Tactful Management Research Journal
ISSN: 2319-7943
Impact Factor : 2.1632(UIF)

HIGHER EDUCATION SYSTEM: IMPACT ON INDIAN ECONOMY

Ms. Suju Gujar
Assistant Professor, Dept. of Political Science
R. K. Talreja College
Ulhasnaga

Abstract : *Today, Higher Education is widely deliberated and researched and so has an unprecedented prominence. This paper examines the extent to which Higher Education impacts the Indian economy. If Higher Education is to constructively contribute to the economy then the lacunae need to be identified, isolated and rectified. Indian economy is compared with other Asian economies in the framework of shortfalls in the Higher Education system. The paper also examines the parallel evolution of higher education and economic growth in the country since independence. It also analyses the efficacy of government initiative in this regard.*

Key Words: *Higher Education, Evolution, Government initiatives, Economic growth.*

Higher Education System: Impact on Indian Economy

There is a direct correlation between Higher Education and Human Resource Development. Capacity building requires resources – financial, natural and most importantly human. Development activities require work force – semi-skilled, skilled and specialized. It would be a truism to say that an evolved and broad-based higher education system is indispensable to economic growth and development.

Our economy has emerged from being primarily agrarian to one that has a growing industrial and service sector presence. Indian education system was an instrument of colonial ascendency but today, it aspires to be egalitarian and is affirmatively action-oriented. From 1990 to 2010, Indian economy boasted of unprecedented growth. It is, therefore, imperative to drive higher education forward or else face economic downfall. But the Indian higher education system and the economy have to grapple with a plethora of politico-administrative and sociological shortfalls.

The chronological evolution of Higher Education has had a corresponding impact on the Indian economy. In the independence era, the Indian economy and the Higher Education System was overburdened with the weight of colonialism. The economy was predominantly agrarian and the industrial and textile sector limited. But, in the post-independence era, the Soviet Union had a sway on Pandit Nehru and so the socialist leanings made Nehru decide to promote industrialization through central planning. Heavy investments were made by the state in techno-engineering. The state investment in Higher Education was matched by investment in PSUs (Public Sector Units). The rewards of this investment came after some time and specialized technical personnel graduated from IITs to find employment in PSUs. During the 1970s and 80s, there was heavy-handed socio-democratic policy. Protectionist policies were adopted by the government. Higher Education was not an area of priority and the state investments were not as impressive as during the Nehruvian period. The stronger economies of Eastern Asia and South East Asia took deliberate steps to integrate with the West. The countries like Brazil, Japan, UK and US moved away from liberal education in favour of technical and professional education. The writing on the wall for India was loud and clear: globalize or perish. At last, India rose to the possibilities.

Prime Minister, Manmohan Singh (2005) forecasted that the twenty first century will be "Knowledge Century", paving the way for India's prospects for emerging as a knowledge economy. He referred to the socio-economic transformation that the country has projected to go through in the 21st century as a result of knowledge creation. The whole idea of building a knowledge society was the idea of

empowering young men and women through education and ensuring that all our delivery systems are built on the premise of the latest knowledge. The working age population can be an asset only if their potential employability is brought to fruition; else this demographic group can turn out to be a heavy economic and social milestone. The Prime Minister, Mr. Singh affirmed that the time has come to create a wave of institution building and of excellence in the field of research and capacity building so that we are better prepared for the 21st century. Therefore, the government founded the National Knowledge Commission in 2005. It is expected that our demographic profile, with 550 million below the age of 25 has the potential to constitute one-fourth of the global work force by 2020. (Bhatia & Dash, 2010. P.47)

The National Knowledge Commission aims to harness the country's vast human capital. The government wants to invest in intellectual capital by developing the skill set of the population and encouraging research, innovation and entrepreneurship. Any development scheme to be complete should have plans that address inclusion and welfare of all beneficiaries. Knowledge economy without egalitarianism and welfare priorities is bogus. We will have only pockets of excellence in higher education like IITs and IIMs. The proportion of our population in the age group between 18 and 24 that enrolls in higher education is in the range of 7 percent which is only one-half of the average for Asia. This shortage is further compounded with a corresponding shortfall in the quality of higher education. So, we can conclude that if higher education system in India is to benefit the economy it has to be systematically revamped so that it can reach as wide a base as possible without watering down the merit.

