(THE ROLE OF HIGHER EDUCATION IN HUMAN CAPITAL FORMATION IN INDIA)

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Abstract
Human capital is a measure of the skills, education, capacity and attributes of labour which influences their productive capacity and earning potential. It is possible through creation of skilled, trained and efficient labour force by providing better education, health, and care facilities. This paper, therefore, examines the role of higher education in human capital formation in India. The data on educational improvement in India has taken from ―Educational Statistics at A Glance Ministry of Human Resource Development, World Bank Report, UNESCO, ILO relevant books, journals, working papers, web articles etc. The interrelation between higher education, human capital, individual well-being, and development of the country was determined. A number of measures to be taken in the system of higher education to prevent losses in human capital and to optimize the process of its formation have been formulated. The situation in the field of higher education development and human capital accumulation in India was studied through the prism of a new paradigm of thinking. The trends for intellectualization of India society and improvement of human resources quality have been identified.

Key words: Higher Education, Human Capital, Government Infrastructure, World Bank

INTRODUCTION

Knowledge is the third eye for all of us. It is the most important factor for economic development and economic prosperity in the 21st century. Through its capacity to augment productivity ,it increasingly constitutes the foundation of a country's competitive advantage [Poster1990].Education is the process of facilitating learning or the acquisition of knowledge ,skills, values, beliefs, and habits. Education must facilitate the cultivation of a healthy thought process and groom our cognitive abilities .In the present competitive world education is a basic necessity for human beings after food, cloths, shelter. As we know Education plays an important role in the economic development of any nation. Thus, education expenditure is always on main priority .In this regard, education has been playing an important role in economic and particularly human development and thereby capital development in India.

Additionally, education is one of the decision factors in life chances, equal opportunity and advancements .It is the most powerful instrument for developing and empowering the citizens to master their social and cultural environment and compete for survival.

It increases individual's chances for employment in the labour market and allow them to reap pecuniary and non-pecuniary returns and gives them opportunity for job mobility [Schultz 1961,1982].

HIGHER EDUCATION IN INDIA

India's higher education system is the third largest in the world, next to the United States and China .The main governing body at the tertiary level is the University Grants Commission which enforces its standard, advises the Govt., and helps to coordinate between the centre and the state. As per 2011 census about 8.15% [68 million] Indians are graduates with Union territories of Chandigarh & Delhi topping the list with 24.65% and 22.56% of their population being graduates respectively. Indian higher

education system has expanded at a rapid pace by adding nearly 20,000 colleges and more than 8 million students in a decade from 2000-01 to 2010-11.India has 799 universities, 44 central universities ,540 state universities ,122 deemed universities, 90 private universities,5 institutions established and functioning under the state Act,75 institutes of national importance which include AIIMS ,IITS'S and NIT's ,and also 39,071 colleges as Government Degree Colleges and Private colleges.

HUMAN CAPITAL

Human capital is a measure of the skills, education, capacity and attributes of labour which influences their productive capacity and earning potential .Human capital is the stock of competencies, knowledge and personality attributes embodied in the ability to perform labour so as to produce economic value. It is the attribute gained by a worker through education and experience .Human capital formation is the process of addition to the stock of human capital over time. It is possible through creation of skilled, trained and efficient labour force by providing better education, health, and care facilities.

It is a process of providing education health care facilities, research and training facilities to the labour force so that they can handle the sophisticated capital equipment's efficiently and can innovate new ideas and methods of production through their enhanced knowledge.

FACTORS OF HUMAN CAPITAL FORMATION

EDUCATION

HEALTH

ON THE JOB TRAINING

MIGRATION

EDUCATION- Education not only raises the standard of living but also encourages modern attitudes of people. Moreover, education increases the productive capacity and productivity of a nation's workforce by honing their skills. Further, education increases the acceptability of the modern techniques and also facilitates a primitive economy to break the shackles of tradition and backwardness. An investment in educational sector has to fold benefits. It not only increases the income earning capacity but also reduces the skewed distribution of income, thereby forming an egalitarian society.

HEALTH- There is a saying "the greatest wealth is health ",the health of a country can be increased with the efforts of health workforce. Investment in health sector increases efficiency and a nation's work force. In contrast to an unhealthy person, a healthy person can work better with more efficiency and consequently, can contribute relatively more to the GDP of a country.

