



Education Policy and Economic Growth in India (A Study)

Rajay Kumar Singh, (Ph. D.), Department of Commerce,
Rajiv Gandhi South Campus, BHU, Mirzapur, Uttar Pradesh, INDIA

ORIGINAL ARTICLE



Corresponding Author

Rajay Kumar Singh, (Ph. D.),
Department of Commerce,
Rajiv Gandhi South Campus, BHU,
Mirzapur, Uttar Pradesh, INDIA

shodhsamagam1@gmail.com

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Education Policy and Economic Growth in India (A Study) The Central Characters of Education is rudimentary goals of development. This is vital to refining the value of social life and safeguarding economic improvement.

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Abstract

The Central Characters of Education is rudimentary goals of development. This is vital to improving the quality of human life and safeguarding economic improvement. Education is vital for a nourishing and rewarding life while at the same time enabling the developing country to absorb modern technology and develop capacity for self-sustaining growth.

"Our education system focused on 'What to think' so far. New policy emphasises on 'How to think'. There's no dearth of info & content in the time in which we're today. The effort is to lay emphasis on inquiry based, discovery based & analysis based ways to help children learn"
Narendra Modi, Prime Minister, India¹³

Key Words

Education Policy, GDP, Research and Development (R & D).

India grips an important abode in the world-wide education system and it's still a lot of potential for further development in the education system. The Indian government introduced a variety of programs to address the problems of illiteracy in both rural and urban. India will underwrite nearly 160 million people in the college-going age group and one in every four graduates in the world will be a product of the Indian education system. Higher education increases the human capital inherent in the labour force, which increases labour productivity and transitional growth towards the equilibrium level of outputs and increase in GDP.

The first National Policy on Education was introduced by the prime minister of India Indira Gandhi in 1968, which was called as "radical restructuring". The policy suggested for higher

education reform as the number of students to be admitted to a college or university should be determined with reference to the laboratory, library and other facilities like research program's and the strength of the staff for the available students. The government under the leadership of Prime Minister Rajiv Gandhi introduced a new National Policy on Education in May 1986.

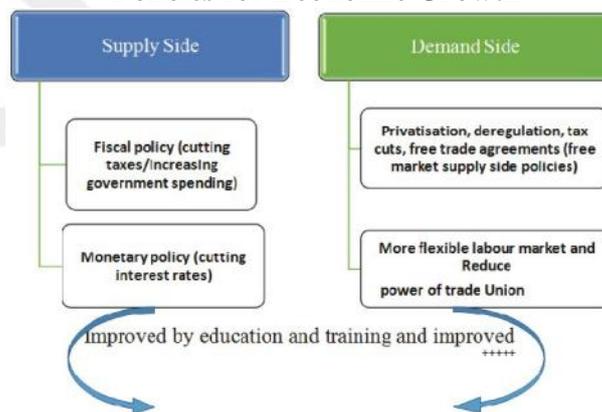
'An education system is crucial to the growth of any nation and indirectly stimulates the economy, since it helps produce human resources for society and industry. The NEP 2020 is committed towards the development of research and educational institutions specialising science, technology, innovation, economy, liberal arts, and skill enhancement and so on.

A Research and development is the route to finding solutions to local challenges and leading to innovative solutions. Higher Education Institutions (HEIs) are the centres that will drive research and innovation. Hence, NEP 2020 seeks to create HEIs that will be involved only in research or in research and education. The model Multidisciplinary Research and Educational Universities that are sought to be built will focus on research with a multi-disciplinary approach and also offer teachers and academics the choice to work in research across disciplines. This is a welcome step since, till now teachers have not been encouraged to move beyond their fields and develop a multidisciplinary approach. This will also help to create positive sign in economic growth.

The need of the hour is research that will help in alleviating various problems in the country. While research that has worldwide impact is to be welcomed, those aimed towards providing local innovative solutions are imperative. While developed economies spend a huge amount in research, India does not spend even a fraction of that amount in research and development-related activities. Even smaller countries such as Israel, Switzerland and South Korea spend a large percentage of their GDP in R&D. Though the NEP 2020 has its heart in the right place vis-a-vis R&D, it is the proper implementation of these policies that will be most important'.¹

Education is recognized at the highest EU level as an area for co-operation between Member States. The policy of education is horizontal policy. It is closely related with other EU policies: research and technological development, competitiveness, industrial, social and common European market development as well. European education policy directions are toughly related with EU strategic goals: economic growth, economic and social cohesion, knowledge based economy and competitiveness. The development of knowledge society requires new attitude to European education policy finding and combining new ways of supplying knowledge in relation with other policies as well. General economic conditions in Lithuania are favourable for implementation of education policy priorities. Strategic goal of Lithuania National Education policy is to create effective and cohesive, based on rational use of resources and education quality education system.²

Policies for Economic Growth



Central government's education budget reduced since 2014

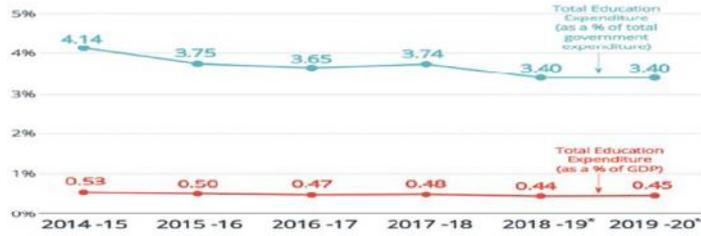


Chart 1: (Sources: Govt. of India Budget document)

Even as the government promises an increase in spending on education, the share of the union budget allocated to education fell from 4.14% in 2014-15 to 3.4% in 2019-20, the period during which the Bharatiya Janata Party headed the Central Government, according to budget documents from 2014 to 2020. In the 2019-20 budgets, the share of the union budget allocated to education remains at 3.4%, which means that, this financial year, the government is not allocating more money to education as the new education policy would require.

