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Education Sector in India: Impact on Employability

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SECTION I: India - Snapshot

- The World's largest democracy with over 325 languages spoken – 1,652 dialects
- 28 states, 7 union territories
- Population: 1.2 Billion with 54% under the age of 25!
- Rural Country: 33% population lives in Urban India

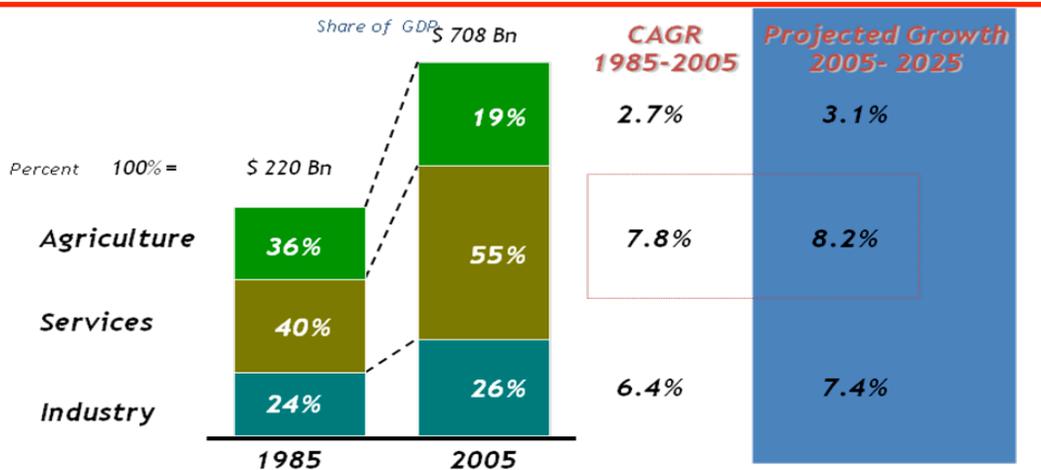
Literacy Rate in India

The literacy rate in 2001 has been recorded at 65.38% as against 52.21% in 1991. The 13 percentage points increase in during 1991-2001 is the highest increase in any decade. There has also been a significant decline in the absolute number of non-literates from 329 million in 1991 to 304 million in 2001.

- While the total literacy rate is 65.38% according to 2001 census, the female literacy rate is only 54.16%.
 - The growth in female literacy is increasing at a faster rate than male literacy at 14.38% vis-à-vis 11.13% for males, the gap in the male-female literacy has been a major hindrance.
- The gap between the rural and urban literacy rate. While 80.3% urban people are literate, only 59.4% of the rural population is literate according to 2001 census data.

Changing Economic Scenario & Impact on Work Force Composition

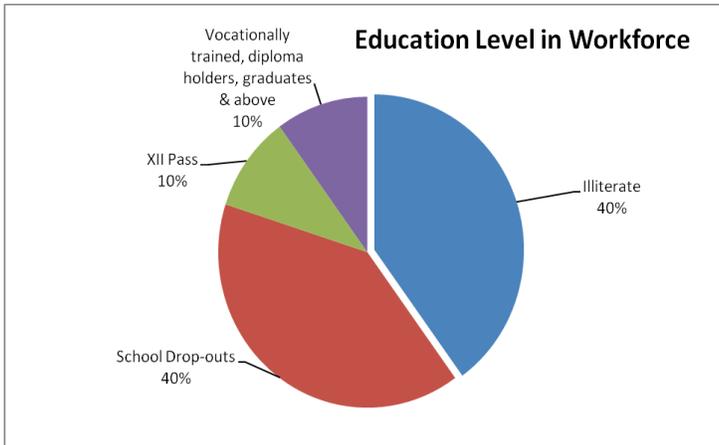
The Services sector has replaced agriculture as the dominant segment of the economy. More than 70% of India's Incremental GDP and 60% of new jobs over the next 5 years are expected to be generated by services



India's Workforce = 484 Mn people

- 273 Mn working in rural areas: primarily agriculture (many of them underemployed)
- 61 Mn in Manufacturing
- 150 Mn in Services

