

# Education as Trade: Reflecting the Case of Nepal

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To

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## 1. Introduction

Education is emerging as an important service industry at global level. It got its prominence since education services was part of General Agreement in Trade on Services (GATS). Now the debate is heightened and the academia is gradually catching up with the move although globally civil society in general has remained against WTO provisions.

Impact of GATS in general is yet to be known. Nepal is relatively open and tolerant to outside world even at the time when political system was not open. Nepal is often considered as the global lab of development activities. Taking the latest brain-drain that will be discussed later, aside, the early experiments in Nepal have given Nepali development professionals a cutting edge advantage. There is hardly any development literature of international repute that does not mention Nepal. Nepalis now dot the developing world in leading development positions despite lower political-economic status. Even before Nepal's accession to WTO, private initiatives were underway. This situation makes Nepal an ideal target to study post-GATS phenomena in educational services. Further, it's a small independent country that gives opportunity to capture dynamisms in a miniature form. Despite being in between the rapidly growing two economies, education sector in general can be said to be 'immune' to intellectual influences of the both countries. It might be fairly safe to say that Nepali urban middle-class is closer global values more than by the similar segment of Indian or Chinese society, for example. The influence has entered through the main doors of globalization rather than the side doors of the two neighbours. Nepal also presents with an array of possible extreme social contrasts in a nutshell making it an interesting country to make a case study.

In this short paper, I have sought to study the situation educational services as trade in Nepal. I will attempt to describe the situation through the 4 modes of GATS services categories. These modes will be discussed in the section where WTO/GATS is introduced. Based on limited and estimated data, I will interpret the set of happenings along the modes. I have used the framework if the development in the educational services sector is a Gain, a Drain and/or Wastage of human capital for Nepal and seek to counter the *theory of comparative advantages* to check to what extent it stands against it. It is hoped that this exercise will introduce the reader with the issue at hand and indicates areas for research to pursue further.

### a. Country context

Nepal borders the Tibetan Autonomous Region of China in the north and mostly the Indian State of Bihar in the south, relatively less developed parts of the both. With a population of around 28 million, the climatic diversity often coincides with an unparalleled ethno-cultural

mosaic reflecting molten cultures of both neighbours. The Nepali state recognizes some 60 indigenous groups besides 'caste groups' – the shadow of which greatly affects social realities including education in the country. Many speak their own language. Nepali is the *lingua franca*. Social indicators also vary greatly across gender and ethnic groups.

Dating back to some 300 centuries the 'modern' state of Nepal was a *terra-incognita* until 1950. Until then, the country was run by two feudal aristocracies based on a Hindu worldview. Gradually opened up, it is still ruled by the elites where caste and class often intertwine. To this day, some 80 percent of the population lives on subsistence agriculture far from basic conveniences. The available benefits are unevenly distributed particularly between the eastern and the western parts of the country. Administratively, it is divided into five developed regions, 14 zones and 75 districts (see Annex 4: map of Nepal), and those are further divided into 30 plus municipalities and some four thousand village committees. Since 1950 when aristocratic rule of Ranas was abolished, Nepal has undergone three major political changes. First was the establishment of autocratic rule by the king in 1961 that lasted for some 30 years. Second was the transformation of king's absolute rule into constitutional monarchy by a popular movement in 1990. The third change is the Maoist insurgency that cost several thousand lives to the country. It has temporarily subsided with the parliamentarians and rebellions striking a peace deal forcing king out of his throne in 2006.

Table 1: Nepal in comparative Human Development Index

HDI value	Life expectancy at birth	Adult literacy rate (% ages 15 and above)	Combined primary, secondary and tertiary gross enrolment ratio	GDP per capita (PPP US\$)
1. Iceland (0.968)	1. Japan (82.4)	1. Georgia (100.0)	1. Australia (114.2)	1. Luxembourg (77,089)
17. Belgium (0.948)	22. Belgium (79.1)		17. Belgium (94.3)	19. Belgium (33,243)
144. Kenya (0.532)	131. Solomon Islands (63.2)	126. Yemen (57.3)	134. India (61.0)	160. Mali (1,058)
<b>145. Nepal (0.530)</b>	<b>132. Nepal (63.0)</b>	<b>127. Nepal (55.2)</b>	<b>135. Nepal (60.8)</b>	<b>161. Nepal (999)</b>
146. Sudan (0.526)	133. Turkmenistan (62.8)	128. Mauritania (55.2)	136. Swaziland (60.0)	162. Uganda (888)
179. Sierra Leone (0.480)	179. Swaziland (40.2)	147. Mali (22.9)	179. Djibouti (25.5)	178. Congo (281)
				(UNDP, 2008)

