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CHALLENGES IN THE INDIAN HIGHER EDUCATION SYSTEM FOR OPTIMIZING THE HUMAN RESOURCE DIVIDEND

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Abstract

India's higher education system stands as one of the largest globally, enrolling approximately 33.3 million students across a vast network of institutions. Despite this extensive infrastructure, the system grapples with significant challenges that impede the development of a high-quality human resource base. Key issues include limited accessibility, variable quality, affordability concerns, and a mismatch between educational outcomes and employability. This paper delves into these challenges, offering a comparative analysis with higher education systems worldwide. It explores policy interventions and strategic reforms aimed at enhancing the efficiency and effectiveness of India's higher education framework, thereby fostering a more robust and competitive workforce.

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Introduction:-

India's higher education system, one of the largest globally, has expanded significantly over the past few decades, driven by the belief that higher education leads to national prosperity and personal advancement. However, this rapid expansion has also brought several challenges, including issues related to equity, efficiency, excellence, and access to higher education in the country (Agarwal, 2006). Despite the increase in the number of institutions, many suffer from subpar quality and a lack of funding. As a result, entry into the top institutions is highly competitive, leading to a contest for higher entrance test scores and better private coaching institutes (Attewell, 2001).

Additionally, the quality of education often does not meet the basic industrial requirements for skilled professionals. This mismatch between education and industry needs has contributed to a significant number of unemployed graduates, highlighting the urgent need for reforms that align educational outcomes with market demands. Addressing these challenges is crucial for India to fully develop its human resource potential and create a workforce capable of driving national growth and prosperity (Thakur, 1999).

Challenges of Indian Higher Education:

India, globally the largest Higher Education System, expanded significantly over the past few decades, keeping in view the Government of India's objective to promote higher education to achieve national prosperity and advancement. However, this rapid expansion has also brought several challenges, including issues related to equity, efficiency, excellence, and access to higher education in the country (Sheikh, 2017).

1. Accessibility and Inclusivity

A fundamental challenge is the limited accessibility to higher education for marginalized communities, rural populations, and economically weaker sections. The Gross Enrollment Ratio (GER) in India, though improving, still lags behind many developed nations. As of now, the GER indicates that a significant portion of the population remains excluded from higher education opportunities. Still the countries major population is dwelling in the rural and difficult areas which may be major challenging factors including the disparity in socio-economical status of its population (Saksena et al., 2019)

Here's a comparative table for the Gross Enrollment Ratio (GER) in India over the past five years, comparing it with global expectations.

Year	India's GER	Global GER Expectations (UNESCO/ World Bank) (Global Average)	India's Position vs Global Expectations	Challenges Faced in India (these may be common factors irrespective of year)	Suggested Reforms (these may be common factors irrespective of year)
2020	27.1%	38%	Significantly below the global average.	Limited access to higher education in rural and marginalized areas. Socioeconomic barriers for low-income groups. Lack of capacity in public institutions	Increase investments in infrastructure for remote areas.
2021	27.4%	40%	Significantly below the global average.	As above	Improve digital literacy and online education opportunities.
2022	28.2%	42%	Significantly below the global average.	As Above	Expand scholarship programs for disadvantaged groups. Encourage private-public partnerships to enhance access.
2023	29.3%	43%	Significantly below the global average.	As above and Limited availability of affordable higher education. Gender disparity and underrepresentation of rural students.	Support rural students through targeted outreach. Strengthen financial aid and affordable public education options.
2024	30.5%	45%	Even though the India's GER has show steady growth, however, significantly below the global average.	As above and Limited online learning capacity for a wider audience.	Boost investments in digital platforms (e.g., SWAYAM) and ODL programs. Significant focus on expanding online education and government scholarships for inclusive growth. Strategies to retain enrolled numbers till successful completion of online programme and combating drop

					outs due to lack of interest is pivotal
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2. Quality of Education

There is a significant variation in the quality of education across institutions. While premier institutes such as IITs and IIMs maintain global standards, many private and public institutions struggle with outdated curricula, lack of research orientation, and insufficient qualified faculty and training. This disparity results in a workforce that may not meet the evolving demands of the global economy (Agarwal, and Kamalakar, 2013).

3. Affordability

Higher education in India remains costly for a large segment of the population. Despite government schemes and scholarships, tuition fees and associated costs often deter students from pursuing higher education. The financial burden disproportionately affects students from economically disadvantaged backgrounds, limiting their access to quality education. Not bringing the costing factor in the state regulations kept the private institutions to charge the fees higher and varies (Gupta, 2016)

4. Employability

Unemployment has remained a critical and sensitive issue on the political agenda of Indian political parties, just as it was prior to every election after India's independence. Despite numerous efforts, it continues to be an unresolved challenge. A particularly pressing concern is the employability of graduates. Research reveals that a significant proportion of Indian graduates lack the industry-relevant skills that are crucial for securing jobs, contributing directly to the persistently high unemployment rates (Khare, 2014). This issue stems from a glaring disconnect between academic education and the evolving demands of the job market. Curricula in many educational institutions are often outdated or disconnected from the practical skills required by employers. Bridging this gap through curriculum reforms and the introduction of skill-based training programs is essential. Without such changes, graduates are left with qualifications that do not align with the expectations of employers, leading to a mismatch that contributes not only to high unemployment but also to underemployment, where educated individuals are forced into jobs that do not utilize their full potential (Bhuyan and Banerjee, 2020).