Education level in Work-force

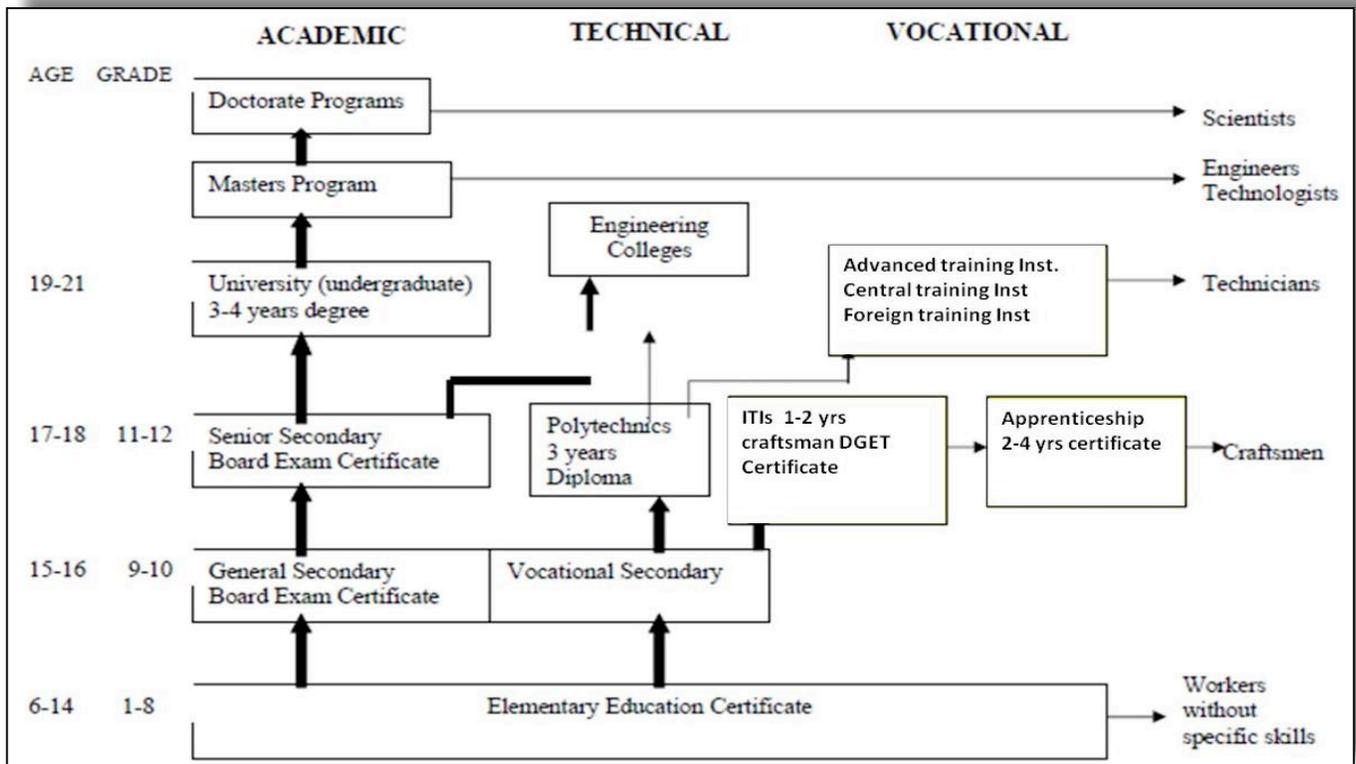


- India has the one of the largest labor force in the world comprising of 484 Mn workers. However, 93 per cent of this labor force is employed in the unorganized sector.
- The balance 7 per cent of the workforce is employed in the organized sector. This 33 Mn incidentally also contributes to 40 per cent of the GDP.
- The problem of India's labour force is that over 70 per cent of workers are either illiterate or educated below the primary level.

Section II: Education System in India

Present Education Structure

The Indian education system is heavily influenced by the British Education system in terms of its structure.



I. Primary/Elementary Education: Eight years of schooling from the age of 6-14 years

The Indian government lays emphasis on primary education up to the age of fourteen years. To ensure that every child gets compulsory and free education, the government launched the "**Sarva Shiksha Abhiyan**" or **SSA** in 2001 to universalize and improve the quality of education through community ownership of elementary education.

In order to improve the quality of elementary education in India, the SSA has emphasized on improving the student teacher ratio, teachers training, academic support, facilitating development of teaching learning material and providing textbooks to children from special focus groups etc.

