

Unit III- Human Capital Formation In India

Meaning of Human Capital and Sources of Human Capital Formation

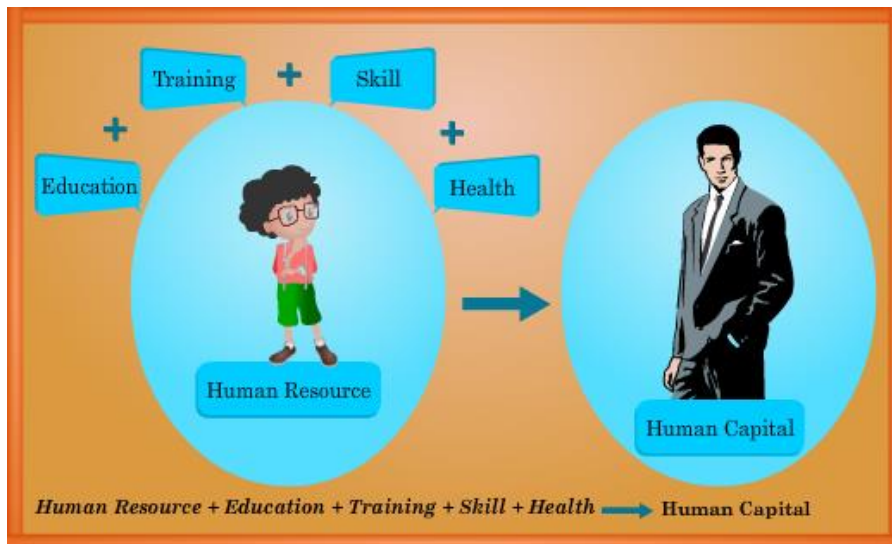
Objective

After going through this lesson, you shall be able to understand the meaning of human capital and human capital formation. Also, we will explore the various sources of human capital formation.

Human Capital and Human Capital Formation

You can see around yourself people having varied knowledge and skill. Some are doctors, engineers, professors, artisans, scientist, researchers, etc. All these people are a capital for the economy. They contribute to the process of economic growth. An educated and skilled labour force is more productive and efficient than an uneducated labour force. Similarly, a healthy person can contribute more effectively to the work.

The stock of such skills and expertise of nation at a particular point of time is called as human capital. In other words, it is the sum total of skills and expertise of all persons engaged in the process of production. Human resource (population) becomes a human capital when it is endowed with education, training, skill and health. It is the human capital and not the human resource that contributes to the production process and thereby, to the economic growth. The contribution of human skills and expertise towards economic growth and development is invaluable. This is because a stock of quality-enriched human capital raises individual efficiency and productivity thereby, raising the aggregate production and economic well-being of a country.



Over time, with constant efforts in the form of investment in the education and health, the stock of human capital builds up. The number of skilled and educated professionals (such as doctors, teachers, engineers, etc.) who can contribute positively to the production process also increases. This process of addition to the stock of human capital overtime is referred as human capital formation. For example, if the number of skilled persons in a labour force increases from 1 crore to 1.5 crore, then there is human capital formation by 0.5 crore.

Sources of Human Capital Formation

Human capital formation is an aggregate outcome of the investments in education, health, transport and communication sector, technical know-how and on-the-job training and migration. These factors are explained below.

1. **Education:** Education increases the productive capacity and productivity of a nation's workforce by honing their skills. An educated labour force is not only more productive, but it also increases the acceptability of the modern techniques. Besides, education also helps in raising the standard and quality of living. It also encourages modern attitudes of people. It facilitates a primitive economy to break the shackles of tradition and backwardness.

An investment in educational sector has two fold benefits. It not only increases the income earning capacity but also reduces the skewed distribution of income, thereby, forming an egalitarian society. The investment in educational sector has long lasting returns. It not only enhances the present economic condition but also improves the future prospects of a country.

The importance of education is not only limited to making people educated but also in facilitating an underdeveloped economy to solve different but interrelated macro economic problems such as poverty, income inequality, population, investments and under utilisation of resources. Therefore, investment in education must be accorded high priority in a country.

2. **Health:** There is a saying "The greatest wealth is health". The wealth of a country can be increased with the efforts of healthy workforce. Investment in health sector increases efficiency, efficacy and productivity of a nation's workforce. In contrast to an unhealthy person, a healthy person can work better with more efficiency and, consequently, can contribute relatively more to the GDP of a country.

Good health and medical facilities not only increases the life expectancy but also improve quality and standard of living. Investing in health sector ensures the perennial and uninterrupted supply of healthy workforce. Some of the common expenditures incurred in the health sector are on providing better medical facilities, easy availability of life saving drugs, common vaccination, spread of medical knowledge, provision of proper sanitation clean drinking water, etc. Thus, the expenditure incurred on health is important in building and maintaining a productive work force.

3. **On-the-Job Training:** Training refers to the act of acquiring skills, knowledge and competency required to perform a particular job efficiently and effectively. On-the-job training is the most effective kind of training to a trainee, imparting him the technical skills and know-how at the actual work site. In this type of training, a trainee is assisted (or hands on) and trained by a trainer (usually by an experienced employee) when the trainee is actually doing the job.

This helps the trainee not only to acquire the theoretical and practical skills simultaneously but also enables him to learn from the experiences of his trainer and, thereby, can increase his efficiency and productivity.