The country is categorized amongst the least developed in the world. With the value of 0.530, Nepal ranked 145th in the Human Development Index (HDI) in 2006 (UNDP, 2008). Infant and maternal mortality rates are among the highest; literacy is among the lowest as can be seen from Table 1. Economic infrastructure is rather limited and it depends significantly on external assistance for development activities including for education. Process of liberalization in the country started in the 1980s speeding up in the 1990s. Economic reform was introduced to liberalize trade, foster private sector development, and strengthen public expenditure management. The government claimed these efforts yielded impressive results early on. They helped to transform the Nepalese economy from a highly regulated to a more open, market-oriented economy; create an energetic private sector and expand its role in such areas as manufacturing, industry, exports, education, health, air transport, finance, and power; and improve the country's macroeconomic fundamentals. In particular, it helped to accelerate economic growth in non-agriculture sector (trade, transport, tourism, manufacturing and services (NPC, 2003). The 'accession' to WTO needs to be viewed in the same continuum.

Nepal is significantly depended on India for its trade obviously the balance of payment resting on Indian side. Almost every industrial product as well as food to a significant is imported. The country's major export is textile (to US) and the carpets (to Germany). Tourism had remained as the traditional source of revenue until it is overtaken by the remittance for about a decade. Many young people enter the 'first countries' in the guise of students in search of better life conditions. Otherwise, most remittance is generated in the gulf countries where quantity rather than the quality of the workforce has mattered. The insurgency in the country greatly functioned as the 'push factor' for migration in all guises.

#### **b. WTO/GATS and Nepal**

WTO is considered as one of the most assertive neo-liberal institutions that promotes free trade across the globe. When it transformed itself from GATT to WTO, it acquired three distinct areas of engagement: the conventional regime of trade on goods, Trade Related Intellectual Property Rights (TRIPS) and General Agreement on Trade in Services (GATS). GATS is legally binding and enforceable multilateral framework agreement within WTO. It covers basic services such as water, health and education that have been traditionally considered as the responsibility of a welfare regime. GATS' classification covers any international trade in the field of education that is divided into four modes of delivery: cross-border supply of educational services (on line learning, distance education, brand franchising); consumption abroad (international student mobility); foreign investment for

educational products; movement of natural persons (international teacher mobility) (Nicaise, 2008) (see Larsen, Martin, & Morris (2002) for details). GATS inherits the legacy from WTO's predecessor nearly half a century old GATT, that foreign companies who operate in the market of the host country be given the same treatment as companies from home. GATS conditions apply only so far as the member states have made commitment to open their markets to foreign providers. Other prevailing rules of the commitment include transparency of information relating to agreement and the settlement of trade related disputes through a court. Critics are surprised that even in matters such as education is subject to the judgements of a WTO court comprised of trade experts. Further, GATS is considered to be a one way provision where return is extremely difficult if not impossible once a country makes an "accession" to the platform.

The provisions are said to be enforced under enormous pressure from multinational agencies particularly by the US financial services sector. However, WTO and supporters claim that it's the most democratic global institution existed so far – there is no member with veto privilege as in the case of UN nor decisions of high-stake shareholders prevail as in the case the World Bank. It's a forum for negotiation on an equal footing – "trade without discrimination" as the institution claims. Further description along this stand can be found in WTO (2008). According to them, they not only seek to remove the trade barriers to liberalizing trade, but in some circumstances their rules support maintaining trade barriers. In principle, WTO "carves out" services under government authority and something that has no commercial purpose. However, it can mean that as soon as education, for example, if privatized, comes under the remit of GATS.

Starting the process still in GATT times in 1989, Nepal became a full member of WTO in 2004. In the services sector, it has opened up 11 services sectors including education and 70 sub-sectors. The 11 service sectors are: business services; communication services; construction and related engineering services; distribution services; educational services; environment services; financial services; health and related social services; tourism and travel-related services; recreational, cultural and sporting services; and transport services. The sub-sectors Nepal has committed to open are higher education, adult education and other educational services except for education services funded from state resources with up to 51 per cent equity capital. It will be increased up to 80 per cent by 2009 (Adhikari, Dahal, & Pradhananga, 2008).

