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An analysis of India's Economy and Education in the Context of the National Education Policy 2020

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Abstract
Education is a vital development accelerator. Economist Denison (1964) made first major attempts to measure the contribution of education in nation's growth. Different endogenous and exogenous growth theories tried to advocate the contribution of education in economic development of a country. Thedore Schultz (1961) developed a full-fledged theory of human capital and contained that a nation must make large investments in human capital if it is to achieve sustainable economic growth. Therefore, in addition to the investment in physical capital (machinery and infrastructure), investment in human being (education, schooling, training, and health care) is needed for nation's developments, and to increases people's productivity and creativity. It is because educated and skilled human being is a form of capital, human capital. Moreover, it is essential for promoting socio-economic progress through distribution of resources. The present study had expanded the knowledge regarding the investment in human capital and its wider-ranging effects in India in the context of NEP 2020. It tried to explore how the policy envisaged the development of human capital through education particularly through promotion of vocational education.

Keywords: Role of Education, Economic Growth, NEP2020, Digital Transformation

Introduction

Theodore Schultz (1902–1998), in his paper titled "Investment in Human Capital", argued that human being is a form of capital and expenditures on education, training, and health, could be viewed as an investment that has the potential for high growth rate of an economy. Gary Becker (1930–2014), while developing upon the idea of Schultz examined the cost and rate of return from the education. His famous contribution was to distinguish between general training, specific trading, and the gain-cost associated with it. Then Jacob Mincer tried test the links with investment in human capital in the form of schooling and work experience through Mincer Earnings Function. The Exogenous Growth Model by the Solow-Swan argued that long-run economic growth is determined by exogenous technological progress. Education can bring changes in productivity of the labor thereby induces economic growth. But it would be a short-term change. The education also could facilitate technological progress through innovation and leads to permanent increase in income. The endogenous growth model given by Robert Lucas Jr. (1988) explicitly integrates education as a factor that can drive towards higher levels of economic growth. Investment in education and training increases the productivity of physical capital associated with human capital. Apart from that there exist a positive externality or spillover effect from education which leads to improvement in the whole economic system. Another endogenous growth theorist Paul Romer's models (1986) argued that education, knowledge, research, innovation, and ideas are non- rival in nature. One person's use doesn't prevent others from using it simultaneously. This non-rivalry, when combined with other inputs, leads to increasing returns to scale at the aggregate level, which is the fundamental requirement for sustained growth. All the theories put forwards in favor of investment in human capital suggests that countries must make large investments in human capital if they want to see sustainable economic growth. Education promotes entrepreneurship, technical improvements, and increases people's productivity. National Education Policy (NEP) of 2020 in a pragmatic and forward-thinking manner suggested for integration of vocational training in general academic discipline beginning from the school education stage. The policy promotes undergraduate students to participate in internships in the public and private sectors, giving them invaluable industrial experience and bridging the gap between education, training, and employment. Education boosts the human capital that is already present in the workforce, who raises labour productivity and facilitates growth as outputs approach equilibrium and GDP rises. Identifying and exploring the causal relationship between education and economic growth in India is the primary focus of this paper. In order to meet the objective, it has explored relevant literature. Finally, the paper concluded that NEP2020 has the highest potential to address the issues of investment in human capital and thereby induce high rate of economic growth of the country.

Review Of Literature

Nikil Govind (2019) Aithal P.S, Shybhrajyotsna Aithal (2019) [1] examined the advantages and disadvantages of the recommendations made in NEP2020 for inducing investment in human capital. Aithal Sreeramana and Aithal Shubhrajyotsna (2020) [7], in a comparative study with early educational policy (NE1986) with NEP2020 also examined the novel approaches suggested in the NEP2020. The effects of the new education policy on professional education, teacher preparation, in public and private institutions are also covered. Finally, theoretical recommendations are made for the successful execution of the new education policy. Dr. K. Meenakshi Sundaram (2020), conducted a comparative analysis of the National Education Policies of 1986 and NEP2020. The study concluded that, in contrast to NEP 1986, NEP 2020 placed more focus on a multidisciplinary approach, which had provided a wider opportunity for the student's entire growth. Pawan Kalyani (2020), examined NEP 2020 and its effects on stakeholders, raised awareness of the initiative and its prospects using social media, and examined the available data. B. Venkateshwarlu (2021), the inquiry came into the conclusion that, in every nation, higher education has a big influence on how the economy develops socially, technologically, and in terms of good human conduct. Dr. Nandini Banarjee, Dr. Amarnath Das, Ms. Sreya Ghosh (2021), objectives in their paper were similar to those of other qualitative investigations discussed earlier highlighting the NEP's features. The study compared with the 1986 educational policy, and suggested implementation goals. The benefits of NEP were also discussed in this paper, particularly as they relate to higher education.

