

Liberalisation, Privatisation and Globalisation (LPG) and its Impact on Indian Education Sector

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Abstract

The education system in our country is fast changing and dynamic, it becomes imperative to study the major policy changes that happened in our country which facilitated such changes in our education system. LPG reform are one those major policy shifts that has changed the whole picture of education system in our country, before these reform our country was inward looking and the avenues for student to study abroad and getting an overseas job were very less but when India embarked the journey of Liberalisation, Privatisation and Globalisation a whole new world of opportunities were made open for the students and job seekers. Many multinational companies started their operations in India or started to hire them for their overseas operation as they saw huge potential in cheap labour market of India and comparatively young population at this juncture Indian education system also demanded an overhaul to cope up with the new scenarios hence institutes of eminence started to expand themselves and their curriculum. With the increase in income of people in India we saw a mushrooming of private schools in the country as with increasing incomes parents wanted to send their ward to the school with best possible facilities and government schools were more or less side-lined.

Keywords: LPG, mushrooming, government schools, Privatisation

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Introduction

Economic policy adopted by government of India since 1991 is known as NEW ECONOMIC POLICY. The economic policies prior to 1991 could not accomplish the anticipated rate of economic growth. To overcome economic crisis and accelerate the growth rate of Indian economy, New Economic Policy was introduced in July 1991 under the guidance of PV Narasimha Rao (Prime Minister of India during that period) and Manmohan Singh (Finance Minister during that period).^{[1][2]}

Need for Economic Reforms

There were some reasons which aroused the need for making economic reforms in the country, which were as follows:

- 1. Fiscal Deficit**-It refers to the difference between government expenditure and government revenue. It is financed by raising loan. Due to persistent rise in fiscal deficit, there was corresponding rise in public debt and liability to make interest payments. Indian economy was in debt trap. In 1991, amount of interest liability increased to 36.4 % of GDP.
- 2. Adverse Balance of Payment**-Balance of Payments is the difference between inflow of foreign exchange and outflow of foreign exchange. When outflow is more than inflow, balance of payments becomes adverse. Balance of payments increased from 2214 crore in 1980-81 to 17367 crore in the year 1990-91.
- 3. Fall in Foreign Exchange Reserves**-These are the reserves of Foreign assets like Foreign currencies, Foreign securities etc. which are used to meet the consumption requirement and development projects. In 1990-91, Foreign Exchange Reserves were reduced to nearly 6000 crore from 8200 crore in year 1980-81.

4. **Rise in Prices/Inflation**-It is consistent rise in general price level due to shortage of aggregate supply. The rate of inflation was 16.7 % in 1990-91. One of the major reasons of inflation was deficit financing i.e., borrowing by the government from RBI to meet its deficit.
5. **Poor Performance of Public Sector Undertakings**-Public sector continued to operate even in those areas which could be comfortably shifted to private sectors. Numerous Public sector organisations incurred huge losses but continued to function because it is difficult to close a government undertaking even if it is a drain on the country's limited resources.
6. **Inefficient Management**-The origin of financial crisis can be traced from the inefficient management of the Indian economy in the 1980s. Government expenditure was constantly greater than its revenue. Due to faulty organization the guidelines which aimed at controlling and regulating the economy, ended up in hampering the process of growth and development.^{[3][4][5]}

New Economic Policy

After looking at all this condition of Economic Crisis, India approached the International Bank for Reconstruction and Development (IBRD), popularly known as World Bank and the International Monetary Fund (IMF), asking for loan to manage the crisis. They received \$7 billion loan. For availing the credit, these International agencies anticipated India to liberalise and open up the economy by eliminating limitations on the private sector, lessen the role of the government in numerous areas and remove trade restrictions between India and other countries.

India agreed to the conditionality's of the World Bank and IMF and announced the New Economic Policy (NEP). It is called "NEW" because its measures were just opposite to the economic policy prior to 1991. It consisted of wide range of economic reforms. The thrust of the policies was towards creating a more competitive environment in the economy and removing the barrier to entry and growth of firms.

The set of policies can be classified into:

- Stabilisation Measures are the short term measures intended to correct the weaknesses that developed in balance of payments by maintaining sufficient foreign exchange reserves and bring inflation under control by keeping the rising prices under control.
- Structural Reform Measures are the long termed measures aimed at refining the efficiency of the economy, growing its international competitiveness by eradicating the rigidities in various segments of the Indian economy.