### c. Nepal's Educational scenario

Nepal ranks 111<sup>th</sup> amongst 129 countries with an Education for All Development Index (EDI) value of 0.738. Table 1 presents its rank along with other indicators. A comparison with

Table 2: EDI and its components (values in

Indicators	Nepal	Belgium
EDI	111 (0.738)	27 (0.979)
Total Primary NER	111 (0.801)	38 (0.975)
Adult Literacy Rate	116 (0.552)	32 (0.990)
Gender Specific EFA Index	113 (0.815)	21 (0.987)
Survival Rate to Grade 5	101 (0.785)	56 (0.964)
<b>EFA=Education for All, EDI=EEA Develoement Indicators</b>		
<b>NER= Net Enrolment Ratio</b>		
(UNESCO/GMR, 2009) pp 248-249		

Belgium reminds us of the context of stark differences we are discussing about.

Following the World Conference on Education, Nepal prepared a National Plan of Action as a follow up of Dakar Framework of Action. Table 3 presents the status of Nepal's education along the 6 themes of EFA.

Table 3: Targets by core EFA indicators

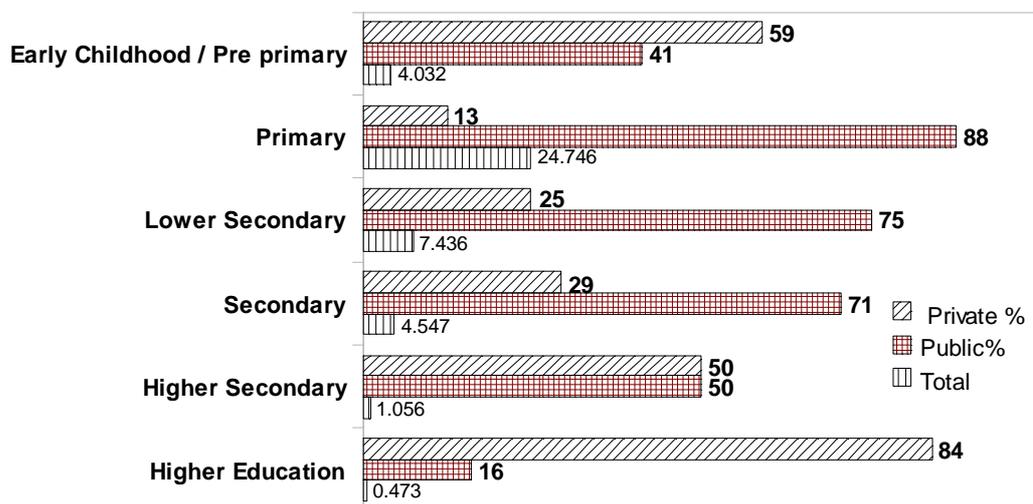
S. No.	Indicators	2000	2005	2007	By 2012	2015
1.	Gross enrolment rate, GER for ECD	13	20	32	60	80
2.	% of New entrants at Grade 1 with ECD	10.5	30	40	65	80
3.	Gross Intake Rate, GIR at Grade1	141	125	123	111	102
4.	Net Intake Rate, NI Rat Grade 1	53.7 a	67	73	89	98
5.	GER at Primary Grades1-5	119. 8	110	110	110	105
6.	Net Enrolment Rate, NER (PrimaryGrades1-5)	80.4	88	90	95	100
7.	Primary Exp./GNP	1.8b	1.9	2.0	2.3	2.5
8.	Primary Exp./Total Ed. Exp.	56.7 b	60	62	65	65
9.	% of teachers with req. qualification and training	15.4	50	100	100	100
10.	% of teachers with required Certification	-	60	100	100	100
11.	Pupil Teacher Ratio	37	34	34	31	30
12.	Repetition Rate Grade 1	42	30	24	14	10

	Grade 5	11	9	8	8	8
13.	Survival rate up to Grade 5	63	71	75	86	90
14.	Efficiency	55	63	67	76	80
15.	% of Learning Achievement at Grade 5	40	52	57	70	80
16.	% of Literacy Age Group 15-24	70c	76	79	86	95
17.	% of Literacy					
	Age Group 6+ years	54c	65	75	85	90
	Age Group 15+ years	48c	58	63	70	75
18.	Literacy GPI (15+years)	0.6c	0.7	0.8	0.9	1.0
<i>a/ 1997, b/2001/02, c/ 2001</i>		(MoES/UNESCO, 2007)				

