

# Aligning Higher Education with the Labour Market

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*Introduction of two year 'associate degree' with focus on vocational skills through the existing polytechnics and general arts and science colleges would go a long way in aligning higher education with the labour market*

**L**ONG HELD notion that the main purpose of higher education is to ennoble citizens—though still persistent in some places—has now given way to a more pragmatic belief that developing skills and abilities to innovate are the main goals of higher education. In a world in which competition is global and change is constant, no factor is more critical to the success of a country than the quality of its higher education.

In recent years, Indian economy has grown rapidly. Interestingly, by skipping the manufacturing stage and going straight to the services sector, the country took a rather unconventional path to growth. This resulted is a surge in demand for graduates in certain areas taking the higher education sector by surprise. Unable to meet this demand, higher education sector received a lot of flak. Ironically,

these shortages were accompanied with rising graduate unemployment and underemployment.

Changing nature of work and growing integration of labour markets at the global level makes the coordination between higher education and labour market complex.

## **Developments in the labour market**

There have been three key developments in the Indian labour market in recent years. First, the country's high economic growth created new jobs in the IT and IT enabled services, pharmaceuticals, biotechnology, and engineering design sectors. In addition, several new economy sectors such as finance, insurance, organized retail; aviation, hospitality, animation, media, real estate and infrastructure opened up a wide variety of job opportunities, not all necessarily requiring graduate qualifications.

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Secondly, many Indians are now hired for jobs overseas and a wide range of jobs are off-shored to India. At the same time, Indian companies are also hiring foreign nationals. Thus, there is a global labour market. More and better jobs are being created for Indians, who are playing an important role in this global labour market.

Finally, due to technical changes, most jobs in both manufacturing and services sector are now clustered at the low productivity end, while some are at the high productivity end, with the middle hollowing-out. Thus, a majority of the workforce is engaged in jobs requiring basic or intermediate skills.

These developments are evident from the population data of 2001 census. Out of 402 million workers, merely 12.5 million workers were in the high skill category (legislators, senior officials, managers and professionals) that could be related to people requiring graduate degree or above. 127 million cultivators, 107 million agricultural labourers and 16.9 million workers in household industries did not obviously require graduate qualifications.

A large number of workers are technicians and associate professionals, plant and machinery operators, service workers, craft and related trade workers. They require basic or intermediate vocational skills. Significant numbers of people are in elementary occupations (street vendors, domestic helpers, messengers, porters, labourers etc.) requiring at best some basic literacy skills.

Trends suggest highest growth in elementary occupations that has large base and in high-skill category having a very small base. A large number of people require vocational skills and their number is also growing.

### **Higher education and training sector**

Higher education enrolment ratio at 11 percent, though low in absolute terms appears to be adequate to meet demand for graduates. Its growth of about 9 percent annually in recent years (though not as dramatic as China, where it has grown nearly 20 percent annually) is healthy; and yet, there are skill shortages in many areas. The reason for this lies in the internal structure of the Indian higher education and the manner in which higher education and training sectors are organized in the country.

Higher education in India is skewed in favour of humanities and arts, and about four-fifths of the graduates do not have any employable skills. With rigid academic structures, there is little student choice and large variation in quality across institutions. Ordinary graduates that the country's higher education system churns out are unfit for the new jobs being created. It is therefore not surprising that graduate unemployment rate at 19.6 per cent is significantly higher than the overall rate and more than 60 per cent of graduates perform jobs that do not require graduate skills.

Even the professional institutions produce graduates having a uni-

dimensional outlook despite their diverse socio-economic, and cultural and geographical background. A large proportion of people with varied interests in science, literature or even sports opt to take up engineering only because it is perceived as being the course of choice for brilliant students.

With many inadequacies in courses and curricula, higher education institutions do not provide skills for the new economy sectors. A large variety of new jobs require good English language skills, yet the pool of people with good English language skills is shallow.

The demand for vocational skills is large and growing yet, vocational sector is small and has not grown fast enough due to its poor image. Only about two percent persons of age 15-29 years receive formal vocational training and another eight percent receive non-formal training. Vocational training in India has a negative association with manual labour. Thus, academically less meritorious students from poor families take up vocational courses, while the smarter kids carry on to universities and colleges.

There is little mobility from the vocational to the higher education sector and the two sectors are separated. This segregation has throttled growth prospects of the vocational sector. In many countries around the world, easy transfer from vocational to academic stream is possible and there is no stigma in taking vocational courses. In fact, there is special focus on basic and intermediate skills that require