ON THE JOB TRAINING- Training refers to the act of acquiring skills ,knowledge and competency required to perform a particular job efficiently and effectively. On the job training is a most effective kind of framing to a trainee, imparting him with the technical skills and knowhow at the actual work site.

MIGRATION- Migration refers to the movement of people from underdeveloped or developing countries to developed countries in search better avenues. Migrations contribute to human capital formation as it facilitates the utilisation of inactive or underdeveloped skills of an individual. The cost migration involves cost of transportation and cost of living at the migrated palces.

ROLE OF HUMAN CAPITAL FORMATION IN ECONOMIC DEVELOPMENT IN INDIA.

The human capital formation plays crucial role in the economic development. Firstly, formation of human capital would tend to change the traditional society to modern society, which has higher scope for economic development. Secondly, human capital increases the productivity of the physical capital (for example, they can handle the tools and machines in better way). Enhanced productivity would accelerate the growth. Thirdly, higher standard of life is possible only via development of human capital. Fourthly, human capital formation facilitates the use and growth of innovation. Innovation is the principal determinant of growth. Fifthly, human capital formation increases the rate of participation. Higher the rate of participation, greater is the degree of economic equality in the society. *Finally*, investment in human capital yields larger returns and the returns on this type of investment far outweigh its input costs. For example, training of the workers increases their productivity which ultimately leads to overall increase in production.

Migration of human capital helps the underdeveloped countries to acquire technical skills, efforts reducing methods and efficient way of performing task.

HUMAN CAPITAL FORMATION AND EDUCATION IN INDIA

Human capital formation is the outcome of investments in higher education, health on the job training, migration and information. Of these education and health are very important sources of human capital formation. Education and health care services create both private and social benefits and this the reason for the existence of both private and public institutions in the education and health service markets. Expenditure on education and health make substantial long term impact and they cannot be easily reversed, hence government intervention is essential. In India the ministries of education at the union and state levels, departments of educations and various organisations like National council of educational Research and training [NCERT],University Grant Commission[UGC]and All India Council of Technical Education[AICTE] facilitate institutions which come under the education factor. Similarly, the ministries of health at the union and state level, departments of health and various organisations like Indian Council for Medical Research facilitate institutions which come under the health sector.

EXPENDITURE ON HEALTH AND HIGHER EDUCATION:

According to the 2017-18 budget analysis, the higher education will receive US$5billion investment, 10% increase from previous year .Indian Intitutes of Technology and the NITS or National Institute of Technology they stand to receive around

US$1.1BILLION . The budget will also go to establishing to new IIMS (Indian Institute of Management), with US$153MILLION allocated to the venture an increase of US$28million on last year. AIIMS have also had their allocated funding increased by 25% and two new institutions are being set up in Gujrat and Jharkhand.

(SOURCE-Higher Education Investment: India's latest Budget)

THE HUMAN CAPITAL THEORY;