As we noted earlier, Nepal has opened up higher education and non-formal education for trade purposes. According to Adhikari, Dahal, & Pradhananga (2008), in 2004, Nepal had 121,670 students enrolled in higher levels of education. Of these, 132,777 were enrolled in Tribhuvan, Nepal's oldest and the largest University, 2,958 were enrolled in Mahendra Sanskrit University, and 2,476 were enrolled in Kathmandu University. Among the three, the last one is a private non-profit institution. In 2003, 6,388 students were enrolled in Eastern University and 4,614 were enrolled in Pokhara University. Graph 1 indicates that except for pre-primary level, share of the private sector increases as we go at higher levels. It needs further investigation as what portion of students is studying in private or franchisee educational institutions. In the next section, Nepal's education will be viewed as trade based on the information available.

### Proportion of Public and Private Institutions

Total=number of institutions in ,000 (MoES, 2005)



Graph 1: Proportion of public and private institutions in Nepal.

## **2. Education as Trade in Nepal**

The term trade sounds quite odd in relation to activities such as education that have been considered traditionally as non-tradable items. Even the term commodity is used rather sparingly in the case of education. Scholars, governors, practitioners including the traders have yet to fathom its width and depth. Here, I describe education as a trade in Nepal along the four modes of GATS trade regime so that it is possible to decipher its possible consequences to the country as a whole as well as different cross section of the people. In this process, I will also discuss ambiguity and complications arising in describing the situation. So far, Nepal's national accounts reports or annual economic reports do not feature education in terms of trade. This will require more rigorous research on the subject.

### **a. Cross-border Supply**

Anybody can supply educational services across the border of a nation. At this age of connectivity, even the laws cannot detect this type of transaction. It is known that people are taking such courses and they should not be so many of them yet. It requires a systematic survey. I made attempt to do a course with a US based university some 10 years ago. Due to inaccuracy of connectivity it was not possible to keep up with the demands of the course. Since then, things have changed significantly. We can conclude that there is a cross border supply of educational services and it is not yet significant.

There is a couple of language courses aimed at Nepali learners is known to run.

### **b. Mobility of Learners**

This is the most significant of the categories of trade in educational services. Nepal's educational export of educational services is very small and worth discussion if it qualifies to be an export. Some foreign students particularly from India come for study in the institutions run as affiliates of Indian-based institutions. However, such institutions are under the next mode of services 'commercial presence'. This will be discussed in the next section.

Mobility of the students to another country is import of educational services as far as Nepal is concerned. This type of import can be broadly put into two categories: self-financed by learners and sponsored by the government or external agencies. Students have been going abroad to study particularly after the 1960s as the wave of human capital swept the world. Institutions such as UNESCO were actively promoting such an endeavour particularly the system equivalency of accreditations. People were able to go to India on self-financing as the Indian currency was convertible even before liberalization of the finance sector. Neither does it require any visa. Many well-to-do families have been sending their children to many British-modelled schools in India particularly in places such as Dehradun, Mussori,

Darjeeling and Nainital. With the spread of private schools in the country a significant reduction in the number of pupils is felt although no systematic research is found to have done. However, going to the third country to study on self-finance is a new phenomenon. One major underlying cause behind this situation is the emergence of burgeoning urban middle class augmented by the fall behind of the state to keep up with the demand for higher education by the mass. Supporters of private education have been putting this argument forward that if no quality education (thus private) is provided in the country, people will take their children out of the country thus letting money 'flee' out of the country.

There are other pull and push factors are at play. A recent push factor was the insurgency in the country while one major pull factor is 'the excuse' of education to go to a country with higher material standards of life. In other words, if people want to migrate to the countries of the North, student visa is the best possible options to enter a country of the North. The host governments of the countries of the North have eased education related immigration as an export enterprise as well as labor replacement for their ageing population. A strong argument presented in favor of this case is that not everybody (well, most) is able to recuperate the cost of such education from the employment back in Nepal. It is often reported that by the second year, these students find a job in the host country and become self-supported and gradually saving money and remitting back home.