Objectives

1. To explore the numerous studies on India's NEP 2020.
2. To investigate India's economic growth.
3. To understand multiple benefits of NEP 2020.

Methodology

The information was gathered from a variety of credible journals, reports, articles, books, government websites, along with bulletins, both published and unpublished.

The Role of Education in a Country's Economic Growth

The idea that everyone has the right to education is the driving force to improve the population's basic education. The creation of educational institutions that can give people the skills required in cutting-edge businesses, especially in science and technology, is becoming a top priority for nations all over the world. Educated workers are better able to handle jobs requires critical thinking. The percentage of educated workers in a nation is directly correlated with its economic production. However, there are expenses associated with going to a higher education level. Even basic literacy initiatives can boost a nation's economy; it is not necessary to build a vast network of colleges and institutions to profit from education (Hanushek and Woessmann, 2007) [9]. The more knowledgeable and skilled workers a company has, the more it can produce. Knowledge-based economies are sometimes defined as those that acknowledge education as a valuable resource (Kenton and Catalano, 2024) [10]. According to this perspective, investing in education is like investing in better machinery or infrastructure—it is an investment in human capital. The 21st century skills—critical thinking and problem-solving, creativity and innovation, teamwork and communication, digital literacy, adaptability and feasibility, and experiential learning—are the specific focus of the present education policy.

NEP 2020 Contribute to India's Economic Growyh

In order to better prepare the workforce for the needs of the contemporary economy, the National Education Policy (NEP 2020) seeks to reform India's educational system. The NEP 2020 presents a more dynamic, multidisciplinary approach that emphasizes skills development and critical thinking, in contrast to earlier programs that mostly concentrated on traditional learning methods. By combining internships and vocational training across disciplines, the policy emphasizes industrial preparedness and makes sure that students not only understand academic concepts but also obtain practical experience in real-world situations. Through fostering integration across several academic disciplines, this policy advances interdisciplinary education. By encouraging creativity, critical thinking, and practical problem-solving, it seeks to transcend conventional disciplinary boundaries. Students will participate in flexible, cooperative learning that will improve their capacity for creativity and multifaceted problem-solving. In order to improve employability and to match education with industry demands, hands-on experience is essential.

Digital Platforms and the Importance of Technology

The focus on growing digital education platforms is a key component of NEP 2020, and it is even more significant in the increasingly tech-driven world today. The worldwide labour market is changing as a result of the quick development of technology, especially in areas like automation, machine learning, and artificial intelligence (AI). India's educational system needs to provide pupils technology literacy, fundamental knowledge of AI, knowledge of data science, and digital competencies, if it wants to stay competitive. Greater opportunities will make it possible for the students from disadvantaged sections to acquire skills that will be essential in the workforce in future by democratizing access to high-quality education. In summary, NEP 2020 is a strategic policy intended to bring India's educational system in line with the demands of a world economy that is changing quickly.

In addition to it an emphasis is given on early foundational learning, industry engagement, inclusive access, skills development, and technical education. The strategy sets the groundwork for long-term economic growth and equips India's youth to take on leadership roles in a world that is becoming more and more knowledge-driven.

Development of Skills and Economic Growth Enhanced by NEP 2020

Developing skills is central to Viksit Bharat's progressive plan for India's comprehensive progress. The significance of skill development cannot be understated, since India is clearly seeking to use its population advantage to establish itself as a leader in the global economy.

Developing one's technical, cognitive, and interpersonal abilities can help one excel in a range of professional disciplines. Skill development initiatives help to close the gap between theoretical knowledge and real-world application by bringing school curricula in line with labour market demands, which eventually improves employment opportunities. Skills development programs have a direct influence on the economy and society. A trained workforce increases revenue, consumption, and savings. Through giving underprivileged and marginalized groups the scope to learn employability skills, equitable development across regions could be promoted.

Conclusion

It is crucial to assess the benefits and drawbacks of the New Education Policy 2020, which seeks to improve the Indian educational system. Stakeholders can attempt to successfully execute the new education policy by critically analyzing its benefits and drawbacks, guaranteeing an educational system that promotes inclusion, holistic development, and equitable chances for everyone. The study had expanded the knowledge regarding the wider-ranging effects of NEP 2020 on the stakeholders in the management and commerce disciplines. The comparison between the different educational policies has revealed the shortcomings of the former, which were affecting the growth of the Indian economy and the ability of young people to achieve their goal. The NEP 2020 pushes all parties to meet business needs both domestically and globally in order to significantly improve living standards. Any adjustments to the current situation can have both positive and negative effects, so we tend to focus more on the positive effects, implement them successfully, and move quickly to improve the nation's welfare.

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