



TUESDAY, JULY 15, 2008

Disturbing signals

On the face of it, the recently released balance of payments (BOP) data for the last quarter (January-March) of 2007-08 do not indicate any sharp deviation from the broad trends that contributed to the external sector's resilience in the recent past. However, a closer examination of the figures for the whole year reveals some disturbing features which, if ignored, can have a major impact on the macroeconomy. The current account deficit has shot up to \$17.4 billion from \$9.8 billion in 2006-07. Given the trade imbalance that is growing on the back of the ever-swelling oil import bill, the deficit was of course expected to rise, but not by as much as 77 per cent. The steep increase is disturbing for one important reason. Unlike in the past, remittances and services export earnings have not helped in moderating the deficit. However, net capital inflows, which amounted to nearly \$110 billion, once again came to the rescue. The foreign exchange reserves rose by almost \$92 billion in 2007-08, nearly three times the increase registered in 2006-07. The aggregate reserves have crossed the \$300 billion mark. It would, however, be premature to conclude that the era of abundant foreign exchange is still with us and that no matter how rapidly the current account deficit mounts there is no cause for worry.

The factors responsible for moderating the deficit in the current account as also the composition of the capital account cannot be taken for granted. According to latest trade figures, merchandise exports grew at a much slower pace — 13 per cent in May compared to 35 per cent in April. The obvious inference is that even the sharply depreciating rupee has not helped exporters overcome the slackening demand from abroad. During the first two months of 2008-09, the trade deficit has widened to \$20.6 billion, almost 50 per cent more than the \$13.9 billion in April-May 2007. Earnings from exports of software and a variety of other services are expected to be less consequent on the slowdown in the United States. Capital flows, especially to the stock market, are not just slowing but are probably set on reversing direction. In the recent period foreign institutional investors have been net sellers to the tune of \$6.5 billion. There seems to be no immediate threat to the BOP. There have been accretions to the already impressive reserves through the more stable foreign direct investment route. Yet there can be no doubt that external sector management is moving into a new, critical phase. With destabilising factors in sight, utmost vigilance is called for.

Precaution is the key

Unlike traditional breeding techniques, whereby hybrids are produced by transferring genes within varieties belonging to the same species, genetically modified crops involve transfer of genes across species. Thus in the case of Bt cotton, a gene of a soil bacterium, *Bacillus thuringiensis* (Bt), is inserted into cotton varieties to give them resistance against bollworm pests. If changes in a single or a few bases in the DNA can turn a normal cell into a cancerous one in humans and animals, biosafety studies for allergenicity and toxicity of the transgenic plants on humans and animals who consume or come into contact with them, must therefore be thoroughly examined. Six years after the Genetic Engineering Approval Committee (GEAC) permitted the commercial cultivation of Bt cotton in India, there is no dedicated laboratory to verify the samples and validate the biosafety results provided by companies. The GEAC, unlike its counterparts in various countries where GM crops are cultivated, has "supported the suggestion" of setting up such an independent laboratory, as the minutes of the 85th committee meeting held in May indicate. The GEAC would do well also to insist on chronic toxicity testing in animals. This is essential as acute testing may not reveal long-term effects, and unlike drug trials, no trials on humans are ever conducted using GM crops.

If animal toxicity testing is strict in the case of drugs, the requirements for a genetically modified crop should be as stringent. Drugs can be recalled from the market when found to cause harm. But corrective measures are very difficult, if not impossible, in the case of GM plants once they are released into the environment. This underlines the need to build a system and a culture of independent verification. Precaution should be the watchword. The first step in this direction is to strengthen the current system and involve State agricultural universities in participating actively in the monitoring and evaluation of field trials. The current practice of relying solely on companies to provide samples for testing is unsatisfactory. Instead, the universities involved in monitoring the trials must be authorised to collect samples for the independent laboratory. Another good practice will be to make the full results of the study available for public access, as in the case of drug trials. The enlightened policy approach will be to encourage research in laboratories and put on hold approvals for field trials until these measures are in place. The experience of European countries has shown that public apprehensions about GM crops must not be taken lightly by those who think they know better.

