Revamp of Educational System-Promoting Entrepreneurship in India

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Abstract: By 2020 India’s population would touch 1.34 billion, over 237 million will be in the school going age group of 5 to 14, 846 million will be in the working age of 15 to 59 and 132 million in the 60 plus age group. That is 6 out of 10 Indians (a rise of 42%) will be below 35 and 846 million would need jobs. The growing numbers entering the work force and the lack of corresponding increase in employment opportunities is bound to create major social upheaval. This is what prompted our farmer Indian President, Dr. A.P.J. Abdul Kalam to say, “This situation will lead to instability in the social structure. We need education integrated of entrepreneurship spirit”. Meir and Baldwin have pointed out the importance of entrepreneurship when they said, “development does not occur spontaneously as a natural consequence when economic conditions are in some sense right; a catalyst or agent is needed and this requires entrepreneurial activity. The development or the under development is the reflection of the abundance or scarcity of entrepreneurship in any society”. It is a truism that today we are living in a knowledge economy. In this new paradigm all jobs have a higher level of intellectual component embedded in them. As Anil Ambani had said, “India needs entrepreneurs with a global vision, who believe in change and transformation and have the ability to take risks and chart out new growth paths to take on the challenges of the 21“ century”. Education in the present context should undergo a total revamp to suit the globalised world in which we live in. Education for the future should focus on developing independent thinking, innovative ability, creativity, analytical thinking skills and being resourceful. The educational system should highlight the importance of entrepreneurship and prepare the students right from school and college education to get oriented towards setting up of enterprises which will provide them creativity, freedom and ability to generate wealth.

Key words: FDI · GDP · MBA · NGO

INTRODUCTION

Our nation is at an interesting stage in its long and illustrious journey. The growing interest of the world in the country and the realization of its tremendous potential is testimony to the exciting possibilities for growth and development. In the period after liberalization, the country has experienced growth and opportunity fuelled by global and domestic investments in diverse sectors. The Indian corporate sector has proved its ability to deliver high quality low cost products and services to global customers and product launches such as the ‘Nano’ has rewritten the rules of the game. For the first time since Independence, the total out bound FDI was more than the total in bound FDI in the first six months of the year 2006. This indicates that the Indian entrepreneurs have ventured into foreign lands and acquired foreign companies or set up green field ventures at an increasing scale. As Mukesh Ambani had pointed out, “Today the ‘Made in India ‘ tag is becoming an increasingly respected brand, valued for quality, reliability and competitiveness, in the global marketplace. With economic reforms in the country and the virtual removal of all trade barriers, the world is our market and opportunity. The pursuit of these opportunities requires an indomitable spirit of entrepreneurship.”

One important aspect that is in India’s favour is that the proportion of the working age population is expected to be high in the next thirty years when compared to the dependent population. This increase in working age population is expected to fuel the demand for goods and services and propel the growth of the economy. Though
this optimism has its logical base, it should not be forgotten that increase in working age population would be a great advantage only if gainful livelihood opportunities are provided to youth who enter the labour force every year in increasing numbers. If adequate livelihood opportunities are not provided, the demographic dividend will not materialize and what employment growth trends in the economy.

**Employment Trends-No Cause for Cheer:** Higher output growth and acceleration of GDP which is normally accompanied by growth in employment has not happened in India’s case. On the contrary employment growth has actually declined with increase in GDP. Growth rate of employment declined from 2.7% p.a. during 1983-94 to 1.07% during 1993-2000 when GDP accelerated from 5.2% to 6.7%. Employment elasticity has fallen from 0.52 during 1993-94 to 0.16 during 1993-2000. The organized sector has failed to create jobs and the falling trend in employment in the organized sector in India has continued for the fourth consecutive year in 2000-01, according to official data as revealed in the following table:

<table>
<thead>
<tr>
<th>Organized sector employment (in lakhs)</th>
<th>Public Sector</th>
<th>Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of March 1995</td>
<td>194.5</td>
<td>79.3</td>
</tr>
<tr>
<td>1996</td>
<td>194.7</td>
<td>80.6</td>
</tr>
<tr>
<td>1997</td>
<td>194.3</td>
<td>85.1</td>
</tr>
<tr>
<td>1998</td>
<td>195.6</td>
<td>86.9</td>
</tr>
<tr>
<td>1999</td>
<td>194.2</td>
<td>87.5</td>
</tr>
<tr>
<td>2000</td>
<td>194.2</td>
<td>87</td>
</tr>
<tr>
<td>2001</td>
<td>193.1</td>
<td>96.5</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour.

Despite the sharp deceleration in employment growth, the sectoral growth rates have shown a sharp increase. This implies that due to improvements in production and innovation in processes, growth of business is no longer proportionate with the growth in employment.

