

# ECONOMICS OF EDUCATION



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(relatively) productive ones is not to be understood. In other words, it is essential to understand the educational production function. Considering education as an industry also involves the issue of standards and provides a reason to evaluate educational performance using means other than examination results. The transition into the labour market provides a natural alternative indicator of educational success. There are many pathways that individuals can take through education into work, including further education, higher education, apprenticeship schemes and so on. Individuals with different characteristics have different likelihoods of passing through any one of these pathways, and economists have had considerable success in recent years in modeling this transition. The labour market for teachers is distinct from many occupation-specific labour markets, for a number of reasons. *First*, teacher training is a lengthy process and thus adjustments in the market take time. *Secondly*, for various reasons, feminisation of the teaching profession has taken place that has left the market with a large pool of latent supply. *Thirdly*, government often has an important part to play in both the demand and supply sides of the market. All these features make the market for educators substantially different from other labour markets and require careful analysis. Thus, education is termed as an industry as it produces economically productive individuals, it requires human and non-human resources for carrying out this human production function and in today's context and market forces play an important role in the demand and supply of education.

Dr. Malcolm Adishesiah differentiated between industry and educational industry by way of - education considered as an industry, which absorbs materials and human resources. The "inputs" are including land, buildings, teachers, books and scientific equipment etc and "Output" are students. The production cycle of this industry is longer than that of most other industries and it consumes a relatively large fraction of its own output.

The pay-off education takes a long time to materialize but it depreciates slowly and rarely becomes absolute. It serves to diffuse the existing stock of knowledge but it also acts to increase that stock. If both preserves and disseminate social values, sometimes fostering and sometimes impeding social and occupational mobility.

#### Education as an Industry

Education is a gigantic industry. The education industry consists of schools, services and products. Services include training- especially corporate, at risk youth services and supplementary services (tutoring, before- and after school programmes). Products include electronic media,

## Chapter-7 Education as Knowledge Industry A Critical Analysis

Rafi Mohamad\*

#### Abstract

The National Knowledge Commission has focused on the need to step up enrolment in higher education to 15% by 2015. To achieve this doubling in the intake of students into the system, it has recommended the setting up of 1,500 universities. A question therefore arises as to how to fund these universities and institutions of higher learning in the country. On the one hand, the private sector seems to be playing an increasingly significant role in higher education, especially professional education, in the country. But on the other hand, there appears to be a growing protest against what political parties and parents label the "commercialisation of education". To many, education remains a service and indeed, has been categorised in the 'service sector' in the World Trade Organisation's lists. But private enterprise hesitantly suggests that education can be listed as an 'industry' and made eligible for the funding or financing facilities available to industrial enterprises. This paper focuses some of the aspects of Education as an industry and analyses its components.

#### Introduction

Education presumably produces educated individuals who, are expected to have enhanced productivity. Thus, the process by which education transforms (relatively) unproductive individuals into

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and social level and it is process by which individuals develop to the limit to their abilities and are thus a "Process of Capital in human".

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## Chapter-8 Indian Economy on Education

Dr. Kuravadi. Narasimha Rao\*

The relation between Economics and the Economy, simply saying, is that of theory and practice. While the former is a discipline studying economic behaviour of human beings, the latter is a still-frame picture of it. Economics will come out with theories of market, employment, etc., and an economy is the picture of the things which emerge after the follow-up to the same theories in certain areas. Development of an Economy does not mean only its growth and the level of income but it also constitutes other parameters which decide the quality of life the people have in the economy. After the world acceptance to the welfare economics the standard of life of the masses has emerged as popular measuring scale of development for the economies to a great extent synonymous to the UNDP concept of human development.

The Government of India has been conscious ever since independence about the development of the social sector which includes areas like, health, education, shelter, social welfare, social security, etc. Once the economy went for the process of economic reforms a higher government emphasis was felt on these areas by the government and experts alike. Increasing emphasis on the social sector is clearly visible from 1991 onwards. The ultimate objective of development planning is human development or increased social welfare and well being of the people. Increased social welfare of the people requires a more equitable distribution of development benefits along with better living environment. Development process therefore needs to continuously strive for broad-based improvement in the standard of living and quality of life of the people through an inclusive development strategy that focuses

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Economics of Education one of the youngest branches of economics probes the various sources of educational finance, cost-effectiveness, direction of development and similar issues. The phrase first coined by Prof. Theodore W. Shultz, noted Economist of the University of Chicago in 1960 while addressing the American Economic Association. In 1965, 'The world Year book on Education' carried an article on Economics of Education giving the subject legitimacy and recognition. Adam Smith, the father of Economics and the author of 'Enquiry into the nature and causes of the Wealth of Nations' (1776) was the first to recognize the relationship between Economics and Education. Pleading for raising the quality of Education, he said, "The money of the parents, the time and talents of children are not lost or injured from the inexperience and ignorance of those to whose care they are entrusted". John Stuart Mill, advocating public education.... "Education is one of those things which a government should provide for the people". Alfred Marshall treating Education as a national investment, "Education is the most valuable of all capital that is invested in human beings". Karl Marx asserted, "When the working class come into power, as invariably it must, technical instruction both theoretical and practical will take its proper place in the working class schools".

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