This theory attempts to answer on, "Why the decision to invest in education is made?" The theory is therefore relevant at the decision making stages. The proponents of this theory (Theodore Schultz, 1988; Garry Becker, 1967) see human capital as how education increases the productivity and efficiency of workers by increasing the level of their cognitive skills. In other words, they see human capital as the stock of economically productive human capabilities, which can be formed by combining innate abilities with investments in human beings. Examples of such investments include expenditures on education, on-the-job-training, health and nutrition. Such expenditures increase future productive capacity at the expense of current consumption. The provision of education is seen as a productive investment in human capital, an investment which the proponents of the human capital theory consider to be equally worthwhile than that in physical capital. The notion of education as a capital good is rooted in this concept of human capital, which attached a high premium to human skills as a factor of production in the development process. Human skill or productivity has been found by this theory to be just as important an input in the process of development as finance, natural wealth, and physical plant. The proponents of the theory have established that basic literacy enhances the productivity of workers in low skill occupation. In this regard, an instruction that demands logical or analytical reasoning, or provides technical and specialized knowledge, increases the marginal productivity of workers in high-skill or professional positions. Thus, educational choices may be assimilated to investment decisions where rational individuals decide on the optimal amount of education they wish to acquire so as to maximize the net return to education. Access to schooling ensures increase in the stock of human capital in the society. This enhances national productivity and economic growth. Additional schooling however is expected to generate benefits in terms of enhanced future earnings, but also entail costs: direct as well as opportunity cost resulting from delayed entry into the labour market. It is also noteworthy that the human-capital theory contends that education participation/enrolment is an investment decision by which individuals forgo time and resources in return for higher wages in future. People invest in education due to consideration they have given to the future earnings streams that will result. From these submissions, it would be possible for individuals or households to build up human capital by investing in education with the expectation of deriving some satisfactory future benefits. Incidentally, such benefits would include increased earnings, heightened social status, higher economic prestige associated with higher educational qualifications such as a first, second and doctorate degrees. It can be inferred from the foregoing submissions that basic literacy enhances the productivity of workers in low skill occupations. Furthermore, an instruction that demands logical or analytical reasoning, or provides technical and specialized knowledge, increases the marginal productivity of workers in high-skill or professional positions. Few studies have investigated the rate of return expectations on educational decisions. In Goux and Maurin (1997) analytical study of France, it was found out that neglecting the income expectations of students will lead to the problem of overestimating the impact of social background on school enrolment. Kodde(1985), integrated future income, forgone earnings, overall unemployment and education- specific employment opportunities in a model of demand for education. He tested the model on a sample of Dutch high school graduates, and found that both monetary arguments and employment prospects influence the demand for education. This submission is confirmed by Mingat and Tan (1996), who found that on the basis of aggregate data, college enrolment rates are sensitive to unemployment level and economic conditions in the nation in question. Related studies were also carried out by Wilson (2000), who focused on the extent to which American youth's

high school graduates decision on enrolment respond to economic incentives, in particular, expected income return. The result however suggests that youths appear s

REVIEW OF LITERATURE

Ganguli and Gupta (1976) used three set of composite indices to measure levels of living in Indian states. The first covers the primary components of the levels of living namely nutrition, housing, medical care and education. The second one covered the secondary components viz leisure, security and environment. The third is an overall index of the level of living which was constructed by taking into accounts both the primary and the secondary components of the level of living. Study found that while the levels of per capita domestic product and the levels of living have a close relationship it was not so when the levels of per capita consumption expenditure were considered. It was found that the states with high levels of living did not show high rates of growth of the domestic product. Widening inter-state disparities in the levels of the domestic product were found to be associated with the fact that the states seemed to become closer states with high proportions of their population engaged in primary activities which usually showed low levels of living and hardly any significant relationship was observed between the tertiary sector and the conditions of living. Further the states with high literacy levels had shown better levels of living and also there is a positive correlation between levels of living and the average expectation of life. The study confirmed that public expenditure on social services has a positively favourable impact by way of levelling up the levels of living.

Foster and Rosenzweig (1996) used Panel and time-series data to explain the era of green revolution period in India in order to assess the effects of exogenous technical change on the returns to schooling. The study concluded that the policies resulting in greater technical change are complementary, with increasing investment in schooling. The returns to investment in technical change would in general be higher when primary schooling is accessible and the returns to investment in schooling will be higher when technical change is more rapid.

Tilak (1997) observed that India has during the post-independence period made substantial progress towards building up of a large educational edifice and network of scientific and technical institution in the country. Still half of the population in the country is illiterate. The goal of universalisation of elementary education still eludes and vocational and technical education at secondary level did not progress much so as to employ graduates. The study confirmed that investment in human capital in India has to be significantly increased in three essential purposes (a) to meet the challenge of poverty and to meet the aspiration of the people for better levels of living in the modern world, (b) to eliminate or at least reduce technological dependence on other countries and thus to free the country from colonial and neo colonial dominance and (c) to enter the international market in industry and trade on a competitive basis to reap the benefits of economic liberalization and globalization.

Dougherty and Herd (2008) recommended institutional changes that may help to improve the performance of the educational system and so boost human capital formation in India. The delivery of educational and health services in India needs to be improved significantly. Considerable progress has been made through such government initiatives as those designed to draw more children into schools through projects such as the “Free Mid-day Meals” and “Education for All” programmes. Further action along the lines of cash grants in exchange for attendance, as in number of Latin American countries may be necessary in five of the poorest states when two thirds of the out-of-school children are found. These grants should be, for equity purposes, financed directly by the centre. However, while school attendance is necessary for closing the literacy gap, it is not sufficient. The number of teachers is limited, making attendance and quality essential to compensate for lack of numbers. Here transparency and

accountability to the local population is essential to ensure that educational outputs are high. It will be necessary to measure and publicize performance results for schools at the primary level.

