

# EDUCATION AND ITS CONTRIBUTION TOWARDS GROWTH AND DEVELOPMENT OF AN ECONOMY

<sup>1</sup>Bornali Das

## Abstract

Education is a process of teaching, training, or learning that is used to increase an individual's abilities and knowledge. Similarly, employment is a work that must be completed in order to earn income. Education and employment plays an important role in growth and development of an economy. The objective of this paper is to examine the educational system and development in an economy. Two market factor demand and supply play a big role in determining how much education a person receives. This paper also helps us to know the contributions of education towards growth of an economy and examine the relationship between employment opportunities and educational demand. The study of this paper is completely descriptive in nature and information are collected from secondary sources such as books, journal, article, newspaper, internet etc.

**Keywords:** Education, Growth, Development, Demand, Supply, Employment Opportunities.

## INTRODUCTION

Economic growth and development are heavily reliant on education. People's access to modern and scientific ideas improves as a result of education. It improves people's productivity and ability to absorb new technologies, as well as raising knowledge of available options and labour mobility. Individuals can develop knowledge, skills, and attitudes through education that will enable them to understand societal and scientific advancements. Education is one of the most important sources of human capital that allows for invention and innovation.

## OBJECTIVE

- To examine the educational system and development in an economy.
- To know the contributions of education in economic growth of an economy.
- To examine the relationship between employment opportunities and educational demand.

## METHODOLOGY

The qualitative approach to the study has been undertaken in this paper. The paper is based on descriptive method to examine the educational system and its contribution towards growth and development of an economy. Apart from this, the study of this paper helps to examine the relationship between employment opportunities and educational demand. For the purpose of this study, secondary data are used. The secondary sources were collected from various books, journals, newspaper, magazine, internet etc.

## DISCUSSION

Educational system and Development

Despite the influence of many non-market factors, demand and supply play a big role in determining how much education a person receives.

On the demand side, two factors determine the quantity of schooling desired. One is more educated student's chance of earning significantly more income in the future through modern sector job; and other one is the educational costs, both direct and indirect, that a

student or family must bear. As a result, the amount of schooling required is a derived need for high-wage employment prospects in the modern economy. This is because an individual's ability to obtain such occupations is primarily governed by his or her educational background. The majority of people in developing countries seek education not for its intrinsic non-economic benefits, but because it is the only way to secure modern sector jobs.

On the supply side, the number of school places available at the elementary, secondary, and university levels is mostly controlled by political procedures that are often unconnected to economic considerations. Given the increasing political push in the developing countries for more education places at increasingly higher levels. The degree of government educational spending determines the public supply of school places. These in turn influenced by the level of aggregate private demand for education.

The combined influence of four variables appears to be related to or determined by the amount of schooling required to qualify an individual for modern-sector jobs. Wage or income differential, possibility of finding modern sector work, direct private cost of production, and indirect or opportunity cost of schooling are the variables.

Although there are various additional significant variables, many of them are not economic in nature. Cultural traditions, gender, social status, education of parents and family size, among other factors, all determine the quantity of education required. Concentrating on the four variables already mentioned can provide valuable insight into the relationship between the quantity of schooling required and the availability of job prospects.

Contributions of education towards economic growth

The role of education in economic growth can be analysed in three different ways. These aspects can be assessed as follows-

- Educated and uneducated personnel are substitutable: if educated and uneducated workers are substitutable to each other in production process, it is seen that more educated person gives greater output than the uneducated person. Thus, growth in output per worker is

associated with the growth in the average years of schooling per worker.

- Educated and uneducated personnels are non-substitutable: if educated and uneducated personnel's are non- substitutable to each other in different sectors of economic activity, then there emerges a gap between them. As per some specific professions required by the production such as doctors, engineers, scientist etc., cannot be replaced by uneducated persons. Thus, in these sectors, educated person gives the proper result. And for a economy to grow rapidly these skilled personal should be more in number which can only provided by education.

- Educated person are more adoptive to new technologies: For a economy to grow at faster rate it should be able to adopt new and better technologies. An educated labour force can adopt new technology more efficiently. Moreover, uneducated person may not be able to adopt a high technology. Therefore, for a rapid economic development it's people must be educated enough to adopt the new technologies prevailing in the present world.