Table 4 and 5 below give a quantitative glimpse of the situation. The Table 4 is pretty precarious as data is collected from difference sources and the estimated data has been used to enable us to give a shape to the picture. Except India, the destination countries are among the top hosts of foreign students. (As the issue has been raised amongst others by Nicaise (2009) it is the English speaking countries that atop the list – the other two being Canada and New Zealand). Data for all the countries was not available. They are calculated at 10% of the total of the four countries present under 'others'. Cost per student has been kept at moderate \$15,000 based on experience irrespective of the period they study assuming as mentioned earlier that they will not spend more than that amount. In sum, Nepal imported educational services extended to over 6,600 students worth of 99 million US\$ if a 10 year average is taken.

I compared this data with 2005 and 2006 figure for foreign assistance on education. Roughly it amounts to be about a 5<sup>th</sup> of the assistance. I further compared the data with Nepal's overall import of goods and services for 2003 for which data was available. The average figure of 77 million US\$ makes some 4% of the total amount (1,801 million US\$) of import in 2003 (it's not presented as it was too bulky even for annex; refer the site in ITC (n.d.). I

reckon that share of education services is significant amongst imports. It shows urgency for further investigation.

Table 4: Nepali students abroad (major destinations and estimations) under self-finance

Year Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008#	Total	Average	Estd. \$
Australia	-	346	...	983	882	616	618	891	2,358	7,722	6,694	1,802	270
India	772	821	873	801	681	...	...	...	...	...	3,948	790	118
UK	151	151	148	197	273	394	458	518	635	3,000	5,925	593	89
US	2,171	2,226	2,271	3,019	3,729	4,384	5,077	6,276	7,925	5,500	42,578	4,258	639
<b>Total</b>	3,094	3,198	3,292	4,017	4,683	4,778	5,535	6,794	8,560	16,222	60,173	6,017	903
Compiled from UIS. (2009). Table 18: International flows of mobile students at the tertiary level													
<b>Others*</b>	309	320	329	402	468	478	554	679	856	1622	6,017	602	90
<b>All Total</b>	3,403	3,518	3,621	4,419	5,151	5,256	6,089	7,473	9,416	17,844	66,190	6,619	993
Estd. \$	51	53	54	66	77	79	91	112	141	268	993	99	
* Hypothetical estimation of students heading for 'other' countries (at 10% percent)													
Foreign aid received on Education~													
							517	481					
\$ in millions; figure calculated at \$15,000 per student.													
Figures based on UNESCO/GMR. (2009)													
# Figures for this year are from a different source (ZNWW.COM, 2008)													

A large number of agencies called 'Educational Consultancies' offer services to get Nepali youth enrolled in educational institutions of the countries of North. Established in 1997, Educational Consultancy Association of Nepal (CAN) has strength of some 200 members (CAN, 2009). Even each of the agencies serve 10 students on average to go abroad it can already make additional two thousand students. Students opting out to study abroad need approval from MoE. The figure in Table 4 is based on the number of such recommendations made by MoES. Those who manage foreign exchange from private sources may have not been included in the data in Table 4.

Table 5 is compiled from the perspective of major recipient host country of Nepal's students. Given Nepal's socio-economic situation figures for both the US and India appear disproportional. It should be noted that most of the countries that top the list are OECD countries. It clearly shows a rapid trend of student mobility in Nepal. This is other words means that Nepal is importing educational services in large quantities.

Table 5: Nepali Students Abroad in the two major destinations

		(Percent of all foreign students in the host countries)				
Country	Year	2004	2005	2006	2007	Remarks
India		7	13	..	20	1st in 2004 to 3rd in 2007
US		0.86	..	1.07	..	31st in 2004 to 19th in 2006
Sources: IIE. (2008) and USEN (2009)						

### c. Commercial presence

This category involves the presence of the subsidiaries of educational institutions in the third countries. They exist in two forms: in one form they establish their subsidiaries themselves, in the second form; they franchise their brand under certain conditions. Both types of commercial presence is found in Nepal. Given the scope of this paper they have not been separated in the list presented in Annex X. However, one category is clear that many institutions run as franchisee of Cambridge University. The University charges examination and administration fees while the local franchisees provide tuition. Local institutions benefit from the brand while the University enjoys fees and brokerage service. Arrangements details were not possible to know in the given time. On average an A level costs around \$100/month/student in Nepal. Assuming that each of the 16 institutions have 100 students on average, it amounts to be 160 thousand US\$. This is not so much in comparison to the cost of student mobility.

Many franchisees for language and computer education are found run in the country. Their status is not researched yet. APTECH and NIIT are two large subsidiaries of the two India-based companies operating in different towns of the country.

