

Is India's education system the root of its problems?

A recent comparison with China suggests that may be so
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For most of history the economies of India and China grew in lockstep. In 1970 the countries were almost identically wealthy. But today China's GDP per person, at around \$13,000, is nearly five times India's. The chasm is traditionally explained by the way their economies opened up. China became the world's factory, which turbocharged growth. India became its back office. But what shaped these paths? A big, underrated factor is education policy, suggests a new study by Nitin Kumar Bharti and Li Yang. The researchers at the Paris School of Economics' World Inequality Lab track how education evolved in both countries from 1900 to 2020. At the beginning of the 20th century, less than 10% of Indian and Chinese children attended school; today almost every child does. But the route to universal education has been strikingly different, and has had profound effects on development.

China took a "bottom-up" approach to schooling. In the 1950s, officials in the newly formed People's Republic prioritised expanding access to primary and secondary education. Independent India, however, took a "top-down" stance. That meant supporting high-quality universities, such as the Indian Institutes of Technology, at the expense of primary schools. By 1980 93% of Chinese children were enrolled in primary school, but just 1.7% of youngsters were in college; in India, the equivalent shares were 69% and 8%.

Another striking difference is what college-aged youngsters study. In China they are more likely to pursue engineering degrees. In India they favour humanities, business or law. Vocational degrees are also treated more seriously in China. Since the 1980s more than 40% of Chinese youngsters have pursued a vocational education, compared with just 10% in India.

All this created different labour forces as their economies liberalised. In 1988 around 60% of Indian adults were illiterate compared with 22% in China. That hindered Indians from moving out of agriculture into more lucrative jobs. It also lowered their productivity. In addition, China's higher share of engineering and vocational graduates, combined with more widespread primary schooling, helped its manufacturing sector thrive. India's relative advantage in tertiary education made it more suitable for services-led growth.

The contrasting approaches to education have historical roots. China's Qing dynasty leaders focused on vocational skills in the late 19th century to equip their armies. India's British colonial rulers wanted a school system to churn out administrators to manage their empire. Indian leaders after independence reinforced that bias.

Since then, though, India has tried to fix these issues. A big push increased access to primary schooling in the 2000s—but at the expense of quality. The government is also promoting vocational education. And at the tertiary level, a lot more Indians are studying engineering. Yet it might be too late. Many economists reckon that the era of manufacturing-led growth has bypassed India. A report released in September supported such fears. Of the 1.5m engineering students who will graduate this fiscal year, only 10% are expected to actually land a job in the year after leaving university.