The government initiated a variety of policies also known as element of New Economic Policy via LIBERALIZATION, PRIVITISATION AND GLOBALIZATION.^{[6][7]}

Liberalisation

Liberalisation refers to a relaxation of government restrictions in the areas of social, political and economic policies. In the context of economic policy, liberalization refers to lessening of government regulations and restrictions for greater participation by private entities. (India CSR Network)^[8]

Liberalisation was introduced to put an end to the restrictions and open up various sectors of the economy. Government brought reforms in Industrial, Financial, Fiscal, foreign exchange sectors etc.

Objectives of Liberalization Policy

- To increase competition amongst domestic industries.
- To encourage foreign trade with other countries with regulated imports and exports.
- Enhancement of foreign capital and technology.
- To expand global market frontiers of the country.
- To diminish the debt burden of the country.

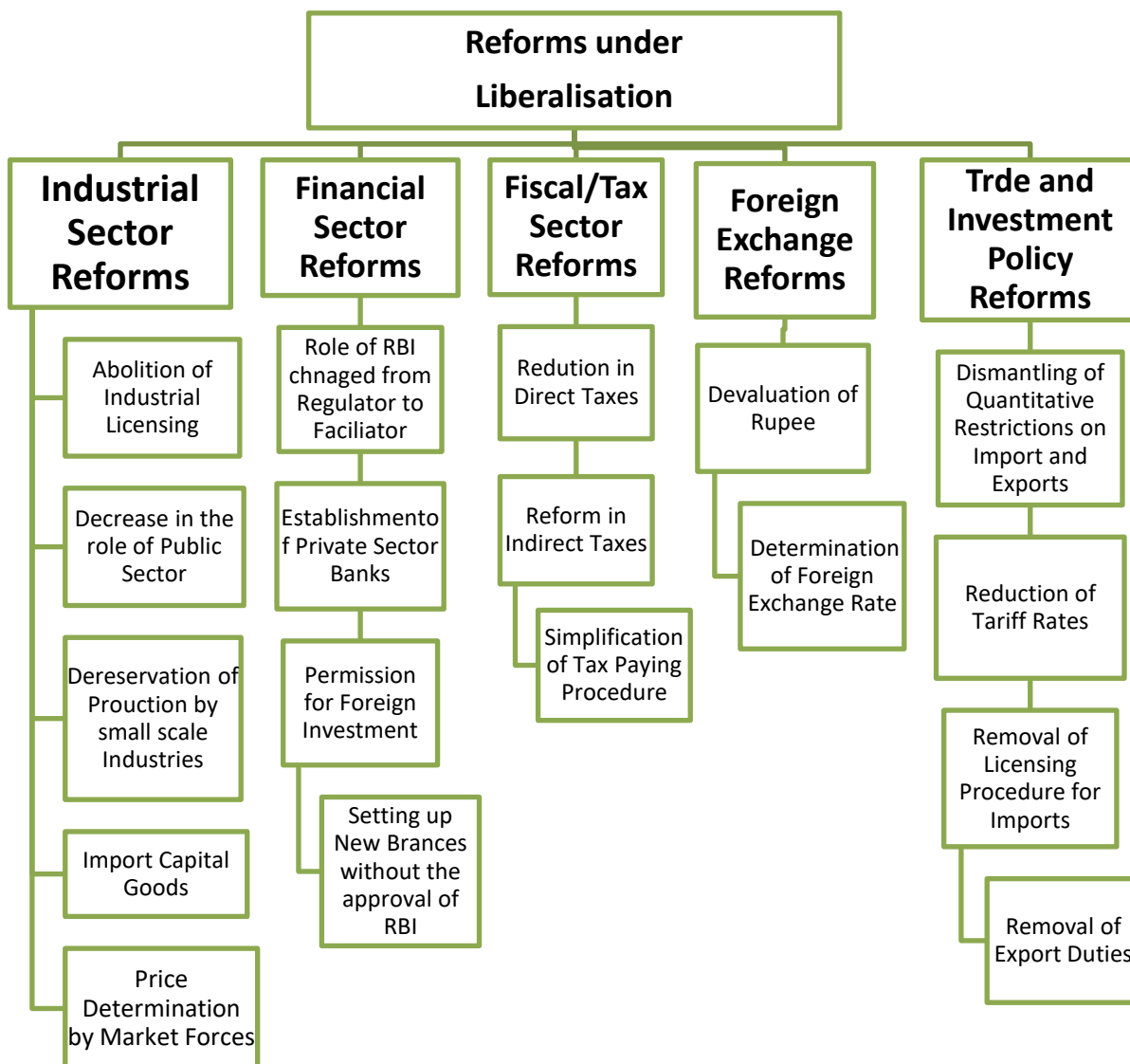


Fig. 1: Reforms under Liberalisation

Positive Impact of Liberalisation on Education

- **Continuous Stream of Funding-** Liberalisation will bring constant funding which will also expedite research based career and hence making it worthwhile option for upcoming teachers and students.
- **Quality Education-** It will lead to increase in the supply of education and will anyhow increases the competition within the institutions resulting in improving the quality of every educational institutions.
- **Solution of Brain Drain-** It gives benefit to students to get the best education from within the country with the added benefit of degree having value worldwide. This will eventually decline brain drain, which is actually anation's loss.
- **Saving of Indian Immense Capital-** Most of the Indian students study abroad at the estimate of US \$1 billion and with liberalization we can actually put halt to brain drain which will save the colossal capital of India.
- **Economic Source-** The Indian economy which is mainly drove by service industry will get a helping hand by education sector becoming a large portion of economic source within the country.
- **Best Opportunities-** Allowing corporate sector will ensure the development of enhanced courses in every field leading to have more quality driven graduates with the essential skills set.
- **Rapid Development-** With the rapid increase in the educated population will lead to advancement in technology and communication. This will result in tremendous shift from industrial based society to information based society.