The National Council of Educational Research and Training (NCERT) is the apex body for school education in India. The NCERT provides support and technical assistance to a number of schools in India and oversees many aspects of enforcement of education policies.

In India, the various bodies governing school education system are:

- The state government boards, the Central Board of Secondary Education (CBSE) board and the Council for the Indian School Certificate Examinations (CISCE) board
- The National Institute of Open Schooling (Schooling by Correspondence)
- International schools affiliated to the International Baccalaureate (IB) Programme and/or the Cambridge International Examinations
- Islamic Madrasah schools, whose boards are controlled by local state governments, or autonomous, or affiliated with Darul Uloom Deoband

However, there is a drastic drop-out along the educational chain as seen below:

Schools (2004-05)	Primary/Elementary (Class I-V)	Middle & Secondary (Class VI -X)	High (Class XI-XII)
Total # of Recognized Institutions (Thousand)	771	288	154
Enrollment (Mn)	130	88	12
Enrollment as % of Total Population		51.65%	27.82%
% of Primary School Students	100%	67.2%	9.4%

The primary reasons for the dramatic fall-out from elementary to Higher Education are:

- Government provides aids in the form of mid-day meals, school uniforms and other benefits in the elementary school which is not present in Middle & Secondary schools
- The female drop-outs are far higher than male due to the prevalent socio-economic conditions
- The Unorganized sector employs 93% of the workforce – Education is not a pre-requisite

II. Higher Education in India: Higher education in India starts after the Class XII

It takes 3 years to complete a Bachelor of Arts/Science/Commerce degree from a college in India, pursuing bachelors in engineering would take 4 years. Bachelor of Medicine and bachelor of law degree take 5 years each. Postgraduate courses in most of the streams are generally are of 2 years duration.

For those who cannot afford to attend regular classes for various preoccupations can pursue correspondence courses from various Open Universities and distance learning institutes in India. Some of the world renowned higher education institutes in India are the Indian Institute of Technology (IITs), National Institute of Technology (NITs), Indian Institute of Science Bangalore (IISc) and BITS Pilani for engineering and sciences. The Indian Institute of Management (IIMs) represent constitutes the top MBA colleges in the country.

Degree and Above Level Colleges (2007-08)	
Colleges for General & Professional Education	20,677
Universities, Deemed Universities and Institutes of National Importance	416 in total
Total students in university and colleges =11.6Mn (Women constitute 40.5% of this)	
Enrollment in PhD colleges in 2004-05 = 55352	
18730 doctoral degrees awarded in 2005-06 (70% of these were in Arts and Sciences)	

III. Vocational Education

Several schools and colleges also provide vocational education. In schools, vocational courses are offered in grades XI-XII. After school, several students also opt for 2-3 year diploma courses provided by 5250 Industrial Training Institutes in India which is financed by the Ministry of Labour and Industrial Training Centers (ITCs – financed by NGOs and private organizations).

Around 700,000 skilled personnel pass out of ITIs and ITCs. However, the proportion of vocational trained workforce to total workforce is low in India at less 5%, whereas it stood at 25% in Mexico and about 75%-78% in Germany, Canada and Japan

IV. Adult Education

In a bid to improve the labour skills, the government promotes adult education through 26 Reource Centres which run 221 institutes in various states. About 120 million people have been made literate so far of which about 60% are women.

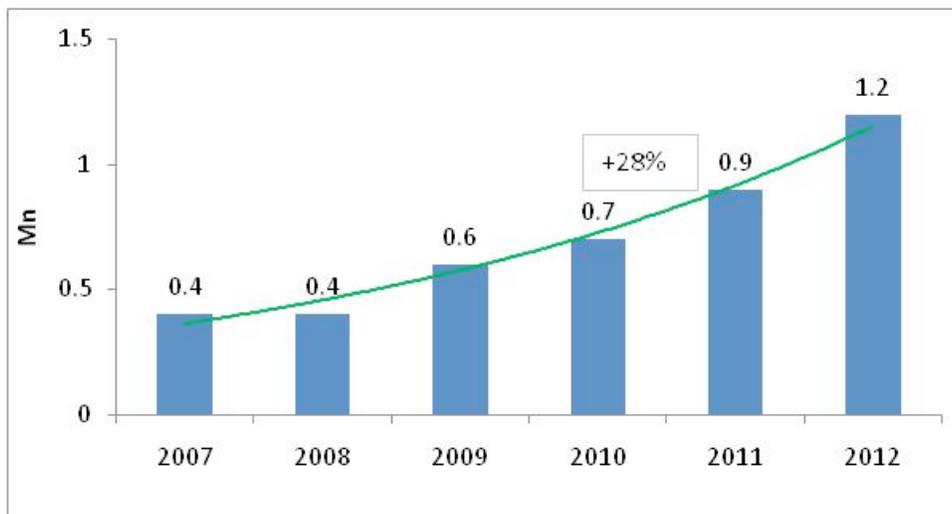
Section III: Education and Employability- Talent Gap

