

Eradication of Poverty through Human Resource Development and Economic Growth

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Abstract

Indian economy is a developing economy and going through a continuous process, ups and downs from time to time. Mary Jean Bowman and C Arnold Anderson refer development as a process of generation, diffusion and realization of new opportunities. Development was defined by a Report: United Nations Development Decade "as growth plus change. Change in turn is social and cultural as well as economic and qualitative as well as quantitative." India shares 2.12% of land it has to bear the burden of 17.36% of the world population. India is a pluralistic society with diverse characteristic features in terms of urban rural divide, demography, culture, religion, ethnicity and geographical locations. The conventional and conservative society is now changing through a process of transformation. Indian economy is poor and about 70% of its population is dependent on agriculture. A significant agricultural growth has been taken place through green revolution in India more specifically in Punjab, Haryana and Andhra Pradesh during 1980's. But industrial revolution has not taken place so far though India announced its 1st industrial policy in the year 1948. In terms of food production India is not self-sufficient, and importing food grains from outside India. The process of modernization has already been started long before through assimilating the planning process and launched first 5th Five year plan since 1951, following the success story of former USSR.

Keywords: poverty, development, self-sufficient, agriculture, industrial policy, modernization, planning.

Introduction

The economist had a long standing positive interest in the relationship of economics and education. Educationist, now, have realized the importance of economics for educational development and the importance of education for economic growth. Climens (1984) stated education helps to improve the position of the poor and powerless and increase equality and justice in the society. After all, education and economics are complementary for each other's progress. Some important aims of education are determined by economic policy. Adam Smith the 1st economist who relate education with economic growth. Great economist Alfred Marshal was of the view that investment on education is a national investment. Backer and Denison, considered trained individuals as capital. Russian economist Stramlin (1924) took this subject to its height through research studies. The field of economics of education is being continuously explored by a few organizations. They are the NCERT, The Gokhale Institute of Politics and Economics and the Department of Economics, Lucknow University. Education plays a key role for restructuring the economy and social structure of any country.

The difference in urban and rural areas in poverty and levels of development are so marked that it may not be wrong to refer to two Indians. The urban Indians have a very high growth rate and low rates of poverty, with intense modern life. The rural Indians are left far behind in terms of economic growth, employment and poverty.

The main **objectives** of the article are 1) Study the social development status. 2) The job status and employment 3) status of Indian economy, 4) Education and Economic growth 5) Role of planning

Importance of the Study

This paper is conceptual and theoretical in nature. The socio-economic and employment status is analyzed in the context of economic growth and poverty alleviation. As education is an investment and is also important for human resource development, therefore it plays significant role in formation of capital and capitalizing of human resources. Proper planning on human resources, economic growth and employment generation can make the country self-dependent. The theoretical analysis of data in this regard may help conceptual development among readers and researchers.

Method of study

Methodologically the paper is conceptual, theoretical and analytical in nature. The sources of this article is both primary and secondary including literature i.e. research journals, books, Reports etc.

The Social Development Status

Social development have some indicators like, living standard-quality of life, elimination of poverty, expansion of education, increase in the level of employment, social justice, uplift of the weaker groups, providing security against various contingencies of life, improvements in social welfare amenities, protection and improvement of health, and people's participation in expansion programmes etc.

Table 1 Country-wise Population, Per capita income, and Labor Productivity (2005)

Country	Per capita income (in dollar)	Population (In Mn)	% World population	Labor productivity (in dollar)
China	7,600	1,340	19.22	9,518
India	3,500	1,210	17.36	7,700
USA	47,200	313	4.48	70,235
Japan	34,000	126	1.80	49,900
Thailand	8,700	89	1.00	13,842
France	33,100	63	0.91	56,563
UK	34,800	62	0.89	47,349
South Korea	30,000	48	0.69	33,552
Nether Lands	40,300	17	0.24	51,516
Denmark	36,600	5.5	0.08	45,423

Source: University news.

The Job Status and Employment

There is mismatch in job market not only in India but all over the world. The Europe is ageing but India's demographic profile is unique and productive as we have nearly 75 crores of population as labor force between (15-25 years).