- **Freedom of Mind-** Since there will be more autonomy to people in education sector by government, they can easily go in for task independent thoughts, spontaneous thinking, freedom of opinions and freedom of expressing it with one another.
- **Familiarity with Other Cultures-** Liberalisation leads to freely interaction of people amongst themselves leading to more cultural exchange between people and this can even lead to adopting few of their cultural aspects in Indian Education. eg- Now a days, we celebrate Halloween Festival in Indian schools.

Negative Impact of Liberalisation on Education

- **Poor Performance-** With the rise of private schools with less sources shows poor performance in most of the courses.
- **Inadequate Infrastructure-** Liberalisation leads to poor physical, intellectual and financial. Fewer permanent teachers and more of ad-hoc teachers are being employed.
- **Risk of fake Universities-** There will be rise of fake universities as there will be less governance over them resulting in poor quality of education.
- **Costly Education-** Due to liberalization there is steadily rise in the rates of education in the market.
- **No Security of Services-** Since the government intervention has been reduced after liberalisation which results in unsecured jobs of teachers. Because of this mental pressure teachers will not be able to give their 100 % to their profession.
- **Commercialization of Education-** There has been a paradigm shift of education sector from service providing to a business or profit making sector for most of the private and public schools in India.
- **No certainty of Quality of Education-** Since there will be less supervision by government and most of the schools will be autonomous in nature the desired quality of education will not be achieved.^{[9][10][11]}

Privatisation

Privatisation refers to transfer of ownership, management and control of government sector enterprises to the private sector. (NCERT textbook)

Privatisation refers to transfer of ownership and control of government or state assets, firms and operations to private investors ^[12]. It is done to improve efficiency and increase competitiveness of the private sector. Government also tried to improve efficiency of some public sector companies by granting them special status of Navratnas and Miniratnas. These were given greater managerial and operational autonomy, in various decisions to run the company efficiently.

Objectives of Privatisation

- Improve the financial situation of the government.
- Reduce the workload of public sector companies.
- Raise funds from disinvestment.
- Increase the efficiency of government organizations.
- Provide better and improved goods and services to the consumer.
- Create healthy competition in the society.
- Encouraging foreign direct investments (FDI) in India.