This is the most common type of training program because the returns in terms of increased productivity far exceed the cost of the training. Thus, the expenditures on such training improve the quality of human capital by enhancing its productivity, efficiency and income earning capacity.

4. **Migration:** Migration refers to the movement of people from underdeveloped or developing countries to developed countries in search of better avenues. Migration contributes to human capital formation as it facilitates the utilisation of inactive or underdeveloped skills of an individual. However, migration involves cost in terms of transportation and cost of living at the migrated places.

Usually, the cost of migration is very high due to the high cost of transportation and high cost of livelihood in the developed countries. But still, people migrate in search of better job opportunities and handsome salaries. Migration of human capital helps the underdeveloped countries to acquire technical skills, effort reducing methods and efficient way of performing tasks.

These skills and know-how are transmitted by the migrated people to their home country that not only add to the economic growth and development but also enhance the human capital of the home country.

5. **Information:** The degree of availability of jobs, salaries and admissions related information also play an important role in the determination of human capital. The availability of jobs and admissions related information not only helps the students to opt for the best choice according to their interest areas but also lead to the effective utilisation of human skills and knowledge.

Similarly, the availability of medical information and health awareness determine the health of the people. Thus, the expenditure on the spread of information (of education and health) determines the effectiveness and efficacy of human capital.

Human Capital, Physical Capital and Human Development

Objective

After going through this lesson, you shall be able to understand the following concepts:

- Difference Between Human Capital and Physical Capital
- Difference Between Human Capital Formation and Physical Capital Formation
- Difference Between Human Capital and Human Development

Introduction

In the previous lesson, we learnt about human capital and its related concepts such as human capital formation, human development and physical capital. In this lesson, we will discuss the difference between these related concepts of human capital.

Human Capital v/s Physical Capital

Often, we come across the word capital. In general, this term is used to represent physical capital i.e. the stock of tangible assets such as building, machinery tools, etc. Physical capital is used in the process of production. However, in the previous lesson, we studied about another variant of capital that is, human capital. Human capital is very much different from physical capital.

As against the stock of building and machinery, human capital is the stock of knowledge and skill endowed in the human beings. Thus, while physical capital is tangible (i.e. can be seen and touched), human capital is intangible. Can you touch or see the level of knowledge a person has? No. It is just endowed in the minds and body of human beings.

Accordingly, physical capital can be bought and sold in the market. Machinery, tools, buildings can be seen traded in the market. Physical capital can be used without the presence of its owner. For example, a tool can be used in the production process by anybody irrespective of whether the owner of the tool is present or not. On the other hand, human capital as such cannot be traded.

It is only the services of the human capital that are traded. For example, people working in various fields, such as a doctor, an engineer, a teacher, an artisan, etc. sell their knowledge and skill. The services of human capital can be used only when the owner of the human capital is present. Can anybody else use the knowledge possessed by you? No. That is, human capital and its owner are inseparable. Moreover, human capital in the form of knowledge remains with the person forever, except for some loss due to age or bad health. On the other hand, what happens to machinery when used continuously? Yes, it starts wearing out.

The various points of difference between human capital and physical capital are presented below.

Basis of Difference	Human Capital	Physical Capital
Consists of	It consists of skill and knowledge of the human beings.	It includes all the physical tools and machinery used for production.
Nature	It is intangible in nature.	It is tangible in nature.
Possibility of Trade	Only the services of human capital can be traded in the market, not the human capital.	Physical capital as such can be traded in the market.
Mutual Relationship	Human capital is not created by physical capital.	Physical capital is created by human capital.
Wear and Tear	Human capital does not depreciate except for some loss due to old age and bad health. However, it can be renewed again with education and health.	Physical capital depreciates over time with continuous use.
Benefits	Human capital creates both private as well as social benefits.	Physical Capital creates only private benefits.
Mobility	Human capital has relatively restricted mobility due to cultural and social obstacles.	Physical capital is more mobile.

Human Capital Formation v/s Physical Capital Formation

The difference between human capital formation and physical capital formation are explained below.

Basis of Difference	Human Capital Formation	Physical Capital Formation
Meaning	Human capital formation refers to the additions to the skills, knowledge and capacity of the individuals, so that they could contribute more efficiently to the production process.	Physical capital formation refers to the additional investment made in form of sophisticated and advance tools, machinery and other physical productive tangible assets used in the production process.

Result/Outcome	Human capital formation leads to the all-round development, which further results in high status of all the human beings in the country.	It results in the mechanisation of the economy as a whole.
Contribution to Production	It indirectly aids in the process of production <i>via</i> employing physical capital. It implies use of advanced machines and latest technology in the production process by the qualified and skilled personnel.	It directly affects the productivity and production process. This implies use of advanced machines and modern mechanics in the production process.
Interrelationship	The formation of human capital can itself lead to improvement in physical capital. In this sense, physical capital formation is a derivative of the human capital formation.	Formation of physical capital need not necessarily imply human capital formation.

Human Capital v/s Human Development

Human capital refers to the stock of a nation's human skills and expertise at a particular point of time. On the other hand, a holistic development and well being of human capital of a nation is termed as human development. In this sense the two concepts of human capital and human development are interrelated. But it should be noted that the two concepts are not identical.