This constitutes 60% of working and productive population in our country. If they are fully engaged in gainful employment it will transform the whole economic system. To understand the relative position of youth

unemployed among all adult unemployed, the youth unemployed as percentage of adult unemployed is computed for major states of India. It is found that in India out of every ten youth, six (61%) are unemployed in the year 2004, but it was five (45%) youth in every ten in the year 1998. This indicates the increasing economic insecurity among young people in recent years. It also indicates that youth are more prone to be actively seeking work and not finding it. Similar finding was observed in earlier studies (Chandrasekhar, Ghosh and Roychoudhury, 2006).

ILO chief Lawrence Jeff Johnson found the US has increased its productivity growth over developed economies, with USD 63885 of value added per person employed in 2006, followed by Ireland (USD 55,986), Luxemburg (USD 55,641) and Belgium (USD 55,235). But the report noted that Americans work more hours per year than workers in most other nations with developed economies, and thus Norway has the highest labour productivity level when measure as value added per hour worked. One third of the working age population is potentially underutilized. There are 195.7 million people in the world are unemployed and 1.3 billion working poor who live with their families on less than USD 2 per day per family member. Half of all men and women employed are considered vulnerable to poverty.

The State of Indian Economy

Indian economy is basically a mixed economy. Initially it adopted planned process of development through nationalizing some banks and coal mines. But gradually it has been shifting and playing pro-capitalist role model for socio-economic development. Economic development (David Navack, (1964) refers "continuous, substantial increase in per capita consumption of goods and services." It also refers to "the extensive application of inanimate power and other technologies to the production and distribution of economic goods". Economic development took place not only through industrialization, it also involve the use of power and technology in production. It also involves labor mobility, and extensive educational system. Economic development have a dichotomy of development and underdevelopment on the basis of per capita income

and factors like high literacy, high expectation of life at birth and low fertility, low production of labor force engaged and high production of kilowatts of electricity per capita. Currently the average per capita income of an Indian is around Rs.42,000/- as per the media report. There is high inflation rate in our country and the poorest of the poor suffer the most. The growth rate has declined in India from 9% to 5.7 % from the financial year 2005-06 to 2013). Mismatch job market is a big problem for Indian higher education system. According to NASSCOM, there is a shortage of 1.5 million workers in BPO and ITES itself. The share of this sector in GDP will be around 17%.

Poverty is the face of India. The rate of poverty in India is 25% (Govt. statistics), 55% population is in villages, 70% labor force is still illiterate or below primary level, self-employed 60%. Per capita income is less than 1/10 and labor productivity is less than 1/7. The planning Commission (1977) defined the poverty line on the basis of recommended nutritional requirements of 2,400 calories per person per day for rural areas and 2,100 calories for urban areas (Based on the recommendations of Nutrition Expert committee 1958). Poverty may be defined as a condition of economic status that led to hunger and malnutrition. Poverty is not only the deprivation of food, clothing and housing but also educational, intellectual and cultural deprivation. Recently a survey result revealed that 70% of Indian population has an earning of Rs. 20/-only per day. The question can be raised, how high quality of life can be maintained with such a small amount. It is impossible to fulfill the minimum requirement of day to day life and impossible to survive. Women and children are most vulnerable section in the society in terms of poverty, hunger and malnutrition. The 10th five year plan, as per the record indicated that 1/3 of Indian babies are born in India with low birth weight. They are born to malnourished and sick mothers. It was also recorded that India's maternal mortality rate is 540 per 100000 live births. A study conducted by Mohan Guruswamy and Ronald Joseph Abraham on behalf of Center for Policy Alternatives Society (2005) which confirms the highest incidence of poverty & infant mortality in the region. The infant mortality rate in Assam is 78 per 1000. Even Bihar has a lower infant mortality rate of 67 and the all India average is 71.

Infant and mothers mortality rate were high in the rural area due to the absence of medical facilities and guidance. This ratio is worse than many sub-Saharan African countries.

The major factors that causes poverty in India are: 1. Unequal distribution of wealth, 2. Mal -functioning of economic institutions, 3. Low production, 4. Poor income, 5. Non-existence savings, 6. Unemployment and underemployment, 7. Nutritional deficiency, 8. Unfavorable economic conditions: a) Bad climate, faulty environmental condition. b) Poor natural resources 9. High rate of population growth

Education and Economic Growth

From a theoretical view point, there are at least three mechanisms through which education may affect economic growth. Firstly, just in the micro-perspective, education increases the human capital inherent in the labor force which increases labor productivity and thus transitional growth towards a higher equilibrium level of output. Secondly, education may increase the innovative capacity of the economy, and the new knowledge on new technologies, product and process promotes growths. Thirdly, education may facilitate the diffusion and transmission of knowledge needed to understand and process new information and to successfully implement new technologies devised by others, which again promotes economic growth. Primary education:- Assessing the economic contribution of primary education Venkata Subramonium said, "Schooling educates the children in a number of ways in terms of punctuality, achievement motivation, will to take orders and to take responsibility that are vocationally useful". Secondary education:- Secondary education is rather more significant as it is the terminal stage of schooling for most of our students. Kothari commission (1964-66), has emphasized to introduce diversified courses and vocational education, linking it with productivity.