OBJECTIVES

1. To examine the impact of higher education on human capital formation.

2. Examine the relationship between higher education and human capital formation.

3. To examine the impact of government expenditure on education and health.

METHODOLOGY

The present study is based on secondary data sources at all India level. Both qualitative and quantitative research approach have been used in the study. Secondary sources of data have been used in the study. The data on educational improvement in India has taken from ―Educational Statistics at A Glance Ministry of Human Resource Development, World Bank Report, UNESCO, ILO relevant books, journals, working papers, web articles etc. The study period is post economic reform period while due to limitation of data availability in some variables, hence decadal and annual data are taken in mixed proportion to make analysis. Simple graphical analysis and statistical tools like percentage, ratio, growth rate year on year, compounded annual growth rate etc. are used for analytical study over the period of time. Depending on this secondary materials and information, a literature review has been made to give a theoretical framework of the study.

DATA AND ITS INTERPRETATION:

Human Capital Formation in India

Higher education in India has been improving during recent past especially after economic reforms consequence demographic dividend has been converting into human resources more efficiently.

Expenditure on secondary education (% of government expenditure on education)

YEAR	**VALUE**(% of government expenditure on education)
1999	37.8
2000	40.09
2003	41.67
2004	41.62
2005	42.89
2006	42.50
2009	34.92
2011	36.96

2012	38.73

SOURCE-UNESCO

Expenditure on secondary education (% of government expenditure on education) in India was 38.73 as of 2012. Its highest value over the past 13 years was 42.89 in 2005, while its lowest value was 34.92 in 2009.It means the government expenditure on secondary education was increased by only just 1.77% from year 2011 to 2012. Expenditure on secondary education is expressed as a percentage of total general government expenditure on education. General government usually refers to local, regional and central governments.

Expenditure on tertiary education (% of government expenditure on education)

YEAR	**VALUE** (% of government expenditure on education)
1999	17.54
2000	20.30
2003	20.09
2004	20.01
2005	19.55
2006	20.28
2009	36.45
2010	36.08
2011	34.68
2012	32.17

SOURCE-UNESCO

Expenditure on tertiary education (% of government expenditure on education) in India was 32.17 as of 2012. Its highest value over the past 13 years was 36.45 in 2009, while its lowest value was 17.54 in 1999.It means government expenditure on tertiary

education was decreased from 2009 onwards. Expenditure on tertiary education is expressed as a percentage of total general government expenditure on education. General government usually refers to local, regional and central governments.

Government expenditure on education, total (% of GDP)

YEAR	VALUE, total (% of GDP)
1997	2.83
1998	3.51
1999	4.34
2000	4.25
2003	3.55
2004	3.29
2005	3.13
2006	3.09
2009	3.21
2010	3.32
2011	3.72
2012	3.83

SOURCE-UNESCO

Government expenditure on education, total (% of GDP) in India was 3.83 as of 2012. Its highest value over the past 15 years was 4.34 in 1999, while its lowest value was 2.83 in 1997.It shows that government expenditure on education sector was just increased by 0.11 from previous year.

General government expenditure on education (current, capital, and transfers) is expressed as a percentage of total general government expenditure on all sectors (including health, education, social services, etc.). It includes expenditure funded by transfers from international sources to government. General government usually refers to local, regional and central governments.

Table: Intra Sectoral allocation of public expenditure on education in India since 2001-14.

