

**85th Annual General Meeting  
Dec 15, 2012, FICCI, New Delhi**

**Speech by Dr Shashi Tharoor, MoS, MHRD, GoI  
FICCI Interactive Session on Education, Skills and Employment**

Ms Naina Lal Kidwai, Country Head HSBC India and President Elect, FICCI, Mr Avinash Vashistha, Chairman and MD Accenture India, Mr Sidharth Birla, Chairman XPro India Limited and Vice President FICCI, Delegates to the 85th Annual General Meeting of FICCI, friends from the media, ladies and gentlemen,

As always, it is a great pleasure to be here amongst this distinguished audience today, many of whom I am proud to count upon as friends, well wishers and fellow travellers on the quest for a better India.

The theme of today's interactive session, "Education, Skills and Employment", brings into focus an absolutely crucial milestone that we have to pass if our collective journey as a nation in the 21st century is to get anywhere worth going to. The journey of course is inevitable; the only question is whether we attain a worthwhile destination, or, being the intrepid bunch of jugaad specialists that we are, we muddle along content with underachieving our potential as a nation and as a civilization. There is no doubt in my mind that India today, does not merely have the potential to attain its rightful place in the front rank of the community of nations but given the productive forces unleashed by the reforms of our economy in the last two decades, given the demographic dividend that we are likely to reap over the next two decades and more and given the growing global recognition and reach of our intellectual and entrepreneurial capabilities, we have the best shot in our turbulent recent history of the last few centuries, to create a durable prosperity based on economic, intellectual, cultural and military strength. It is a challenging endeavour, as full of risk and uncertainty as the first expedition of King Ashoka's envoys to the far east, but if it is planned and executed well, our present times may well be seen by generations to come as the dawn of a new Golden Age of Modern Indian History. The provision of universal, affordable, relevant and high-quality education is going to provide the roadmap for this journey, daunting and inspiring in equal measure, to attain our civilizational destiny.

Given the broader economic, social and cultural trends sweeping the globe in the 20th century, it is abundantly clear to me that education will be the most important driver for our nation's social, economic and political transformation. The Age of Iron, the Age of Steam and the Age of the Atom have all yielded to the Information Age. She who can master the technological tools of today and tomorrow will occupy pride of place. This is

equally true of individuals as well as nations. A well educated population, equipped with the relevant knowledge, attitudes and skills, is essential for economic and social development in the twenty-first century.

Before we embark on making the crucial choices in the field of education that will determine our fate in the 21st century, it is instructive to briefly recap the hits and misses of our educational policy and practice since Independence.

It was just as well that at the stroke of midnight India merely awoke to the sound of freedom. For though it was a nation awake, it was not a nation aware. It was all we could do as a nation with barely 17% literacy. Even that abysmal figure disguised within itself huge disparities based on caste, gender and geography. Today that figure stands at a more respectable 74% and yet huge disparities remain, still based largely on caste and gender. Even so it is unacceptable that nearly 26% of our population amounting to a staggering 67 crores, more than our total population at the time of independence, is still illiterate. We continue to cohabit with and accept an India that is still so shackled by the curse of illiteracy that the soaring promise of Freedom at Midnight remains “darkness at noon” for so many of them.

A similar situation of acute scarcity prevailed in the higher education sector as well at the time of Independence. There were only a handful of institutions of higher learning and they too catered to a minuscule, privileged elite. For example, in 1951, for a population of about 36 crore, we had a total of 30 universities educating merely 4 lakh students. Today, as per the latest figures available with my Ministry, we have nearly 650 universities with over 2 crore students. India today possesses one of the largest higher education systems in the world and ranks second in terms of absolute numbers of student enrollment. No doubt that there has been a healthy consistent growth in the number of institutions and student enrollment over the past six decades. However, we still lag behind the rest of the world with a low Gross Enrollment Ratio (GER) in higher education of less than 20%, unacceptably low when compared with the world figure of nearly 30% and worse with some of our partners and competitors in the community of nations, 84% in the US, 59% in the UK, 55% in Japan, and 28% in China.

To summarize, In 65 years of Independence, working from a historically low level of literacy and even lower levels of higher education, we have succeeded in vastly increasing the spread of education. The challenge for the coming decades is to ensure first, that this reach of education should now be extended universally to all citizens without exception. Second, this expansion must be accompanied by adherence to global standards of quality in both teaching and research. And third, the system of education must be closely aligned with the needs of our rapidly evolving and globalizing economy for a skilled and adaptable workforce.

Talk to senior Indian executives whose businesses require them to recruit competent staff with scientific or engineering training, and they'll confirm that their demand for such talent vastly exceeds the supply.

