

Paradox India - 300 million

unemployed/underemployed yet there is a shortage of trained manpower?

We would like to share a few thoughts regarding **HR development & training** in India with respect to, say China, the EU and the USA. Where are we now? & where we need to go from here?

1. Since 1947, **HR** is really not a very important subject, as far as the BIZ organizations or Chambers of Commerce are concerned. Central & State Governments are now beginning to appreciate the importance of **high quality of HR**. Chambers of Commerce do not give sufficient importance to HR, many have an IR committee, which is more for settling labor disputes! **CII** has national committees in **Education & Skills/HR/IR**. Within CII, nearly 24 people are involved with **Human Resource Development**. In contrast, say in the German Chamber of Commerce, nearly 10 to 15% of the manpower is involved in manpower training and development.
2. **Germany**, population 86 million, has **100,000 Vocational Training Institutes** for a work-force of 42 million and nearly 500,000 companies are involved in practical training as well as handling of apprentices. About 200,000 professional experts from different sectors of the economy are registered and are used for imparting theory and practical hands-on-training to about 3,000,000 people per year.
3. Even a small country like **Austria**, population 8.5 million, has **5000 centers**, training 300,000 people per year and 38,000 companies provide practical training. No wonder that they have the lowest unemployment rates and one of the highest labor productivity in the EU.
4. In the USA and the EU nearly all Vocational Education & Training is in the PPP (Public-Private-Partnership) mode. About **70% financed by the private sector** or employer's organizations/local community and **30% by the Central and State Governments**. This ensures a steady stream of trained and qualified man power for all enterprises. In the USA these are called **Community Colleges**, where nearly 12,000,000 people are trained per year.
5. India has **5445 ITI's and ITC's**, which are under the Ministry of Labor & Employment, where 800,000 people are trained per year. During the last two years it has come to light that nearly 16 other Ministries of the GOI are also engaged in some sort of manpower training & education covering an additional 3,200,000 people per year.
6. **China has 500,000 vocational institutes**, out of which nearly 70% are in rural areas. The total number of people trained within **China is about 60,000,000 people per year**. It is therefore not surprising to note that China with arable land much less than India produce's nearly 100% more food grains, although it has a very harsh climate.
7. India has a **work-force of about 509 million** people, out of which nearly **19 million** work with the '**Organized Public Sector**'. **10 million** with the '**Organized Private sector**' and about **480 million** with the '**Unorganized sector**'. Are our **HR Forums** addressing the 2nd category of employees in the 'organised private sector' representing only 10 million employees'?
8. **German** chambers of commerce have a **common-minimum-program** regarding **HR**. They have 4,000,000 members who are categorized in different sectors of the economy, about 1100 sectors. In India we have a large number of all-India Chambers (like CII, FICCI & ASSOCHAM), as well as state and city and trade or product chambers of commerce. The largest being CII with 7,000 members and an additional 25,000 members thru affiliations of different trade and business groups as affiliate members.
9. **Where are the 100,000,000 MSME's accounted for** who account for nearly 480 million workforce of the 'Unorganized Sector' and represent nearly 94% of the work force?
10. **Primary Education** has not been able to reach most of the Indian population. The literacy rate is estimated to be 61%, against 93% for China. China has nearly 2 million schools against about 1 million in India. The **Right to Education Bill 2005** has still not been passed by Parliament.
11. India has hardly 70,000 **higher secondary schools**, completely inadequate for our vast population. The school drop-out-rate between KG and 10+2 is estimated to be at least 90% considering also the

ones who never went to school. Kindly see 'Education in India', a note prepared by www.wakeupcall.org. Please ask us for hard copies?

12. The 10% who do manage to cross the 10+2 stage enter the 22,000 colleges of India. **Nearly 75% of all graduates are doing B.A.!** Balance 15% are doing B.Sc and B.Com. Hardly 10% opt for engineering, medical, IT, management and other professional courses.
13. Higher & Technical/Medical education is highly controlled, leading to low quality, low capacity and a flight of nearly 150,000 students per year for higher overseas education. **This puts a drain of nearly Rs 50,000 crores per year on our balance of payments, sufficient to build 30IIT's or 50IIM's per year!** Kindly see 'Goddess of Learning' at www.wakeupcall.org. Please ask us for hard copies?
14. **41 million** unemployed and educated youth are registered with the Employment Exchanges. Another **260 million** of age group 15 to 50 are underemployed/unemployed but not registered!
15. **This pool of nearly 300 million people are our so called 'demographic dividend'**. Most of them are NOT employable as they **have no skills which are relevant to our present day economy**. Many of them are illiterate, of poor health and many with physical handicaps!
16. Because of the above situation, our wages and salary, especially in the 'Organized Sector' is rising much faster than the annual inflation rate. In many cases we are becoming un-competitive, or our margins are being squeezed by the other international players in Asia, Latin America and Africa, to name a few.
17. Last, but not the least, three types of Resources are the **Vital Ingredients** of any Strong and Vibrant Economy....**1st..Human Capital,...2nd Financial Capital and 3rd...Material Assets**. It seems that during the last 60 years, our emphasis has been on the last two, although the real driver is the **1st. or Human Capital or HR**.

Our suggestions for effective use our ample **Human Resources** are:-

1. **Create awareness** about where we are and where we need to go. See www.wakeupcall.org
2. Please see our **84-page book** in A4 size titled - **Transforming INDIA**, for some data, ideas and suggestions. We have 9 articles on Education & HRD and 13 articles on Employment Generation.
3. All **Chambers of Commerce need to come together** on one platform, for National **HR** issues
4. Emphasize to Central & State Govts. the **importance of HR with relevant education & training**.
5. **Give examples of the Asian Tigers**, China, Malaysia, Vietnam, and Indonesia. Germany & Japan (which were destroyed in the 2nd world war). S. Korea which had a 10-year war with N. Korea.
6. Start **Enterprise Skills Development**, ESD, from Class 8th
7. Start **Pre-Vocational** Classes from Class 8th
8. **Convert and Extend** all existing 70,000 higher secondary schools and 22,000 colleges into Vocational Centres in PPP mode.
9. **Connect Academia to business enterprises in each state**.
10. Define the **Skills required** for the next 10 years, on a moving target basis, in **Agriculture, Manufacturing and Services**
11. **Decontrol** all higher, Medical & Technical education in India.
12. But, **let the existing controls and quota, etc continue** in all Government funded and Government aided Institutions. Govt. should concentrate on primary & secondary education!
13. Remove '**License Raj**' for new Institutions. Make India an **International Hub in Education**.
14. Education is nearly **5 times bigger** than I.T. and software.
15. Education is also a **big employment generator**.
16. Australia has 400,000 foreign students, Dubai has 50,000. Singapore is preparing for 150,000. **India has 27,000 foreign students**.
17. Consider 20 years of Tax-Breaks for private investments in all forms of **HR Education & Training**.

Note prepared by Krishan Khanna, Chairman-CII Skills Task Force (2007-2008).....February 2009. Views are personal.

Employment 1st is a Division of 'iWatch', a registered not-for-profit organization located in Bombay, India. 'i' stands for INDIA, Indians, you and me. 'Watch' means that we are 'watching' what is happening in the country and reporting to the citizens, in order to create awareness for the sake of improvement. **Education 1st** concentrates on Human Resource Development. Relevant **HRD** can solve issues like Population, Law & Order, HIV/AIDS, Employment, Communal Harmony, Health, Productivity, Economy, and Environment and improve the HQ or Happiness Quotient for people.

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