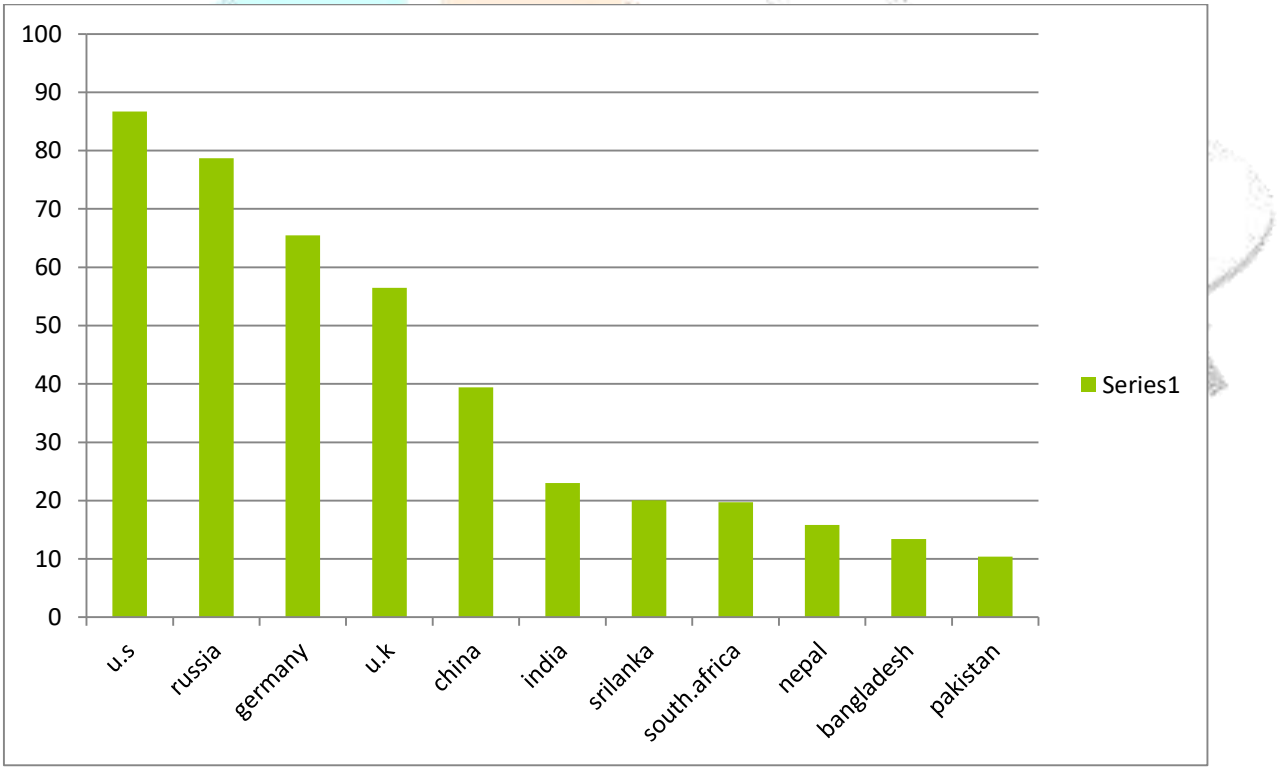
YEARS	UNIVERSITY &HIGHER EDUCATION	TECHNICAL EDUCATION
2001-02	11.34	2.32
2002-03	11.95	2.42
2003-04	11.61	2.28
2004-05	11.67	3.82
2005-06	19.31	7.96
2006-07	19.30	11.98
2007-08	24.47	7.67
2008-09	24.30	8.79
2009-010	23.59	8.91
2010-011	21.34	11.95
2011-2012	16.14	13.28

2012-013	14.70	14.62
2013-014	15.29	14.95

SOURCE-MINISTRY OF HRD, GOVT OF INDIA

The above data indicates some trends in the intra-sect oral composition of public expenditure. Share of university and higher education in total expenditure increased from 14.71 to 24.47 in 2007-08 thereafter it starts declining. Presently the share of higher education in total expenditure on education is 15.29 percent. Government spend less than 4 % of GDP on higher education, this has seriously hampered the quality of higher education in India. Significantly increased in the expenditure on technical education has been found. The share of technical education in total expenditure has increased substationally from 3% in 2001 to percent to 15 percent in 2013-14.It shows a remarkable position of skill full and more IIT experts in India.

GROSS ENROLLMENT RATIO IN THE TERTIARY SECTOR (2014).



SOURCE- EDUCATION STATISTICS AT A GLANCE,MHRD&UNESCO.