Once the elite institutions are accounted for - the IITs, BITS, the Indian Institute of Science and a few others - what remains is of decidedly uneven quality. A World Bank-FICCI Survey in 2009 highlights that only 64% of employers are somewhat satisfied with new graduates passing out of Indian engineering institutions. I have spoken to many CEOs who tell me that many, if not most, of their new hires require remedial training, not on the job but before they can take up their jobs, to compensate for deficiencies of what they have learned in their universities. According to a FICCI – E&Y Report this year, India is expected to grow at a rate of 8% on an average in the next 10 years. More than 700 million Indians are estimated to be reaching working age by 2022. Out of these, more than 500 million require some kind of vocational or skill development training.

Barring the last few quarters, India has maintained a sustained growth rate of over 6.5%, and our accelerated economic growth has increased the demand for a skilled workforce. The Twelfth Five Year Plan aims to increase the percentage of the workforce with formal skills to 25% at the end of the Plan period. It is estimated that 50-70 million jobs will be created in India over the next five years and about 75-90% of these additional employment avenues will require some vocational training. It is further estimated that in India, about 12 million people join the workforce each year, and they comprise a few highly skilled workers and many more who are skilled, semi-skilled and un- skilled. Considering that even large sections of our existing workforce would also have to be trained, we are required to enhance our vocational education and technical education capacity to about 15 million per year.

The demand for a quality skilled workforce and an environment for impending policy and regulatory change, encourages, indeed requires, greater private sector participation. Private unaided institutions and universities are the fastest growing segment of Indian higher education and account for a 59% share of total enrollments in 2012. We do understand that self-financing institutions face serious constraints for resource generation due to the present Trust and Society structure of their organization. For the rationalization of the student financing and education financing mechanism, top priority must be accorded to the setting up of a National Higher Education Finance Corporation (NHEFC) in the 12th Five Year Plan. Education being a state subject, we are also committed to working closely with the state governments to create a conducive environment and to remove barriers for private education providers.

Although the Eleventh Plan saw a nine-fold increase in public spending on education, which fueled a significant and more inclusive expansion of the public higher education sector, yet our spending is much lower at 1.1% of GDP compared to the US at 3.1% while South Korea spends 2.4% of its GDP. To meet the public fund deficiency and bring in private sector investment, we are looking at creating a more robust institutional and policy framework for Public Private Partnership (PPP) that should be implemented during the XII th Plan.

Friends, we must all acknowledge that the biggest challenge is that there has been no significant improvement in terms of the quality of higher education delivery. The issues of skill gaps, skill shortages and unemployable graduates still persist. A study of the infrastructure quality of 1471 colleges and 111 universities by UGC revealed that 73% of colleges and 68% of universities fall under medium or low quality. According to statistics from the MHRD, the student to teacher ratio in an average higher education institution is 26:1, compared to the norm of 15:1. As of March 2011, only 161 universities and 4,371 colleges had been accredited by the National Assessment and Accreditation Council (NAAC). India's share in global research output at 3.5%, is a mere fraction of where it ought to be. No Indian college or university ranks among the top 300 of the prestigious Times Higher Education Supplement (THES) which is based on peer evaluations, whereas China has 23 institutions in the Top 500.

For India to sustain its growth momentum and to strengthen its competitiveness, a world-class higher education system is an important pre-requisite. Global experiences indicate a positive correlation between GER and economic growth in a country and point to the need for a minimum of 30% GER in higher education to sustain economic growth. To meet this minimum requirement there has to be a sharp improvement in the quality and quantity of institutions of higher education. This will require significant investment and focus on faculty and research. The government will expedite the work on setting up of a National Mission for Faculty Development. With the globally changing economic scenario due to the rapid advancement of technology, if the Indian enterprises are to stay globally competitive, then it is imperative that these enterprises constantly engage with the Universities and other higher education institutions (HEIs) of the country so that industry-led research are undertaken in the universities. Corporations like L & T, BHEL, BPCL, etc have already initiated deep and effective industry-academia linkages in the country. Many more such initiatives need to be started.

For much of our independent history, the corporate sector has been a neglected stakeholder in higher education. It can play a pivotal role in improving India's current higher education system as well as in meeting future needs created by the demographic

dividend. Corporations can collaborate with academia in several ways, with varying funding commitment, ranging from direct ownership and management of institutions to collaborating with the higher education institutions in research, faculty development, infrastructure creation, student scholarships, and governance. The recommendation by the Narayan Murthy Committee to set up a Council for Industry and Higher Education Collaboration (CIHEC), to facilitate industry-institute collaborations shows the way forward. The government will certainly support this and any other meaningful interventions suggested by the private sector to meet our collective challenges in the field of education.

To conclude, I would once again like to thank FICCI for taking the initiative to organize a discussion on this vital issue during their 85th Annual General Meeting and for inviting me to share my concerns with this august gathering of the captains of Indian Industry. I am sure the years to come will see the forging of a better understanding on policy issues related to education and human resource development between the government and the private sector. I am sure our concerns and aspirations have more in common than is generally appreciated. I invite you all to be equal partners as we embark on the most interesting and challenging part of our journey to make India, if not the, intellectual superpower of the world.

Thank you and Jai Hind!