 1: Cross border supply

Service that is provided through distance or through telecommunications or mail and through services embodied in exported goods (i.e., services supplied in or by a physical medium, such as a computer diskette or drawings). In all such cases, the service supplier is not present within the territory of the member where the service is delivered.

Under Mode I, there are two possibilities of trade. The first is through distance education offered by universities or through national open universities either through print or telecommunication or through computer diskette or through all. The second of course relates to all education services supplied by other than universities or national open universities.

Mode II: Movement of Students

This mode of supply is often referred to as “movement of the consumer”. The essential feature of the mode is that the service is delivered outside the territory of the member making commitment. Actual movement of students from one country to another is considered under this mode.

Mode III: Commercial Presence

It refers to the actual presence of foreign investors in a host country. The important ways in which this mode can be activated are opening an institution or branch campuses abroad or franchising or twinning. Indian higher educational institutions may offer program or qualification abroad and may allow the outside educational institutions to offer educational program and qualifications

Mode IV: Presence of Natural Persons:

This mode covers natural persons who are themselves service suppliers as well as natural persons who are employees of service suppliers. (Ranjan, N., 2005)

Education Services presently have five sub-sectors, namely, Primary Education Services, Secondary Education Services, Higher Education Services, Adult and Continuing Education Services and Other Education Services. There is a proposal from the United States to add two other services, Training Services and Educational Testing Services, under Other Services.

It is imperative that we realize that GATS came into existence in 1996 and it is here to remain. Basic intention of GATS is to remove the barriers and have open trade amongst all countries (Sharma, V., 2002). At present 145 countries are members of GATS and 48 out of them have tabled their proposals to open the education sector (Nielson J, 2004). Except 4th mode, all other 3 modes are widely applicable, in educational sector as well.

An experts committee was formed, under the chairmanship of senior scientist C. N. R. Rao, to evaluate the opportunities of opening doors for foreign universities to India. The committee has recommended very stringent rules for evaluating proposals and to regulate the entry of such universities

GATS is going to open up wide a range of options for students in India. But the issue needs to be handled carefully. Indian universities are going to be compared with the foreign universities. Indian Education ministry has a key role to play in this matter. Making Indian universities strong enough to survive and face the challenges of foreign universities, though seems to be difficult, is the only way out (Cahtterjee, R., 2002). Regulatory bodies such as UGC, AICTE will have to be more cautious while implementing accreditation and quality assurance policies (Powar, K., 2002).

Objectives of the study:

1. To study the impact on cost of higher education system in and around Pune, post-introduction to GATS.
2. To study the impact on teaching-learning methodology in higher education system in and around Pune, post-introduction to GATS.
3. To study the impact on quality of students taking higher education in and around Pune, post-introduction to GATS.
4. To study the impact on educational policies for higher education in and around Pune, post- introduction to GATS.

Hypothesis: There has been a substantial impact of GATS on cost of education, method of teaching-learning process and educational policies in higher education (specific reference to professional disciplines) in Pune.

Sample description:

Data for the study was collected from different stakeholders in education system such as Directors of institutes, Teachers, industrial representatives as well as students. In addition to this, detailed interviews with directors and members of Governing bodies of institutes helped us to know their views on GATS and its

impact on educational system. Recent declaration by Oxford University about opening their extension in Pune further justifies the selection of geographical scope.

Sample selection:

Pune city has been focused upon as a geographical scope for the study for following reasons: Pune is likely to play a role of educational hub not only in India but Asia as well. Highly reputed and one of the 5- star universities, University of Pune can take a steering position in suggesting and monitoring new educational policies in Pune. Established in 1948, University of Pune has to its credit, a record of attracting maximum number of foreign students. Pune is also termed as 'Oxford of east'. Though, presently, very few institutes in Pune are having either tie-ups with foreign universities or providing distance learning facilities for appearing for foreign university degrees, the number of full-fledged foreign universities operational in Pune is probably nil. But, in the near future, there is likely to be considerable increase in number of such universities. The study undertaken is an attempt to find out the possible reactions to the fact of opening educational sector for free trade.

Scope:

The scope of the study will address professional disciplines like Management, Engineering, Medicine, Biotechnology, Information Technology and law.

Methodology:

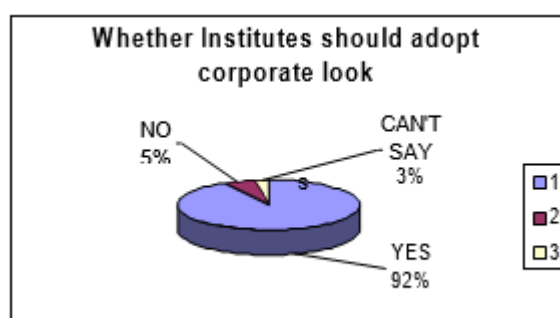
Primary source: Data required for the above-mentioned study was gathered through sources such as questionnaires and interviews of the stake holders in education system and industrial representation.

Secondary Source: Previously published research work related to above mentioned area and articles published in different news-papers and magazines.

Analysis and major findings:

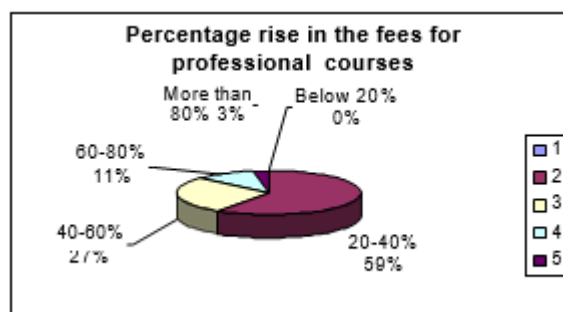
The study revealed some surprising outcomes. It seems that Puneites are mentally prepared to sustain with the competition that lies ahead. Educational institutes in Pune are grooming themselves to take on the challenges that are likely to emerge on account of entry by foreign universities to India (under GATS).

