

Education and Employability

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With one of the youngest workforces in the world, India's economic potential is widely acknowledged. But the transition to a knowledge-intensive economy requires more skilled and competent employees. Barely 5% to 7% of the current workforce has had any formal training in a skill, and 70% may not even have completed primary schooling. According to estimates, only 10% to 15% of graduates are employable, and just 12% of the 18-24 age group enroll for any post-high-school courses. Although 135 million children are enrolled at the primary level today, about 15 million are in college, and only 2.3 million will graduate this year.

India's biggest challenge is not unemployment, but unemployability. A study by McKinsey and the National Association of Software and Services Companies a few years ago found that barely 25% of engineering graduates are employable. Last year, another survey by the Federation of Indian Chambers of Commerce and Industry and the World Bank reported that 64% of the employers were not satisfied with the skills of the engineering graduates. According to biotech industry sources, barely half of the 200,000 post graduates in science are employable.

New Delhi is making the situation even worse with its new Right to Education Act, which came into effect on April 1. The Act requires the government to educate children for free until age 14. The government estimates this mandate requires additional 1.2 million trained teachers in the next five years, tens of thousands of new schools, and by 2020, another 700 universities and 35,000 new colleges. Foreign investment will be encouraged at the margins. The government is also engaged in creating a new national regulator for higher education, which would create multiple new layers of bureaucracy.

New Delhi's policies are highly flawed, starting with the assumption that the private sector will not build schools and invest in education. Yet surveys have found that 40% to 50% of children from the slums of Delhi attend private informal schools. In a country where 35% of the people are still officially illiterate, setting up schools is completely tied up under a license and permit raj. It requires 30-35 types of permissions to set up a school even in Delhi.

Secondly, the government wants to attract investment. But education is one area where for profit activity has been completely prohibited. For instance, hardly any of the thousands of coaching institutes preparing students for admission to engineering and medical colleges would meet the regulatory requirements and standards set by the government to qualify as a school.

Thirdly, the regulatory environment has created a system of patronage to favored organizations seeking to enter higher education. In the past year, senior officials at regulatory bodies in both the technical and medical education have been accused of corruption. While they maintain their innocence, the Central Bureau of Investigation is

said to be investigating more than 100 people across the country. Yet, rather than deregulate, the present effort centralizes control even further.

Each year hundreds of organizations apply for permission to start technical institutes, but many seem to have no scruples about bribing the authorities to acquire the necessary clearances. In one instance, a college in Uttar Pradesh had an address where nothing stood except farmland. Just last month, out of 150 self-financing engineering colleges inspected in Tamil Nadu, 67 were asked to improve their faculty and strengthen physical infrastructure before they can admit any students this session. It is not uncommon to find engineering colleges rotating faculty, equipment, and students to hide the real situation when inspectors call.

Last year, a local Kolkata newspaper estimated the various rates of bribes to a technical education authority. To start a technical or professional institute, the rate ranged from \$10,000 to \$50,000, whereas deemed university status would set one back \$1-2 million.

To overcome the scarcity of skilled workers, Indian companies are already investing in education in a big way. Major companies have undertaken steps to engage with faculty at many colleges and universities to help them understand the needs of the industry, and adapt their curriculum. Companies are spending huge resources to train the recruits. In 2008, Infosys spent \$5,000 on retraining each of the thousands it hired. Wipro spends about 1% of its annual revenues on retraining thousands of fresh graduates it recruits.

The natural solution is for companies, business chambers and even universities to define a base set of skills they are looking for among first-time employees. They could create an independent body to design and conduct the test periodically among job seekers. It could be organized on the lines similar to the independent standardized tests which are widely accepted by all major colleges across the United States. Given the scale of private education initiatives in India, if there are such independent assessments linked to employment, a whole host of service providers will grow to prepare the students accordingly.

Young Indians are seeking relevant education in unprecedented numbers, as the hordes of students taking the IIT entrance exams and enrolling in private coaching schools demonstrate. From the "education reform" initiated by the government, though, one cannot help escape the feeling that the government is merely looking to expand bureaucratic control and increase the scope of political patronage.

Education is not primarily about any particular content or skill set, but about the continuous capacity to seek new knowledge and acquire new skills. Education can empower only in an environment of freedom, where students can choose from a range of educational providers offering a diverse package of knowledge and skills. India will enjoy demographic dividends only when education becomes free from the clutches of the state, and the youth are able to leverage their education in the competitive economic environment.