Beware of the Trojan Horse

Philip G. Altbach

India's Parliament is often accused of inaction or long delays. The case of the Foreign Education Bill, bottled up for two years because of disagreements in the ruling coalition government, may be a case where delay is a good thing. India's higher education policies are of crucial importance for the country and also of great relevance for the many foreign universities wishing to set up shop. The Indian press reports that 40 international universities have sought land from the government of Maharashtra in the Mumbai-Pune-Nashik area to establish campuses. These trends provide just one indication of the tremendous foreign interest in the large and lucrative higher education market in India. Some foreign universities are already working in India, mostly in collaboration with Indian partners.

India might be the world's largest single market for foreign universities. The country has a significant unmet demand for higher education access — currently only 10 per cent of the age group attends university — half the proportion in China and well below the rate in most rapidly developing and middle-income countries. Further, India has a huge unmet demand for high-quality higher education. The number of places available in India's very small top sector — the Indian Institutes of Technology, the Indian Institutes of Management, and similar institutions — is tiny when compared to the demand. Thus, foreign institutions see a tremendous opportunity for lucrative growth in the Indian market.

Reasons for caution

Some stakeholders who see higher education simply as a tradable commodity that can

be bought and sold internationally favour opening borders without restriction for educational products of all kinds. The for-profit higher education companies, many private universities, the international testing companies, and increasingly some universities and government agencies in the exporting countries — such as the United Kingdom and the United States — have this perspective. People who are convinced that higher education is more than a commodity have much to worry about in the rush toward importing and exporting universities and academic programmes because the idea of academic work as preparation for citizenship, preparation for critical thinking, and similar "public good" goals often get swept away by the importers and exporters. The traders are interested in selling products in immediate demand, such as management studies, and not in sustaining research universities, enhancing access and equity for underserved communities, and the like.

Why do foreign universities and education companies such as Laureate Education Inc. wish to enter the Indian market? The motivations are complex but very important to understand. One goal is clear — everyone who enters the Indian market wants to extract profits — mostly by offering academic programmes in fields that are in high demand. With very few exceptions, foreign providers are not interested in investing in high-cost academic infrastructures such as

science laboratories and research facilities. They wish to minimise the investment and maximise the profit, like any corporation. Some countries, including the United Kingdom and Australia, have a national policy to earn profits from higher education exports. Thus the British Council and similar organisations assist British educational institutions to maximise their export potentials. The British Council is no longer mainly in the information business but rather is focused on export promotion.

The United States differs in some respects but essentially follows the British and Australian pattern. The United States has no national higher education policy. Higher education policy is mainly a responsibility of the 50 states, and no state has declared higher education an export priority. Unlike the United Kingdom or Australia, the United States has a strong private higher education sector, and the private universities and colleges have been most aggressive about overseas exports. It is likely that the largest number seeking to enter the Indian market will include low-end private schools seeking to earn a profit.

The for-profit sector is also much stronger in the United States than in the case elsewhere. The two largest players are Laureate Education Inc. and the Apollo Group (owners of the University of Phoenix and other institutions). Laureate's strategy is either to purchase existing universities outside the

United States (they own 29 universities and postsecondary institutions on three continents) or to establish new schools. Laureate started a university in Andhra Pradesh, a state friendly to foreign providers, but pulled out when the regulatory environment seemed too complex.

The top American private and public universities — 20 percent or so of the total of more than 3,000 colleges and universities — have complex motives for entering the Indian market. For the most part, they are genuinely interested in internationalization, and see India as an important player, economically and educationally, in the 21st century. They are concerned with their "brand image" and wish to expand it in one of the world's major higher education markets. They may use their Indian outposts to recruit bright Indian students, and academic staff, to come to the United States for studying. Their Indian branch campuses will provide a place where their own students and faculty can study and do research. And, of course, in most cases the universities will seek to earn money from the programs offered in India.