Human development is a much broader term than human capital. While human capital focuses on the improvement in the efficiency and productivity of the workforce, on the other hand, human development refers to an improvement in the overall well being and quality of life of human capital. For example, while human capital would focus on investment in education and health sector to increase productivity and efficiency of workforce, on the other hand, human development would focus on investment in education and health sector to increase the general well being and standard and quality of living of human capital.

In other words, human capital views investment in education and health only as a means to improve the productivity and efficiency of the human beings. As against this, human development considers the attainment of education and health important in themselves so as to improve the quality of standard of living of the people.

The difference between human capital and human development is explained below.

Basis of Difference	Human Capital	Human Development
Meaning	It refers to the stock of a nation's skill and expertise at a particular point of time.	It refers to the holistic development and well being of a nation's human capital.
Means and Ends	Human capital considers human beings as a means to improve the productivity which is the end.	Human development considers human beings as the end itself i.e., it considers the welfare in human beings as the end.
Motive of Investment	Motive of investment is to improve the efficiency and productivity.	Motive of investment is to improve the overall welfare even if the productivity and efficiency does not improve.
Role of Education and Health	Education and health are seen only as means to improve the productivity of human beings.	Education and health are considered to have their own importance in improving the general welfare of the human beings.

Role of Human Capital in Economic Growth and Development

Objective

After going through this lesson, you shall be able to understand how human capital contributes to economic growth and development.

Introduction

In the previous lesson, we learnt about the meaning and concept of human capital formation. We also learnt that human capital formation in any country not only creates private benefits but also creates benefits for the country as a whole. In this lesson, we will understand more clearly why human capital is accorded high priority in the growth and development process.

Role of Human Capital in Economic Growth and Development

Human capital plays an important role in the growth and development of a nation. No matter how much physical capital in the form of new machines and technology a country acquires, it cannot be used effectively without human capital. In other words, human capital in the form of a healthy and educated labour force is essential for the proper

utilisation of the physical capital.

Moreover, investment in human capital improves the general standard and quality of living of the people which thereby, contributes to the growth and development process. In this sense, investment in human capital is of dual importance. First, it helps in improving the general well being of people of the nation and second it fosters the growth process.

Improvement in the human capital through investment in education and health serves as vital input for the economic development. A healthy and educated person can contribute more towards the production process and thereby, to the growth process than an unhealthy and illiterate person. Education not only imparts technical skills and knowledge that increases the productive capacity of a nation but also induces modernisation.

In other words, an educated labour force can not only use the machines and technology more effectively but can also adapt to new techniques and innovations. Moreover, it is through education that the overall thinking pattern of the individual as well as of the society as a whole changes. Also, it promotes equality and hence, leads to a greater participation in the economy.

Similarly, a healthy population contributes more to the growth process. A healthy person provides an uninterrupted supply of his/her labour for comparatively longer period of time than an unhealthy person. This is because, being less probable to fall ill, a healthy person can contribute more productively. The importance of health and education in the growth process is explained below.

1. Rise in standard of living: A healthy and educated population enjoys a better standard and quality of life. That is, their overall well being improves.

2. Greater participation rate: With improvements in the health and education, the participation rate of the people in the production process increases. A healthy labour force proves to be more effective. Similarly, education enhances their acceptability of modernisation. Thus, health and education improves the overall participation rate in the country.

3. Eradication of other macroeconomic problems: Various macro economic problems such as poverty, income inequalities, population, investment bottlenecks, under utilisation of productive resources, etc can be overcome with the improvements in education and health.

Thus, we can say that human capital in the form of improved education and health status plays an important role in the growth and development process.

Lets us now understand the interrelationship between human capital and economic growth.

Interrelationship between Human Capital and Economic Growth

Economic growth shares a positive relation with improvements in human capital. Higher the growth of human capital or better the state of human capital, higher will be the economic growth. The positive contribution of human capital to economic growth is highlighted in the below mentioned points.

1. Increase in the productivity of physical capital: Skilled workers are better able to utilise the machines, production plants, tools and equipments. They handle the productive assets in such a manner that these not only enhance their productivity, but also lead to an efficient utilisation of the physical capital. When the productivity increases, the pace of growth is automatically accelerated.

2. Innovation of skills: An educated person is more productive and skillful. He has the potential to develop new skills and create new and innovative techniques that can be more efficient and productive. Also the adaptability to the new techniques and innovation is higher for an educated person. Greater the number of skilled and trained personnel, greater will be the probabilities of innovations.

3. High participation rate and equality- Human capital endowed with higher technical skills and better health is more productive and efficient. This increases the participation of more people in the process of economic growth and development. Higher the participation rate, higher is the degree of social and economic equality in the country.

4. Increase in output levels: The formation of human capital in a country leads to increase in skills and capacity of the individuals. With increased capacity and skills, people are able to contribute more towards the process of production. Higher contribution of people with greater skills and knowledge, results in increased in output levels in the economy.

5. Increase in competitiveness: Higher level of human capital helps the country to leave its mark on other countries of the world (especially the developed countries). This not only improves the overall country's image but also raises the demand for the human capital of that particular country. For example, Indian doctors have a great demand in the developed nations. Thus, in this way, a good level of human capital enhances a country's competitiveness in the world.