Unemployment rates are 2.2% for people with primary education, 6.3% for those with secondary education and 10.2% for graduates and above. Unemployment rate for the economy as a whole has shot up from 8.87% in 2001-02 to 9.11% in 2004-05 according to the Planning Commission. The data available from the 945 employment exchanges in the country indicates that in February 2004, the number of job which 70% are educated (10th std and above). The number of women job seekers registered was 1.07 crore (26% of total job seekers). Employment elasticity of GDP is 0.15 (1% growth in GDP grows jobs by 0.15%). GDP growth rates will have to rise to 13.3% from the current 9% for generating 8 million jobs. Given ICOR (Incremental Capital Output Ratio) of 3.75 raising GDP growth to this level needs investment (GCF as a ration of GDP) to rise to 25.5% from the present 24.4%.

The projections based on the findings of the Planning Commission Special Group show that expected additions to the Indian labour force in 2000-10 is around 50% more than in China and in East Asian nations. Growth in the labour force during the Plan period will result in increase of the unemployed from 34.85 million in 2002 to 40.47 million in 2007, the terminal year of the Tenth Plan. The unemployment rates are expected to go up from 9.21% in 2002 to 9.79% in 2007.

**The Need for Entrepreneurship Development:** By 2020 India’s population would touch 1.34 billion, over 237 million will be in the schools going are group of 5 to 14, 846 million will be in the working age of 15 to 59 and 846 million in the 60 plus age group. That is 6 out of 10 Indians (a rise of 42%) will be below 35 and 846 million would need jobs.

The growing numbers entering the work force and the lack of corresponding increase in employment opportunities is bound to create major social upheaval. This is what prompted our former Indian President, Dr. A.P.J. Abdul Kalam to say, “This situation will lead to instability in the social structure. We need education integrated with an entrepreneurial spirit”.

Meir and Baldwin have pointed out the importance of entrepreneurship when they said, “development does not occur spontaneously as a natural consequence when economic conditions are in some sense right; a catalyst or agent is needed and this requires entrepreneurial activity. The development or the under development is the reflection of the abundance or scarcity of entrepreneurship in any society”. It is a truism that today we need an entrepreneurial spirit that today we intellectual component embedded in them. As Anil Ambani had said, “India needs entrepreneurs with a global vision, who believe in change and transformation and have the ability to take risks and chart out new growth paths to take on the challenges for the 21st century.

**The Challenges in Education:** To work in this changed milieu, education and skill are pre-requisites. Therefore the nation has to focus on educating its youth in order to partake of the fruits of globalization and reap the benefits of the democratic dividend. In this scenario let us look at the educational scenario in our country.
Lack of educational access to a substantial proportion of the population remains a key challenge. According to National Sample Survey Organization, overall literacy rate in the country is only 62%. The expenditure on elementary education has declined from 55% of the total for the sector in the 1950’s to less than 35% in the 1990’s. As a result over 40% of India’s population is illiterate. An average Indian spends just about two years in school, while a Chinese spends five and a South Korean Nine. 59% of the students never complete 5th standard, secondary enrolment is 58%, but of those that enroll, 54% never complete 8th standard. Only a small proportion of youth receive vocational training and less than 1% of the population is computer literate.

According to National Sample Survey Organization of the goal of universal primary education by 1990, as visualized in the New Educational Policy of 1986. Policy makers would do well to remember the words of Adam Smith while planning allocations for the education sector. He said in his Wealth of Nations (1776), “The expenses of the institutions for education (are) no doubt beneficial to the whole society and may therefore, without injustice be defrayed by the contribution of the whole society”.

According to the NGO, pratham, 43 percent of school children can read a story, 17 percent can read a paragraph, 15 per cent can read a word, 14 per cent can read a letter and 11 per cent can read nothing. With regard to arithmetic skills, 31 per cent can divide, 24 per cent can subtract, 27 per cent can just recognize a number and 19 per cent do not even recognize numbers. The dropout rates are 8 per cent in primary schools, 23 per cent in secondary schools and 29 per cent in colleges.

It is not only on the low spending volume that has led to inefficiencies in the education sector but also on the parameter of productivity the country’s record is far from satisfactory. India spends around 4% of GDP on education and achieved only 52% literacy. China spent only 2.5% of GDP but has achieved more than 90% literacy. Indonesia spends a tiny 1.4% of GDP on education, but focuses this on efficient delivery of primary education and so has achieved 90% literacy for males and over 80% for females.

**Deficiencies of the Present System:** Apart from the above mentioned challenges, some of the drawbacks of the present day educational system in India are:

- Learning by rote with very less emphasis on analysis, creativity and problem solving abilities.
- Total lack of motivation for self learning and excessive reliance on the teacher.
- Undue importance to Western systems without considering the ground realities in the Indian context.
- Excessive reliance on examinations to test abilities of students.
- Very less emphasis on practical applications of theoretical concepts.
- Undue importance to job seeking behavior.
- No scope for individualized learning.
- Very little choice to the students to choose subjects of their choice.
- Lack of active involvement of learners.

