



SVKM'S

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ECOBUZZ



WTO-GATS-IMPLICATIONS FOR OPENING UP INDIA'S EDUCATION SECTOR

Introduction:

General Agreement on Trade and Services is one of the oldest agreements of the WTO aiming to achieve parity among its member nations. GATS has extended its scope to even the Education sector. The Government of India has made a commitment at WTO to allow GATS provisions for the higher education section.

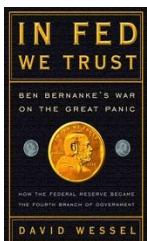
Modes of Trade in Education Sector:

GATS has recognised to 4 modes of trade in education sector, namely:

1. Cross Border Supply: The students receive correspondence education from a foreign supplier and pay the services charges.
2. Consumption abroad: The students go to a foreign land to receive education and pay service charges.
3. Commercial purposes: The foreign education providers can establish universities and colleges here, and provide service and earn service charges.
4. Presence of Natural Person: The foreign teachers as individuals can come to India and render service in institutions in India and collect service charges.

Benefits from the GATS for India:

1. The ambit of the term 'education services' is not



IN FED WE TRUST
By-David Wessel
The author describes the achievement of Federal Reserve's chief Ben Bernanke to avoid a situation of a Great Depression during the 2008-crisis.

widened to include training and testing services. From the point of commitment, India should limit its offer to cover only government recognised provider of education from abroad and exclude pure profit making enterprise which is not a part of public education.

2. Technical education in the field of Management, Finance, Biotechnology, Engineering, Medicine, Engineering and Environmental education which are the emerging areas and very few institutions offer such courses, GATS can prove to be advantageous for our country.
3. GATS can help upgrade our Indian education standards with that of the International standards as McKinsey Report of 2005 states that only 25% of Indian engineers, 15% of finance and accounting professionals are suitable for work for multinational companies.

Key Loop Holes:

1. The WTO regime considers education as a tradable service and commodity and student a customer in clear legal terms. This would enable the large

UPDATES –

1. RBI keeps growth forecast unchanged at 7.4%
2. RBI keeps rates unchanged at its December bi-monthly monetary policy
3. Modi-led government in anticipation of passing GST and other land reform bills this Winter session



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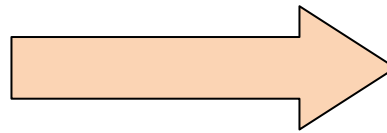
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corporate houses to reduce education to a tradable service and drive the education sector for its profit motive. Education-loving people cannot keep silent at this critical juncture.

2. The GATS agreement is, essentially, irrevocable, which means that once a member country agrees to adopt the offer, it cannot step back later. India had no commitments under the Uruguay Round held in 1994. However, if the Government of India does not withdraw its offer given to WTO in higher education services well in advance before the Nairobi Conference to be held from 15-18 December, 2015, it shall be deemed accepted.
3. Unfortunately, the trade in education is governed by GATS Council along with and at par with services such as recreation clubs and night pubs under the same set of rules. So, the quality deterioration in education sector is bound after the commitment under GATS.
4. A report of a survey by World Bank in 2000 states that well known universities from Developed countries establish low standard branches in backward countries. And India being a Developing country and a major importer of education services, no key benefits can be observed
5. GATS in its Domestic Regulations clause have clearly stated that HRD Minister would be more accountable to WTO personnel than to people of India.

6. Article VI provides that no foreign education provider should be discriminated with the domestic education provider. This in a way would lead to rather indiscriminate of domestic education provider when read with Article VII-5 and agreement on domestic regulation.

Proposed Way Forward:

WTO-GATS regime reduces education into a commodity and turns the student into a customer in clear legal terms. Turning education into a tradable commodity will lead not only to denial of education to the poor and disadvantaged but also to deception of those who can afford it because the very purpose, content and quality of all education and research will be degraded to suit the interests of corporate capital.

The services negotiations could be used as an opportunity to invite foreign universities to set up campuses in India, thereby saving billions of dollars for the students traveling abroad. In fact, this would be a win-win situation for both sides since foreign universities would get a chance to expand their markets and Indian students would get world class higher education at a fraction of the cost in foreign universities located abroad. A balance would however have to be struck between domestic regulation and providing adequate flexibility to such universities in setting syllabus, hiring teachers, screening students and setting fee levels.

-Harsh Thakrar
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