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EDUCATION, INCOME AND GROWTH
A Study in the Economics of Education

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PREFACE

Economics of Education approximately is only quarter of a century old. However, it has made rapid progress both in the development of the theoretical structure of the discipline and in the empirical work conducted to test various hypotheses and theories. Like many other branches of Economics it is in a continuous process of evolution and enrichment.

✕ This study is an attempt to understand, identify and measure the economic value of education. Out of the many aspects of the Economics of Education I have focussed only on two : namely, the rate of return to educational investment, and the contribution of education to economic growth. These two Chapters constitute the main body of the study. It is preceded by an introductory Chapter dealing with preliminary considerations. ✕ The final Chapter, by way of conclusion, gives an evaluation of the various attempts and approaches surveyed in the preceding pages and points in the direction of further progress.

I had to narrow down the study to just two aspects of education for considerations of depth of analysis, and the limitation of time at my disposal. Throughout this study I have equated investment in Human Capital to investment in Education. Hence, whenever there is reference to Human Capital it should be interpreted as meaning education.

Education is a necessary, but not sufficient condition of economic development. This proposition is borne out by international and Indian experience. This is the inspiration which induced me to undertake this study.

I am grateful to the authorities of the Gokhale Institute of Politics and Economics for enabling me to pursue the M.Phil. course at the Institute by granting me a U.G.C. Teacher Fellowship and allowing me to avail myself of the study facilities of the Institute.

The gruelling onus of guiding this study fell on the shoulders of Professor B. S. R. Rao. But for his admirable erudition, patience, punctuality and goodwill this study would not have been completed in the time it did. In spite of the literally busy schedule of work he has, he found time to read and re-read the manuscript and give valuable suggestions and guidance. It was a pleasure to work under a person of such affable and approachable nature as Prof. B. S. R. Rao. I will always cherish grateful memories of working under him.

Shri S. K. Athale has done the difficult task of typing the manuscript in a very neat manner despite the very short span of time I gave him. I apologise for hurrying up and offer him my sentiments of gratitude.

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