The problem for India is the myriad of institutions at the bottom of the American academic hierarchy, both for-profit and non-profit. These players are likely to concentrate on entering the Indian market, with one essential reason for being in India — to earn money. While many of these institutions will offer respectable academic programmes, some will try to cut corners. Vetting and regulating these institutions will not be easy. There will be no help from the highly regarded American accrediting system. So long as an institution is accredited (and U.S. accreditation measures not high quality but rather the minimum standard), there are no official guidelines concerning institutional quality. These schools will offer the programmes in India that they feel will attract students and may well have little commitment to either a long-term presence in India or to maintaining good quality.

Branch campuses

As India carefully considers its policies concerning allowing foreign institutions in the country, a number of central issues must be addressed. What is the motivation of the foreign institution? Is everything about the foreign branch transparent and open? What is the status of the foreign institution in its own country? Is the foreign institution capable of offering the same quality in India as it does at home, and is that quality deemed of an acceptably high standard in the home country? Is the foreign institution able to deliver its programmes in India using its own faculty, and does it have appropriate infrastructures such as libraries, e-learning facilities, and laboratories to deliver the programmes it proposed? Is the foreign institution able to sustain its academic offerings over time in India?

Allowing foreign institutions to set up shop in India is not the only road to the internationalisation of Indian higher education. Twinning programs, joint degrees, exchanges of students and professors, sharing of curriculum, and other relationships are possible and more likely to ensure that essential Indian control over Indian higher education is maintained.

So far, India's main contribution to world higher education is the export of students, many of whom do not return. India needs to engage more with the rest of the world, but not at the expense of giving up academic sovereignty. Higher education is not, in the end, purely a commodity to be bought and sold on the international market. Higher education represents an essential part of a nation's patrimony and a key to future prosperity.

(Philip G. Altbach is Monan University Professor and Director of the Centre for International Higher Education at Boston College, USA.)

CARTOONScape



LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Nuclear deal

The Indo-U.S. nuclear pact is very important as it attempts to diversify India's energy resources. Rampant inflation arising from escalating oil prices is a global phenomenon, and it is heartening that India is pitching in the global efforts at demand destruction of oil via diversification. Failure to communicate clearly and engaging in a robust dialogue with opponents has been a major problem with the pact. The government seems to have taken the right step in remedying this through a publicity blitz, though late in the day, after a dramatic rupture in the UPA coalition. We can also learn here from China, which has already become an economic power-house. Currently, nuclear energy accounts for just two per cent of China's power consumption, and it hopes to increase this to five per cent by 2020.

Vembar K. Ranganathan,
Irvington, New York

The parties and people who are not in favour of nuclear deal argue that it is a non-issue for the common man. Power is a very important component of daily life. Lets us remember that elections were won on the slogan "bijili, sadak and pani (power, road and water)".

N. Nagarajan,
Secunderabad

Instead of justifying the deal as a bid for clean energy that is vital for India's future economic growth and pumping enormous money into it, why not search for domestic uranium and invest in R&D for alternative energy? The Indian space experiment has proved beneficial

after all. Real development is popular development, and not corporate development. Adequately guided, India may be able to export clean technology.

Consequences in the short-run are not less important, but continuous dependence on the deal will result in political instability. At this moment of global economic and food crisis, the government needs to reprioritise its alternatives. No long-term goals can be realised if immediate threats are ignored.

Gaurav Kumar,
Ghaziabad

Trial by media

Your editorial (Travesty of justice, July 14) rightly condemns the way police torment suspects even when conclusive evidence to frame charges is absent. No amount of apology or compensation can undo the trauma suffered by Dr. Rajesh Talwar. The CBI now has to clinch the case expeditiously and bring the guilty to book promptly.

N.K. Vijayan,
Kizhakkambalam

Your editorial and *The Hindu's* coverage of the episode are praiseworthy. The months of torture and hurt experienced by Dr. Talwar cannot be compensated in any way.

