

Education and Economic Growth in Nepal

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Abstract

This article identifies the situation of education and economic growth and the relationship between education and economic growth in Nepal. Education is one of the primary components of human capital formation, which is an important factor for human development. Human capital is essentially important in achieving a sustainable economic growth; however, this article analyzes the connection of education with economic growth and economic growth with education. Some recommendations for government at all levels should increase their funding on different areas of education in the country.

Keywords: Education, economic growth, transmission, knowledge, skills, human capital

1. Introduction

Education is a spark and machine for development and transmission of knowledge, skills and information for social change (Shukla, 1998). So, today's society desire "meaningful education for all" (Pradhan, 1999, p. 12). However, education provides knowledge, skills and information to improve and develop for social change and education is not only about knowledge, skills and information but also individual and social capability (Sen, 2000) and subjective well being that how much you are happy on your quality of life (Kenny, 2005). However, education is not only capability but also how much you are happy in your life and aware on the quality of everyday life in our society.

Economic Growth is an income development that shows how much you are economically becoming sustained in your life. Economic Growth refers increasing country's productive capacity, consumption of goods and services, as measured by comparing gross national product (GNP) in a year with the GNP in the previous year that includes the capital stock, advances in technology, and improvement in the quality and level of literacy are considered to be the principal causes of economic growth (CASSE, n.d.). However, economic growth is a measure of national per capital gross domestic product (GDP) in Nepal that depends on implementation of the economic policy.

According to the economic survey 2013, says that Per capita gross domestic products (GDP) is about US\$717, Per capita Gross National Income (GNI) is US\$721, Per capita Gross National Domestic Income (GNDI) is US\$926, Gross domestic savings is 9.3% of GDP, Gross national savings is 38.4% of GDP, Gross fixed capital formation is about 21.2% of GDP (Sapkota, 2013). However, gross domestic products growth has declined and domestic savings are down but national savings are up due to high inflow of remittances. So is per capita Gross National Domestic Income is US\$926 but still it is not much achievable.

The economic policy focuses toward needy people, the largest and fastest growing minority group within Nepal. However, back warded and marginalized people of continue to experience large disadvantages and face factors that will make it challenging for them to become upwardly mobile and achieve socioeconomic parity. Furthermore, both back warded and marginalized people of the same socioeconomic and educational obstacles that must be eradicated if the Nepal is to fulfill its commitment to achieving race neutrality so that the Nepal should go with "creed of opportunity" for inclusive of all groups (Harris, 2010). However, opportunity provides people for freedom in education and that determines economic growth in their life.

1.1. Education status in Nepal

Historically, the education situation is very poor. After Rana period, we can see the development of education in Nepal. About 34.1% people are still illiterate in Nepal (CBS, 2012) and the poverty rate of Nepal is about 25.16 percentage (CBS, 2011). However, Nepal is not developing fully in education as well as still problems in economic growth. Education determines the level of income and economic growth determines the level of people in our country.

With the aim of full children literate by 2015 and Achieve a 50 % improvement in adult literacy by 2015 (EFA, 2000), government of Nepal is planning and working with different programs and activities. But due to less focus on individual and social capability and not based on students centered, pedagogies are always becoming hegemony toward the low and poor people in our society. We have good program and policy named school sector reform program (SSRP) and policy (GON, 2009) but due to not pass the law from parliament that SSRP would not function well and manageable.

The School Sector Reform Plan (SSRP) is a long-term strategic plan to achieving the goals and objectives of basic and secondary education and is a continuation of the on-going programmes such as Education for All (EFA), Secondary Education Support Programme (SESP), Community School Support Programme

(CSSP) and Teacher Education Project (TEP) (GON, 2009). However the SSRP is based on past lessons learnt and gains and introduces new reforms characterized by strategic intervention such as the restructuring of school education, improvement in the quality of education, and institutionalization of performance accountability and cover the out-of-school population and has guaranteed the provision for all children to learn by raising efficiency and enhancing effectiveness in the delivery of services in the education sector.

Table no 1. Enrollments rate of 3-4 years age group in ECD/PPE centres

Enrollment in %	Boys	Girls	Total
Gross enrollment rate in ECD centres	76.5	64.8	66.2
% share of Dalit children	10.5	18.1	17.4
% share if Janajati	38.2	39.5	38.8
% of new entrants in grade 1 with ECD experience	49.8	50	49.9

Source: DOE (2009)

MOE defines 3-4 aged for early child development (ECD) and pre-primary education (PPE) centres and about 29.9% of new children with ECD background in grade one, higher than the previous school years (GON, 2009). The ratio of boys and girls with ECD experience was almost equal that is 49.8 % for boys and 50% for girls.

The condition of education is worst and poor in Nepal due social inequality, socioeconomic disparities and many existing social problems like child labour, girls trafficking, child marriage, crime, corruption and so no. So, we need meaningful education for all (Pradhan, 1999) that address to improve the existing education system in Nepal. However, education should be based on student and people centered so that they improve their education as well as improve their economic through education and education helps to improve living standards and to reduce social and income inequality.

1.2. Budget for education in Nepal

The situation of economic is also not good in Nepal. Nepal is among the poorest and least developed countries in the world, with about one-quarter of its population living below the poverty line. Agriculture is the mainstay of the economy, providing a livelihood for three-fourths of the population and accounting for a little over one-third of gross domestic product (GDP). The planners and policy makers always talk about economic sustainability in Nepal but situation is worst and people are not feeling economic sustainability that they desire.

Nepal's education budget increased by more than double in just four years reaching Rs 63.91 billion in fiscal year 2011/12 from Rs 27.06 billion in 2007/08 (Ghimire, 2013). However, Nepal is highly depending on foreign aid and has increased too and billion of money that invests for improvement in education but the situation is not so improved.