6. Change in social outlook: Enhancement in the human capital leads to improvement in the thinking pattern of the human beings. Education imparts a modern and holistic outlook to human thinking. This change in the social outlook helps in the development of the country as a whole.

Thus, we can say that human capital is imperative for the growth and development of a nation.

Problems of Human Capital Formation in India

Objectives

In this lesson, we will analyse the state of human capital in India and the problems of human capital formation in India.

Introduction

We know that human capital plays an important role in the growth and development process of a country. Let us now discuss the state of human capital in India and the major challenges/problems faced by India in the human capital formation.

Human Capital Formation in India

In view of the importance of human capital in economic growth, India accorded it a high priority in its planning. It was realised that the vast population can become an asset and contribute to economic growth only if it is educated, trained and healthy. The growth process could be accelerated with a sound human capital. Even the international institutions highlight the importance of human capital for India.

According to the report of the Deutsche Bank, owing to the improvements in the human capital, India will emerge as a major growth center in the world by the year 2020. The World Bank identifies India as a 'knowledge economy'. According to it, if India efficiently utilises its knowledge then the per capita income of India can increase by as much as three times by the year 2020.

In India, the expenditure on the health and education are carried at all the three tiers of the government (union, state and local government) simultaneously. Although a number of private players have also entered the field, still the government has a crucial role to play in the development of health and education facilities. The following points explain the ***need for government intervention in the field of education and health***.

1. Profit motive of the private institutions: Private institutions are guided by the profit motive and the demand-supply relation. Consequently, the price of education and health facilities provided by these institutions remains high. Thus, government intervention becomes essential to regulate the fees and make these facilities accessible to the masses.

2. Interest of the weaker section: Owing to the widespread poverty, a majority of the people cannot afford to avail services rendered by the private institutions. Therefore, to protect the interest of the weaker and the underprivileged section of the society, the interference of the government is required.

3. Lack of information: People do not have complete information about the quality of services and various relevant costs. Consequently, government interference becomes necessary so as to protect the interest of the society.

4. Neglect of rural and backward areas: The private institutions confine their operations to the urban areas due to greater profit viability of these regions. Thus, the rural and backward regions remain neglected. The government must step in to develop health and education facilities in these areas.

5. Long gestation periods: Education and health sectors have long gestation periods. However, their benefits are far reaching. Therefore, the government cannot completely rely on the private sector to develop these important sectors.

To boost the health and education facilities the government has set up various organisations. Following are some of the important institutions set up by the government.

i. **NCERT (National Council of Education Research and Training):** This is responsible for designing the textbooks up to standard 12th. The textbooks designed by NCERT forms the base of school curriculum in India.

ii. **UGC (University Grants Commission):** It is the prime funding authority for university education.

iii. **AICTE (All India Council for Technical Education):** It enforces rules and regulations regarding technical and engineering education in the country. All the technical and engineering institutes in India function as per the AICTE norms and regulations.

iv. **ICMR (Indian Council for Medical Research):** Similar to AICTE in the technical and engineering education, ICMR formulates rules and regulations relating to education and research in health sector.

v. **National Institute of Health and Family Welfare:** This institute is responsible for promotion of health and family welfare programmes.

Problems of Human Capital Formation in India

Despite various efforts by the government for improving the human capital formation in India, the rate of human capital formation is still very low. Some of the major problems faced in context of human capital formation in India are as follows.

1. High population growth rate: A rapid increase in population becomes a hindrance in the way of human capital formation. Population explosion exerts pressure on the available limited resources. Rising population reduces the per capita availability of facilities such as housing, water, drainage, etc provided to people. Thus, the standard of living remains low.

2. Brain drain: Migration not only takes place within the country from rural to urban areas, but it also takes place from one country to another. If educated and skilled

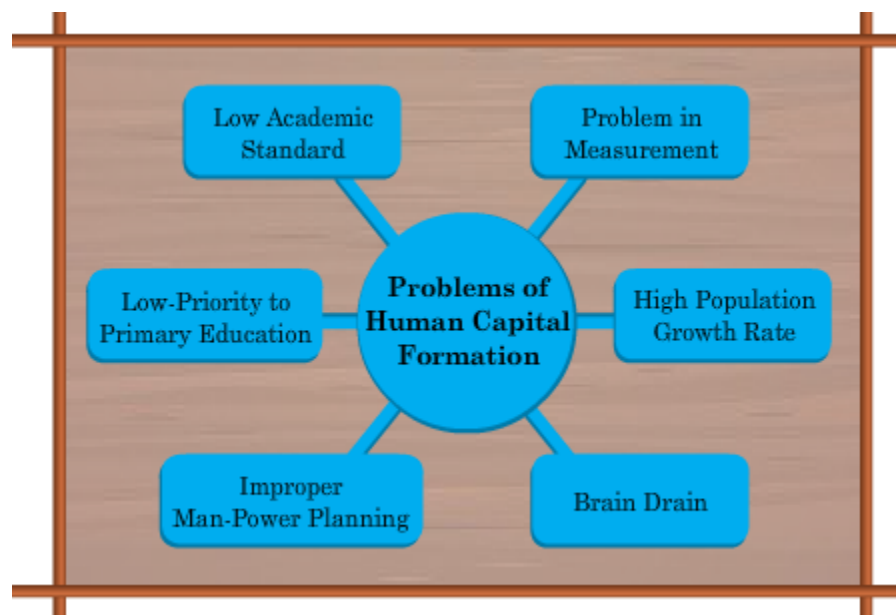
human capital moves from domestic country to foreign country, it results in economic loss to the country in terms of loss of quality people having high caliber. It is often seen that professionals such as doctors, engineers, etc. migrate to another country in search of better job opportunities. This migration of quality human capital from the LDCs to the developed countries is termed as brain-drain.