High rate of economic growth and its sustenance can't be achieved without a strong and vibrant education system as is evident from the fact that all rich countries have mature and developed system of higher education which works in close co-operation with industry. Higher

education:-The NKC (2005) emphasized on creation of knowledge society. The NKC has recommended three focal themes on higher education, i.e. expansion, excellence and inclusion. Proportion of higher education-is found to have a positive effect on the level of economic development. Higher education is significantly related to the human development index. The higher the level of higher education either in stock or in flow forms, the higher can be the level of human development influencing on two main components of HDI i.e. life expectancy, and GDP per capita. How education affects economic growth? Is there any standard method? The standard method to estimate the effect of education on economic growth is—to estimate cross country growth regressions where countries average annual growth in gross domestic product (GDP) per capita over several decades is expressed as a function of measures of schooling and a set of other variables deemed to be important for economic growth. There is relative importance of different mechanisms by which schooling quantity may affect economic growth.

Several studies suggest that education is important both as investment in human capital and in facilitating research, development and diffusion of technologies. Hanushek and Kimko (1991) build a measure of educational quality while working on the international student achievement test, found a statistically and economically significant positive effect of the quality of education on economic growth in 1960—1990 that dwarfs the association between quality of education and growth. The ranking of India in human development index was 176 as per HRD Report in the last decade. The life expectancy of an Indian was 64 years where as the life expectancy of Japanese people is 79 years. Human being is considered as the most valuable resources but natural resources are also very significant for socio-economic development. Depreciation of human development refers to the development of competency, knowledge and functional skills of persons—the males and females employed in productive and creative activities. It is also meant for man power development of a nation for all other developments.

Human itself is capital so long as they are productive. Increased possibilities of death and general deterioration of mental and physical health need maintenance and

repair therefore medical care and health services are necessary. The period of idleness and unemployment also impairs the skills and knowledge. Human capital can't be continuously employed which have a time limit. Employment can prevent the deterioration of human capital. Employees are not only the labor force but they are the active part of the system and have a direct link with the organization. This ever growing relationship between employees and employer is new trend of business. To convert human resources into human capital is most important. It is like converting natural resource to natural capital. Unfortunately such a crucial factor has been under-mind in Indian organizational culture. Important indicators of human resource development are the size of the stock of human capital and rate of human capital formation over a specified period.

Human resource development is measured through some important indicators such as literacy, gross enrolment ratio in higher education that gives an indicator of human capital formation. The measurement of human capital depends on some explicit and implicit assumption. Human capitals are the result of formal education, non-formal education, job training, experience, natural ability, social status and family income.

Role of Planning

For development we need certain policies and plans to set the goals, to locate the priority areas and to adopt certain strategies to achieve the goals of national development. The original idea behind planning was planned industrialization to address the problems of poverty and unemployment, of national defense and economic regeneration.

The analyst said that there were fundamental differences in approach –(i) One group aimed at the elimination of the profit motive and emphasizing the importance of equitable distribution. This group paid greater attention to the development of village and cottage industries. Its aim was to ensure an adequate standard of living for the masses to address poverty. (ii) Others favored big business establishments to strive and to retain free enterprise and the profit motive as far as possible and laying greater stress on production. This group favors a

rapid growth of heavy industries. The objective of the country was the attainment of national self sufficiency.

The first few plans were inevitably leading India towards establishing some of the aspects of socialist structure and many banks were nationalized and controlled by the Regulatory body like Reserve Bank of India. Pt. Nehru the faster wanted to see development and growth of Indian economy. He therefore once remarked, "India must learn to run, before she learns to walk." Capital formation is not only the focus for economic growth but also upgrading the human resources through education, training, health improvement and development of knowledge and technology. Therefore planning should give high priority on human capital formation to accelerate the pace of growth rate in India.

