

Making **INDIA** a **knowledge economy**



It is necessary to first understand the entire "Matrix" in education. Even after 59 years of Independence, the following situation remains as far as the **Human Capital Development** of our country is concerned:-

1. **Drop-out rate** in schools from KG to 10+2 is (including those who never attended school) 90% to 94%.
2. **China** has about 1.80 million schools, while we have about 1.10 million schools in India !
3. The '**Governance**' in Government run schools is very low. In many cases teachers are absent (15% to 50% absenteeism) from schools in rural and urban schools of India and are paid full wages and perks in spite of this! Studies have shown that even the poorest of the poor rather send their children to un-aided schools where fees have to be paid and not to government run free schools. The **quality of schooling** of such unaided schools is higher than Government schools although the salary of Government teachers is two to three times higher than the teachers of the un-aided schools.
4. The existing **Indian definition of Literacy** (if you can write your name you are literate) needs to be amended to International Standards.
5. As per the Ministry of HRD the present **illiteracy** is ONLY 37% or 430 million people, while as per UNICEF and UNDP it is nearly 60% or 650 million people. **China has a Literacy rate of about 93%**.
6. The first step of making India a knowledge economy is **literacy** and needs to be given **A1 priority**.
7. The **total amount spent on education** is about Rs. 91,000 crores per year. 15% by the Central Government. and 85% by the State Governments The Education Cess will collect another Rs. 7,000 crores per year. This is about 3.3% of GDP. The MHRD has calculated that another Rs. 40,000 crores per year would be required only for additional requirements for Primary Education!
8. We estimate that another **Rs. 100,000 crores are required per year** just to have reasonable quality of Primary and Secondary education, up to Class 10th which is where the Central and State Governments should concentrate for the next 10 to 20 years, or till we have at least 95% literacy and at least 80% of the population who are completing the High School stage or Class 10th.

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9. As per our estimates the total **expenditure for education is nearly 8% of GDP**, about 3.3% from Government and about 4.7% from **private participation**. This includes funding of unaided schools and colleges + bribes and capitation fees + payment for students studying abroad + tuition classes + coaching classes + private I.T. & Software training institutes. Most of this private funding is confined to urban areas where only 30% people stay.
10. About **7% to 8% of the youth** who finish the 10+2 stage (pre-university) enter the 17,963 colleges of India. 70% of all graduates are B.A. or Arts graduates. Is this relevant today? Most of these **so called graduates are not-employable**.
11. Of all new employment taking place nearly 60% are self employed. **About new Employment - 1%** is with government, 2% with the private 'organized sector' and **97%** with the 'unorganized sector'.
12. Presently there is **little connect between education and employment generation & quality of Life**.
13. The employers associations, chambers of commerce and other business organizations are fragmented. There is no **"National Common Minimum Program"** for **"education and training of manpower"** in India. In most developed and developing countries the **Chambers of Commerce** (who represent the employers and business) **Lead from the front**.
14. About **27 million people are added every year** to the existing education system, which is like adding another Australia + Hong Kong + Singapore & UAE per year!
15. Presently both the Central Government as well as the State Governments are running in **Financial Deficits, of about 9% to 11% of GDP**, so the question of additional financing for education will strain not only the existing budgets but also put pressure on other sectors, where funds are being presently allocated.
16. '**Licence Raj**' runs all Higher & Technical Education in India. Let us Bench-Mark with USA, Germany and Japan, the three largest economies of the World account for nearly 50% of the world's GDP. Do their governments exert similar controls as we have in India? Can we learn from them? There is fierce competition between the institutions in these countries for excellence!
17. **China** has about **900 Universities**, while we in **India have 362 Universities**. **USA & Japan have 3650 & 4000 Universities** respectively!
18. In India, the **fees** of the courses, **pay-scales** to the teachers, **appointment** of the head of the Institution and the **syllabus**, are decided by the 58 or more Central and State-Government Boards of Education. Will this create innovation, **excellence** and **world class** students?
19. The **Coaching Business** is getting bigger than the **Education Business**, entrance examinations for the IIT's, IIM's and a few prestigious management schools attract about 600,000 applications (who spend nearly **Rs.2.00 lac** each for pre-coaching, amounting to **Rs.12,000 crores** per year, for 6000 seats. These institutions spend hardly

Rs. 800 to Rs.1,100 crores per year, as their teaching budgets!

