

# Economics of Education

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# Meaning of education

- **Koutilya**
- Education - Training for the country and love for the nation.
- **Vivekananda**
- Education is not the amount of information that is put into your brain and run riot there, undigested all your life...
- I hold every man a traitor who having been educated at the people's expense pays not the least heed to them.
- **Manifestation of divine perfection already existing in man**

# M K Gandhi

- Developing various physical, intellectual, aesthetic and moral faculties
- Training and developing character
- Teacher must be a social worker and an agent for social amelioration and change
- Literacy training itself adds not an inch to one's moral height or character building.
- Inculcation of good habits
- Creation of greater civic sense
- Realisation of the self

# M K Gandhi

- Education is a process by which one tries to attain self-realisation or nirvana along with other members of society. Education must develop not only the brain but also body and soul.
- Drawing out of the best in child and man
- Education enables the mind to find the ultimate truth, which gives wealth and inner light and love

# Tagore [1861-1941]

- Nature is the greatest of all educators
- Education should be for developing one into 'whole man'
- Education should promote peace, love, kindness and ideals and aim at freedom and of sympathy with all humanity.

# Jawaharlal Nehru

- A university stands for humanism, for tolerance, for reason, for the adventure of ideas and for the search of truth. It stands for the onward march of the human race towards even higher objectives.
- Education should not make the students to go along with the teachers, but to go along with the society.

# VKRV Rao

- [Former education minister and builder of three internationally reputed Institutions]
- Education - Encouraging the fullest possible development of the personality of each student

# Others

- Education is an integrating process
- Education should help you face the challenges in life
- It should help you to realize your potentials and develop them
- It should help you decide and act in times of crisis



# Encyclopedia of the social sciences

- Schools and colleges increasingly undertake broad functions for the mass of the population that were formerly fulfilled by family, community and church. The educational system becomes a device for orderly change across generations [p.512]
- Since education faces many forces in complex societies, its adaptation in one direction may generate serious strain in another [p.513]

# Encyclopedia of the social sciences

- The college is a formal social system with external relations and internal patterns that condition the educational process [p.515]
- Education is a planned process of transmission, consisting of three elements: Preservation, innovation and dissemination [p.528]

# **T W Schultz and Gary S Becker**

## **[Nobel Prize Winners]**

- Education is the process of training and developing the knowledge, skill, mind and character etc..
- Education is the training in preparing for life or some particular task.
- Education is to equip men and women to better understanding of the world and the human situation and to develop their abilities to discharge their distinctive roles in society.

# **T W Schultz and Gary S Becker**

## **[Nobel Prize Winners]**

- Education helps acquiring capabilities that render future satisfaction or that enhances future earnings of the person as a productive agent.
- Education in industrial societies is characteristically aimed at the production of experts.

# Education – A fundamental right

- Article 45 of the Constitution of India states, “The State shall endeavor to provide, within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of 15 years”.
- Various articles of the Indian Constitution provide for education as fundamental right

# Commissions, Committees and Acts

- First Indian Universities Commission, 1902
- First Indian Universities Act, 1904
- Madras Elementary Education Act, 1920 [This Act gave powers to levy a special tax to raise funds for education and introduce compulsory primary education]
- Dr.Zakir Hussain Committee Report, 1937

# Commissions, Committees and Acts

- The University Education Commission or Dr.Radhakrishnan Commsion, 1948
- Secondary Education Commission, 1952
- University Grants Commission Act, 1956
- The Institutes of Technology Act, 1961
- National Commission on Teachers, 1983-85
- National Policy on Education, 1986 [modified in 1992]
- The All India Council for Technical Education Act, 1987

# Commissions, Committees and Acts

- The National Council of Teacher Education Act, 1993
- Rastogi Committee [set up by UGC], 1997
- The National Council for Minority Educational Institutions Act, 2004
- National Knowledge Commission 2007  
[Chairperson: Sam Pitroda]
- National Institute of Technology Act, 2007



# Commissions, Committees and Acts

- High Level Group on Services, 2008 [led by Anwarul Hoda]
- Right to Education Act, 2009 [Indian Parliament has enacted a legislation making free and compulsory education a Right of every child in the age group of 6-14 years, which has come into force from 1<sup>st</sup> April 2010]
- Yashpal Committee, 2009

# Education in India after 1991

- Ministry of Education became Ministry of HRD
- Study of NIPFP, Delhi
- Social benefit to private benefit
- Merit good to Non-merit good
- Privatization

# Cost of education

- Public cost & private cost
- Direct cost & indirect cost
- Accounting cost, economic cost, social cost
- The govt. of India, from 1910 onwards, agreed to subsidize the opening of elementary schools in every village with more than 500 inhabitants

# Benefits from education

- Private benefit and social benefit
- Tangible benefit and intangible benefit
- Positive externalities
- Market failure
- Asymmetric information
- Identification problem
- Measurable and non-measurable

# Budget

- Total budget for education is around Rs.0.5 billion [less than 3% of the total budget]
- Of this 66% goes for elementary education
- 10% goes for secondary education
- 3% goes for adult education
- 10% goes for higher education
- 11% goes for technical education
- Allocation for salaries is more than 90% of the fund allocated for education
- Education cess in income tax

# Share of Centre and State [%]

- Year                      Centre              State
- 1980-81                  6.8                  93.2
- 1990-91                  7.4                  92.6
- 2000-01                  9.6                  90.4
- 2015-16                  11.1                88.9
- % share of education expenditure

# Public expenditure on education as % of GNP

• Year	% of GNP
• 1950-51	0.68
• 1970-71	2.26
• 1990-91	4.10
• 1995-96	3.80
• 2000-01	2.80
• 2010-11	2.50
• 2015-16	2.40

# Expenditure per pupil [Rs. All India]

- Elementary education 341
- Secondary education 984
- Univ. and higher education 429
- Technical education 3,177



# Benefit-cost ratios

**Preschool B/C = 8**

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- **Macro quality effects**  
**A 1% increase in the adult literacy skill raises**
- **productivity by 2.5% in Organisation for Economic Cooperation Development [OECD] countries**

**A one standard deviation increase in international cognitive test score is associated with a 1 percentage point higher growth rate**

# **Policy implications**

- **Give priority to funding human capital**
- **Within education, give priority to lower levels**
- **Fund general curricula**
- **Fund quality improvements**
- **Decentralize education decision making**

Thank you