

## **A Study On Education To Rural Population And Its Impact Of Building Human Capital**

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### **Abstract**

Education as a process of learning improves the quality of cognitive abilities of people. In modern society, learning takes place not only in the four walls of a formal institution, but it happens all the time even outside the system in an informal setting. Thus, education has been recognized as an important ingredient of human resources and remains as a ultimate basis for wealth of nations. Economists have developed models very cautiously only to understand the relationship between education and human resources on the hand and human resources and economic development on the other hand since 1960s. it is the relentless efforts of the economists that helped to recognize the development process of the 21<sup>st</sup> century as knowledge oriented. The initial definition of obtaining reading, writing and basic arithmetic as the sources of development of literacy is found to be inadequate today. It is now considered, technical literacy such as operating a computer or using an internet facility as a minimum requirement to qualify a person as literate. It is now recognized that the only way through which can enter into the modern sectors of the economy is through education. The skills, abilities and values obtained by people in traditional institutions like family, artisan guild tec., are inadequate to enter into the modern sector. Further the technological complexity of modern sectors need skills that imbibe laws of science, research output, ability to operate equipment, managerial and professional skills. All these skills are not available outside the formal educational component of modern development. The acquisition of any skill is not to be considered an end in itself. Everyone has to be properly motivated, through education or their similar agencies because without motivation no skill can be employed up to its maximum advantage and output. It is necessary to forecast and work out future manpower needs and relate the educational programmes with them. High levels of percapita income will require proportionate investment in education and health. Manpower approach links education to economic development through professional studies like agriculture, medicine, engineering, etc. People once educated, will devise ways and means to effectively solve their economic, as well as other problems. No chance would be as effective for a rapid economic growth as the means of improvement in schools. Individuals with good education, improve their economic prospects through better job opportunities and higher wages. Education is the main sources of skills and talent.

**Introduction**

*Human capital is a vast treasure, which is prepared maintained and updated by education. Human factor is the most important factor for every type of development in the world. Unlike other resources, human resources have unlimited potentialities. There is a greater hope, when suitable climate is created for human resources development. This climate has to be mainly provided by the educational institutions.*

Human resources development is needed to create a dynamic and growth-oriented society. While development of physical resources is a means to an end, the development of human resources is an end in itself. Every human being is a valuable asset. He has great potential for development and his potential can be increased both the help of suitable climate and education, and his development can take place at any time. Everybody is creative and he can make more creative through suitable programmes of education.

The process of human resources development will include potential appraisal and development, performance coaching and feedback, career planning, intensive training, development of the organization, quality of the work situation, employee welfare and appropriate rewards. A worker can work efficiently, a businessman can set-up a flourishing business, a farmer can enhance his production, an administrator can run a transparent and efficient administration, a head can take all his subordinates a long, a leader can inspire and win the confidence of his group, all through the positive impact of education.

Labour is an element of capital and education enhances the productivity ability of trained and skilled workforce. Economic development depends not only upon the growth of physical capital, but also on the growth of human capital. Of all the human resources development factors, education has a catalytic role. It improves other human resources development factors also. There is need to create a central agency in each nation to develop human capital and ensure its investment in the development of the economy. Professionals in human resources development should be called upon to manage the integrated mega functions from a holistic point of view throwing up creative solutions. The scientific approach for human resources development involves identifying objectives and available resources, examining the implications of alternative courses of action and making wise choices among them, deciding on specific targets to be met within the specific time limit and finally, developing the best means of systematically implementing the proposed choices.