Annual Report (MHRD) 2011-12
Key points and statistics 2010-11

- The number of educational institutions in India has seen more than 50 fold growth in the last six and a half decades.
- Majority of higher education institution in the vocational and professional sphere are privately owned and managed.
- India had 14 open universities and 120 distance education institutions.
- India will be the most populous country by 2030 and more than half of its population will be less than 25 years of age
- Still level of the available manpower at present is inadequate, resulting in markedly low productivity.
- A large number of graduates are unemployed or under employed. There is an acute shortage of skilled workers in the knowledge-intensive industry.
- Shortage of skill intensive education is compounded by a parallel dearth of soft skills.

From the above, we can infer that relevance and quality in higher education in India are goals worth striving for.

The Government of India has taken various initiatives to impact economy through higher education. The government is aware of the gains we stand to accrue from investing in Higher Education. The following list of initiatives undertaken by the government is by no means comprehensive but it exemplifies the nature of endeavours underway:

- **The UGC**

This plan is structured to remedy the fundamental lapses in the Indian Higher Education System. It says that those autonomous colleges that show promise will be identified as “colleges with potential for excellence (CPE) and upgraded into universities. UGC has allotted 1,84,740 crores for this. The idea is to ease the load of universities overburdened with students and working with a limited budget. UGC says a university should not have more than 50 affiliated colleges and the total enrolment not to exceed 50,000 students. The criteria are spelled out clearly and performance evaluation will be te basis for advancement of both state and central colleges to universities. The plan has allocated more funds for increasing the National Gross Enrolment Ratio (GER).

- **The National Skill Development Corporation of India (NSDC)**

NSDC is a public-private partnership. It aims to promote skill development by fostering vocational institutions. It operates through advocacy and initiatives supported by the Government of India and industry associations. There are sector skill councils which help skill development in labour in specific sectors.

- **Ministry of Human Resource Development (MHRD)**

The responsibility of furthering higher education lies with the MHRD. The MHRD sponsored initiatives include projects such as the National Commission for Higher Education and Research (NCHER) and the

Education Tribunals Bill 2010. The International Cooperation Cell (ICC) is responsible for projects related to institutional collaborations, quality assurance, scholarship etc. The noteworthy initiatives in international cooperation are: India-US Higher Education Summit, Singh-Obama Knowledge Initiative, UK-India Education and Research Initiative and United States Indian Education Foundation. Under the aegis of UNESCO, there are a lot of collaborative and leadership programmes.

- **The Confederation of Indian Industry (CII) initiatives in skill development.**

The CIT has launched its own "sills Development Initiative" in line with the National Skills Development Agenda with the goal of skill training a target of 500 million people by the year 2022. The CII aims to promote entrepreneurship and enterprise in the country. It looks at the needs of Indian industries and furthers the employability of the working population.

- **Internationalization of Higher Education in India and its impact on the economy**

Internationalization of Higher Education in India is a fall out of the liberalization that the country went through since the early nineties as part of a deliberate politico-economic strategy by the state.

According to the data provided by Association of Indian Universities (Powar,2012)

- International students in India increased by nearly 175 times in 2008-09 when compared to 1990-91.
- They come from Asia, Africa, North and South America, Europe, Australia etc. More than 75% of the international students are from Asia.
- International students come from the following countries in the descending order: Iran, Nepal, UAE, Ethiopia, Srilanka, Afghanistan, Saudi Arabia, Bahrain, Kenya and Oman.

From the political perspective, India's hegemonic position as the provider of Higher Education in the region strengthens its overall diplomatic and ambassadorial status. The following are the commonly identified economic outcomes associated with the flow of international students:

- Generation of employment and business
- Strengthening of ancillary industries such as tourism.
- Expenses incurred: tuition and living expenses.

Dukkipatti (2010) postulates that the Government of India's expenditure on education, and more specifically, Higher Education does not correspond with the country's economic growth. In 1950, Higher Education expenditure as a percentage of GNP was 0.19 percent. It rose to one percent in 1980. By mid 1990s, it fell to 0.4 percent. So the author makes a case for increasing the budget expenditure. This budgetary support must be supplemented by foreign and private sources.

Skill as the principle impetus for economic growth in India

Dukkipatti"s (2010) contention is that skill/knowledge has spurred economic growth in the country. It is the skilled work force that has allowed India to step up in the economic ladder speedily. ICRIER report boasts that India has the world's largest pool of techno-engineering talent. India generates 4,00,000 engineers each year, the US only 60,000. The authors says that to sustain the economic growth or to continue with this upward trend the country's Gross enrolment ratio (GER) would have to increase from 12 to 20 percent by 2014.