## 3. Estimating Implications

We now have a kind of picture of Nepal's education service as a tradable commodity. It is quite clear Nepal is a net importer of education. Unlike other consumables, expenditure on education is seen as an investment – investment on human capital. In this section, attempt will be made to see if Nepal has had rewarding returns. It is assumed that the payback period for investment in higher education is 10 years gains peaking in 20 years. (??).

### a. The Gain Perspective

Because of the quality of education the students receive abroad, it should be a gain to the human capital of the country. Nepal would not be able to invest on education at that level on which the students are trained abroad. It is a gain of quality education for Nepal without it having to invest on infrastructure – particularly in the fields of science and technology. This

perhaps would have been true in one instance if education was provided at a 'normal' rate<sup>1</sup>. Most countries where Nepali students go for studies foreign students pay much higher fees than the native students. The fees structure is designed aiming at foreign students. Education is a business now. In many host countries foreign students pay many times more fees than that of native students. In many cases, this profitability has also given rise to low-quality academic institutions solely aimed at foreign student in host countries. In Australia one of my relative said that there is hardly any native Australian in her class (Bachelor of Nursing).

This of course, may also have positive consequences as it enables the courses to be tailored to the needs of developing countries. Relevance of the 'quality' of education provided to the students of developing countries in OECD countries is often questioned if it is appropriate. Curriculum is designed in response to the needs of the host countries. This is given one of the reasons why change does not take place despite educated people being in leadership positions. Apparently, leaving the charisma of some people aside, it needs a 'critical mass' to bring change in a society. This is not fulfilled by having a few people trained abroad. The change takes place in culture not in the knowledge alone. Referring European context, Brown (2003, p. 159) views this kind of 'quality surplus' to have caused negative effect: "For many jobs more advanced forms of education and training may be seen as counterproductive (i.e. too academic, specialised, or leading to 'unrealistic expectations'). It is equally may be applicable to the situation like that of Nepal. I have written in non-academic context somewhere about this as one of the sources of growing negativism in the country.

Mountford (1997) has argued that given the uncertainty of emigration ( for visa approval), brain drain has positive impact to the economy and considers non-selective migration by the host country to be desirable. It sounds highly theoretical as the chances of migration are higher with the higher competency. At any case, 'general' migration by host countries can create another dynamism and probability of succeeding for visa for the 'brainy' can indeed reduce the chances. An important positive factor is the prospect of remittance by 'the lost' students. It does not seem to be well studied phenomenon. In Nepal, it is felt that the 'drained' student continues send some amount of money at least until their parents are alive if they do not join him/her. In many countries ways are being sought to take advantage of the emotional attachment with cash of non-resident nationals (NRNs). There is a global association of non-resident Nepalis and getting involved in economic and charitable activities of the country of their ancestry (see NRN (2009) for details).

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<sup>1</sup> It is nonetheless, a difficult argument as the fee is subsidized to a greater extent by the host governments. These countries can argue that subsidy cannot be made available to 'foreigners'.

The same question of relevancy can be asked in relation to the providers of educational services in Nepal. However, they will be culturally contextualized for the fact that they are operated in Nepal. They are certainly cheaper than going abroad. Further, it promotes economic activity in the country. Providing higher choice and better quality education can be an alternative way of combating high mobility of students and the money flying with them out of the country. It also trains existing human resource in the country.

#### **b. The Drain Perspective**

After the study, many students do not return to the country of their origin that paid their lower levels of education. A US figure shows nearly as high as 50% of foreign students stay on after the studies (Carrington & Detragiache, 1999). Everybody integrated in the host country is a loss to the country of origin of students while it is a gain for the host country as the latter could have high skilled people without investing on them for lower levels of education. Often families join such a student and the family members have much lower levels of education. Most often they end up being as low-skill workers which is already better than in the country of origin such as Nepal albeit it has negative effect on native/naturalized low-skilled workers. They may be a liability to the social welfare of the host country. However, Important point to note is that students who come to study abroad are high-skilled workers in their country. In the neo-liberal (*Heckscher-Ohlin theorem* - presented in Nicaise, Peels, & Stessens (2006b, p.31) does not show positive affects to the high-skilled people in the developing countries. Attracted by the social security provided in the host countries and for the prospect of educating their children, it pays better not to go back to the country of their origin. Thus, appropriate pricing to get them back in the host country as suggested by Beine, Docquier, & Rapoport ( 2001, p. 288) is too expensive for countries such as Nepal.

