

Higher Education System In India And Its Impact On The Economy

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Abstract:

The economic development of a country depends upon the capacity building power. The capacity building context of a nation is based on numerous resources such as financial resource, natural resource and most specifically on human resource. The promotion of higher education leads to the improvement in human development or human resource approach, so directly there is a co-relation between higher education and human resource development which helps to increase the economy of the nation. A number of studies have found these relationships between higher education and economic growth from a variety of standpoint most importantly from skill development, productivity and maximization of the potential of human resource development. Thus, it is necessary to invest for the promotion of education and skill development especially through higher education (HE) otherwise India will miss an opportunity. This paper uses the secondary data on higher education on different time period. By using simple descriptive statistics and growth rate calculation all the analysis are made. The paper examines a chronological survey of the parallel evolution of higher education and economic growth in the country since independence. An attempt is also made to analyse the present pattern of funding higher education in India and to discuss its desirability and

feasibility. Further, the study takes the present Government initiatives that have been undertaken in this regard.

Key Words: Higher education, Economic Development, Skill Development, Productivity.

Introduction:

By the end of the 2015, higher education in India has become one of the largest systems in the world, with about 342lakh students enrolled in 760 universities and about 38 thousand colleges. More than Rs.47 thousand lakhs are invested every year in higher education. Nearly one-third of the total education budget goes for higher education with about one-twentieth of the total student population in the country. The paper discusses the pattern of financing higher education, and some alternative policy choices available for improving the financial situation of higher education. The following sections briefly describe the growth of higher education in India and its contribution to development, measured with the help of the summary statistic of the rate of return. By discussing the pattern of financing higher education in India, it concentrates on the pattern of incidence of fees and distribution of public expenditure. It also discusses the various alternative choices available for additional resources for higher education. The direct co-relation between higher education and human resource development is found in various research works. The two subjects have been studied from a variety of standpoints; mainly on skill development, productivity and maximization of the potential for human resource development. Similarly, the capacity building purposes numerous resources including financial, natural and more of which is human resource. Developmental activities require workforce which is skilled across the range in terms of extent: semi-skilled, skilled and specialized.

Chronological evolution of higher education and corresponding impact on the Indian Economy:

Independence era: the weight of colonialism was heavily influencing the higher education system as well as the economy. The economy was predominantly agrarian and the industrial sector was limited to areas that were directly linked to natural resources such as mining.

Post-independence: the decade post-independence was characterized by Nehru's strong socialist way of the Soviet Union. The idea was to promote industrialization through central planning. The state invested heavily in higher education in techno-engineering. The rewards of this investment did not come right away as it took years for Higher Education Institutions like the IITs to build capacity and generate the expected outcome of highly specialized workforce.

The 1970s and 1980s were marked by heavy socio democratic policy which was characteristically protectionist. Unlike the preceding era, higher education was not an area of priority, and the state investments were not as impressive as the Nehru period. As a result, the country suffered economic downfall. While countries like Brazil, Japan, UK and US moved away from liberal education in favour of technical and professional education, India rose to the possibilities too later. Powar(2012) states that in the year 2007-08, humanities/social sciences accounted for 45% of the student population, engineering and technology only 7% and medicine a meagre 3%. The Prime Minister, Dr. Manmohan Singh (2005) has optimistically forecast that the 21st Century will be the "knowledge century", by which he refers to the socio-economic transformation that the country is projected to go through in the 21st century as a result of knowledge creation.

Table:1 Growth of Higher Education

Higher Education	University	Central University	43
		State Public University	316
		Deemed University	122
		State Private University	181
		Central Open University	1
		State Open University	13
		Institution of National Importance	75
		State Private Open University	1

		Institutions under State Legislature Act	5
		Others	3
		Total	760
	College		38498
	Other Institution	Diploma Level Technical	3845
		PGDM	431
		Diploma Level Nursing	3114
		Diploma Level Teacher Training	4730
		Institute under Ministries	156
		Total	12276

By analysing the growth of Higher Education, it is found that

- The number of higher education institutions in India has seen more than 50 time growth in the last six and half decades.
- The GER figure is 16.0% for the year 2010-11 (source: MHRD 2011).
- Majority of higher education institutions in the vocational and professional institutions are privately managed institution.
- It is found to be the most populous country by 2030. More than half of its population is younger than 25.
- Majority of the population falls in the workforce age group but the skill level of the man power is inadequate, resulting in markedly low productivity.
- Significantly a large number of graduates are unemployed or under-employed along with an acute shortage of skilled workers in the knowledge-intensive industry.

