

# Role of Education in Indian Economy

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## *ABSTRACT*

The acquisition of knowledge and skills is an ongoing and perpetual endeavour. The topic pertains to the phenomenon of men experiencing growth in the context of an expanding society. The term “education” has its etymological roots in the Latin language, specifically derived from the verb “educare,” which connotes the act of nurturing and fostering growth. The purpose of education is to provide clarity. The three fundamental relationships that exist for humans are those between individuals, between humans and the universe, and between humans and a higher power or deity. The contemporary necessity for education lies in its role not only in fostering intellectual abilities and knowledge but also in facilitating the effective growth and development of the Indian economy. It is imperative for the education system to cultivate students as learners who possess the qualities of innovators, scholars, researchers, and trainers. Over the course of the last century, there has been significant advancement in the utilisation of scientific principles in manufacturing processes, which has served as the foundation for production and the growth of the Indian economy. Education has been identified as a significant contributor to productivity growth in the post-war period, owing to its ability to enhance the stock of productive human capital. Numerous education reforms of significant magnitude have been rationalised by the pressing necessity to enhance labour efficiency and facilitate successful economic progress and advancement by means of enhanced and refined education. The notion of enhancing the growth of the Indian economy encompasses a broader range of factors than solely the role of education at both the primary and tertiary levels.

**Keywords:** Knowledge, Skills, Growth, Development, Economy, Human capital.

### **Introduction:**

Education, in its entirety, is a fundamental element that contributes to the process of development. Investment in human capital is a crucial factor for any nation seeking sustainable economic development. The acquisition of knowledge and skills through education has been found to enhance individuals’ productivity and creativity while also fostering the development of entrepreneurial and technological innovations. The acquisition of knowledge and skills through education is crucial for the development and well-being of individuals. It has the ability to regulate and govern the conduct of a person. Various scholars have provided distinct definitions of education. Nevertheless, the fundamental objectives of education remain consistent, as they aim

to imbue life with meaning. Education, in its broadest sense, encompasses any activity or encounter that has a shaping impact on an individual’s intellect, personality, or physical capabilities. Education, in its technical sense, refers to the deliberate transmission of accumulated knowledge, skills, and values from one generation to another by society.

The term “education” has its roots in the Latin word *educare*, meaning “to bring up,” and is etymologically linked to *educere*, which denotes “to bring out,” “to bring forth what is within,” and “to bring out potential.” According to Webster’s dictionary, education is defined as the act or process of imparting knowledge, skills, or values to someone through instruction, training, or study. Educate is further

defined as “to develop the knowledge, skill, or character of... Based on the aforementioned definitions, it can be inferred that the objective of education is to cultivate the intellectual, practical, and moral faculties of learners. The aim of this study is to elucidate the significance of education in the Indian economy and to present an overview of the higher education system.

### **The elucidation of the concept of education:**

According to Western philosophers, education can be defined as the process of extracting the universal ideas that are inherent in the mind of every individual. Socrates, for instance, believed that education involves bringing out these ideas of universal validity.

According to Plato, education refers to the ability to experience pleasure and pain appropriately. The process of education nurtures both the physical and spiritual aspects of the student, enabling them to attain their full potential in terms of beauty and perfection.

According to Aristotle, the purpose of education is to cultivate a healthy mind and body. The development of man’s cognitive abilities, particularly his mental faculties, enables him to engage in the pursuit of supreme truth, goodness, and beauty, which are essential components of perfect happiness.

According to Rousseau, the education of an individual begins at the moment of their birth, even before they have the ability to communicate or comprehend their surroundings. The adage “Experience is the forerunner of perfection” suggests that the attainment of perfection is preceded by the accumulation of experience.

### **According to Herbert Spencer, “education encompasses the entirety of one’s existence”**

The significance of human capital in promoting economic growth and prosperity has been a focal point for economists for a considerable period of time. The measurement of economic prosperity is typically based on living standards, which are closely associated with the increase in labour productivity. This increase refers to the amount of output produced per unit of time worked. To enhance the standard of living, it is imperative to augment the productivity of individuals within a given society. The impact of education on productivity can be observed through two crucial channels. Education plays a crucial role in fostering innovation, leading to the development of

novel technologies that can significantly improve the efficiency of the workforce and boost economic productivity. Education serves to enhance the skills of workers, enabling them to proficiently utilise both novel and established technologies with greater efficacy and efficiency. Education is considered to be the fundamental factor in enhancing productivity, and consequently, it plays a crucial role in achieving economic growth and development. The presence of oxygen is a fundamental requirement for the survival of all individuals in the world. Education holds significant importance as it equips individuals with the necessary knowledge and skills. Education is a crucial aspect for individuals of all ages, with no discernible boundaries. Education is a necessary component for children to acquire the skills of verbal and written communication.