1. 62% of the respondents suggested that there is rise in number of short-term courses in Pune. This is on account of need for more concentrated and job-oriented courses to withstand the competition. Though, education as a service industry, is very much a part of the process of globalization, it is very likely to throw an altogether different academic needs and resources to fulfill them (Sagar, K. , 2005). The need for constant updation in terms of new technologies has resulted into increased number of existing employees joining evening and night schools, which has further resulted into increase in number of evening and night colleges.

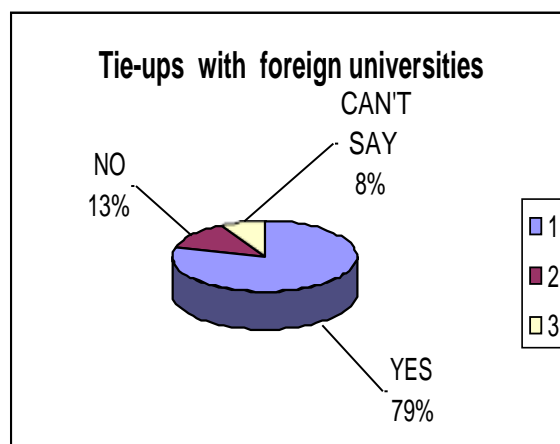


Gph 1: Respondents views about whether institutes should adopt corporate look.ra

2. Next major outcome of the analysis is that: Institutes running the professional courses are emphasizing a lot on high-tech infrastructure, including WI-FI, huge seminar halls, and comfortable accommodation on the campus, to attract good students. Further, 92% of the respondents recommended that the institutes should adopt corporate look.

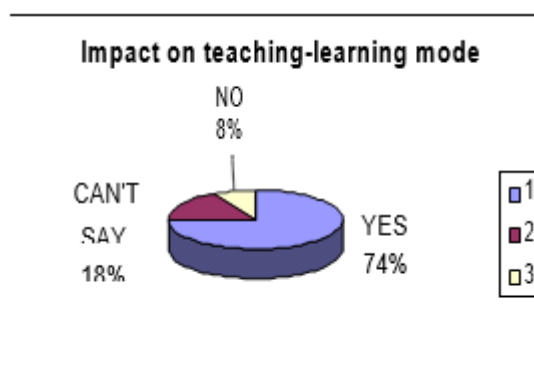


Graph 2: Percentage Rise in Fees



Graph 3: Tie-ups with foreign universities

3. A major chunk, i.e. 84% of the respondents agree that regulatory bodies such as UGC, NBA and NAAC may play a major role in devising policies and guidelines that will help Indian universities withstand the competition with foreign universities and maintain the quality of education.



Graph 4: Impact on Teaching-Learning mode

4. Increasing cost of education has always been a sensitive issue. But, during the last 3-4 years, there has been considerable rise in fees. Around 59% of the respondents say that there has been around 20-40% rise in the amount of fees, especially, for professional disciplines. 27% say, the rise is between 40-60% while around 15% of respondents say, the rise is above 60%. We can relate this to increasing amount spent on building infrastructure, training and placement efforts and highly qualified teaching staff, especially, post-introduction to GATS. This also suggests that there is a need for frequent updation of curricula. Many institutes are trying for autonomous or deemed status to have this freedom

5. Around 7% of the students in India get an opportunity to go for higher education. Those, who are deprived of this facility, for some reason, are interested in joining foreign university courses. Institutes are also getting interested in having tie-ups / affiliations with foreign universities, 79% of the participants in the survey support this view. One more observation to mention, that all the participants in the survey, whether teachers, students or management representatives, insisted on a need for better placements and interaction with the industry.

6. The whole world is becoming more and more IT- savvy, educational institutes are no exception. IT has opened many alternate modes for teaching- learning process, e-learning, video conferencing, CBT(Computer Based Training) to name a few. Traditional contact learning mode with more of chalk and talk method of delivering the knowledge is being accompanied by IT-enabled learning. 74% of the participants agree that upcoming trend is more of learning than teaching, through audio-video electronic modes, which is more appreciated by learners. This is not only more effective, but also catering varying needs of the learners, based on contents, pace of learning, evaluation etc. Another area which is being exploited the most is training on soft-skills development. The students on the verge of placement, as well as the employees are taking special training on soft-skill development, to make them more acceptable for the changing job profiles. Though, the thought of total replacement of contact learning by e-learning was totally rejected.

Conclusions:

Testing the hypothesis:

Testing of hypothesis has been done basically on the basis of percentage values. Hypothesis is proved through the major findings and also has some clues for institutions providing higher education in professional disciplines, specifically in Pune.

To summarize in brief, we can say that it is not possible to avoid the entry to foreign universities, which is a part of globalization effect. But there is a way to handle it in a more effective way. Better strategic approach can help the educational institutes to survive and grow and maintain the quality of education, in spite of existence of foreign universities. Pune, in particular, is undergoing the phase of metamorphosis, getting itself more and more equipped to handle the competition with foreign universities. When the world is looking for better options for all the services, monopoly in educational field is a rare possibility, the fact that we should understand and accept.

Acknowledgements:

We take this opportunity to express our sincere gratitude to Dr. Rajashree Shinde for her valuable guidance and support. We are grateful to Prof. Vivek K. Marathe (Management Consultant) for his support and suggestions. Last but not least, we express our gratitude towards all our colleagues and friends for directly or indirectly helping us.

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