According to ICRIER, India had 2,63000 students enrolled in 750 colleges affiliated to 30 universities. By 2005, 11 million students in 17,000 colleges affiliated with 230 universities and another 10 million students enrolled in 6500 vocational institutions. This is phenomenal growth yet India will have to nearly quadruple existing college seats and more than quadruple the number of profession to achieve the 20 percent GER by 2014 cited in the Venture Intelligence Report (Dukkipatti, 2010)

The Neglect of Research

Dukkipatti (2010) says that only 4% of Research expenditure is through universities. In US, the corresponding figure is 17% and in Germany, it is 23%. India's Higher Education institutions are poorly connected with Research centers. China's investment in research manpower, estimated at 708 researchers per 1 million people, is six times more that of India's. Gupta and Gupta (2012) says that the government expenditure on research and development in Science and Technology as percentage of GDP was 0.8% during 2005-06 in India. The corresponding figure for Israel was 5%, Sweden 4%, Japan 3%,US 2.77% and China 1.5%.

Relationship between GER and GDP in India

Prakash (2007) says that considering the demand for Higher education, the GER in India in relation to many of the developed countries is quite low around 12% compared to the average of the developing countries' 13%, the world 26.7% and the developed nations 57.7%. He further states that if we wish to make our economy in the 21st century a "knowledge economy", we have to increase the GER to the tune of 20%. He says the government has not been consistent in according importance to the cause of boosting GER in Higher Education. From the second to the sixth Five Year Plan, Higher Education grew reasonably well with increase attention and rising allocation of public resources. From the Seventh Five Year Plan, Higher Education did not receive the attention it deserved. This has, in turn, resulted in negatively impacting access, equity, relevance and excellence in Higher Education.

In conclusion, the Indian economy is impacted by its Higher Education in a systemic manner. The two have shared a casual relationship since India's colonial past, and have continued to evolve in a directly correlated fashion. The Higher Education system contributes enormously to nation building given India's demographic make-up, the lacunae that we have inherited from the British Raj as well as the plain fact of being a developing economy. A quick survey of chronological evolution of the two systems reveals that insularity and parochialism have stunted our growths on both the fronts. Thankfully, the policy makers and the government have understood our failings and weaknesses and have taken deliberate measures to rediscover ourselves as "knowledge economy".

References

- Agarwal, P. "International India a Turning Point in the Educational Exchange with the US" in USIHEC (4).
- Retrieved from http://www.usief.org.in/USIHEC/Chapter%204/Internationalization %20of%20Indian%2
- 0Higher%20Education.pdf
- Annual Report. (2012). Retrieved from http://mhrd.gov.in/sites/upload_files/mhrd/files/AR2011-12.pdf
- Bhatia, K. & Dash, M.K. (2010). "National Knowledge Commission – A Step towards India's
- Higher Education Reforms on India's Higher Education". In International Research Journal of Finance and Economics (53). Retrieved from http://www.eurojournals.com/irjfe_53_04.pdf
- Dukkipati, U. (2010). "Higher Education in India: Sustaining Long-term Growth." in Center for Strategic Studies and International Studies, Washington D.C. Retrieved from http://csis.org/files/publication /sam_141.pdf
- Gupta, D. & Gupta, N. (2012), "Higher Education in India: Structure, Statistics and Challenges".in Journal of Education and Practice, IISTE. Retrieved from www.iiste.org/Journals/index.php /JEP/article/ download/1146/1067
- Powar, K. B. (2012). Expanding Domains in Indian Higher Education. New Delhi: Association of Indian Universities.
- Prakash, V. (2007). "Trends in Growth and Financing of Higher Education in India". in Economic and Political Weekly. Retrieved from http://eledu.net/rrcusrn_data/Trends%20in%20Growth %20 and %20 Financing %20of%20 Higher%20Education%20in%20India.pdf.
- Report to the People on Education, Ministry of Human Resource and Development, India. (2010-11). Retrieved from http://mhrd.gov.in/sites/upload_files/mhrd/files/RPE-2010-11_0.pdf

Webliography

- http://www.britishcouncil.in/sites/britishcouncil.in2/files/understanding_india.pdf
- http://siu.edu.in/downloads/pdf/SSRN.pdf