Addressing this issue is critical for India to fully harness its human resources, unlocking the potential of its youth and creating a workforce that can drive national growth and prosperity. A failure to do so will hinder India's development and its ability to compete globally in the modern economy (Prabhakar, 2024).

According to the Periodic Labour Force Survey (PLFS) conducted by the Ministry of Statistics and Programme Implementation, Government of India, the unemployment rate in urban areas was recorded at 6.4% for the period from October to December 2024, among individuals aged 15 years and above. Of this, the male unemployment rate stood at 5.8%, while the female unemployment rate was notably higher at 8.1% (Chand, 2023). Further analysis based on the PLFS data has revealed an interesting yet troubling trend: the employment paradox, which highlights the disparity in unemployment rates between the educated and uneducated segments of the population. This trend has been compiled over four years, from 2021 to 2024, and the key findings of this analysis are as follows:

Level of Education	Average Unemployment Rate From year 2021 to 2024 in Rural Male	Average Unemployment Rate From year 2021 to 2024 in Rural Female	Average Unemployment Rate From year 2021 to 2024 in Urban Male	Average Unemployment Rate From year 2021 to 2024 in Urban Female
Not Literate	0.30%	0.10%	1.20%	0.26%
Literate & Up to Primary	0.76%	0.10%	1.46%	0.73%
Middle School	2.16%	0.70%	2.70%	1.90%
Secondary & Above	6.40%	9.10%	7.06%	13.76%

A comparison of India's higher education system with other major economies:				
Aspect	India	USA	Germany	China
GER	~27% (2021)	~88% (2021)	~70% (2021)	~55% (2021)
Quality of Institutions	Varies widely	High global ranking	Strong vocational training	Rapidly improving
Affordability	High for private institutions	Expensive, but financial aid	Mostly free, subsidized	Affordable public education
Employability	47% graduates employable	High skill-job alignment	Strong industry-academia link	Increasing global competitiveness

The data presented highlights concerning trends regarding unemployment rates among individuals with secondary and higher education qualifications. In particular, the unemployment rate for rural male populations stands at 6.40%, while the rate for urban males is slightly higher at 7.06%. For females, the situation is even more alarming. In rural India, the unemployment rate for females is 9.10%, and in urban areas, it reaches 13.76%.

These statistics suggest a deep-rooted issue, particularly the limited accessibility to secondary and higher education opportunities in rural India. The disparities in education access and the resulting unemployment rates indicate that despite obtaining educational qualifications, individuals in these regions face significant challenges in securing employment. This highlights the critical need for improved infrastructure and accessibility to educational avenues in rural areas to help bridge this gap (Varghese and Khare, 2021).

Furthermore, the data raises concerns about the quality and relevance of the education provided. It underscores the necessity for skill-based training and employable education to ensure that individuals are equipped with the practical skills required in the job market. Without a strong connection between higher education and employment opportunities, the potential of educated individuals remains largely untapped (Brown et al., 2010).

On a global scale, India appears to be lagging behind in terms of the Gross Enrollment Ratio (GER) for secondary and higher education. This global comparison highlights the need for urgent reforms in India's education system to enhance the accessibility, quality, and employability of its educated workforce, ensuring that education leads to tangible opportunities for employment.

The persistent high unemployment rates among the educated suggest a need for targeted policy interventions. There is a need for education reform that aligns academic curricula with industry requirements. This could include expanding vocational training and skill development programs that equip students with practical, job-ready skills. Given the saturation of traditional job markets, encouraging entrepreneurship among educated youth can create new opportunities. Policies that provide funding, training, and mentorship for start-ups can help alleviate the pressure on conventional employment avenues. Enhancing gender inclusivity: To address the gender disparity, it is crucial to create a more inclusive work environment for women. This includes implementing policies that ensure equal pay, prevent workplace harassment, and support work life balance through flexible working conditions and childcare facilities (Shimu & Haolader, 2025).

To reduce the urban-rural divide, the government could focus on creating employment opportunities in rural areas. Promoting rural industries, supporting agriculture-based enterprises, and improving digital infrastructure can create local job opportunities for educated individuals in these areas. Collaborations between the government and private sector can lead to the creation of internship and apprenticeship programs that provide on-the-job training and increase employability among the educated youth. While there have been minor improvements in the unemployment rates of educated individuals over the past three years, the problem remains substantially manifold. Addressing educated unemployment in India requires tackling key issues, including skill mismatches, gender disparities, and regional imbalances in job opportunities (Agarwal, 2006).