Vani Iyengar,
Bangalore

The editorial and the media reporting of the Aarushi-Hemraj murder case have raised pertinent questions on media ethics and its role in a democratic society. Every piece of information — authentic or otherwise — was discussed in agonising detail in the name of "Breaking News" by self-styled experts in the field of investigation. Even now many TV

channels have not taken the story off their menu. The media today claim unbridled rights over the lives and privacy of the common man. Such trials by the media based on half-truths, lies and rumours should be stopped forthwith.

Raunaq Rathore,
Noida

The incident is a pointer to the gross dereliction of duty on the part of police and indifference to apprehend the real culprits. The Uttar Pradesh police cannot be evasive and the Chief Minister should bring the police officials concerned to book.

Vivekananda Rao Nemani,
Hyderabad

The sinister role played by some TV channels in conducting dirty trials daily is deplorable. Those responsible for the unnecessary detention of Dr. Talwar should be punished.

Y. Jagannatham,
Vijayawada

The 24x7 electronic media which had passed its verdict on Dr. Talwar, did a somersault on his being released on bail on technical grounds. The objective seems to have been indulging in sensationalism rather than projecting social ills. In spite of her parents being doctors with a flourishing practice, poor Aarushi has been exploited by her friends and domestic help, leading to her mysterious death. The Talwars may not be guilty under the law but on moral grounds they are.

N. Ramamurthy,
Chennai

It is a shame that the Noida police were fooled by the perpetrators of the crime. The CBI deserves appre-

ciation for its sincere work.

R. Ponnarassi,
Vellore

Dr. Michael DeBakey

The world famous heart surgeon known as 'Texas Tornado' for practising a punishing schedule of non-stop surgeries is no more. That he treated peasants and presidents with equal panache (*Newscape, The Hindu, July 13*) is borne out by the following incident, whose veracity I personally vouch for.

In the 1960's a small-time Central government official in Hyderabad wrote to Dr. DeBakey, who was a famous figure even then, that he needed to undergo open heart surgery. The procedure had not yet stabilised in India. The doctor replied that he would waive his fees and also prevail on the hospital to forgo fees if the patient travelled to the U.S. with an attendant. As the gentleman could muster enough money only for a single fare, he was asked to travel alone. After the successful surgery, a news item was posted in local dailies that an unchaperoned patient from Andhra Pradesh was recuperating. Immediately several Andhra families visited the hospital to boost the patient's morale. He returned home and resumed his career. Such was the generosity of the 'magician of the heart'.

R. Ramachandra Rao,
Hyderabad

The munificence of Dr. Michael DeBakey, who passed away last Friday, was legendary. In 1970, a teenager in Indore read about him in a newspaper article and wrote to him for help. Dr. DeBakey replied promptly, promising her free sur-

gery and post-operative convalescence in his hospital in Texas. The girl was rushed to Texas, operated upon and she returned home fully cured. I was the District Magistrate of Indore at that time and I had the privilege of expediting the formalities for issuing passports to the girl and her parents. Years later, the girl got married, bore children and has been living happily. Little wonder, a documentary made on the famed surgeon was titled "A man with a mission."

N.R. Krishnan,
Chennai

India and Africa

"India and the new scramble for Africa" by Jorge Heine (Op-Ed, July 14) was not only timely but also informative.

India should engage Africa in a much more active and innovative manner without committing the errors European nations made in the original scramble for Africa — blind and all-consuming greed and a fatal inability to understand a complex cultural environment. The African continent is geographically larger than India but with a much smaller population. Indian industry would be well advised to view Africa not as a collection of individual countries but as a collection of regions. The dismantling of state control in practically all spheres of the economy in Africa and the development of the "knowledge / Internet" economy all over the world make this the right time for Indian industry to commit itself to a long-term economic involvement in Africa.

Vishwas Garg,
Visakhapatnam