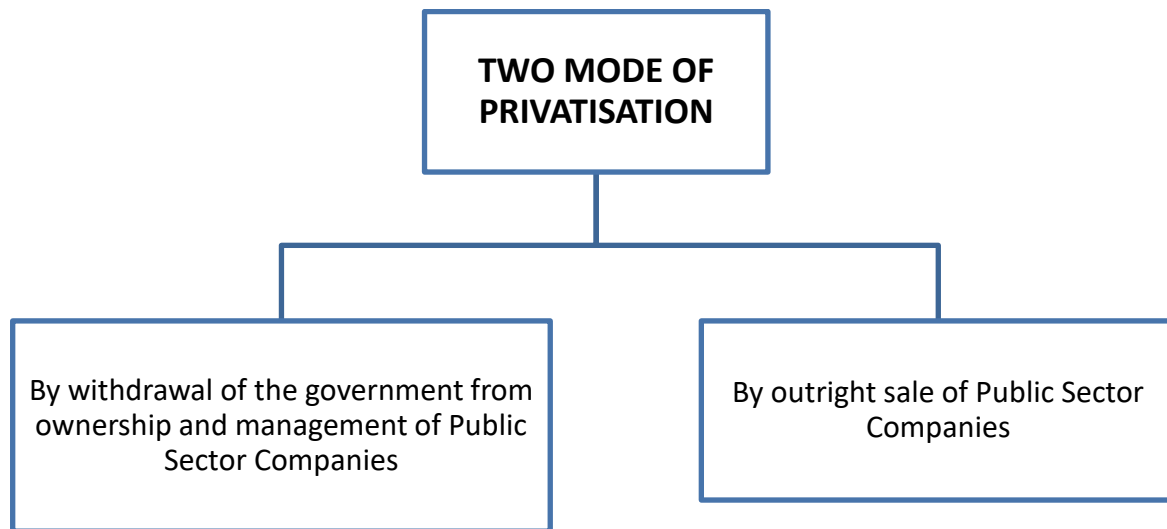


Fig 2: Mode of privatisation

Positive Impact of Privatisation on Education

- **Reforms in Infrastructure-** With the help of privatisation we can actually improve the condition of our Indian schools like making of new smart classrooms and laboratories, building of separate washroom's for girls and boys, giving facility of clean drinking water etc.
- **Modernization of Education/ Advancement in Technology-** With privatization of Indian education our education industry have flourished with modern means of educational technology like google classrooms, adobe spark videos, near pod VR, Kids blog etc.
- **Qualitative Improvement-**Privatisation helps in refining the quality of education.Private institutions will try their best to give all the facilities like latest technology, advanced labs, highly educated teachers etc. in their school to attract more number of parents.
- **Decentralization-** It is merely impossible for institution heads to run the whole school on their own so they need to decentralise their powers to get the maximize benefit from education sector.
- **Expansion of Education-** Privatisation leads to expansion in education sector and it is going to help in nation's progress and development.
- **Increase in Vocational Courses-** Upcoming of privatisation has brought so many changes in education sector and introducing of variety of vocational courses like tourism, Office Secretary Ship,Beauty Services etc. is one such events where the students and their parents can actually think for enrolling their students in such creative courses.
- **Sense of Competition** – Privatisation of education will increase the sense of competition in the market so managements will provide with best of best facilities and education to establish their dominance in this field.
- **Increase in Employment Opportunities-** Privatisation has brought boom in numbers of schools increasing the employment opportunities in teaching sector.
- **Wider View for Research and Innovation-**Because of high competition in the market more emphasised has been given to research and innovation in education.
- **Minimising the Burden of Government-** The government have to face various issues related to finance and management related issue in education sector. But with upcoming if privatisation the government can actually share the responsibilities leading to less burden on them.
- **Educational needs as per International Standards-**With privatisation we can actually meet up the international standards and can try to provide with the latest tools and techniques for education sector used outside the country for updating the skills of our human resource.

Negative Impact of Privatisation on Education

- **Costly Education**– Privatisation leads to competition in the market and as every school is trying to give best facilities so for providing those services the schools are charging the handsome amount of fees from parents to give such benefits to their kids.
- **Commercialization of Education**-There has been a paradigm shift of education sector from service providing to a business or profit making sector for most of the private and public schools in India.
- **Exploitation of Teachers**–Teachers are compelled to work in low salaries for greater number of hours and even there is no job security in private institutions.
- **Emphasis on money rather than Excellence**- Now a days, many affluent individuals are capitalizing their money in education sector for the purpose of monetary benefit rather than providing quality of education.
- **Neglect of Soft Courses**–Courses such as arts,carpentry,music, literature etc. are given less importance as demand of these courses are comparatively less as compared to B .Tech, management courses and even gives additional benefit to institutions in terms of currency.^{[13][14][15]}