Government Education Funding overly Dependent on the Education cess

The Indian government introduced a 2% education cess in 2004 which was initially used to fund the universal midday meal in public schools. In 2007-08, the government introduced a 1% secondary and higher education cess. In 2018-19, the education cess as well as the secondary and higher education cess was revamped into a health and education cess at 4%. In 2018-19, the government introduced a new social welfare surcharge of 10% on aggregate import duties.

A cess is a dedicated fund for a purpose, and in this case the education cess is expected to cushion the government’s education expenditure. The dedicated fund is transferred into non lapsable funds: the Prarambhik Shiksha Kosh (primary education fund) and the Madhyamik and Uchchatar Shiksha Kosh (middle and upper education fund). Information on the primary education fund is available in public accounts, but there is no information of the middle and upper education fund.

The cess is not a permanent source of revenue to the government. It is only to aid and to cushion the expenditure sourced from tax revenue/budgetary support.

Cess and surcharges are tools of revenue collection for specific purposes, and are not part of the divisible pool, which means that while the union government is using this cess to fund their part of the education budget, state governments have no say or access to this fund. None of these issues are discussed in the education policy.

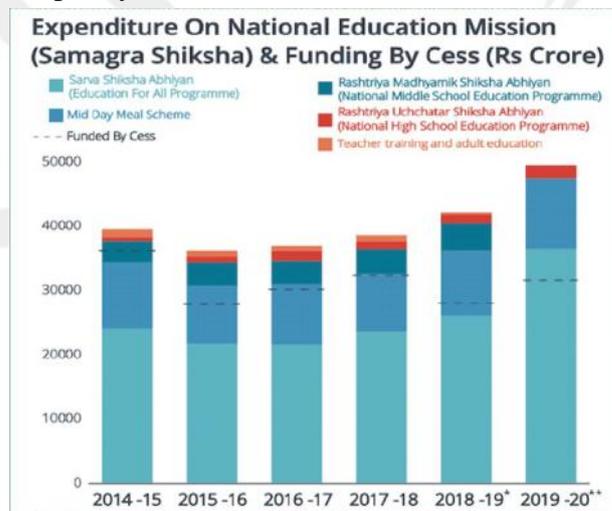


Chart 2: (Sources: Govt. of India Budget document)

A bigger GDP, corporate funds, are unlikely to bridge the funding gap

The education policy states that public expenditure on education will rise as India's gross domestic product (GDP) increases, even if the proportion spent on education remains the same. But the policy mentions a GDP of \$10 trillion by 2030-32, which does not seem to be viable given the slow pace of the economy, substantially lower central government tax revenue collection, and no sign of recovery of domestic investment.

The policy then makes a case for philanthropy, including Corporate Social Responsibility (CSR), for funding public education. Despite 37% of all CSR money being spent on education in 2016-17, it amounts to only about Rs 2,400 crore, which is less than 0.5% of the total spending by the central government alone. The share will be less than 0.1% if one takes the entire public funding on education by the union and state governments into account.

Suggestions

In the light of the relationship between higher education and socio-economic development, the following suggestions could be put forwarded:

1. The Government's draft New Education Policy suggests increasing spending on education from 10% of total government expenditure to 20% by 2030. However, there is no funding available for such an increase in India's current education budget. It should create fund.
2. There is a need to enhance the Gross Enrolment Ratio at All India level to advance the higher education among all the minority communities.
3. There is a need to promote higher education among the members of Muslim, Sikh, and Buddhist communities.
4. There should be an increase in the expenditure on higher education. The present spending of 1.2 percent of GDP on higher education is not sufficient as compared to world's leading economies.
5. The Human development of India could not meet the world standard without the high expenditure on higher education. The performance of the country could not improve at international level until and unless there would be no advancement of higher education accessible to all communities equally in India.
6. Socio-economic development and higher education are interlinked. So, there is a need to promote the development of both.
7. There is a need to emphasis on the higher education for women. In the study, it has been found that women of rural and urban areas are behind than their male counterpart at every level. No improvement can be done without the advancement of higher education among women.
8. There is need to release complete data on various aspects of the higher education of minority communities.
9. There is need to release data on higher education of minority communities at an equal interval. The government should direct the concerned departments/agencies to release data yearly community wise for higher education.
10. There is a need to direct to Ministry of Minority Affairs to the commission or assign the duty to the organizations/agencies to collect data on socio-economic development and higher education of minority communities and release regularly.
11. There is a need to promote higher education among minorities, particularly among Muslims by granting financial help or scholarship or loan or waiving fees at an institutional level to admitted students.

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