Pre-requisites of an educational plan for human resources development will involve a scientific study of the situation of education, visualizing a long-term perspective of education in the light of socio-economic goals, working out priorities, drawing up a contingency plan and introducing an in-built system in order to modify strategies and techniques, if necessary. The planning of education is based upon the social demands considering education as consumer goods. It links education to economic development. It also relates to the stock of educated people and the flow of students completing education at different levels directly to the output of goods and services. It takes into consideration such factors as the scale of development considering the availability of specialized manpower, the scale of development needed to absorb the backlog of manpower and the new entrants to the workforce, the pattern of investment priorities envisaged in the planning and the broad economic, social and educational goals of developmental planning. Education for human resources development has been silently revolutionizing traditional subjects like growth economics, labour economics, international trades and public finance. Education like any other developmental activity has been broadly accepted as an industry.

It is a means by which country organizes its human ability of the purpose of national effort. A major proportion of the growth is attributable to education and other residual factors like efficiently and organize which are also dependent on educational attainment. All the acquired abilities of the individuals are a part of the capital of the community. Unlike material capital

human beings instead of depreciating with age often improve with age and experience. The process of human resource development unlocks the doors to modernization as well. Sometimes, the planners are apt to think that economic development just means the expansion of transport, power, irrigating, coal, steel, fertilizers and machinery. Undoubtedly, all these are necessary but by themselves they do not constitute a sufficient condition for economic growth. In the final analysis, it is the human beings who has to intelligently and efficiently operate these instruments of production. The process of education has however, to be shaped in different ways in different economies.

The overall production does not include only the material objects of economic welfare, but psychic welfare as well. Education is an industry, the production cycle of which is longer than that of most other industries. It produces the skills, attitudes, personalities and social set-up which form the basis for modern technology and its organization. It yields very high margin of profit, both direct and indirect as it aims at modifying human beings rather than materials. Education can be called the industry of industries as it turns out men who visualize, plan create and run the industries of various types. The product turned out by educational intuitions' is definitely superior to all kinds of products manufactured by various industries. Education should aim at developing resourceful men.

Every individual should claim mastery over the number of resources. Even if his resources have not been developed for an unexpected situation, he should not become helpless. He should exercise his potential to bring a new resource under his command to meet the situation. People should learn to pool their resources and transform them into collective resources. The capability of collective resources will be found many times more effective than the individual resources. They should also get the experience of employing their resources for some cause or a common cause. That will be a commendable use of one's resources. If a person reserves his resources for any mission, it will be a greater contribution for the good of the society and mankind.

The individual is bound through duty to develop his resources to the level that can match unforeseen challenges, problems of life, fulfillment of all types of needs, the responsibilities of social life, the struggle for all-round achievements and progress, the required merit in this competitive world, the strength for fighting injustice and antisocial elements, the urge for upholding the values and curbing the vices, the qualities expected of a true human being, and to perform the necessary leadership role when the existing leadership is disappointing. Through education, the human being is to be convinced that there is no limit to his potentialities and resources. He has to maintain the development and growth of his resources throughout his life. It is for this growth and many other benefits that lifelong education is recommended for him. He has to continue with his physical, mental, intellectual and emotional exercise to gain strength throughout. When he continues to expand and strengthen his resources, he will make his life more worthy of living. The purposes of his life will get fulfilled and he will be satisfied. When a person succeeds in developing resources in surplus, he becomes a greater asset for the society.

In addition to its crave for skill development, education has other functions to perform. The economists have identified these 'externalities' and measured the values of coefficients that contribute to income and also to economic growth, the 'residual' growth in the economy as measured by economists is attributed to education. Education is regarded here as directly contributing to skills of other labor force and indirectly to improving the health, longevity and other related human resources attributes. The World Bank and other International Institutions like UNDP have recognized the importance of knowledge and its transmission through education in a knowledge base economy. The human development index is estimated by giving due importance to education. In fact, education was considered in terms of year's of schooling when the HDI was estimated in 1990. Later, the experts have realized the importance of adult literacy and the role played by adults in the nation building. Therefore two indicators:

- a. Combined gross enrolment ratio; and
- b. Adult literacy are taken and combined as one indicator.