3. Improper manpower planning: With population rising continuously the demand-supply balance of the resources gets disturbed. Absence of any major efforts to maintain the demand-supply balance of the rising labour force has led to the wastage and misallocation of human skills.

4. Low priority to primary education: In India, secondary and higher education have been assigned comparatively higher priority than the free and compulsory primary education. Consequently, India is experiencing high rate of primary school drop-outs.

5. Low academic standards: In the recent years, many government and private educational institutes have been set up. However, often it is found that these institutions impart inferior quality education and skills which in turn impedes the productivity and efficiency.

6. Problem in measurement: The physical capital can be measured easily. However, in case of human beings it becomes very difficult to measure the skills and productivity. That is, there is lack of scale of measurement of human capital formation.



Education as a Source of Human Development, Future Prospects

Objectives

In this lesson, you will go through the following topics.

- Importance of Education in Human Development
- Assessment of Growth in Education at Different Levels
- Reasons for Low Educational Status in India
- Future Prospects of Educational Status in India

Introduction

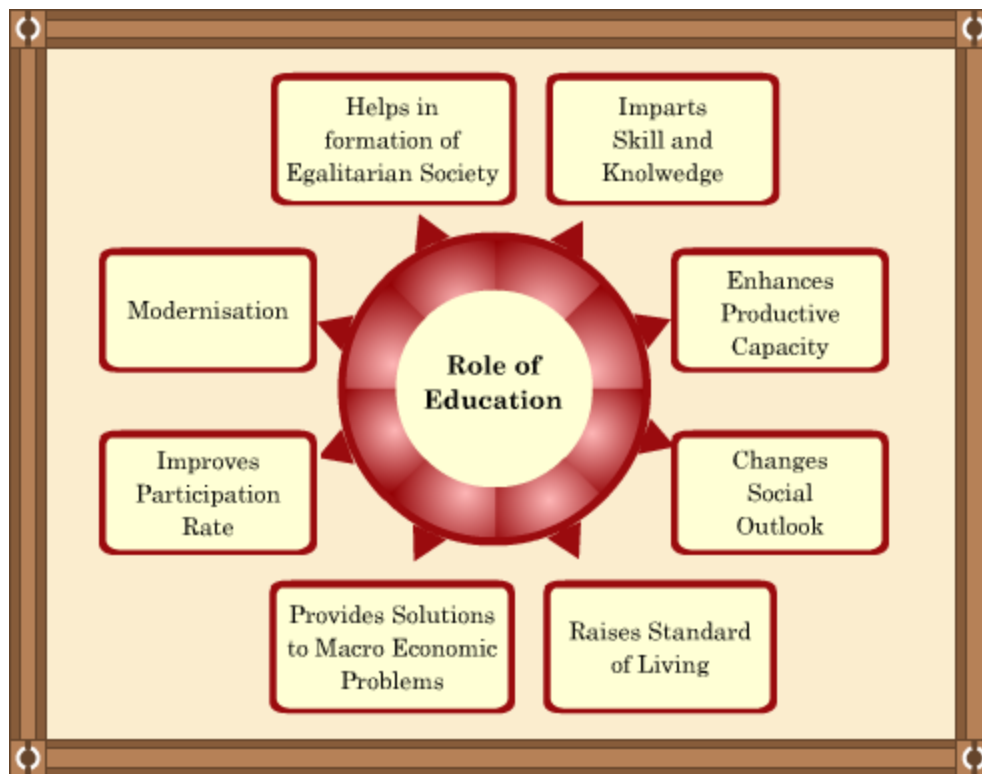
You are often asked by your parents and teachers to study well. Have you ever thought as to why so much importance is given to education? Education is beneficial not just to the individual itself, but it is also important for the nation as a whole. How? Let us understand.

Role of Education in Economic Development

Education is one of the important sources of human capital formation. Education imparts technical skills and knowledge that increases the productive capacity and productivity of a nation. It also facilitates the process of modernisation. It is an essential input for the development process of a nation. It acts as a supplier of quality human capital that facilitates economic growth and development.

The investment in the educational sector has long lasting returns. It not only enables accomplishment of present objectives, but also enhances the future growth prospects of the country. It should be noted that it is the education and not literacy that should be the aim for the development of human capital. Education is a much broader term than literacy.

Literacy merely refers to the ability of a person to read and write. On the other hand, education refers to the entire process of learning and attainment of knowledge, usually through a formal system of primary, secondary and higher education. The importance of education in the development process of a nation is highlighted in the below mentioned points.



1. Imparts quality skills and knowledge: Education endows people with quality skills, thereby, enhancing their productivity. Consequently, it enhances their income-earning capacities. Moreover, it also enables human capital to utilise the available physical capital optimally.

2. Enhances productive capacity: Education, by imparting technical knowledge and skills to the people enhances their productive capacity. Thereby, it helps in increasing the production scale of the economy.