India's workforce has about 484 Mn people. In 2007, 23 Mn people were eligible to join this workforce. Of this, only 16 Mn people could gain employment and 6.5 Mn could not join because of lack of appropriate skills!

In the next 5 year, 89 Mn more people will join the workforce. Overall supply will marginally exceed the demand however still there will be shortage of qualified talent – people with basic and vocational skills.

Of the 89 Mn 65% of those joining the workforce will be school dropout! The challenge for India is to appropriately train the unskilled workforce.

Implications on Organized Retail



Workforce Requirement in Organized Retail

To solve this problem of shortage of skilled workforce, organized retailers need to explore innovative hiring and retention strategies. They also need to make focused individual efforts and also jointly collaborate with the Government to develop relevant skills for the Organized Retail Sector.

- **Skill assessment:** Organized Retailers need to do a deep dive into actual skills requirements for jobs in the stores. Most of the floor associate level jobs are not complex in nature and may not require highly qualified workforce.
- **Breaking Mindsets on education and age:** Organizations need to change mindsets on minimum qualifiers of education and experience and maximum qualifiers of age. The so called talent crunch is due to the fact that most of organized industry segments are only considering the 6.1M pool of people educated beyond 10th Standard. *Removing this divide* will open up a pool of 301M (aged 18 and above) for recruitment.

- **English: Boon or a bane:** While proficiency in English has been a long practiced employment qualifier by most employers, it will help retailers if they question this paradigm and emphasize on communication rather than English proficiency. The resultant population may end up being more stable when hired.
- **Investment in Training:** As per the 11th plan the Government aims to spend INR 5000 per person in training initiatives which will largely lead to jobs in the unorganized sector. Organized retail could spend an equivalent amount in proactively training the population for relevant skills before actual recruitment.
- **Creating Flexible Work Options:** Both the Government and Organizations need to work towards laws contributing to flexible hours of work. Intensive work in shorter spurts of time not only increases productivity but also attracts a larger and diverse segment of population (housewives, self employed, retired and physically challenged etc) to the workplace. To this extent, the Government needs to reexamine policies and laws related to dual employment.
- **A diverse demographic mix – Tapping the untapped:** Young, smiling and energetic workforce in stores may soon become a problem due to their increased tendency to look for better options and high attrition rates. Retailers can look at additional options of older people while also targeting diversity through rural population, women, retired and physically challenged people to have more stability in stores. BPOs have started implementing this strategy – However, retailers have a distinct advantage vis-à-vis BPOs due to nature of day jobs and also their ability to be local employers.

Section IV: Bharti Retail’s Initiative- Bridging the Gap

To circumvent the availability of employable workforce, Bharti Retail is following a two pronged strategy:

- Workforce in 20-25 yrs of age is about at 87 Mn. At Bharti Retail, we have removed the maximum age bar and invite employ anyone (even differently enabled) with basic analytical and verbal skills. This has increased our employable pool to 538Mn people.
- There are about 6.5 Mn high school dropouts in 16.5 Mn people who joined the workforce in 2007. At Bharti Retail, we have removed the minimum education bar for an associate, which has further increased the employable pool for us at 301 Mn people with varying literacy levels.
- Therefore the only barrier to creating this employment is vocational skills. Hence significant investments have been made to train this target population on “Skills for life”.
- University of Bharti Retail
 - University of Bharti Retail focuses on building Operational and Leadership capabilities through custom built interventions and training facilities. Created as Skill Center, In-Store and Learning Basket programs, all of these programs offered by the University of Bharti Retail help us build as India's first generation retail leaders.