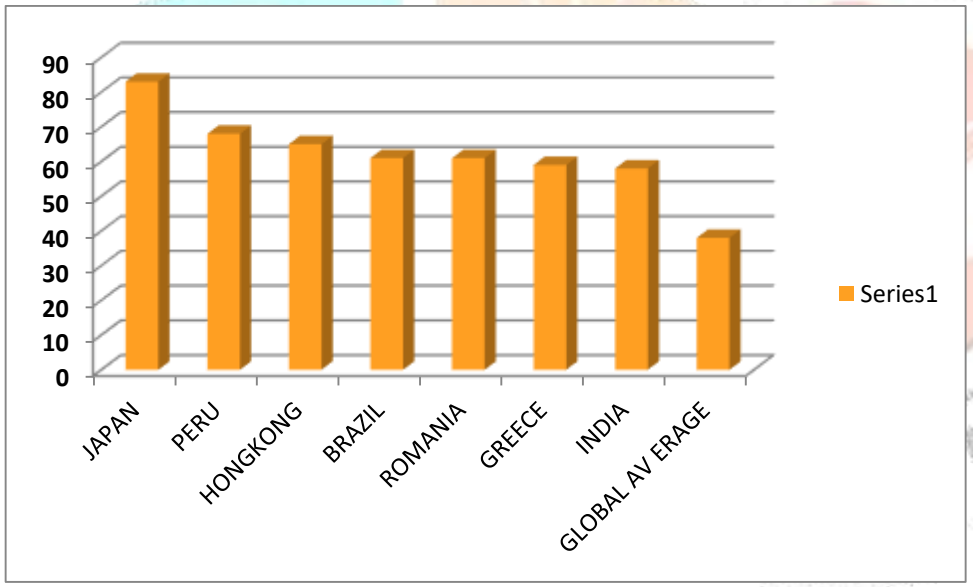
Figure1. Shows comparison of the gross enrolment ratio in the tertiary sector in the year 2014. Tertiary education is defined as including universities as well as institutions that teach specific capacities of higher learning such as colleges, technical training institutes etc. The graph clearly shows that India lags behind the major global countries even though it is ahead of its South Asian neighbours in the gross enrolment ratio in the tertiary sector.

Current Situation in India

India has seen rapid growth in recent years due to robust macro-economic fundamentals and the growth in new-age industries. The rapid economic growth has increased the demand for skilled and technical manpower that in turn has highlighted the shortage of skilled and professional manpower in the country. India is among the top countries in the world where employers are facing difficulty in filling up jobs. The key reasons which comes in the way of finding a suitable candidate for available jobs in the country are lack of high quality professionals to suit job requirements, shortage of hard and soft skills, among others.

As per the International Labour Organisation (ILO) data, world-wide the percentage of employers who are experiencing difficulties in filling job vacancies continues to rise (Figure 2). Japan faces the highest difficulty in filling jobs at 83 per cent and therefore stands at 1st position. India stands at 7th position when it comes to facing difficulty in filling jobs. For India, the difficulty to fill up the jobs is 58 per cent, which is above the global standard of 38 per cent in 2015. The World Economic Forum (WEF) also indicates that only very few of the total Indian professionals are considered employable by the organised sector at a global level. Figure 2. Indicates that only very few of the total Indian professionals are considered employable by the organised sector at a global level.

FIGURE 2. Percentage of employers having difficulty in filling the jobs globally (2015).



SOURCE-ILO

In response to the need felt for improving the institutions of higher education to cater to the growing demand, the number of universities/university level institutions & colleges have witnessed a tremendous increase since Independence. The number of universities has increased 34 times from 20 in 1950 to 799 in 2015-16. The number of colleges has also registered a jump of over 74 times over the period 1950 to 2016. In fact, the Indian higher education system is one of the largest in the world in the present time. But the Gross Enrolment Ratio (GER) in higher education of 24 per cent is still not adequate compared to international standards of average 30 per cent. Even with a 30 per cent GER, the larger chunk of the young population needs to take up vocational education and skill building.

Global expenditure database of health expenditure public (% of govt. expenditure) in 1995 and 2014 country wise.