### **Educational Methods:**

Education extends beyond the confines of the traditional classroom setting. A child’s education is influenced by both their experiences outside of school and those within it, based on these factors. The three primary categories of education are formal, informal, and non-formal. Each of these categories is succinctly outlined as follows:

#### **Formal Education:**

It refers to the structured and systematic process of learning that takes place within an educational institution, such as a school, college, or university. It typically involves a curriculum that is designed to impart knowledge and skills in various subjects and is delivered by trained teachers or instructors. Formal education is often characterized by a set of standards and expectations and is typically measured through assessments and evaluations. It is considered an important aspect of personal and professional development and is often a prerequisite for many career paths and opportunities.

Typically, individuals acquire formal education within an educational institution, such as a school, where they have the opportunity to acquire fundamental knowledge, scholarly expertise, or vocational proficiencies. Small children often attend a nursery or kindergarten, but often formal education begins in elementary school and continues with secondary school. Post-secondary education, commonly referred to as higher education, is typically

pursued at a college or university and may culminate in the conferral of an academic degree. This phenomenon is linked to a particular phase or level and is administered in accordance with a defined set of guidelines and protocols. Formal education is provided by educators who possess specialized qualifications and are expected to possess expertise in the field of instruction. Furthermore, it adheres to rigorous standards of discipline. Both the student and the teacher possess knowledge and actively participate in the educational process.

### Informal Education

Informal education can take place when a carer imparts knowledge or skills to a young individual, such as teaching them how to cook or ride a bike. Individuals have the potential to acquire an Self-education can be achieved through informal means, such as reading numerous books from a library or visiting educational websites. Informal education refers to the acquisition of knowledge and skills outside of the traditional school setting, without adherence to a specific pedagogical approach. In this form of education, deliberate endeavours are not engaged. The action in question lacks premeditation and intentionality. One can acquire this skill in informal settings such as a marketplace, hotel, or within the home environment. In contrast to formal education, informal education is not disseminated by any established institution, such as a school or college. Informal education is not structured according to a predetermined schedule. There is no prescribed curriculum that is mandatory. The concept of informal education pertains to the acquisition of knowledge and skills through personal experiences and practical immersion within one's familial or communal environment.

### Non-formal Education:

Non-formal education encompasses educational programmes that are not structured in a formal academic setting, such as adult basic education, adult literacy education, or preparation for school equivalency. Non-formal education provides an opportunity for individuals who are not enrolled in formal schooling to acquire literacy, fundamental competencies, or vocational aptitudes. Various alternatives to traditional classroom instruction include home education, personalised instruction through methods like programmed learning, remote learning,

and computer-assisted instruction. Informal education is intentionally and systematically delivered. The optimal approach would be to ensure that the group is homogeneous in order to facilitate organisation. Education that is not formal should be designed to cater to the specific requirements of the particular demographic. The aforementioned will require adaptability in the development of the educational programme and the framework for assessment.

**Table- 1**

### Population Census 2001 and 2011 (in crores)

	2001	2011
Male	53.22	62.31
Female	49.65	58.75
<b>Total</b>	<b>102.87</b>	<b>121.06</b>

**Source: Office of the Registrar General & Census Commissioner, India**

Table 1 presents the population census data for the years 2001 and 2011. The data indicates that in the year 2001, the total population was 102.87 crore, with 53.22 crore being male and 49.65 crore being female. In 2011, the total population increased to 121.06 crore, with 62.31 crore being male and 58.75 crore being female.

**Table – 2:**

### Literacy Rates (In percentage)

	Literacy Rates (7+ Age Group)		Adult Literacy Rates (15+ Age Group)	
	2001	2011	2001	2011
Total	64.8	73.0	61.0	69.3
Male	75.3	80.9	73.4	78.8
Female	53.7	64.6	47.8	59.3

**Source: Office of the Registrar General & Census Commissioner, India**

Tables 2 present the disparity in literacy rates from 2001 to 2011. The data indicates that the overall literacy rate among individuals aged 7 years and above was 64.80% in 2001, which increased to 73% in 2011. The male literacy rate for individuals aged 7 and above exhibited an increase from 75.3 percent in 2001 to 80.9 percent in 2011. The female literacy rate for individuals aged 7 years and above was recorded at 53.7 percent in 2001, which subsequently increased to 64.6 percent in 2011. The data displays the overall literacy rate among individuals aged 15

years and above in the year 2001, which was recorded at 61 percent. In 2011, this figure witnessed an increase and was measured at 69.3 percent. The male literacy rate for individuals aged 15 and above experienced an increase from 73.4 percent in 2001 to 78.8 percent in 2011. The female literacy rate among individuals aged 15 and above experienced an increase from 47.8 percent in 2001 to 59.3 percent. In 2011. Overall, this table demonstrates an increase in the literacy rate.