Important question is how long Nepal should continue to send their youth for education to the destinations of no return. Opportunities to seek alternatives for better education elsewhere, evades the pressure to improve quality education in the country. Expenditure on education is supposed to be an investment on human capital. It is not helping to building capital in the country. 'Either we've not learnt or they have not taught us' a Yale educated biologist remarked 'my own children are creating pressure on short-supplied teaching jobs in Australia'.

Amartya Sen is known to advocate for investment on education for its inherence to enhance human capability beyond direct economic gains. When education cannot enhance human capability (added value) it is a drain of resources. This gives raise to the theories that education in northern countries is not appropriate for developing countries. It teaches to work in the created conditions but not to create conditions for the work. Many Indian scientists can

go higher in the ladders of academic career in the US institutions but if (overwhelmingly) his locality is viewed, it is nearly as chaotic and as filthy as any street where just illiterate people live. This situation also supports the view of the critics of liberal economists' policies that provisions such as WTO favor the western countries often at the cost of developing countries. I do not mean to suggest that it can be a deliberate act. However, it appears in the given situation that the fall of education institution in developing countries such as Nepal gives the rise of economic gains through education in rich countries of the North. Guelec & Cervantes (2001) do consider that high skilled immigration in the context of OECD, may limit the ability of the Southern sending country to catch up. Smaller countries with narrow human capital are more vulnerable than the large ones (Docquier & Schiff, 2009).

In comparison to the mobility of learners, commercial presence of cross border educational enterprises appears less harmful in the case of Nepal.

### c. Wastage Perspective

In the above sections it was discussed in the polarity of who loses and who gains. There is one particular situation where the human capital is found wasted. When students from Nepal go abroad and stay behind in the host countries, they do not get the job according to their capacity for a number of reasons. The reason includes language limitation, cultural differences as well as for the reasons of political-economy and racism as felt by some to certain extent. Investment they make in education does not give the same level of return as it does to a native. However, back in the country of origin, this person is a high-skilled person. I illustrated with an example of personal experience.

In 2004, I paid a visit to the English city of Reading. Four of the scientists from an institution to which I was acquainted were residing there. I met two of them. One person who has his PhD on some kind of agriculture/forestry related discipline from the University of Reading was the supervisor of the workers who stack supplies in the super market chain Tesco. Three of his colleagues whom he had to supervise had an M Sc. degree on similar discipline. I met one of them. The men were doing the same job as hardly schooled wives of them were doing. It is not only what was invested in Nepal was lost but they came under a scholarship (most probably from the British government). The country is ever short of a competent agriculture or forestry technician – let the scientists alone. It's a pity that neither Britain (unless there is some agro-forestry related issue comes in the stacking process!), nor Nepal are able to make use of their talents. The difference is that two of them had come back to Britain under the British High Skilled Migration Program (HSMP) after they had worked for a couple of years in Nepal following studies. There are hundreds of such cases talent wastages.

## 4. Final Reflections

It appears that trade in educational services is important sector in Nepal. Available figures clearly indicate that Nepal is a net importer of educational services. In order to understand its magnitude research is necessary - especially ratio of imported educational services to domestically produced services to internalize its gravity. Whether this import is a gain in terms of human capital is yet another complex matter to decipher. The set of events are de-territorializing creating immense dynamism to capture a state where such a transactions could be analyzed. Proportion of students who live in the host country after the completion of the study is yet to be known. Appropriateness of the knowledge gained in a rich country for the poor country is another point of discussion even when the students come back to the host country. There is a chance that it is indeed a game ending in a loss to Nepal. In comparison to mobility in persons, commercial presence appears to be relatively less costly. Further worse situation can be perceived where even the exporter is content with direct financial gains of export but not of the added value of the individual. Impact of such a phenomenon is yet to come out even in speculative terms.