Globalization

United Nations defines Globalization as the global integration of economies and societies, affects many aspects of young peoples’ lives.^[16]

Globalization is the spread of goods, technology, information, and employments across national borders and cultures. In economic terms, it describes an interdependence of nations around the globe fostered through free trade(Peterson Institute for International Economics).^[17]

In other words, Globalization is the outcome of the policies of Liberalisation and privatization. Globalisation aims at turning the world into one whole or creating a borderless world. It is defined as the system related to increasing interactions, growing economic interdependence and widening economic integration in the world economy.

It encourages integration of the economy of the country with the world economy. It involves establishment of networks and activities surpassing economic, social and geographical boundaries.

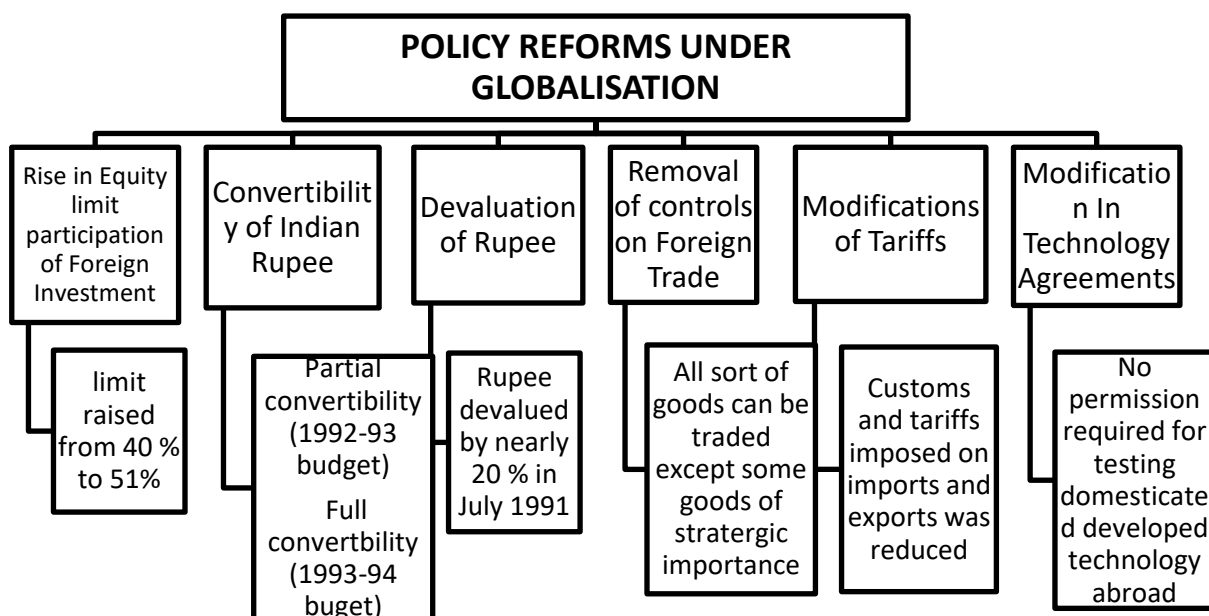


Fig 3:Policy Reforms under Globalisation

Positive Impact of Globalization on Education

- **Need based education**-After introduction of various new programs related to current skill set students can actually choose from a variety of courses offered to them according to their need and potentialities.
- **Expansion of Educational Facilities**-After globalisation, more number of international universities have been set up in India for empowering Indian Youth so we can actually grab this opportunity to excel in our education and can get an attractive jobs in the market.
- **Broadening of Mental Horizon**-Now we can easily connect with people around the globe and it is somewhat improving our skill sets, our mental capabilities, our communication skills, open mindedness etc. which is actually refining our over all personality.
- **Innovation and Instructional Strategies**-With the upcoming of globalisation we have actually revolutionised our way of teaching, advancement in technological use in the classroom, innovative teaching pedagogies etc.e.g.- Faculty Exchange Programmes
- **Culture Closeness**-There has been a paradigm shift from mono culture approach to multi culture approach where we can actually acquaint our students with the diverse culture which is prevailing around the world.
- **Sharing of Knowledge**-Globalization has led to sharing of knowledge, skills world-wide which helps in increasing the quality of human resource in India and world around.
- **New Courses in Education**-Globalisation has brought advancement in education sector and has brought a wide range of new innovative courses like multimedia and animation, tourism, fashion designing, space technology etc.
- **Standardize System of Quality Assurance**-Globalisation has tried to bring uniformity in education in areas such as educational content, evaluation, methodology, accountability etc.
- **Building International Relations**-Globalisation of education helps in encouraging cooperation, co-existence, harmony, peace, making contacts etc. which will eventually result in building good relations with the people around the world.
- **Modernization**-Globalisation has brought modernisation in education sector. Now we have innovative types of curriculum (project based, broad based, activity based, etc.), Modern technology (3D, AR, VR etc.), change in administration, modern ways of teaching styles etc.

