

ROLE OF EDUCATION IN ECONOMIC DEVELOPMENT IN INDIA

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Abstract:

Education in every sense is one of the fundamental factors of development. No country can achieve sustainable economic development without substantial investment in human capital. Education enriches people's understanding of themselves and world. It improves the quality of their lives and leads to broad social benefits to individuals and society. Education raises people's productivity and creativity and promotes entrepreneurship and technological advances. In addition it plays a very crucial role in securing economic and social progress and improving income distribution.

Key words: Education, Economic Development, Literacy, Employment, Unemployment.

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Introduction:

Education and economic development are closely related to each other though it is difficult to ascertain as to which one of them is the cause and which is the effect. Sharma (1991) realizing the importance of education, the government of India has taken a number of steps to provide universal elementary education in India and a substantial amount of fund is allocated to the education sector. As a result of the joined effort of the central government, state governments and the private sector, education sector has made a substantial progress in the country. The literacy rate which was 18.33% at the time of independence has increased to 74.04% now. Number of universities which was only 19 at the time of independence has increased to 677. However the rate of unemployment is also on the rise. This rapidly increasing educated unemployment and underutilization of human resources is of great concern. It questions the effectiveness of the education system in India. The present situation of educated unemployment is mainly caused by the mismatch between the demand and supply of labour. So, this paper will look into the contribution of education to the skill development, employability, productivity and economic development.

Education and Economic Development:

Education is the process through which human personality develops. Education can be defined or analysed in its wider sense and narrower sense. In a wider sense, education is a lifelong process which starts with conception and continues till death. The sum total of life experiences one achieves throughout one's life contributes to the formation of the human behaviour and in this sense it is a part of education. In a narrower sense of education, it is confined to school and university education (Bhatia & Narang, 1968). According to Myrdal (1982), education implies imparting knowledge and skill that facilitate the increase in output and change in attitude towards the life and work. In reality, it is difficult to assess the extent of education one receives in the wider sense of education as there is no common measurement. So, in this study education is taken in the narrow sense i.e. the education received from schools and colleges. There is no doubt that capital is the key factor of economic development. The labour or population transforms from a mere consumer to human capital with the education and skill development. "Labourers have become capitalists, not from a diffusion of the ownership of corporation stocks, as folklore would have it, but from the acquisition of knowledge and skill that have economic value" (Sharma, 1991).

Economic development may mean different things to different people. In this study economic development means economic growth with structural changes. Economic growth is a narrow concept which means the increase in income. Structural changes mean change in the percentage of employment and output of various sectors in the economy. As the economic development takes place the percentage of employment in the primary sector decreases and that of the secondary and tertiary sector increases. Similarly as the development takes place the contribution of primary sector to national income decreases and that of secondary and tertiary sector increases. Increase in employment in secondary and tertiary sector requires increase in the skill and knowledge of the labour force which are obtained through higher education. In India agriculture is labour intensive and the extent of education and skill required for the labour working in the agricultural sector is comparatively low. As the economic development take place the mode of production changes and production becomes more and more capital intensive and the labour is required to acquire more and more skill to operate the modern machinery. So, the availability of the skilled labour facilitates the economic development and the economic development in turn creates the demand for more and more educated and skilled labour which further increases the demand for education, in this way education and economic development are complimentary to each other.

Contribution of Education to Economic Development:

In the most of the economic analysis, the rate of return on education has focused on the contribution of education to earning capacity and to material gains only the direct returns. These returns of education are of four main kinds. First, there is the higher income accruing on an average to those with more education; second, the people with more education are subject to less unemployment; third, more education enables one to become a professional worker, thereby lengthening the average expectation of life; and fourth, education confers social status, Some of these benefits are non-monetary, but they may be translated into money terms (Bolino, 1968). For example, an educated person may more aware of the various schemes introduced by the government and it may be easy for him to get benefit from various employment generation and social development schemes provided by the government.

Labour is not homogenous, and educated and uneducated labour is not perfect substitute for each other, For example to make a bridge across a small stream in a traditional way with the help of bamboos of a log does not require a specialized engineering skill. It can be done with the

practical knowledge which an individual posses even without formal education. However, the construction of a modern concrete bridge requires more skill and knowledge. Construction of a suspension bridge across a large river is not possible without the help of a civil engineer. Even one hundred unskilled and illiterate labours cannot replace one civil engineer. So any number of unskilled labours is not a substitute for a civil engineer. Educated and uneducated labours are treated as different inputs. The work of an uneducated labour can be done by an educated and trained person too but in the other way. The productivity of the labour can be increased with the use of modern techniques of production which can be done only with the educated and skilled labours. So increasing the number of educated and skilled labours helps the country to move up the ladder of economic development (Meier & Rauch, 2006). As the economic development take place, the nature of the production process also changes from simple to complicated and more and more educated and technically skilled labours will be demanded by all the sectors. In the process of economic development, lack of sufficient number of educated and adequately skilled workers becomes a major obstacle if the educations of the people are not properly taken care of in time.