<table>
<thead>
<tr>
<th>Country</th>
<th>Age group</th>
<th>Vocationally Trained (% of those in Labor force)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>20-24</td>
<td>5.06</td>
</tr>
<tr>
<td>Botswana</td>
<td>20-24</td>
<td>22.42</td>
</tr>
<tr>
<td>Columbia</td>
<td>20-29</td>
<td>28.06</td>
</tr>
<tr>
<td>Mauritius</td>
<td>20-24</td>
<td>36.08</td>
</tr>
<tr>
<td>Mexico</td>
<td>20-24</td>
<td>27.58</td>
</tr>
</tbody>
</table>

Source: Ministry of HRD

It is pertinent to note that only 5 percent of the Indian labour forces in the age group of 20-24, have vocational skills while the figure in industrialized countries is between 60 and 80 per cent. The problem is further compounded by the fact that in many school function with just a couple of teachers. A World Bank Study published startling findings regarding the high absenteeism rate of primary school teachers which in effect means that very little of teaching takes place in many primary schools as revealed in the following table;

<table>
<thead>
<tr>
<th>State</th>
<th>Absenteeism Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>31</td>
</tr>
<tr>
<td>Assam</td>
<td>31</td>
</tr>
<tr>
<td>Bihar</td>
<td>26</td>
</tr>
<tr>
<td>UP</td>
<td>26</td>
</tr>
<tr>
<td>Uttaranchal</td>
<td>25</td>
</tr>
<tr>
<td>Karnataka</td>
<td>23</td>
</tr>
<tr>
<td>Gujarat</td>
<td>21</td>
</tr>
<tr>
<td>West Bengal</td>
<td>21</td>
</tr>
<tr>
<td>Haryana</td>
<td>19</td>
</tr>
<tr>
<td>Kerala</td>
<td>18</td>
</tr>
<tr>
<td>Punjab</td>
<td>18</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: World Bank

The educational expenditure of the government edged up only marginally from 3.84% of GNP in 1990-91 to 4.3% in 2000-01. Of this meager public expenditure, a little less than one-third or 1.5% of GNP is spent on primary education. This is the prime reason for the non-attainment of the goal of universal primary education by 1990, as visualized in the New Educational Policy of 1986. Policy makers would do well to remember the words of Adam Smith while planning allocations for the education sector. He said in his Wealth of Nations (1776), “The expenses of the institutions for education are no doubt beneficial to the whole society and may therefore, without injustice be defrayed by the contribution of the whole society”.

As a result over 40% of India’s population is illiterate. An average Indian spends just about two years in school, while a Chinese spends five and a South Korean Nine. 59% of the students never complete 5th standard, secondary enrolment is 58%, but of those that enroll, 54% never complete 8th standard. Only a small proportion of youth receive vocational training and less than 1% of the population is computer literate.

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Management Education Scenario: Even management education is not free from the above mentioned deficiencies. A regular MBA trains people to become managers. Business schools are rated on the basis on their placement record and the salaries offered to the students and not on the number of entrepreneurs they have created or number of new business opportunities they have incubated. This is essence promotes job seeking behavior rather than focus on entrepreneurship. Rating of B-schools be based on the climate and the training they provide for fostering entrepreneurship and the number of entrepreneurs who are emerging from them.

The Way Forward: Education in the present context should undergo a total revamp to suit the globalised world in which we live in. Education for the future should focus on developing independent thinking, innovative ability, creativity, analytical thinking skills and being resourceful. The educational system should highlight the importance of entrepreneurship and prepare the students right from school and college education to get oriented towards setting up of enterprises which will provide them freedom and ability to generate wealth. With regard to management education, the syllabus and the training methodology should be modified to train students on how to found and develop a business and manage managers.

The teaching learning pedagogy should have less focus on classroom lectures and instead focus on:

- Case Studies
- Group Discussions
- Role Playing
- Management Games
- Guest lectures by entrepreneurs
- Information about the various assistance schemes provided by the Government
- Field visits to industries
- Opportunities for experimentation
- Project work
- Vocational training
- Preparation of business plans
- Preparation of project reports
- Conduct of technical, economic and financial feasibility of new project proposals.

The focus should be on developing the:

- Visualization and ideation capabilities
- Communication skills
- Team playing skills

CONCLUSION

The way the global economy is moving, the opportunities for entrepreneurship are growing manifold. The fastest-growing parts of the global economy today are knowledge-based services, where entry costs are probably lower. The way the global economy is moving, the opportunities for entrepreneurship are growing manifold. The fastest-growing parts of the global economy today are knowledge-based services, where entry costs are probably lower. India due to its inherent advantages has the opportunity to once more attain the top position among the countries of the world, a position that it held for centuries, but lost in the few hundred years provided a culture of entrepreneurship is nurtured.

REFERENCES