Even the remaining two indicators of income and longevity are influenced by the levels of education of the people. There are several studies that have proved the impact of education on the differential earnings of workers and professionals. Even the longevity of people has a positive association with years of schooling. In some of our studies we found that the composite index of human resource development is heavily influenced by education.

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## **Findings**

### **Educational expenditure as percentage of GDP has remained constant.**

At present, India possess a highly developed higher education system which offers facility of education and training in almost all aspects of human being's creative and intellectual activities such as arts and humanities, natural, mathematical and social sciences, engineering, medicine, dentistry, agriculture, education, law, commerce and management, music and performing arts, national and foreign languages, culture, communications etc.

Education is one of the most important empowering tools for an individual. It lays the foundation for a better life. Education prepares and trains skilled workers at all level to manage capital, technology, services and administration in every sector of the economy.. There is no denying the fact that education is important for economic and social development. Education supplies the economy with the necessary knowledge, training and qualification to meet the needs for economic development. Hence, education is an important factor not only to provide the new generation with skills so essential for earning a livelihood, but also to create among them awareness and sensitivity to social and environmental realities.

A country is not able to achieve sustainable economic development without substantial investment in human capital. It is the key for increasing economic efficiency and social consistency. By increasing the value and efficiency of labour, it helps to raise the poor from poverty line. It increases the overall productivity of the labour force. It helps to ensure that a country is competitive in world markets now characterized by changing technologies. Education enriches people's understanding of themselves and the world. It improves the quality of their lives and leads to broad social benefits to individuals and society. Education raises people's productivity and creativity and promotes entrepreneurship and technological advances. It plays a crucial role in securing economic and social progress and improved income distribution all of which can be acquired by developing professional, social and communication skills through education.

Economic development of developed nations confirms the importance of non-material investment and also establishes that economic development depends vitally on the creation of educated labour force which is equipped with necessary technical skills for modern industrial production and ready to accept and promote economic development and technical change. It is

widely known that education contributes significantly to economic development. The developed world understands the facts much earlier than the individual with education especially with higher education have an edge over their counterparts. The developed world always believed that their larger investment on higher education was always justifiable.

The role of education in the social and economic development, in reducing poverty and inequality, has a possible contribution over to the greater social and economic equality and as an enhancer of development was widely recognized from the time of Adam Smith. Education represents both consumption and investment on both ends, it is valued for its immediate benefits; while on the other it helps to create income in the future by endowing workers with skills and knowledge that enables and enacts them to increase their productive potentialities.

During the early 20<sup>th</sup> century, Marshall emphasized that “the most valuable of all capital is investment on human beings and that knowledge is our most powerful engine of production, it enables us to subdue nature and force to satisfy our wants”. According to the human capital theory, education transforms a raw human beings into a productive ‘Human Capital’ through imparting knowledge and improving skills which are required by both the traditional and modern sectors of the economy, and make individuals more productive members of the society, not only in the market place but also in the households and also in the whole society of human capital which is also defined as the stock of skills and productive knowledge to be embodied in people.

The Planning Commission has constituted a Working Group over on Higher Education for the formulation of the Twelfth Plan. Education is being acknowledged as one of the essential component of the national development effort and higher education in particular, it is one of the vital importances for the nation, as it has a powerful tool to build the knowledge-based society of the 21<sup>st</sup> century. The activities implemented by the department of higher education are focused on towards the development of India as knowledge equipped society. The department’s continuous effort is to improve and spread out the education in all sectors, with a view to remove disparities in the access and lay a greater emphasis over on the improvement of the quality and relevance of education at all levels.

By examining all of financial allocations we find that the Centre had allocated 24 percent to the social sector in the First Plan which however got slashed off in subsequent Plans to 18 percent in Eighth Plan but again in Eleventh Plan it increased to 28 percent.