Policy Interventions and Recommendations

1. Enhancing Accessibility

To improve access to higher education, it is essential to expand online education platforms, increase the number of public institutions, and provide financial aid. The University Grants Commission (UGC) has issued guidelines to ensure minimum academic standards for Open and Distance Learning (ODL) and Online Learning (OL)

programmes. These guidelines mandate that students verify the recognition status of institutions and generate a mandatory Distance Education Bureau (DEB) ID for enrollment. Additionally, universities are encouraged to offer up to 40% of all courses in a programme online via platforms like SWAYAM, facilitating greater access to education. IGNOU is already playing its major role in reaching the unreached. However, to reduce the gap between industrial demands of skilled employees, innovating approaches may be adopted to bridge the gap. Also, the unorganized and traditional skill practitioners may also be brought to main stream and organized skill sector through short certification skill program in tie up with the industries (Malik, and Venkatraman, 2017)

2. Improving Quality

Enhancing the quality of education involves updating curricula, providing faculty training, and fostering international collaborations. The National Assessment and Accreditation Council (NAAC) emphasize the importance of curriculum design and faculty development in its accreditation process. Institutions are encouraged to implement structured feedback mechanisms from external stakeholders, including subject experts, alumni, and industry professionals, to inform curriculum revisions and teaching methodologies. As per the All India Survey on Higher Education 2021-22, total 1168 Universities registered, 685 are Government managed (Central Govt. 240, State Govt. 445), 10 are Private Deemed (Aided) and 473 are Private (Un-aided). There are 17 Universities exclusively for Women compared to 11 in 2014-15 and there are 18 Open universities (1 Central University, 16 State Universities and 1 State Private University). Each of these institutions must be brought to the National Importance in terms of Quality. These are the potential laboratories to produce qualified and skilled human dividend in higher education. Their appropriate utility and strengthening is the pivotal to bridge the gap between demand and supply ratio (Prakash, et al., 2023).

3. Promoting Affordable Education

Making education more affordable requires strengthening government scholarships and reducing tuition fees in public institutions. The National Institution for Transforming India (NITI Aayog) has recommended that the government increase funding for scholarships and financial aid programs to support students from economically disadvantaged backgrounds. Additionally, public institutions are encouraged to adopt cost-effective measures to reduce operational expenses, thereby enabling them to lower tuition fees and make education more inclusive. The Government of India must workout the policies to regulate the costing of educational programme in Higher Educational Institutions, both public and private players (Nedungadi et al., 2018).

4. Enhancing Employability

Improving employability involves encouraging internships, vocational training, and industry-academia partnerships. The All India Council for Technical Education (AICTE) has recommended that institutions establish collaborations with industries to provide students with practical exposure and skill development opportunities. Implementing curriculum reforms that include skill-based training and promoting internships can bridge the gap between academic education and industry requirements, thereby enhancing the employability of graduates. By implementing these policy interventions and recommendations, India can address the challenges in its higher education system, fostering an environment that promotes accessibility, quality, affordability, and employability. The institutions must be entrusted the responsibilities to access, analyze and develop the programme as per the demand of the market leading to the greater employability opportunities locally and globally. The institutions must also take necessary measures to ensure that the programmes offered by them are locally and globally sustainable (Shukla, 2021).

Conclusion:-

In conclusion, optimizing India's human resource dividend requires a multifaceted approach to address the persistent challenges in the higher education system and the resulting high unemployment rates among educated individuals. Targeted policy interventions are essential to ensure that education aligns more closely with industry demands. This includes enhancing vocational training and skill development programs that provide students with practical, job-ready skills. As traditional job markets become saturated, encouraging entrepreneurship through funding, training, and mentorship initiatives can unlock new opportunities for the educated youth.

Additionally, addressing gender disparities is crucial for creating a more inclusive and equitable workforce. Implementing policies that promote equal pay, prevent harassment and support work-life balance will help ensure greater participation of women in the employment market. Tackling the urban-rural divide is also critical. By fostering employment opportunities in rural areas through the promotion of rural industries, agriculture-based enterprises, and improved digital infrastructure, the government can help create local jobs for educated individuals.

Partnerships between the government and the private sector can help establish internship and apprenticeship programs, offering essential on-the-job training to enhance employability. While there have been slight improvements in the employment outcomes of educated individuals in recent years, the problem remains complex and widespread. To effectively combat educated unemployment, it is necessary to address skill mismatches, gender disparities, and regional imbalances in job opportunities, ensuring a more inclusive, productive, and sustainable workforce in India.

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