

## alumnus Dr Rana Kapoor on redesigning education for the digital economy

Pure engineering or business skills are no longer delivering outstanding value in generation of new products and solutions

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**Dr Rana Kapoor**  
BA Eco Hons 1977 SRCC  
Founder and CEO Yes Bank  
President ASSOCHAM 2013 - 2015

We need an innovative approach to bring qualitative reforms in governance, teaching, financing and outlook to reach world-class standards. (Representative Image: Reuters)

RBI Governor Raghuram Rajan, in an interview post the latest monetary policy review, said, "...India could be on the verge of a revolution, a major leap in manufacturing and services ... we should allow our enterprises to find their way..."

India's favourable demographics could undoubtedly lift the economy from a low-income status to that of a mid- to high-income one, with stupendous increase in living standards and raising millions of people out of poverty in the process. This would, however, require a great effort in building a knowledge-intensive human capital for powering the new-age economy.

The world is driven by high-tech industries such as IT, the Internet of Things and specialised high-skill manufacturing. There is hardly any business that is not getting transformed through technology advancement. Businesses and society at large are closely connected through ever faster communication channels and means of travel. The interplay of advanced communication technology, energy systems and automation is driving change in all spheres, including the job market. Thus, it is imperative that a country's education system is in sync with the emerging economic realities to prepare it for the coming opportunities and challenges.

The vision of India becoming a global talent hub can be actualised only if the country makes corresponding changes to its education system. It has to overcome the challenges of low levels of employability, research and entrepreneurship, and take up a structured education vision and academic leadership to align to the emerging economic paradigm.

While we are focusing a lot on skills to cater to the huge potential for intermediate skilled jobs and shifting a significant chunk of population dependent on subsistence farming, the challenge on the higher education area is daunting. We have negligible presence in the world's top 200 university rankings; employability of graduates remains below 25% across all job functions and education streams; and we have a grave inadequacy in teaching

resources in the system. We need an innovative approach to bring qualitative reforms in governance, teaching, financing and outlook to reach world-class standards.

One, the higher education system has to gear up to generate multidisciplinary and multiskilled graduates. From an economics point of view, pure engineering or business skills are no longer delivering outstanding value in generation of new products and solutions. In fact, an integration of the humane touch, design, aesthetics and simplicity has become as important to business as is cutting-edge technology.

Two, we need to build an efficient and enabling ecosystem for teachers to enhance the profile of teaching as a preferred career option. This mechanism should have the aspects of performance-linked pay, built-in accountability metrics, and faculty development and exchange programmes for making a significant change. The internet can be leveraged to partly address the issue of shortage of quality faculty through outreach, building economies of scale, MOOCs and targeting complex topics through visualisation.

Three, we have to revisit higher education financing. The current fund flow to higher education remains at about 1.2% of GDP, and the ways and means of financing higher education has seen a contentious debate. Owing to fiscal constraint, state funding to education in general and higher education in particular has been declining in real terms. On a purchasing parity basis, India's per-student spend on higher education (\$2,626.9) recorded in 2012 is one-fifth that of the UK, one-fourth of the US and two-thirds of Brazil. In fact, according to MHRD estimates (2012), to attain a GER of 30%, India's education sector needs investment of \$150 billion over the next 10 years. Policy-makers should look at innovative ways to attract incremental financial resources to the sector.

We must derive a new equilibrium of demand and supply side financing interventions in higher education. The underlying principles of cost sharing should be the basis of reaching this balance which should entail allowing flow of fungible capital into quality higher education institutes.

Four, global benchmarking of Indian higher education is essential. Demographic trends suggest that India would be in a sweet spot to cater to the emerging opportunities in the job market over the next two decades. So, we should actively facilitate partnerships with the best global institutions to enrich ourselves with world-class practices in research and human capital development. It should also facilitate Indian institutions to look outwards to set up campuses in foreign countries to establish the credibility of Indian higher education.

A good start could be opening representative offshore offices, equivalent to British Council, Education New Zealand, Education USA, etc. 'Glocalising' Indian higher education will benefit all stakeholders—students, universities, governments and society at large.

Finally, we need durable linkages between higher education and skill-based vocational education. A McKinsey Global Institute report found that India and other younger nations are expected to account for 61.7% of total surplus low-skilled labour by 2020. This implies that the new-age vocational system India aspires for should be dynamic in nature so that it can be responsive to the ever-changing socio-economic landscape.

Manpower planning and skill development at the national level have to be seen as strategic tools in attracting foreign investment. The public perception about skill-based education has to be changed for the better and movement in and out of vocational to higher education be made seamless. All three variables of education—skill sets, pedagogy and job market—are constantly evolving and policies have to be pre-emptive rather than reactive to grow the competitive edge of the economy.

Given the demographics, the strategic choices we make will shape our future. Regulatory facilitation of private sector, fostering industry-academia linkages and the creation of a conducive research ecosystem could be the starting points in this direction.

The author is MD & CEO, Yes Bank, and chairman, Yes Institute

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