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Don't fall in trap of schools giving useless degrees: RBI Governor Raghuram Rajan

By PTI | May 07, 2016, 02:52 PM IST

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NOIDA: Sounding a word of caution to students on education loans, RBI Governor [Raghuram Rajan](#) today said they should not fall prey to 'unscrupulous schools' which leave them with high debt and "useless degrees".

Observing that education at high quality research universities will remain expensive in near future, he said efforts should be made to make degrees affordable to all deserving students.

One part of the solution is student loans, he said, adding "we have to be careful that [student loans](#) are repaid in full by those who have the means, while they are forgiven in part for those who fall on bad times, or those who take low paying public service jobs."

In his convocation address at the [Shiv Nadar University](#), he said, "we also should make sure that unscrupulous schools do not prey on uninformed students, leaving them with high debt and useless degrees."



Observing that education at high quality research universities will remain expensive in near future, Rajan said efforts should be made to make degrees affordable to all deserving students.

The Governor said private education across the world is expensive and is getting more expensive all the time.

Beginning his address in a lighter vein, Rajan said he embarks on this talk comforted by the knowledge that the "bar for convocation speeches is low."

"If you even remember a word I say a few years from now, I will have surpassed the average convocation speaker - most people don't remember who spoke at their convocation, let alone what they said."

Rajan, a globally known economist, emphasised that free market is not fair saying even well-run market economies seem to be favouring those who already have plenty.

"In part, this is because skills and capabilities have become much more important in well-paid jobs, and those born in good circumstances have a much better chance at acquiring these," he said. While education loan is one solution to make degrees affordable, philanthropy, not just by the founders, but by the successful students from a university, can also play an important role, Rajan said.

"Giving back to the university is a way of subsidising the costs of future generations acknowledging the subsidies you received from the founders when you got your degree. I hope we develop a strong culture of alumni giving in India," he said.

He also said Reserve Bank was in touch with the government to deal with issues related to education loan.

Referring to a book by renowned Harvard philosopher Michael Sandel, who seems to prescribe banning monetary transactions, the Governor said in a free market, all it takes to buy what you want is money.

"You do not need a pedigree, a great family history, the right table manners, or the right fashionable clothing or looks," Rajan said.

Money has no odour and is a great equaliser, that so many people across history have been able to acquire resources and invested them to make this world, he added.

"Indeed, making it easy for Dalits to start businesses may do more for their social status because money empowers than many other forms of affirmative action. Rather than prohibiting the use of money and wealth, let us think about increasing society's tolerance for its use," said Rajan.

Speaking about the country's GDP, he said: "I have no problem with India's growth. It is doing great. It could do better".

India has emerged as one of the fastest growing large economies in the world with a growth rate of 7.6 per cent in 2015-16 fiscal.

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