As a government intervenes in the economy which increased, social sector expenditure expanded with government taking up the responsibility of providing nutrition to the poor women and children, replacing family planning with family welfare, spending on adult literacy, providing cheap land/houses to the poor and spending on different welfare schemes. Of this, 7.6 percent was allotted to education in First Five Year Plan which also got reduced to 4.37 percent in Eighth Five Year Plan and then increased to 7 percent in Eleventh Plan. In absolute terms expenditure on education increased enormously from Rs. 149 crores in First Five Year Plan to Rs. 2,74,228 crores in the Eleventh Five Year Plan. Expenditure on higher education increased from Rs.14 crores in the First Plan to Rs.64715 crores in the Eleventh Five Year Plan. The ratio of higher educational expenditure was 9 percent in First Five Year Plan and in Eleventh Plan it was 23.2 percent.

Taking over the planning period percentage contribution by different sources of finance which had undergone remarkably change with the government which is emerging as the most important source, but both at the level of total education as well as at the level of higher education. There is a strong justification of public financing of higher education. University education has a merit good over with large spillover benefits to the society both in present as well as in future. However a comparison with other countries of the world, developed and underdeveloped, shows that India is spending much less on education and higher education in terms of budgetary expenditures. Per capita expenditure on education and higher education is

also much lower than it is in other parts of the world.

The expansion of education that has taken place in India during the post-independence period is also reflected in the growth of public expenditure on education. In fact, the growth in public expenditure on education could be regarded as one important factor that contributed to its expansion of education.

Because of financial crises and increasing demands for funds for different sectors of the economy, the State and Central Governments have not been able to allocate adequate resources for higher education. India is far behind the target of spending six percent of the GNP on education as recommended by the Kothari Commission (1964-66).

The Kothari Commission also suggested sequencing of priorities in investment in the education sector, with more emphasis on school education at the beginning and on higher education with the advancement in industrialization. And in recent years the relative share of higher education in the allocation of funds has also declined, due to resource constraints as well as shift in government policy towards higher education in the post reform period.

Although the overall government contribution has been increasing throughout the plan periods, it has not kept pace with the rapid rise in enrolment and increase in prices. Often inadequacy of financial resources leads to poor infrastructure and physical facilities, low investment in research and development, having adverse impact on the quality of the higher education system.

So, to overcome these problems:

- The government should increase the public expenditure to a reasonable level.
- The participation of private sector should be encouraged. Its regulation, however, is very important.
- Necessary control and maintaining mechanism must be developed to ensure quality education at reasonable cost.

Education is an important component of social services in India's Plan. An analysis of educational expenditure as percentage of social service expenditure in selected states in India shows that educational expenditure as percentage of social service expenditure is more than 50 percent among all states in all the years except in 2004-05.

### **Conclusion**

In spite of proper planning Educational expenditure as percentage of GDP has remained constant. Subsequent to independence and adoption of planning, government has been engaged in planned development of education in the country. Even since the Kothari Commission recommendation of investing 6 percent GDP on education, the same was reiterated time and again in the plans. It was therefore expected that government would abide by the above recommendation and incur adequate expenditure on education to meet the need of social development. However, this share of education on GDP remained very low throughout the period. On examining the relevant data it was found that public expenditure on education by central and state governments was around 3 percent of GDP for almost the entire period. And this was distributed among the three levels of education, with higher education expenditure varying between very narrow margins, i.e. 0.4 percent to 0.7 percent. Thus, the hypothesis mentioned above is proved.

If we examine educational expenditure in relation to gross state domestic product during the last almost 20 years the same pattern is observed. For most of the major 15 states for most of the years it varied between 2.5 percent to 4 percent, exceeding in a few states occasionally.

We therefore need to have a relook at our education system, in particular higher education, in the present global scenario where intensive competition calls for greater efficiency and productivity in all sectors of the economy. Percentage of India's GDP that is being spent both on education and higher education is dismally low and quality improved, so essential for a competitive scenario calls for a much higher amount to be devoted to education at all levels.

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