All together, situation for the time being looks grim from the perspective of Nepal. It can be worrying that liberalization of the trade in educational services is irreversible. There is substantive fear from social justice perspective. For education to be a means to distribute equality of opportunity, it must remain on national and local state's agenda. Unlike other global institutions WTO does not have a social agenda. Emergency strategies to react to educational crisis may simply not be possible within WTO-GATS framework (Robertson, Bonal, & Dale, 2006). I have argued somewhere (Bhattarai, 2007)<sup>2</sup> and there is a building opinion that deprivation in education had a lot to do with the current insurgency in Nepal (Shields & Rapple, 2008) & (Vaux, Smith, & Subba, 2006). If the situation has to reach from crisis to collapse and then insurgency to resurgence, it can be quite painful. This in the long run will be a test of neo-liberal claims that low skilled workers in developing countries will be better off from the economic growth created by the importation of labour intensive goods by the rich countries (mentioned in Nicaise, Peels, & Stessens (2006b).

Finally, student mobility is no longer under the control of the government of Nepal. With the liberalization of economic policies, government cannot take harsh measures to regulate foreign exchange. There is no absorption capacity of the skills acquired by such a high number of students being trained from Nepal. It may not be relevant to view brain drain within a national framework. It appears to be a highly an individual enterprise. We may be in need of viewing the whole problem in different dynamism.

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<sup>2</sup> Public schools in Nepal are in shambles. I have argued elsewhere that private schools have evaded the pressure to be built for the improvement of public education as children of the influential section of the society are in private schools. There is a big gap in educational achievement between public and for-profit private schools.

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## Annex

### Annex 1: Franchisees of Foreign Educational Institutions in Nepal

S.No.	Name of Institution	District	Accrediting Institutions	Country	Degrees offered	Subjects offered	Remarks
1	British School	Lalitpur	Cambridge Universtity	UK	A Level (British high school system)	Selected streams in science, arts, management	Primarily run for expatriate children much before education was overwhelmingly a commercial activity Focus on English as foreign language; aimed at diplomatic community; about a 5th Nepali students; since 1954
	Lincoln School	Lalitpur	New England Association of Schools and Colleges	USA	American schooling system	Selected streams in science, arts, management	
2	Budanilakantha School	Kathmadnu	Cambridge Universtity	UK	"	"	Run by the government as the centre of excellence since 1972
3	Campion school	Lalitpur	Cambridge Universtity	UK	"	"	
4	Chelsea International Academy	Kathmadnu	Cambridge Universtity	UK	"	"	
5	Cosmos International College	Kaski	Cambridge Universtity	UK	"	"	
6	Everest Education Foundation (Thames College)	Kathmadnu	Cambridge Universtity	UK	"	"	
7	Kathmand Academy	Kathmadnu	Cambridge Universtity	UK	"	"	
8	Kathmandu Valley School Pvt.Ltd	Kathmadnu	Cambridge Universtity	UK	"	"	
9	Kings College	Kathmadnu	Cambridge Universtity	UK	"	"	

10	Kritika Education Foundation		Cambridge Universtity	UK	"	"
11	Lumbini Educational Foundation	Lalitpur	Cambridge Universtity	UK	"	"
12	Melpi Institute Pvt.Ltd	Kathmadnu	Cambridge Universtity	UK	"	"
13	Nobel Academy Pvt.Ltd.	Kaski	Cambridge Universtity	UK	"	"
14	Orient College	Kathmadnu	Cambridge Universtity	UK	"	"
15	Rato Bangla School Pvt. Ltd.	Lalitpur	Cambridge Universtity	UK	"	"
16	Saipal Academy	Kathmadnu	Cambridge Universtity	UK	"	"
17	Xavier International College	Kathmadnu	Cambridge Universtity	UK	"	"
18	A. J Wild Institute Of Advanced Studies	Kathmadnu	Cambridge Universtity and LCCIEB London Chamber of Commerce and Industry Examination	UK	Plus Chartered Accountancy	Commerce
19	College for Professional Studies	Kathmadnu	Sikkim Manipal University	India	Bachelors, Masters	Commerce and Science
20	Silver Mountain School of Management	Kathmadnu	American Hotel and Lodging Educational Institute	USA	Bachelors	Hotel management
21	Melpi International College	Kathmadnu	Missisipi University	USA	Bachelors	Liberal Arts and Science
22	Lord Buddha Education Foundation	Kathmadnu	Makhanla Chturbedi National Journalism Univeristy	India	BCA, PGDCA, DCA, BSc IT	Science, IT
23	International School of Tourism and Hotel Management	Kathmadnu	Salzburg University of Applied Science and Technology	Austria	Diploma, Higher Diploma	Hotel /Tourism Management

Compiled by Guru Mainali, Education Journalists' Group, Kathmandu from the records of MOES in 2008.