The manpower problem in India is paradoxical because the unemployment rate is rising along with the acute shortage of skilled and unskilled manpower. The shortages of labour, skilled in the appropriate field are the most likely hindrance to the economic development in India. Education is the main “engine” for skill development. However the expansion of education also can be a problem in the society in the form of educated unemployment. Education takes away the working population from the agricultural and the allied sectors as the educated people are unwilling to go back to the villages and engage themselves in the traditional agricultural and allied activities. This is because, the educated people expect a white collar job in the cities which is more attractive as it enhances the income and status of the person employed. White collar job also demands less physical work and offers better working condition and status in the society. However, the person remains out of field and remains unemployed for a long time in search of employment where the opportunity is limited due to excess supply of the labour than demand. This creates a paradoxical situation where the productive labour is taken away from the agricultural sector and placed in the army of educated unemployed. This paradoxical situation of unemployment along with the scarcity of labour is the result of the demand supply gap of labour.

If the education does not provide the skill and the knowledge demanded by the industry or the economy, there will be unemployment among the educated people.

In this case it is not the education that is at fault but the structure and the nature of the education. A good educational system should be carefully balanced to produce the “right mix” of agricultural, vocational, and especially scientific and technical education, which will resolve the problem. Formal education is the principal avenue for transmitting technological and general capability skills to the nation’s labour force. The main reason for the sizable unemployment among the educated population is because of the ‘imbalance’ between the educational qualification being acquired by the students and the needs of the economy. To solve the massive rate of educated unemployment, special attention may be taken to develop productive and absorptive sectors of the economy and development of the skill demanded in the local condition. This will facilitate more efficient use of the available manpower.

1. Education as a Medium of Transmitting Technical Know-how and Skill:

Education is the medium through which skill and technical know-how can be transmitted. Education may not be a sufficient condition for economic development but it is a necessary condition for economic development. Education to be effective and productive, it must be given a practical and materialistic bend and we must adopt the Western scientific method in our approach to the problem of the new era. The word education should be of utility only by acquiring new techniques and skill, through which any nation could hope to match the West in practical accomplishment (Allen, 1978). We see a paradoxical situation in India in the sense that the rate of unemployment is increasing and at the same time there is a scarcity of skilled man power in various areas. This problem of scarcity of labour can be reduced by training the people in various skills required by the national economy. We need to make a rethink in our attitude of giving excessive importance to general education which prepares the people in white collar jobs. But if the economy is to develop, education should prepare the people for blue collar and pink collar jobs too. The formal education is the principal avenue for transmitting technological knowhow to the nation’s labour force (Anosike, 1977).

2. Education Increases the Employability and Mobility of the Labour Force:

Education increases the skill and knowledge of the people which make them fit into various employment. From the employment point of view, we need to make a distinction between general education and vocational education. Generally, vocational education is any

course of study directly related to vocational occupations where a large part of the curriculum is devoted to learning specific skills which the student has to use immediately after the completion of the study. General education has no immediate occupational application but prepares the student in basic skills that can be used to learn many different occupations. Both forms of education are probably related to development variables (Bennet, 1967). Special training in various skills for unemployed youth can help them to find employment in agriculture, construction and transportation, carpentry, and even help in self employment in cottage industries.

Education also leads to labour mobility. According to Wikipedia Labour or worker mobility is the geographical and occupational movement of workers. Geographical mobility means movements of the labour from one place to another or one country to another in search of better employment. The geographical mobility of the labour creates place value of the labour as the movement of labourers is based on a difference in factor abundance between regions or countries. Occupational mobility of the labour means the movement of the labour from one job to another. The mobility of the labour leads to the efficient allocation of the human resources.

The higher levels of educational attainment and the skill tend to provide better employment opportunities to the labour. The mismatch between the demand and supply in one region or in one field creates the unemployment and wastage of human resources which can be reduced by the mobility of labour. A skilled pilot is of high significance in a country where there is a scarcity of pilots to pilot the airplanes but he may not be of much use than an unskilled labour where there is no airplanes to be piloted. So the mobility of labour facilitates the optimum utilization of labour. The uneducated labour is normally less mobile due to various reasons such as lack of information, lack of the skill required, fear of success etc. Even if the uneducated labour migrates to other places in search of employment, they will be the one who is exploited the maximum.