The relationship between Employment opportunities and educational demand

There is deep relationship between employment opportunities and educational demand. The amount of schooling demanded sufficient to qualify an individual for modern sector jobs appears to be related to or determined by the combined influence of the following variables-

- Wage or income disparity: the wage or income disparity between modern and traditional jobs drives educational demand. The salary disparity between the contemporary and traditional sectors is positively connected to the quantity of education demand, since the earning potential with increasing levels of education are greater in the modern sector.

- The probability of success in finding modern sector employment: An individual who successfully competed the necessary schooling, he has greater probability of success in finding modern sector jobs. Labour market has a higher probability of getting a well paid urban job than someone who does not. This increases the educational demand.

- **Jobs Requiring higher qualification:** An individual having higher qualification, he has the greater chance of having well paid jobs.
- **Education creates job opportunities in different fields.** Same type of knowledge, skill and training cannot help an individual to carry out activities in different profession. It means that it is necessary to gain knowledge, skill and training as the nature of work or job demands. For example, a teacher cannot carry out the jobs of doctor and vice-versa.
- **Education gives mobility to persons:** An educated person can find jobs in different places as he is aware of different job opportunities in different places and is efficient of doing such job.
- **Education enhances the health status of the workers.** A person is more aware of health facilities and hence health status of such peoples increases with proper education. Increase in health status makes a person eligible for many jobs.
- **Education and fertility:** With increase in education, the fertility rate decreases and hence a stable economy is observed through a chain of events. This ultimately leads to a change of more jobs availability in the economy.

Education creates opportunities for employment. An individual gain knowledge, skills and training from education. Educated people having specialised knowledge, skill and training can involved in a particular profession according to their specialisation. They can create employment for them and other people.

## CONCLUSION

Education is one of the most important aspects of development in every way. Without significant investments in human capital, no country can achieve long-term economic progress. Education broadens people's perspectives on themselves and the world around them. It improves their quality of life and has a wide range of social advantages for both individuals and society. Education is an important factor that produces skilled, trained and competent professionals required in different sectors. It plays a prominent role to create employment. Education improves people's productivity and creativity, as well as

encouraging entrepreneurship and technological advancements. It is indispensable to economic growth and development. No economic development is possible without good education. A balanced education system promotes not only economic development but productivity and generates individual per capita.

## Reference

- [1] Basu, Aparna(1974) "The growth of education and political development in India 1898-1920", Oxford University Press, Delhi
- [2] Bhatt, V.V., (1963) "Aspects of Economic Change in India" Allied Publishers, Bombay
- [3] Bowles, Samuel (1969) "Planning Education systems for Economic Growth" Harvard University Press, Cambridge
- [4] Boudon R (1974) "Education, opportunity and social Inequality" John & Wiley and Sons, New York
- [5] Chen, Z., Wu, Y. (2007) "The relationship between education and employment: A theoretical analysis and empirical Test" Front. Econ. China
- [6] Dahama, O.P and Bhatnagar, O.P., "Education and Communication for development" Oxford Press, New York
- [7] Duncan G, Hoffman S (1981) "The incidence and wage effects of over education" Economics of Education Review
- [8] Frederick Harbison and Charles A.Myers (1974) "Education, Manpower and Economic Growth- Strategies of Human Resource Development" Oxford & IBM Publishing Co., New Delhi
- [9] Hartog J, Oosterbeek H (1988) "Education, allocation and earnings in the Netherlands: Over Schooling" Economics of Education Review
- [10] John Sheelan (1973) "The Economics of Education" George Allen and Unwin Ltd
- [11] Mukerji, S.N (1964) "Education in India-Today and Tomorrow" Acharya Book Depot, Baroda
- [12] Nataranjan, S. (1993) "Introduction to Economics of Education" Sterling Publishers Private Limited, New Delhi
- [13] Psacharopoulos G. (1984) "The contribution of education to Economic

- growth: International Comparison”  
Ballinger Publishing Co., Cambridge
- [14] Psacharopoulos, G. (1994) “Returns to investment in Education: A global update”  
World Development
- [15] Schultz, T.W (1961) “Investment in Human Capital” American Economic Review
- [16] Tilak, J.B., (1989) “ Education and it’s relation to Economic Growth, Poverty and Income distribution: Past Evidence and further Analysis” World Bank
- [17] Veena, D.R., “Education and Economic Growth” Mittal Publishers, New Delhi