The education Commission (1964-66) stated the manpower requirement in the following lines, "If India is to achieve its targets of economic growth, it must have an adequate supply of educated specialists for each category of job to be performed. Conversely, if there is an excess of trained people in any category, it implies an imprudent use of scarce resources and also creates difficult problems of unemployment of the educated" Kothari Commission's Report stated that education is an important factor in manpower planning for a planned economy. The success of planned economy depends upon the development and proper utilization of human capital. Education can provide train manpower for the growth of national economy through vocational education at secondary level. Education and employment should have direct and an indirect link between output of educational system and manpower needs of job opportunities.

Through planning a prediction may be made about the required number of jobs, the nature of jobs, qualifications needed for various jobs and to create more job opportunities for generation of employment.

India has accepted to fight poverty and disease through its five year plan. Our education system has failed to create employment generation. Consequently, our country has been facing the problem of brain drain and our manpower is underutilized. Social development and economic growth is possible through planning and modernizing our economic and education systems.

Some Suggestions

Employment generating programs and schemes of the

Govt. of India launched from time to time to uplift the living condition of rural unemployed and rural population especially for people living below poverty line. The scheme covered the important areas like food, housing, health and sanitation, education and literacy, employment, agricultural loan and irrigation, road connectivity and socially and economically backward sections. The 20 point programme, NREP, RLEGP, Jawahar Rozgar Yojna, Self Employment Scheme for Educated Unemployed Youth (SEEUY), ANREGA, and MNREGA, are some of the major programmes launched in India at different times with different purposes. MNREGA is a very good scheme started in 2006 with 100 days job guarantee to the rural poor where 45% ladies participation is ensured. The report revealed that there is huge corruption and misappropriation of money throughout the country. The target group beneficiaries the rural poor are deprived of its benefit. For success of any policies and programmes it requires survey and appropriate monitoring system before the scheme is implemented.

Increased productivity may reduce poverty. It is expected that all the stake holders in the field of higher education to be productive agents in respect of scholarship, knowledge, skills, attitudes and commitments etc. Education is a social enterprise that requires investment from society in the form of funds physical resources, ideas, hopes and aspirations. Higher education should be productive and problem should be minimized. The productivity should always be on the rising curve, should continually improve.

Technical Training, regular incentives can morally encourage the employees for high quality product. Setting higher target of productivity and every student should be mentored to achieve their target.

Highlighting the linkage between poverty and labor productivity, a UN report has said that proper investment in training and skill enhancement would help reduce poverty to a great extent. "Productivity is the cornerstone for poverty alleviation," ILO chief Lawrence Jeff Johnson said in his report, titled 'Key Indicators of Labor Market'. The only asset the poor have is often their labor. And if we are to reduce poverty, we need to improve productivity.

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Education plays a vital role in creating human resources. The major determinants for the formation of human capital are job training, formal education, health services, and migration.

Industrialization can create employment generation and to enhance productivity in the country. Domestic and foreign investment should be encouraged. Even small scale industries at large scale can generate good employment generation.

The nation should be self sufficient in food production so that we need not to import it from outside the country with high price. The country must good transportation system including road, air and water way connectivity is crucial for business that can boost the marketing facilities for Selling and buying is crucial for economic growth.

For inclusive growth all sections of population including backward cast and communities, the under privilege, rural population, and the women should cover under the scheme of Governmental. The universal access and inclusive growth can ensure the sustainable economic development with distributive justice.

Peace and security is a pre-requisite for any development. The insurgency problem has negative impact on economic growth. The investors are not interested to invest with an apprehension that their business is not safe and secure.

Conclusion

India is a developing country. It has accepted a planned process for socio-economic development. In the era of LPG the new opportunities emerged and at the same time it results great challenge for developing and under developed nation due to monopolization of market economy by few world powers. High rates of education are essential for countries to achieve high levels of economic growth. Now, higher education is commercialized. It is considered like goods and commodity and educational institutions are like industries. The poor countries suffer both from quality and quantity and in free market economy

their interest is often compromised for this or that reason. Poverty eradication is impossible without sustainable development and economic growth. For economic growth Human resource capitalization, agricultural growth, industrialization and employment opportunities are significant. The budgetary allocation/ GDP share should be increased reasonably in general education and higher, technical and vocational in particular for sustainable economic growth. The approach of inclusive growth should get proper coverage in plans and programmes of the government. The government should encourage Foreign Domestic Investment with full protection of people's interest.

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