Table 1: State-wise number of universities

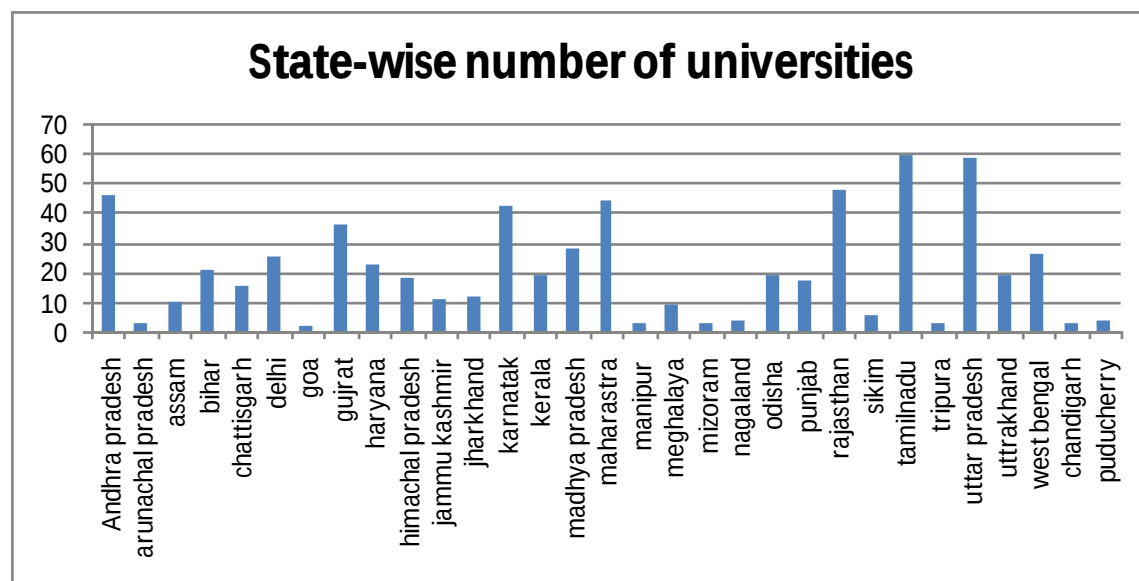
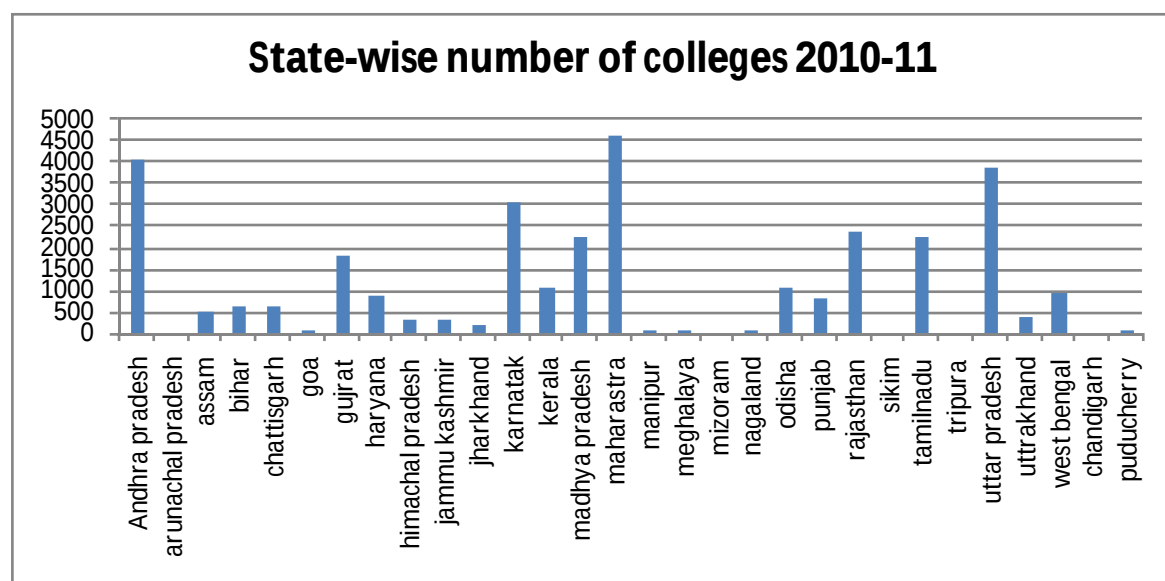


Table 2: State-wise number of colleges 2010-11



The relationship between GER and GDP in India:

Prakash (2007) draws attention to the direct correlation between “gross enrolment rate” (GER) in higher education and the per capita GDP of a nation. Considering the demand for higher education, the GER in India relative to many of the developed countries is quite low (around 12 per cent) compared to the average of the developing countries (13 per cent), the world (26.7 per cent) and the developed nations (57.7 per cent). He states that if we want to make our economy a “knowledge economy” in the 21st century, we have to address the growing demand for skilled manpower by aiming to increase the GER to the tune of 20%

specifically by increasing the enrolment in Higher Education. He aligns this discrepancy of inconsistency in the growth of higher education over the years has resulted a negative impact in “access, equity and excellence” in higher education. It also founds from the literature that the variation in higher education is not only in the Government’s allocation of funds but also based on other factor such as demographic factors that divides across gender, caste and religion, disparity in the quality of education across institutions, etc. Investments in higher education always play a crucial role for the development of the country.