3. Helps in changing the outlook: It helps an underdeveloped economy to break the shackles of the traditional cultures, practices, backwardness and superstitions by making people more aware and rational.

4. Helps in forming egalitarian society: On one hand, education enhances the income-earning capacity of people and on the other hand, reduces income inequalities among people. That is, it helps in the correction of skewed distribution of income. In the process, education helps in forming the basis of an egalitarian society.

5. Raises standard and quality of living: Education enhances the income-earning capacity of people and thereby, helps in raising the standard and quality of living.

6. Provides solutions to macroeconomics problems: Education alone provides a single solution for all the macro economic problems such as poverty, inequalities, population explosion, economic growth, underutilisation of the available resources, etc.

7. Develops mental abilities: Education develops mental abilities of the people and helps them think rationally and intellectually. Education churns out good citizens by inculcating high values in them.

8. Enhances participation rate: Education fosters economic development by increasing the participation of people in the process of growth and development. Consequently, the benefits of the economic growth are shared by a larger proportion of people.

9. Acceptability of modernisation: Educated individuals have greater acceptability of modernisation. This not only helps the economy to grow, but also facilitates a primitive economy to break the shackles of tradition and backwardness.

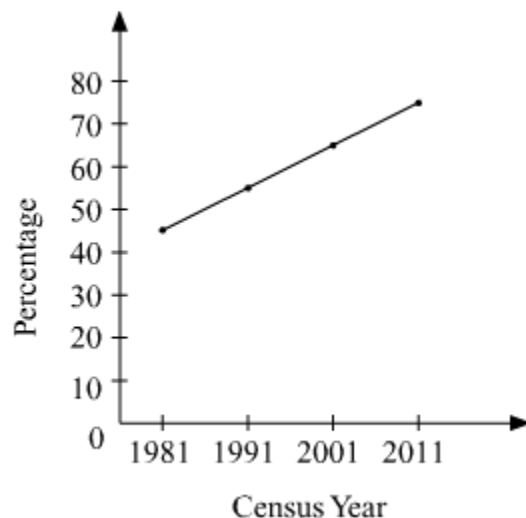
Assessment of Growth in Education Sector in India

Having understood the importance of education, let us see how has India fared in terms of education.

Over the years, there has been a tremendous improvement in the literacy levels. As per the Census of India 2011, the literacy rate for males was 82.14% while that for females was 65.46%.

During the period 1952 to 2002, there has been an increase in the education expenditure by the government from 7.92% to 13.17%. As percentage of GDP, the education expenditure has increased from 0.64% to 4.02% during the same period.

The graph below depicts the level of growth in the literacy levels of India.



The graph above reflects a consistent rise in the overall literacy rates in India over the last four census years starting from 1981. The increase in the literacy rate is depicted by

the upward sloping line in the above graph. Thus, this upward sloping line is a positive sign of the literacy levels in India.

Education at Different Levels of Academics

Education in India is categorised in different levels. The status of education at different levels of study is discussed below:

1. Primary and Middle Education
2. Secondary Education
3. Tertiary or Higher Education

Primary Education

Since the initiation of planning in 1950-51, there has been a commendable growth in the number of primary and middle schools in India. The number of schools has increased from 2.23 lakh in 1950-51 to 12.83 lakh in 2005-06. Similarly, the enrollment of students upto 8th standard in primary schools has also increased from 19.15 lakh to 1770 lakh.

The Government of India has made free and compulsory access of elementary education to all the children in the age group of 6-14 years. Attempts have been made to improve the access to school. Resultant to this, in rural areas, 94% of students at primary level have access to school within the distance of 1 Km. while at upper primary level, 85% of students have access to school within the distance of 3 Km. Huge expenditure is incurred by the government every year on primary education. In fact, a major share of the total expenditure incurred by the government on education is taken up by the primary education.

For Universalisation of education at primary level, the Government of India has launched various schemes. Some of the important schemes for primary education are as follows.

- i. ***Sarva Shiksha Abhiyan (SSA)***: This scheme was launched by the Government of India in the year 2001-02 to accomplish the target of universalisation of elementary education within the age group of 6-14 years.
- ii. ***National Programme for Education of Girls at Elementary Level***: This programme was started in July 2003 with the aim of providing support to the under-privileged girls of educationally backward districts.
- iii. ***Kasturba Gandhi Balika Vidhyalaya (KGBV)***: For establishing residential schools for girls belonging to the minority communities, this scheme was initiated in July 2004. However, in the later years, this scheme was merged with SSA.

iv. **National Programme of Mid-day Meals in Schools:** This scheme, popularly known as mid-day meal scheme was launched on 15th August 1995. The aim of this programme was to improve the nutritional status of students at primary level along with imparting quality education.

Secondary Education

Secondary education is the second tier of education. Many efforts have been made by the government for improving the education at secondary level. Some of the important steps taken in this direction are as follows.

i. **Vocationalisation of Education:** To improve the level of secondary education in India, the government has given priority to vocationalisation of education system in India.

ii. **Setting up of Navodaya Vidyalayas:** Government of India started scheme in the year 1985 for setting up of *Navodaya Vidyalayas* with the aim of providing quality education to the talented students belonging to rural areas. At present, there are nearly 600 *Navodaya Vidyalayas* operating in India.

iii. **Formation of Kendriya Vidyalaya Sangathan (KVS):** With the aim of providing education to the children of the Central Government employees who are in transferable jobs, Kendriya Vidyalaya Sangathan was formed in the year 1995. At present there are 1086 schools under KVS of which 3 are operating abroad.

iv. **National Council of Education and Research and Training (NCERT):** NCERT is the apex organisation for school education that provides academic and technical support for qualitative improvement in the education system in India.