Negative Impact of Globalization on Education

- **Expensive Education** – Globalisation leads to infusion of various international institutions in India and to maintain their global standards they need to charge a decent amount of money/fee.e.g- The Future Foundation school (Kolkata), The Cygnus World School (Baroda), GEAR Innovative School (Bengaluru) etc.
- **Abandonment of Cultural Values**- With Globalisation people are forgetting their cultural values and same is being followed in our education system.e.g.- Earlier Sanskrit was used to be the Compulsory language in the schools but now it the optional subject only.
- **Psychological Pressure**-With the increase in the competition level there has been a steady increase in the psychological pressure of students as they have to compete with the international benchmarks.
- **Job Insecurity**-Globalisation results in unsecured jobs of teachers as now they have to meet the standards and skills of teachers of the whole world. Because of this mental pressure teachers will not be able to give their 100 % to their profession.
- **Currency Fluctuation** – One of the major impacts of Globalisation is Currency fluctuation that directly leads to expensive education.
- **Exploitation of Teachers**- Teachers are compelled to work in low salaries for greater number of hours and even there is no job security in private institutions.
- **Neglect Soft Courses**-Globalisation has led to promotion the courses which are worldwide popular neglecting the significance of soft courses like arts, pottery etc.
- **Brain Drain**-Globalisation has promoted the concept of Brain Drain which is the economic loss for the country only.^{[10][18][19][20]}

- **Burden on Parents**-Foreign education system leads to the origin of different other coaching institutes which ultimately puts burden on parent's pockets.
- **Lack of Skills**-Rapid technological advancement makes skills obsolete very quickly and to meet the demand of skilled labour, people lacks in interpersonal skills and better communication skills.
- **Loss for developing countries**-Thus at last rapid globalisation in our existing education system ultimately leads to rapid transition from agriculture based economy to service based economy instead of industrial based, which is harmful for a fast developing country like India.

Conclusion

India embarked on the journey of comprehensive change in its previous stance of a closed economy to an open economy in 1991 through LPG reforms. Though the compelling circumstances at that time demand such a drastic shift in policy but they came as a blessing in disguise to Indian economy as well as the education system in India. The previous licence raj regime made way for the entry of multinational firms and they invested heavily in India as they see India with its huge market potentials as the new basket of opportunities.

Indian education system has also compelled to change its outlook of the education and it manifested in growing world class educational institute that offered a curriculum that would suit the growing job market which required new skills and expertise. This facilitate the service sector of our country to grow in leap and bounds and also provided the youths of our country to learn world class courses and also tap the high income jobs that were offered to them.

Not only this, Indian government also took this opportunity to make its imminent institutes like IITs and IIMs to develop a curriculum that would match the curriculum offered by other world class universities like Harvard University, Stanford University etc.

But all these benefits came with some underlying challenges. Though these changes ushered an era where people with skills and potentials could tap the growing opportunities but it also created a divide among the people of our country. Those who could afford the new educational system that demand a considerable investment at first were greatly benefitted from these new reforms but those who were poor and marginalised were side tracked. The mushrooming of private schools and private universities opened their doors only for those who could afford and those without that much economic capital had to resort to government schools and universities whose conditions got deteriorated as the government spending in education went down significantly.

LPG reforms created a new environment for the education system in our country but along with it we have to take into consideration of poor section of our society as well. Government spending on education should further increase so that even the marginalised section of our society can tap the growing opportunities created after these reform and it will help ultimately India to solve the plague of poverty and also achieve is aspiration of becoming a \$ 5 trillion economy by 2025.

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