3. Education and Gender Equality:

Education is one of the most effective investment countries can make to promote gender equality. An adequate investment in education facilitates the achievement of most other developmental goals and increases the probability that progress will be sustained. A quality education provides learners with capabilities which they require to become economically productive, helps them to develop sustainable livelihoods, improves the value system and

contribute to peaceful and democratic societies and enhance individual wellbeing. The economic independence and value system is the major factors which contribute to gender equality.

Education is universally acknowledged to benefit individuals and promote national development. Educating females and males produces similar increases in their subsequent earnings and expands future opportunities and choices for both boys and girls. However, educating girls produces many additional socio-economic gains that benefit entire society. These benefits include increased women's labour force participation and economic productivity, higher family incomes, delayed marriages, reduced fertility rates, and improved health and survival rates for infants and children.

4. Education and Reduction of Poverty:

Basic education is essential to long-term poverty reduction, and is one of the most cost-effective proven solutions in global development. A quality basic education is the foundation for higher studies, developing a stable livelihood, and becoming a responsible, productive member of society. It is the surest path out of poverty and despair for lakhs of children and youths in our country who hope for a better life. Technical and higher education increases the employability and productivity, which in turn leads to increase in income and reduction of poverty,

5. Education and Productivity of the Workforce:

From the standpoint of economic development, one may distinguish between types of education which increases productive capacity. Teaching an African cook to read and write may increase his enjoyment of life, but will not necessarily make him a better cook. (Lewis, 1961). But teaching him a new way of cooking or new item of cooking may directly increase his productivity. Recently, number of researches has focused on the specific roles of higher education in the development process. Most of these approaches have suggested that education is necessary to increase a country's capacity to conduct research and generate new knowledge to develop new products and production technologies (Ajakaiye & Kimenyi, n.d.).

Education is the basic tool of transmitting the knowledge and skill to the people. However we need to change our mind set in our approach to education. Most of our education provides literacy and degree but does not provide the skill required for employment. The excessive emphasis on the general line of education does not create a scientific temper and an innovative spirit among the people.

Britishers introduced the general line of education to equip the people to appoint in various offices as clerks during their rule in India. At that period of time, the literacy and basic arithmetic was enough to be employed as clerks in various offices. But, now the situation has changed. But this change in the situation has not much reflected in our education system. So, to increase the productivity of labour, we need to change the focus of education from literacy to productivity and utility. When the education provides new skill to the labour it increases the employability and productivity and which in turn leads to sustainable development.

Problems in the Present Education System:

The excessive importance to the general line of education in India creates thousands of graduates without any specific skill to be employed. It increases the educated unemployment in the country.

Education sector is the one of the fastest growing sector in India. With the commercialization of the education, especially in the private sector, profit motivation became the main objective of education. Due to the requirement of large scale investment and less profitability in professional, and technical education it was not given due importance.

Suggestions:

Improve the Facilities for Science and Technical Education in Higher Level:

There is no doubt that there are a good number of education institutions including that of higher education in the country, especially in the line of general education. However the number of professional and technical institutions is not satisfactory. So we need to change our focus from general education to technical and professional education. A strong base for research and development in science and technology is needed in our country for the industrial, agricultural and technological development.

Development of Health and Medical Education:

Medical education facility is lagging behind its demand. The number of medical educational facilities and trained medical personals are less than the demand. Shortages of adequate number of hospitals with sufficient number of trained staff and facilities, non-availability of sufficient medical facilities in the rural areas, poor communication and transportation facilities etc. are the other problems faced in the rural areas.

Inadequacy of Vocational and Industrial Training Institute:

The Growth of the manufacturing, trade and commerce in the country is affected due to the absence of the proper training and motivation of the people. With better training of the rural people natural resources can be utilized in more efficient and more productive and professional way. For example training to the people on food processing, creation of value added products from various forest and agricultural products, etc. will increase the efficiency and productivity of the people.

Inclusion of Additional Course in Skill Formation along with General Education:

If we include one compulsory course on skill formation from class eight onwards, even the dropouts can find a job in the labour market with the skill they acquired during their education.

Conclusion:

In our country, the rate of unemployment is on rise with increasing literacy rate. To solve this massive rate of educated unemployment, education should be such that it could contribute to the skill development, employability and productivity of the person. An effective education system should not target to make everyone in the country administrative officials or doctors and engineers but the education system should facilitate to actualize the potential of every man in different ways.

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