Tertiary or Higher Education

Over the years, India has made remarkable progress in the field of higher education. Some of the major achievements under higher education are discussed below.

i. **Increase in the number of universities:** In India, there has been a drastic increase in the number of universities from a mere 27 in 1950-51 to 563 in 2010.

ii. **Increase in the number of colleges:** The number of colleges which were 578 in 1950-51 has increased to approximately 12,178 in 2005-06.

iii. **Setting up of Indira Gandhi National Open University (IGNOU):** IGNOU was set up in 1985 for providing educational opportunities for school drop outs, working people aspiring to study, housewives, etc. through distance education programs.

iv. ***Establishment of University Grants Commission (UGC)***: In the year 1956, University Grants Commission was set up by the Government of India, to regulate and coordinate the workings of higher education institutes in India.

Indicators of Educational Achievement

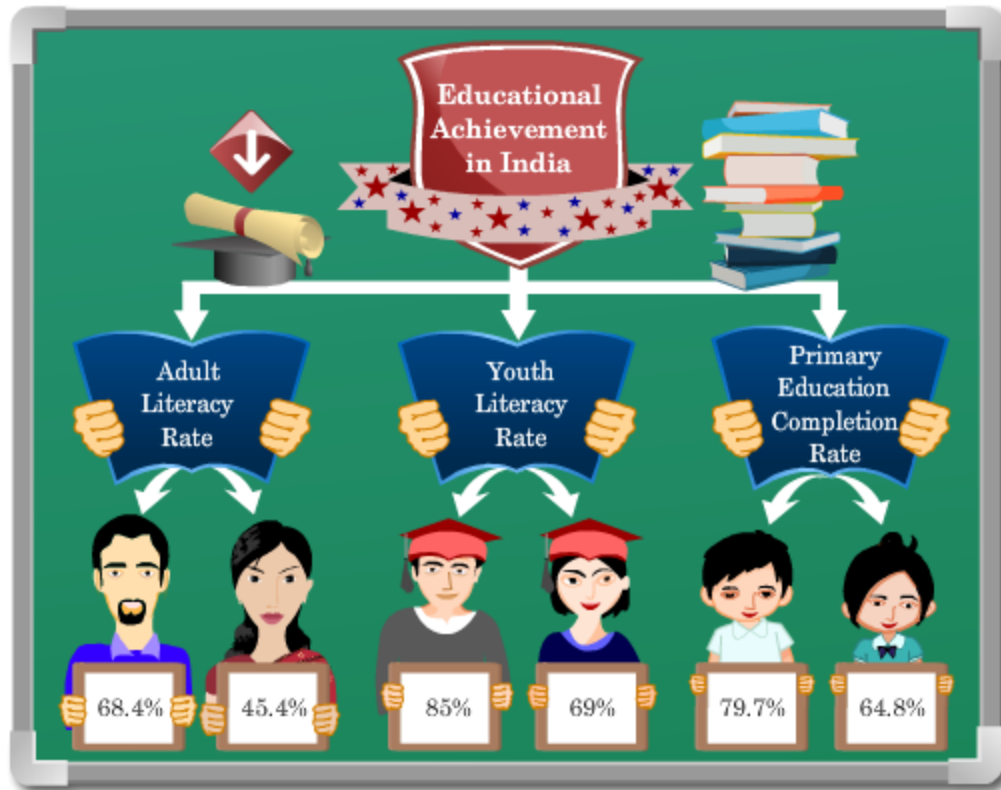
We know that education forms an essential component of growth and development of a nation. Every nation makes efforts towards improving the education status. The education level of a nation can be judged with the help of various indicators. Some of the important indicators of educational achievement are as follows.

1. Adult literacy rate: This rate indicates the percentage of literate adult population of age 15 years and above. The word literacy in this context is confined only to the ability to read and write. It provides a measure of the stock of literate persons within the adult population expressed in terms of percentage. Higher the percentage of adult literacy rate, higher the educational achievement in a country. This rate is the most important indicator for a country as it indicates the percentage of the population that can participate in the economic activity of the country.

2. Youth literacy rate: This rate indicates the percentage of literate people between the age of 15-24 who can read and write. It denotes the stock of literate population within the youth population. This is an important indicator of educational achievement in a country. This is because of the fact that majority of a country's population is not able to continue their education till this age. Higher the youth literacy rate, higher will be the achievement of a country in terms of education.

3. Primary education completion rate: This rate indicates the percentage of students completing the last year of primary school. Primary education includes students of the class group 1 to 8 in the age group of 6-14 years. It includes basic education in reading, writing and mathematics along with an elementary understanding of other subjects such as history, geography, natural sciences, social sciences, art and music. Lower primary education completion rate leads to lower youth literacy rate and, hence, lower adult literacy rate.

Based on the above mentioned indicators an assessment can be made for the ***educational achievement of India***.