### **Indian Economy:**

India is a developing but underdeveloped economy. The majority of the population lives in abject poverty. Not only is poverty acute, but it is also chronic. In addition, there are untapped natural resources. The coexistence of the pernicious circle of poverty and the various circles of wealth perpetuates misery and undermines all efforts to eradicate poverty. In this context, it is necessary to comprehend the most important issues of development. In the next decade, the Indian higher education system will undergo an unprecedented transformation. This transformation is being driven by economic and demographic change: by 2020, India will have the third largest economy in the world, with a correspondingly rapid expansion of its middle class. Over fifty percent of India's population is under the age of twenty-five; by 2020, India will surpass China as the nation with the largest tertiary-age population. Despite significant progress over the past decade, tertiary education in India faces four significant challenges:

### **The supply-demand imbalance:**

Only 18 percent of Indians are enrolled in higher education, compared to 26 percent in China and 36 percent in Brazil. There is a massive unmet demand for post secondary education. The Indian government intends to accomplish 30 percent gross enrollment by 2020, which will necessitate providing 40 million university seats, a 14 million increase in six years.

### **The inadequate quality of instruction and learning:**

- Many of the system's institutions are plagued by quality issues, including a chronic scarcity of faculty, subpar teaching, outdated and rigid curricula and pedagogy, and a lack of accountability and quality assurance and separation between teaching and research.

### **Limitations to research capability and innovation:-**

With a very low Ph.D enrolment rate, India

lacks sufficient high-quality researchers; there are few opportunities for interdisciplinary and multidisciplinary collaboration, a dearth of early-stage research experience, a feeble innovation ecosystem, and low levels of industry engagement.

### **Uneven development and opportunity access: -**

Access to higher education is inconsistent, with multidimensional inequalities in enrollment across population groups and geographic regions in India.

### **Education System at the Front Door:**

The concept of education that aims to have a significant and far-reaching impact on the impressionable minds of youth should not be foreign to the national intellect and culture. A glimpse at history reveals that never before in human history has the education system undergone such a radical transformation, which has had a profound impact on our era. Literacy and education are essential to a nation's development because they equip its citizens with the critical thinking skills necessary to evaluate and comprehend events in their natural and social environments. The mind of a genuinely educated individual is dominated by sound judgement regarding these matters. The purpose of education cannot be merely financial; it must be genuinely human-making. In light of the preceding statement, the investigator wishes to present an analysis of the effectiveness and growth of the Indian Economic System's development.

### **Function and value of Education:**

Generally, beginning at a very young age, children learn to develop and utilise their mental, moral, and physical abilities through diverse forms of education. Commonly, education is referred to as the process of learning and acquiring knowledge through formal schooling. However, education does not begin solely when a child begins attending school. Education begins at home; one can acquire knowledge not only from a teacher but also from a parent, a family member, or even a casual acquaintance. In almost all societies, attending school and obtaining an education are crucial and necessary for achieving success. Nonetheless, there are locations on the globe where not everyone has access to this type of education. In addition to learning history, math, and science in school and being "book smart," one can also learn how to live by knowing what to say and when to say it, as well as how to conduct oneself in certain situations, and thus

be “street smart.” The above two categories of knowledge are crucial to achieving success in life. Regardless, education is the key that enables people to advance in the world, pursue better jobs, and ultimately achieve complete success in life. Education is of the utmost importance, and the development of India’s economic systems is a very objective endeavour.

### **Importance of Education to Economic Development**

The growth of a nation’s economy and its development are contingent on the nation’s educational system. The education sector produces a flawless and successful generation of a country’s adolescents. Many developing nations, including India, China, Australia, New Zealand, and Singapore, began to accept an increasing number of international students. As they contribute diverse ideas, cultures, and foreign incomes in the form of fees, living costs, and other daily expenses. Whereas developed nations such as the United Kingdom, the United States of America, Canada, and other developed European nations have already opened their doors to international students and are constantly working to improve their education structures, develop more colleges and universities in rural areas, and update course content on a regular basis. India has also introduced numerous varieties of degree programmes offered by its universities and colleges. However, as time has progressed, the Indian Education Development has vastly improved and has now implemented a grading system in middle school, which provides middle school students with relief and encourages them to work hard in order to compete with the global community. India’s educational history is paradoxical. Twenty percent of Indians receive a respectable education, which in a population of 1.2 billion helps to explain why India has become the world’s back office. In India, government schools have failed, which is why one-third of children attend private institutions. The government implicitly acknowledges its failure and mandates that one-fourth of all seats in private schools be reserved for low-income students, whose tuition is subsidised by the government.

### **Conclusion:**

The anticipated surge in demand for higher education and the scale of proposed reforms in India within the next decade present a significant global opportunity for international higher education

institutions and education enterprises. It is imperative for the education system to cultivate students as learners who possess the qualities of innovators, scholars, researchers, and trainers. Over the course of the last century, there has been significant advancement in the utilization of scientific principles in manufacturing processes, which has served as a fundamental foundation for production and the growth of the Indian economy. Education has been identified as a significant contributor to productivity growth in the post-war period, owing to its ability to enhance human capital and increase productivity. Numerous education reforms of significant magnitude have been rationalised by the pressing necessity to enhance labour productivity and foster effective economic development and growth via the expansion and enhancement of education. The notion of enhancing the Indian economy’s productivity is a multifaceted concept that extends beyond the impact of education at both the secondary and tertiary levels.

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