HEALTH EXPENDITURE PUBLIC (%OF TOTAL HEALTH EXPENDITURE)		
COUNTRIES	1995	2014
United kingdom	83.9	83.1
Bhutan	66.8	73.2
Australia	65.8	67.0
China	50.5	55.8
United States of America	45.2	48.3
Bangladesh	37.2	27.9
Pakistan	26.2	35.2
India	26.2	30.0

Source: World Bank

According to the World Bank, Global expenditure database of health expenditure public (% of govt expenditure) in 1995 and 2014 country wise. In India in 1995 it was 26.2% but in 2014 it was 30.0% which means it was more by 4%as compared to the year 1995.The health expenditure percaptia is (current US $)75 and life expectancy is 68.35 years in India. Calories intake in india is(p.cap/day) 2,243 and protein intake is (gms p.cap/day) 55.7 also fats consumption is (gms p.cap/day) 38.7.whereas health expenditure in U.K is much higher due to high Gross National Income per captia, higher expenditure on per captia health (InTL$ 2014) was 3377. It has a population of 62,262,000 people and a reported GDP of $2.260 trillion Great Britain Pounds. The United Kingdom provides public healthcare to all permanent residents, about 58 million people. Healthcare coverage is free at the point of need, and is paid for by general taxation. About 18% of a citizen's income tax goes towards healthcare, which is about 4.5% of the average citizen's income. Overall, around 8.4 per cent of the UK's gross domestic product is spent on healthcare (an amount of around 0.18984 trillion.

RESULT AND DISUSSION

The main purpose of this study was to examine the role of higher education in human capital formation in India. Firstly to know their relationship government expenditure on education was discussed. It shows that government expenditure on secondary education was not sufficient so it need arise to raise these. This would enhance education growth as well as income growth of India. Educational attainment raises productivity, increases income earnings, reduces poverty risk and improves living standards. Thus, investment in education, particularly targeting to the poor counties, would be essential for income growth. Secondly, Government expenditure on tertiary sector was discussed to know better picture of human capital formation, then we could know that although expenditure on tertiary sector was increased but not quite sufficient it was higher in different countries of the world. Besides, an emphasis on higher education would help in building sensitivity towards technology as well as increase efficiency and effectiveness of governance. It is in this context that investment in education, especially higher and skill-based education, is a priority for the nation. Thirdly government expenditure on technical education was discussed, then we came up with the result that share on technical education was quite rise from past years. It shows more optimistic condition for the welfare of the country like India because when more people are getting technical education more can get better jobs and increase GDP and economic prosperity for any country. At last the data of government expenditure on health out of (total health expenditure) was discussed then we came up with result that Indian health expenditure is only increased by 6% from the year 1995 to 2014. As per our result expenditure on secondary education was increased by only 1.77% from last year. Expenditure on tertiary sector in 2009 was 36.45which starts decreasing from that year to the till year 2012 which was then 32.17. (% GDP) in total education in 1997 was 2.83 which was increase by just 1.52 in the year 1999 then starts decreasing till 2012.But share rise from only 0.11 from the year 2011 to 2012.Share of government expenditure in technical education rises significantly from the year 2000 to 2014.By looking on world education enrollment data of tertiary sector ,India is lagging behind from China ,United kingdom ,Germany, Russia, United States of America But more from its Asian countries like Srilanka, Bangladesh, Pakistan . About 58% of Indian people having difficulty in filling for the jobs which is higher than global standard. As per World Bank report on health expenditure .India spend only 26.2%of total health expenditure in year 1995 to 30.0 in year 2014 which was increase by only 4%.while expenditure in developed countries is more higher . It was 80% in case of united kingdom and 65% in case Australia.

SUMMARY AND CONCLUSION

Investment in human capital has the potential to bring dynamism to our development journey and take our economy to higher echelons of inclusive growth. Nearly half of India's 28 million tertiary students are pursuing degrees in the social sciences, business, and law. Nearly 20 per cent are in engineering, manufacturing, and construction, and roughly 15 per cent are in sciences. Humanities, education, agriculture, services, and health and welfare each account for 5 per cent or less. As these graduates move into the workforce, the concern is whether India's education system is supplying the right mix of workers to meet its economic structure and support its global competitiveness. The current student profile appears to favour the services industry, which has arguably been a growth market for India but also one in which there is increasing competition from the world's developing and middle-income countries. A focus on higher education, which is market-oriented and skill intensive, would not only provide employment to our 480 million plus workforce but would also address the problem of acute shortage of professional and technical manpower faced by industry. Besides, an emphasis on higher education would help in building sensitivity towards technology as well as increase efficiency and effectiveness of governance. It is in this context that investment in education, especially higher and skill-based education, is a priority for the nation.