Table 3: Expenditure on HE as a % of GDP

year	state	centre	total	year	state	Centre	Total
1991	0.35	0.09	0.43	2001	0.35	0.11	0.46
1992	0.32	0.08	0.4	2002	0.3	0.08	0.37
1993	0.31	0.07	0.38	2003	0.3	0.08	0.38
1994	0.32	0.06	0.38	2004	0.28	0.07	0.35
1995	0.3	0.07	0.37	2005	0.25	0.07	0.32
1996	0.28	0.06	0.35	2006	0.26	0.07	0.32
1997	0.27	0.06	0.33	2007	0.24	0.07	0.32
1998	0.27	0.06	0.34	2008	0.23	0.09	0.31
1999	0.27	0.1	0.37	2009	0.24	0.12	0.37
2000	0.33	0.12	0.45	2010	0.26	0.15	0.41

Exp. as a % of GSDP														
year	Assam	Bihar	gujrat	Haryana	Karnatak	Kerala	MP	Maharashtra	Odisha	Punjab	Rajasthan	Tamilnadu	UP	WB
1991	0.4	0.6	0.3	0.3	0.39	0.47	0.35	0.3	0.46	0.4	0.27	0.33	0.3	0.5
1992	0.4	0.2	0.4	0.5	0.14	0.63	0.41	0.13	1.19	0.3	0.26	0.16	0.2	0.3
1993	0.3	0.6	0.2	0.3	0.37	0.55	0.39	0.23	0.44	0.3	0.24	0.28	0.2	0.4
1994	0.4	0.5	0.2	0.3	0.38	0.66	0.34	0.21	0.42	0.3	0.26	0.26	0.3	0.4
1995	0.4	0.5	0.2	0.3	0.37	0.55	0.33	0.21	0.47	0.3	0.23	0.24	0.2	0.4
1996	0.4	0.6	0.2	0.3	0.34	0.55	0.36	0.19	0.46	0.3	0.23	0.23	0.3	0.3
1997	0.3	0.6	0.2	0.3	0.31	0.47	0.35	0.21	0.5	0.3	0.2	0.23	0.2	0.3
1998	0.4	0.6	0.2	0.3	0.3	0.48	0.3	0.16	0.45	0.3	0.2	0.24	0.2	0.3

98					2		5				1		2	3
1999	0.4	0.6	0.2	0.4	0.31	0.48	0.32	0.2	0.44	0.3	0.23	0.25	0.2	0.3
2000	0.4	0.7	0.3	0.3	0.33	0.45	0.52	0.24	0.45	0.3	0.23	0.33	0.3	0.4
2001	0.4	0	0.3	0.4	0.48	0.49	0.4	0.42	0.45	0.3	0.25	0.32	0.3	0.5
2002	0.5	0	0.2	0.3	0.37	0.58	0.29	0.27	0.63	0.2	0.32	0.3	0.2	0.4
2003	0.4	0.6	0.2	0.2	0.37	0.59	0.34	0.29	0.49	0.3	0.23	0.28	0.2	0.3
2004	0.5	0.6	0.2	0.3	0.34	0.48	0.24	0.23	0.4	0.3	0.22	0.24	0.2	0.3
2005	0.5	0.7	0.2	0.2	0.33	0.44	0.27	0.22	0.39	0.2	0.21	0.23	0.2	0.3
2006	0.5	0.9	0.2	0.2	0.26	0.38	0.3	0.23	0.4	0.2	0.2	0.21	0.2	0.3
2007	0.4	0.8	0.1	0.2	0.24	0.35	0.32	0.23	0.42	0.2	0.17	0.19	0.2	0.3
2008	0.6	0.7	0.1	0.3	0.22	0.34	0.33	0.19	0.4	0.2	0.14	0.18	0.2	0.3
2009	0.6	0.4	0.1	0.4	0.25	0.23	0.79	0.08	0.19	0.2	0.46	0.24	0.2	0.4
2010	0.6	0.4	0.2	0.3	0.25	0.21	0.75	0.11	0.29	0.2	0.44	0.24	0.3	0.4

Conclusion:

The study estimates the relationship between higher education and economic growth. The analysis indicates that education sector positively affects GDP growth of the country. It also encourages private sector participation and globalisation since 1991 onwards. As a result, industrial and service sectors expanded creating adequate job opportunities and thus there was better utilisation of the educated labour. The findings also show that government's involvement in India is important for funding education. It has noticed that private sectors are increasing the investment in education and empirical evidence suggests that private schools are more efficient than public schools (Desai et al, 2008; French and Kingdon, 2010; Pal and Kingdon, 2010). As education is a 'public good', it is the government's responsibility to provide access to education for everyone especially for the poor households who are not able to access the high fees of private schools. It noticed that education expenditure is not in good condition for the growth of the country. Even education expenditure positively affects the

growth rate in the post-liberalisation period but the effect seems to be low due to the poor quality of the education system especially at the school level. Therefore, besides increasing expenditure level the government has to take necessary steps to increase the quality of the education system otherwise the effectiveness of the education expenditure will decrease.

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