

# Our failed education policy needs urgent reform

Given the fragile foundation of basic education, the large majority of our workforce cannot be trained for high-skill, high-productivity jobs



India's poor performance stands out when compared to that of some of our Asian neighbours and other emerging market economies. Photo: Rajkumar/Mint

We end the year with the Narendra Modi government just completing the first half of its tenure. A good time for a midterm review. But any such review will inevitably be dominated by the consequences of the demonetization shock (see my previous column, *Mint*, 18 November). Moving beyond these short-term preoccupations, what is the single most important policy reform the government should address during the remaining half of its tenure? I would submit that it is the need to reform our failed education policy. The rest of this article explains why that is so.

Two overarching challenges face the Indian economy over the long term. One is the challenge of a rapidly deteriorating environment, including the scarcity of fresh water, which I leave aside in this article. The other is the spectre of unemployment or, more accurately, underemployment. There are multiple factors that account for the slow growth of productive jobs, ranging from poor infrastructure to poor governance to the anti-employment bias of a whole slew of economic policies. But the binding constraint on growth of high-productivity employment is the failure of India's education policy. Only a small proportion of the workforce has the educational foundation required for skilled high-productivity jobs. Barely 5% of the workforce

in India has had any skill training. Only 2% have any formal skill certificate compared to over 70% in advanced European countries like the UK or Germany, and as much as 80% to 90% in east Asian countries like Japan and South Korea.

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Building on some initiatives of its predecessor, the present government introduced a National Policy on Skill Development and Entrepreneurship 2015 to address India's enormous skill deficit. Several programmes have been launched under this policy, including the ambitious Pradhan Mantri Kaushal Vikas Yojana (PMKVY) that aims to train roughly 400 million workers in the 15-45 age group over seven years. The results so far are disappointing. In its submission to a parliamentary committee, the government indicated that of the 1.76 million candidates trained under the PMKVY till 25 April, only 580,000 could be certified as having successfully completed the training. Less than 82,000 were actually placed in jobs. Why is the success rate so low? The answer is quite simple. No skill development programme, however well designed, can succeed without an underlying foundation of basic education. But India's long-standing neglect of primary and secondary education has greatly limited the access to quality basic education.

The elitist bias of India's approach to education is evident not in the stated policies, but in the manner of their implementation and the outcomes. After decades of lofty policy goals, India's poor performance stands out when compared to that of some of our Asian neighbours and other emerging market economies. India is finally approaching the goal of universal primary education, more than a hundred years after it was originally mooted in the famous "Gokhale's Bill" of 1911. China had achieved this goal by the 1970s. South Korea achieved it even earlier, by the 1960s, and had more or less achieved universal secondary education by the 1970s.

As of 2012, over 26% of India's population was still illiterate compared to 5% in South Africa, 4% in China and only 2% in Turkey. About 50% of India's population had only primary education or less, compared to 38% in China, 24% in South Africa, and only 20% in Turkey.

Oddly, the 13% of population with tertiary education at the upper end in India is quite comparable with 10% in China, 14% in South Africa and 15% in Turkey. This peculiar top-heavy structure of India's education profile, neglecting basic education and attaching priority to higher education, starkly captures the elitist bias in the implementation of India's education policy. Half the population is still crowded at the bottom, either illiterate or with only primary education. Meanwhile, a disproportionately large segment is also bunched at the upper end with tertiary education.

Even these statistics, depressing as they are, do not fully reflect the depth of India's education policy failure. For that, we have to look at the shocking learning outcomes reported in the 2015 Annual Status of Education Report (Aser). About 52% of class V students could not read a simple text meant for class II students. Similarly, about 50% of class V students could not do a simple subtraction meant for class II students. Sadly, these outcomes have shown no improvement over successive Aser surveys. Such deficits in foundational reading and arithmetic skills are cumulative, leaving students grossly handicapped for further education.

In 2008, 6,000 students from Odisha and Rajasthan participated in the well-known global Trends in International Mathematics and Science Study test for mathematics and science. They were ranked 43rd and 47th out of 49. Their average performance was three standard deviations below the Organisation for Economic Co-operation and Development (OECD) average. In 2009, students from Himachal Pradesh and Tamil Nadu, educationally two of India's best-performing states, took the Programme for International Student Assessment (PISA) test conducted by the OECD. The two states were at the bottom, ranked 72nd and 73rd out of 74. The average standard of the Indian students was comparable to that of the bottom fifth percentile of OECD students. The Indian authorities have been too ashamed to participate in subsequent PISA tests, allegedly Western-style tests not suitable for Indian students. But the top three positions in 2009 went to Singapore, South Korea and Japan, and Asian countries have continued to rank at the top in subsequent PISA tests. So much for the official fig leaf.

Why has India's school education policy been so ineffective? Among many factors, I believe the following are the most important. First, education policy in India is focused on inputs rather than learning outcomes, which is what matters. Second, education policy has a strong elitist bias in favour of higher education as opposed to primary or secondary education. Among Asian countries, the ratio of per student public expenditure in tertiary relative to primary education is less than four in Malaysia, two in Indonesia and one in Thailand and Korea. In India, it is over nine. Finally, and most importantly, the incentive structure for government school teachers is highly distorted, virtually guaranteeing poor performance.

Teacher salaries in government schools are relatively high in India at three times per capita income compared to China, where it is about the same as per capita income. Moreover, teachers are guaranteed lifetime employment as public servants regardless of performance. They have no accountability to students and their parents. Their only limited accountability is to the education department bureaucracy. Teachers are rarely reprimanded for non-performance, let alone fired. High absenteeism is routine, around 25% according to some surveys. Even when present in schools, teachers often engage in activities other than teaching. Poorly paid and less qualified contract teachers actually do a much better job than permanent teachers. Learning outcomes are also generally better in private schools where average teacher salaries and costs per student are less. The student share of private schools is already over a third and rising fast even though private schools have fees while government schools are free.

The failure of India's education policy has far-reaching consequences. Given the fragile foundation of basic education, the large majority of our workforce cannot be trained for highskill, high-productivity jobs. The 2016 "India Employment Report (IER)" estimates that India needs to employ an additional 16 million persons every year in properly paid productive jobs. But the IER also points out that only five million of the incremental jobs could be for high-skilled work. Given the low education profile of the presently underemployed workers, they would mostly have to be employed in low- or medium-skill jobs, but would be better paid in the organized sector than in the unorganized sector.

Unfortunately, neither is the demand for such workers growing fast enough, nor is the supply of such suitably skilled workers who can move from the unorganized to the organized sector. A recent report celebrated the fact that the employability of Indians looking for jobs had gone up in the last four years from around 34% to over 40%. Ironically, it also implied that nearly 60% of those looking for jobs are unemployable!

Because of space constraints, I have limited this discussion to the instrumental value of education in enabling the workforce to get properly paid, high-productivity jobs. However, the intrinsic value of a sound education system in enabling the citizenry to enjoy fulfilling lives and participate in robust democratic processes is at least as important. For both its intrinsic value as well as its instrumental value, reforming our dysfunctional education system is of paramount importance. Unfortunately, the forthcoming elections in Uttar Pradesh and other states are currently dominating the political space. Moreover, the general election is just two and a half years away. Hence, unless statesmanship trumps political expediency, the room for serious policy reforms that can pay off only in the long term seems quite limited. But that is precisely why building a constituency for long-term goals like education reform should remain high on the agenda of an informed public.

*The essay draws on parts of the author's Radha Kamal Mukherjee Memorial Lecture, delivered in Guwahati on 24 November.*

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