- i. The adult literacy rate among male is 68.4%, while for female it is 45.4%.
- ii. The youth literacy rate among male is 85 %, while for female it is 69 %.
- iii. Primary education completion rate among male is 79.7%, while for female it is 64.8 %.

Based on the above indicators it can be said that although over the years the educational status of India has improved, still constant efforts are required to further improve the status of education.

Reasons for Poor Educational Status in India

The Government of India has made sincere and constant efforts to enhance the literacy rate in the country. However, the literacy rate in India is still at a low of 65%. Although the literacy rate has increased substantially from 18% in 1950 to 65% in 2001, achieving 100% literacy rate is still a distant dream.

The failure in achieving cent percent literacy rate can be attributed to a variety of factors including both structural and socio-economic conditions. The following are the important reasons consequent to which India is suffering from a low literacy rate.

1. *Extreme poverty and huge drop-out rates:* India, like any other underdeveloped country is featured by extreme poverty level. Poverty is the cause and derivative of low literacy rate. That is, on one hand, it obstructs one to acquire education and on the other hand, illiteracy pushes up the poverty level. There is still 22.15% of population living below poverty line (as per 2004-05). In order to sustain livelihood, people often engage themselves in marginal and low paid casual jobs. These jobs not only make them more vulnerable but also impede them to be literate.

2. *Gender biasness:* In India, male literacy rate is relatively much better than that of the female's. The main reason for this difference is gender biasness. Female education is accorded a secondary priority over the male education in the same family. Often, it can be analysed that the male child is sent to school at the cost of the female child. This has made women more vulnerable, thereby, undermining their social and economic status.

3. *Lack of infrastructural development and facilities:* India substantially lacks significant infrastructural development and facilities. The student teacher ratio in primary education is as low as 34:1. This implies availability of one teacher for 34 students. Further, the lack of sufficient number of schools and colleges has further impeded the development of higher education in India.

4. *High population growth rate:* India has been experiencing an annual average population growth rate of 1.7%. This has not only resulted in shortage of existing education facilities but also has simultaneously led to the rise in poverty rates. People, being ignorant, regard an additional child as an additional income earning hand. Further, the preference for male child has further added to high population growth rate.

5. *Low women socio-economic status of women:* The poor female literacy rate has lowered the socio-economic status of the women in India. The role of a literate mother cannot be neglected in the process of economic growth. A literate mother is more aware and can well take care of education and health issues of her children.

6. *Less educational provisions for underprivileged population:* There is a considerable portion of underprivileged population such as ST, SC, OBC and rural population. Although the Government of India has made special provisions and policies to provide education to them, this relatively falls short of the actual requirement.

7. *Low government expenditure:* According to the Education commission, atleast 6 percent of the GDP should be spent on education so as to improve the educational status. However, at present only about 4 percent of the GDP is being spent on education. Thus, the government expenditure falls short of what is actually required.

Future Prospects of Education in India

Although India has come a long way in terms of educational achievement, still a lot needs to be achieved. The following are the areas that require attention for improving the educational status of our country.

1. Universalisation of education: Although the literacy rate in India has significantly increased, the absolute number of illiterates in India is still very high. In fact, the number of illiterates today is equal to the total population of India at the time of independence. There are many children who are either not enrolled in the school or even if enrolled, they drop out after some years. Emphasis should be laid on the improving the access of education for all. Various plans and policies focussing on education (such as free and elementary education, implementation of 2% education cess on the union taxes) must be formulated.

2. Improvement in gender equality: The access to education has always been lopsided towards India's male population. Women have always been neglected in the field of education. The weaker and lower status of women in India can be attributed to the negligence of their education. However, the role of women in the economic and social spheres cannot be neglected in order to achieve overall economic development and growth. Therefore, there arises a need to promote women's education. The following are the important points that advocate in favour of promoting women education.

- i. Women education is essential for improving their economic independence and economic feasibility.
- ii. Women education is important in order to raise the social and moral status of women.
- iii. It plays a significant role in maintaining favourable fertility rate.
- iv. Health care of women and children can be enhanced with education imparted to women.
- v. An educated woman can infuse good moral values and can impart quality education to her children.

3. Few beneficiaries of higher education: The number of people attaining higher education is very few. And even those who are having the access to higher education are unable to get jobs. This has resulted in the situation of educated unemployment. Unemployment among the educated population could be because of lack of quality of educational institutes. There arises a need to impart more technical, vocational and job-oriented education.

4. Regional differences in education: There exists a wide difference across different states in terms of educational attainment. On one hand, we have Kerala with 100% literacy rate, while on the other hand, we have Bihar with only 63.8% literacy rate. Even the per capita expenditure on education differs from state to state. While for Lakshadweep the per capita education expenditure is Rs 3,440, on the other hand for Bihar it is just Rs 386. Efforts are required to reduce these regional differences and make education accessible to all.

5. Regulation of fee structure: Nowadays, privatisation in education has increased. A number of private schools, colleges and other educational institutes have opened up. Private players, guided by the profit motive, render education services at a high price. This has further widened the difference in the access to education by the rich and the poor. Government interference, thus becomes necessary for regulating the fees structure and operations of private institutions.

6. Spread of awareness: Efforts should be made to increase awareness among people regarding the benefits of education. In addition to this, special programmes and projects to check the growing difference between the Gross Enrolment Ratio and School Drop-out Rate must be initiated.