

## **Liberalization**

Liberalization refers to relaxing certain reforms and policies in India. These reforms can be termed as relaxation of previous government's restrictions usually in areas of social or economic policy. Usually, the term is used in reference to Economic Liberalization. Though India is Economically Liberal, the Education System is not Liberal. There are many reasons, one of them is that the national education industry does not want competitiveness and Government does not want to give away its control. The higher education system in India suffers from lack of autonomy and burden of alienation. It is characterized by extreme rigidity and lack of flexibility. The real weakness of the higher education is in the structure itself, and there is a need for introspection and rejection. Also, the public mindset is for the shortcut and easy going. Our policy in terms of education is focussed more on only expanding the system with no focus on for quality education. One of the basic problem today is the inability of the university system to provide higher education to all who aspire for it. Also, there is no political commitment of public funds. Lack of research-oriented education devalues the quality of education to a large extent. There are very few institutes and companies that really carry out research work which is useful for the masses. According to a study, India ranks 25th in the world when it comes to quality of research and the scientific impact. With a country with an academic system comprising of about 2.5 million graduates each year, this statistic indicates a clear inability for the system to sustain itself. India's literacy rate of around 60 per cent places it in the company of countries such as Uganda, Rwanda, Malawi, Sudan, Burundi, and Ghana. Broadly speaking, India accounts for 50 per cent of the world's illiterates even though India accounts for around 17 per cent of the world's population. Education Policy (2009) in India with regard to Liberalisation According to the Article 25 of the Companies Registration Act, educational institutes in India can be set up only by trusts, societies and charitable companies, but the profits cannot be taken out of the institution and have to be reinvested. However, the government does not define and clarify rules for foreign universities to set up campuses in India. Interested parties have been hesitant about moving forward until they are clear about the degree of regulation, funding, and other issues. Though foreign educational institutions are not permitted to offer degree certifications in India, the education department has allowed nearly 150 foreign institutes to offer courses with Indian varsities under an arrangement that, a part of the course will be done in India and the rest will be done

abroad. Foreign universities have adequate experience and the required prerequisite to immediately begin training new future researchers and teachers and their disappointment is obvious. But there is hope for foreign universities in the form of Foreign University Bill that is seemingly on the cards as of 2009. If the government ensures that no fraud takes and if it delimits the bureaucracy by placing only minimal restrictions on the incoming foreign universities, there is a chance for a vast improvement in the quality of Indian higher education system which suffers from the government's neglect.

### **Impact of Liberalization on Education System in India**

#### **Positive Impact of Liberalization on Education System in India**

Liberalisation will bring a constant stream of funding which will also facilitate a research-based career and make it a viable option for the future of Indian teachers and students.

- It will expand the supply which is in shortage and the competition among educational institutions will ensure that they do not charge an excessive premium for education. Increase in the supply of education will automatically result in the fall in education expenditure.
- The Indian economy which is majorly fuelled by the service industry will get a boost with the education sector becoming a large chunk of the economic source.
- Hundreds of thousands of Indian students study abroad at an annual estimated cost of around US\$ 1 billion and it can even stem the exodus of thousands of students who left the country to study abroad. This will save India immense capital.
- Allowing corporate would ensure the development of better industry oriented graduates with specific skill sets.
- Increased in educated population implies rapid developments in technology and communications. It also implies the shift of society from industrialization based towards an information-based society.
- Liberalisation offers students an option of studying close to home with the added benefit of a degree which will be valid worldwide. It also curbs brain drain which is also a nation's loss.

#### **Negative Impact of Liberalization on Education System in India**

The international higher education is largely an unregulated market. While no doubt that there are prestigious universities hoping to build links overseas, recruit top students to their home campuses and strengthen their brand abroad. But there is no dearth of mere sub-prime

and low-end private institutions which are seeking to stave off bankruptcy through the export market and there are even a few respectable universities which have been forced by government funding cutbacks to raise cash elsewhere.

Students and local institutions in developing countries are also similarly unregulated. At many times ill-informed and often naive. Students tend to avail such services without much information or understanding. A foreign label in degree is tempting enough to make them drop their wisdom. Uninformed or simply dubious institutions in developing countries may form partnerships with low-quality colleges and universities in India

There is also the risk of fake institutes which are looking to stuff their pockets whenever the opportunity arises.

Corruption is rampant in India. There is little left to the imagination as to what might be the outcome of such a policy in terms of bribes, false degrees, partial marking etc. There may be unforeseen outcomes which come to light only after the outcome occurs

Local institutes which have limited capital will not be able to survive, rendering many jobless. Even the reputed ones will face competition as their national certificates will be less valued as compared to the world recognized certificates.

### **Possible Solution**

A possible solution to this policy is that the government should be kept out of the education business, partially if not fully. Its role should be restricted to regulating the sector. Just like in other markets, the educational market might have its share of market failures. Rectifying these should be the responsibility of the regulator and it must be independent of the government.

To ensure that national interests are served and the students do not receive an inferior service from unscrupulous providers, there needs to be transparency. It can be done by the government authority. This will also help universities think about their motivations for entering the market.

An effective educational regulator in India like SEBI, the RBI or TRAI is also needed which will regulate the capital markets, the banking sector, and the telecom sector respectively.

Certain independent rating agencies like CRISIL, ICRA or CARE are also required to rate the institutes and these ratings need to be made public as well

Another possible solution can be that no less than half the members of the governing body of the institution must be Indian citizens and the post of president or the equivalent must be an Indian citizen residing in India.

Another way to protect the pricing of the candidates is that tuition fees will not be raised without the approval of local concerned authorities.

Foreign universities can also be regulated by giving them a limited period trial, a sort of probation period. And it would be on the basis of performance in the trial period, that these universities will be allowed to set up long-term operations. The proposed system should be applied to all modes of operation - franchise agreements, twinning programmes, study centres, programme collaborations and offshore or branch campuses.

Strong disincentives, such as forfeiture of substantial security deposits. This will ensure that foreign players and their partners do not discontinue their operations after a few years, leaving students in the lurch.

Priority should be given to those institutes which have been accredited in their country of origin. The institution will also be expected to submit the latest audit report of the accreditation agency. To avoid a kind of monopoly, the system will be made transparent and quick.

Though a bit strict measure, prohibition of sending profits back home to parent institutions abroad can also be a conservative measure.

Also, only foreign universities from countries that offer Indian universities a business opportunity abroad should be allowed in.

Effective registration and certification systems are also needed. Such a regulation should prevent unapproved institutions from partnering, protects and informs the consumers, enables good quality foreign institutions to enter the Indian market and which create a level playing field between domestic and foreign institutions so that the former can compete effectively in a liberalized environment. This way the benefit from the liberalization of higher education services will be unilaterally and multilateral on the import as well as export fronts. Furthermore, this will ensure that students are fully informed about the educational institutions.

Through these and other intelligent reforms, jobs which are more productive and human-capital enhancing, from a much more organized private sectors will be a reality. These regulations will go a long way towards fostering accountability and responsibility on the part of the foreign universities and institutions. The same can be implied on all Indian universities and institutions as well, whether public or private. India needs to improve the availability, and quality of high education. This can be achieved through Effective Liberalization of the

education system, encouraging the migration of students from one state to another and providing more scholarships and loans to students from the poor and middle class. Only then the Indian Education system will become a sound one and one which will be the foundation of sustained growth.