TERTIARY EDUCATION- A PILLAR OF DEVELOPING COUNTRIES

Dr. Saroj Verma, India
UNESCO says........

“Higher education is no longer a luxury; it is essential to national, social and economic development.”
The world economy is changing as knowledge becomes a key source of wealth. As knowledge becomes important, so too does higher education.

Expanding educational opportunities can lead to income growth, skilled labour pools, expanding choices and increasingly relevant skills that can help promote development.
A recent study of long term economic growth in a group of middle income countries shows that faster rates of growth were associated with increases in human capital and the ones which had more rapid growth had more developed secondary and tertiary systems at the outset.
Higher education and Co-operant factors

• In a study of six developed countries, Meulemeester and Rochat showed that higher education had a strong causal impact on economic growth in France, Japan, Sweden, and the United Kingdom, but no impact in Australia and Italy.

• The authors conclude that “higher education is necessary for growth but not sufficient”.

• “It is vital that the social, political, and economic structures and the technological level of the society to which the educational system belongs are such that graduates can actually make use of their accumulated knowledge.”
Adaptation to global changes

• The emergence of a global economy due to increased trade, investment and mobility of people across borders have forced nations to adapt their systems of higher education to the changed global realities.

• Countries are shunning their inward looking policies and marching towards global competitiveness.
Expansion of higher education

• Developed countries like the US, UK and Australia have major plans for investment.
• Developing countries, for example the BRIC countries are also aggressively pushing their higher education programme.
• The government in China has declared education, science and technology to be the strategic driving forces of sustainable economic growth. (World Bank, 2002).
Public Expenditure on Education as a percentage of GDP

- India was very low in the 70s, 80s and 90s.
- It was lowest in 2005 (in a comparison made between BRIC countries)

<table>
<thead>
<tr>
<th>Country</th>
<th>Public Expenditure as % of GDP</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2000</td>
</tr>
<tr>
<td>Brazil</td>
<td>4.0</td>
</tr>
<tr>
<td>China</td>
<td>1.9</td>
</tr>
<tr>
<td>India</td>
<td>4.4</td>
</tr>
<tr>
<td>S.Africa</td>
<td>5.6</td>
</tr>
<tr>
<td>USA</td>
<td>5.7</td>
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</tbody>
</table>
Participation in Tertiary Education

• This refers to participation in tertiary education by way of GER.


<table>
<thead>
<tr>
<th>Country</th>
<th>Tertiary- Gross Enrolment Ratio</th>
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<tbody>
<tr>
<td></td>
<td>1980</td>
</tr>
<tr>
<td>China</td>
<td>2</td>
</tr>
<tr>
<td>India</td>
<td>5</td>
</tr>
</tbody>
</table>
International Flow of Mobile Students

• This is the highest from China and India.
• The host countries which attract the highest number of students from the above are UK, USA and Australia.
• The need for international education will increase from 1.8 million international students in 2000 to 7.2 million international students in 2025.
Importance of tertiary education at various stages of development

• An increased fraction of tertiary level graduates in the labor force seems to have a different relationship to growth at different stages of economic development.

• ‘At low levels of development, those economies with a relatively high fraction of university-trained people in the population or labor force appear to have lower economic growth.'
Importance of tertiary education at various stages of development

• But when the economy enters its second, industrialization stage of development, these graduates take part in the productive dynamics of the country.

• When a country reaches an advanced development level, the role of human capital on economic growth moves from a direct impact on labor productivity to an indirect impact through increasing the capacity of the labor force as a whole to manage innovation and technical progress’.
Rate of return

- Economists estimate that ‘rate of return’ to the investment in education is generally positive in almost every country.
- In Europe, rates of return to education are about 7-8 percent, but in many developing countries, they can be much higher.
- In Brazil, for example, the overall rate of return to the investment in education is more than 12-14 percent.
- A positive rate of return to education suggests that investing in education contributes to agricultural productivity and economic growth’.
Rate of return

- Traditional rate of return analysis focuses solely on the financial rewards accrued by individuals and the tax revenues they generate.
- It neglects the broader benefits of advanced education manifested through entrepreneurship, job creation, good economic and political governance, and the effect of a highly educated cadre of workers on a nation’s health and social fabric.
- It also ignores the positive impacts of research – a core tertiary education activity – on economies.
Challenges

• In spite of rapid strides the gross enrollment ratios in developing countries is way less than in industrialized countries.
• However, ‘the more important gap between industrialized and developing countries lies in the quality of higher education’
• Brain Drain
• Is our youth employable?
Challenges

- ‘Though primary and secondary education is important and does provide basic skills to people, it is the quality and size of higher education that will differentiate a dynamic economy from a marginalised one in global knowledge based economy’.

- Quality often become a neglected factor when expansion takes place in the magnitude that is happening in some of the developing countries.
Young India

• Today, over 35% of our population is below the age of 20. By 2020, it is expected that 325 million people in India will reach working age, which will be the largest in the world.

• This will come at a time when the rest of the developed world will be faced with an ageing population.

• It is estimated that by 2020, US will be short of 17 million people of working age, China by 10 million, Japan by 9 million and Russia by 6 million.
Young India

• At the same time, India will have a surplus of 47 million working people.

• Even when compared to developing countries, Brazil’s working population is set to grow by 12%, China’s by 1%, Russia’s will decline by 18%, while India’s will grow by 30%.

• This is the reason Goldman Sachs predicted that only India can maintain a 5% growth rate until 2050.
Dr. ManMohan Singh says ..........

- India’s youth can be an asset only if there is an investment in their capabilities.
- A knowledge-driven generation will be an asset. Denied this investment, it will become a social and economic liability.
THANK YOU