20. While 75% to 85% the youth of the developed and developing world learn a **skill** or **competence** or **trade** between the ages of 14 to 35, by **Vocational Education & Training**, in India it is hardly covers **2% to 4%** of the population!
21. India has about **5114** ITI's (Ministry of Labour) and about 6000 Vocational schools (Ministry of HRD), while **China** has about **500,000 senior secondary vocational schools!**
22. India has 300 million unemployed able bodied between the ages of 18 to 50, but **they have no skill sets** and therefore not employable! Employers in India are facing a huge **shortage of skilled manpower**. Wages and salaries in India, of skilled manpower are going up too fast. India will not be able to take advantage of the demographic profile of its population, if the youth do not receive relevant and quality Education & Training.
23. We have **not seen any co-ordination** between the Ministry of Labour and the Ministry of HRD as far as VET planning on a National level, is concerned.
24. We in India have NOT still appreciated the fact that, world wide, **Education is 5 times or 500% bigger than I.T. or software!**
25. India can become an **Educational Hub** for the world and earn **US\$ 100 billion per year**, after 10 to 20 years! We need to start now, but **remove 'Licence Raj'** first, **as was done for business in 1991!** India has **7,700** foreign students while Australia has **363,000** foreign students!
26. Because of the **'Licence Raj'** in **Higher and Technical Education**, it is estimated that nearly 110,000 to 120,000 students leave India every year for studying abroad. At any given time these 350,000 students cost the country a foreign exchange out flow of nearly US\$ 10 billion per year or nearly Rs. 46,000 crores per year, **enough to build 40 IIM's or 20 IIT's per year.**
27. The present **problem of reservation will not solve** the needs and aspirations of the youth. India needs a larger number of educational Institutions, seats and higher quality in the area of Higher & Technical education. Rationing, quotas and reservation can never address the actual situation. The Central and State governments are strapped for funds even for Primary and Secondary education. **The solution lies in complete decontrol of all forms of Higher & Technical education;** the same way as business was delicensed in 1991!
28. Since 1947 we have tried reservation and controls in the allocation of **steel, cement, colour TV's, airlines tickets, cars, scooters**, etc and have failed. **Only increase of supply and decontrol has finally solved these issues.**

If **INDIA** has to become a **Knowledge Economy** we need to do the following:

1. Aim for **95% to 100% Literacy** in the next 10 years
2. Decontrol and involve the management of all **primary schools** to the **local bodies** such as Panchayats, Village Groups, Municipalities and local Citizen Groups. **Allow the community to manage.**
3. **Consider the use and issue of 'Education Coupons'** for school children, so that they can choose the schools of their choice and funding from the government, which would have been dispersed for the funding of Government run schools in rural and urban India, should be paid out. See www.ccsindia.org
4. Scrap **'Licence Raj'** in Higher & Technical Education, after and including class 11th, to allow innovation, creativity and excellence in Education. See www.epsfi.org
5. **Ensure that 80% to 90%** of the population in the age group of 14 years to 50 years goes in for some sort of relevant **Vocational Education & Training**. See www.wakeupcall.org
6. Allow starting of **Enterprise Skills Education, ESD**, from Class 5th to the 12th. This will teach the youth about how the real world works. Only 100 hours per year required. More than 60% of the work force in India is self-employed. See www.deispune.org
7. **Upgrade all Higher Secondary schools** for Vocational Education and Training and have full time counsellors
8. Have a **dynamic interaction between all stake holders**, Academia-Industry-Business-R&D-Chambers of Commerce-Student bodies-Parents organizations-Civil society and NGO's. Chambers of Commerce, who represents the **employers and business, must lead from the front.**
9. **Allow private finance and participation** in all sectors of education, till we reach the goals as mentioned under item 8 in section one above.
10. **Allow tax breaks and incentives** for private and NRI funding, for the next 20 years or till we achieve bench marks as mentioned under item 8 in section one above.

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