A decade ago, India's huge population was perceived to be its biggest problem and the main reason for the all-pervasive poverty in the country. Today, we have a different perspective. India's population is now considered to be its biggest strength and is expected to be a source of competitive advantage. And the icing on the cake is that our population is primarily young; of its more than 1.26 billion strong population, close to 600 million are below the age of 35. If we can effectively capitalise on this 'demographic dividend', it can bring us great returns, economic growth and prosperity. But reaping the benefits of this demographic dividend is contingent upon the fact that we successfully put in place and execute a countrywide strategy so that higher education institutions adopt standards in sync with the market needs.International studies have indicated that by 2020, the western world will be deficient in skilled manpower to the tune of 50 million people. As a result, the world economies would face severe labour shortages. And the deficiency would be felt more acutely in the skill and higher education segment. However, there is a huge gap between what can be done and what prevails today. While we may have a mammoth workforce, most people lack the relevant skills to do their jobs effectively at their workplace. In fact, according to the National Knowledge Commission Report 2006-2009, in the age group of 15-29 years, only 2 per cent have undergone any sort of formal vocational and professional training and only about 8 per cent have received non-formal vocational training. India needs to plan and train its workforce to be able to demographic trend. There is a need for diversity in education system as majority of students end up taking regular streams. The option of exploring the possibility of courses which have higher employability hence becomes important. Vocational education imparts direct skills that help largely to build a career. Students are usually found to be skill deficient as the institutions do not make them job-ready. Due to this reason, there is a large number of skilled unemployed youth on one side and huge demand for skilled workers in the industrial sector on the other side. Indeed, a recent CISAC report argues that creative industries are now driving growth, and that there is significant unrealized potential in BRICS countries. Beyond student representation in specific fields of study, there are structural problems with India's education system. Addressing these problems would elevate the country's performance in the WEF metrics and, more importantly, the development of its human capital. Calls for improvement in the quality of India's tertiary education are common, and each year brings a barrage of new initiatives, splashed with novelty and aimed at heroically transforming the system to achieve elusive improvement. So far in 2015, two significant reforms have already been proposed. The Choice Cased Credit System expands learning options but has been criticized for imposing a uniform curriculum. The "Educate in India" initiative focuses of expanding competition among education providers by establishing a ratings system, expanding the loan program, and removing regulations in order to encourage efficiency. Nevertheless, the Modi administration's higher education strategy has been criticized for being unclear, indecisive, and hostile to the autonomy of universities. Rather than tinkering with the operational aspects of education, India should step back and evaluate the overall mission of its tertiary education system. Equality of entrance opportunity (and funding) and a vision to create knowledge are the hallmarks of world-class education systems. These objectives are not mutually exclusive at the system level, but individual universities should be targeted to pursue specific goals. For example, resources for research should be concentrated in universities with the highest potential for global status, while skills development programs should be emphasized at universities catering more to applied fields. This approach absolves universities from (often inadequately) attempting to serve multiple missions.The World Economic Forum (WEF) has recently released its second Human Capital Report. The first was published in 2013. The report argues "talent, not capital, will be a key factor linking innovation, competitiveness and growth in the 21st century." By this measure, India's prospects are not encouraging. The country's lagging performance is in part a product of poor strategy and ineffective leadership, leading to deterioration in the factors that improve human capital. Three of these – education, mobility, and environment – need serious and pragmatic attention from the Indian policymakers.

POLICY IMPLICATIONS

- The effort should be to make our education system meet the global standards, for which there is a need to focus on three major areas which are — infrastructure, quality of teachers and accreditation.
- Research demonstrates that every government of developing countries should put education in high priority. Skilled development program should be launched keeping education on top priority in public policies.
- Dropout rate at tertiary level in developing countries is the chronic problem. So government, political parties, civil society and social workers should think what procedure can be used to stop dropout rates.
- More budget should be allocated to education and training programs and budget should be properly utilized.
- Vocational education and skill based training have more impact on labor force participation so it should be more increased.
- To provide technical knowledge to the people, more skill oriented courses and colleges should be made which provide free education to the poor students.
- Expenditure on health sector should be encouraged.

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