Foreign aid has crossed over Rs 14 billion at the present from Rs 688.8 million in 2007/08, an increase by around one percent compared to the last fiscal year (Ghimire, 2013). However, the large amount of the budget, around 60 percent, goes to school level education and remaining 40 percent to elementary education.

Table no.2 Summary of Allocation for education

Fiscal Year	1980/81	2000/01	2009/10	2010/11	2011/12
Total budget (in Rs million)	208	1,104.5	4,752.7	5,765	6,391
Foreign Aid (in Rs million)	12.2	192.9	1,409	1,296	1,523
Aid percent in total	8.20	19.38	29.6	22.49	23.84

(Ghimire, 2013)

The government of Nepal has no budget for improving education status in Nepal. So, the government of Nepal always needs to depend on foreign aid and that foreign aid is getting with their full interest of their benefits and demands. Then, how we can develop our education system and improve in economic without dependent in Nepal. The government of Nepal is not thinking about an alternative approach for education development with investing own budgets, own agenda, programs and plan of action based on national benefit and interest for people in our society.

Only having budget from others would not be sustainable and we never achieve our education target for educating children for all because all the policy and plans are designed by other with their own benefit and interest.

1.3. Relationship between education and economic growth

Education has high economic value and must be considered as a national capital. The capital must be invested and capitalized this human capital development besides the physical capital that contributes to country's economic growth (Razak, 2012). However, education is directly connection with economic growth which invests human capital development. Once human capital developed, education would be developed and increased.

Education plays an essential part in developing human capital and accelerating productivity in any country. It is considered as a tool for economic advancement. Over a period of time researchers have found that

Correlations exist across countries between economic growth rates and schooling enrollment rates including enrollment in higher education (Valeecha, 2012). However, number of schooling enrollment rates are depend on economic growth rates that shows close relationship between economic and education.

Education is valued for its immediate as well as its future benefits means the distribution of educational investment affects future income distribution, thus, equity plays an important role in educational investment decisions. Different societies give different weight between the objectives of efficiency and equity in defining an educational investment. In general, centrally planned economies placed a higher weight on equity grounds in defining their educational policy investment than capitalist economies (Lawal, 2011). However, equity plays a vital role for managing investment in education and still there is a closely relationship between education and economic growth.

An education system has to be designed in accordance with the actual needs of the economy that has to be attained before the development of higher education can foster economic development (UNESCO, 1996). However, education system develops based on economic and based on that higher education goes ahead in the life of people.

Education and economic growth are closely interrelated and relationship to each other. Once, your education is increased that is because of economic growth and increasing economic means that is because of education. Economic growth and growth in subjective wellbeing (SWB) and education that happiness whether country and people are happy than income. The correlation is reported as positive (+) if when income increased, Subjective wellbeing (SWB) increased or both fell together (Kenny, 2005). However, subjective wellbeing likes quality of life and happiness that would high when income growth is high.

World bank spend the billions and millions of budget for basic education project in Turkey but result was not satisfied due to less practice of individual and social capabilities in education for children (McClure, 2013). However, it shows that economic defines the right education for children and when education budget goes in wrong place then education would not improve.

So, education and economic growth are the two sides of coin and closely connection to each other. Education and economic growth are the measure for human development that determines human sustainability.

2. Analyze of education and economic growth

According to the plan of education policy and programs, the government of Nepal has not able to sustain and improve in education in Nepal due law of SSRP has not passed from parliament. As a documents, the SSRP was based on students centered and policy more clear on education but lack budget the SSRP was totally depend on foreign aid which shows the SSRP is designed by other people not national people for national human and education development.

A lot of social organizations which are working and focusing on child better education in Nepal but still these are fund by foreign aid that programs and activities are developed with the interest and benefit of foreign.

Education of Nepal is not development with equal participation of all actors in Nepal. Only high people are involving with hegemony toward the lower and poor people who is creating and developing culture reproduction as rich people are always rich and poor people are always poor in the country. That means, still we are not able to address and focus on needy people for education.

We have knowledge, skills, information, budgets for plan of action, human resources, but our education is poor due to some bad people in education sectors and even other areas. People who are working as a policy planer and makers, they are not well educated on education or they are influenced by political parties or they are just come through power of family status or they are only educated on corruption.

Country is poor but do you think people are really poor in Nepal. The economic growth of urban people are high than rural people. Urban people have money but do you think it is because of education or money through illegal process. According to the transparency international Nepal (TIN, 2012), high people and people who run the government are highly corrupted. Because of that our education system is not able to address to promote education for all. So, we need self awareness among the people in our society so that people can able to define and determine the right people for selecting members for parliament with best use of public vote in Nepal.

Now, the situation is very different that the people who are very honest, they are not educated and stay in remote areas and the people who are educated they are corrupted and are not good. With the name of developing and addressing poor people, they are just working only for their benefits and interest. Therefore, there should be meaningful and inclusive education for all in which education should address individual and social capability, equity for all, empathy, true opportunity and freedom and participation in all level of education.

3. Challenges and solution

In the context of Nepal, political instability is the main challenge for improving and developing education and economic growth for human development. Within the parties, there are conflicts, within the sub parties, there are conflicts and within the individuals there are conflicts. Political parties are the main actors who run the

government and make policy, laws and provisions for education in the country. So, unless and until there would not be political stability in Nepal, education and economic growth for human development is highly less possible because they are players for running the government and making laws, policy and provision.

Because of weak management in government, the programs and activities are not able meet and address based on needy people. That's why; we are not able to meet the objective as education for all by 2015.

Inclusive education for all and equal participation from all sectors in policy making and high decision making should address by government of Nepal so that all can share their ideas based on their problems and the real situation that they are facing in their everyday life.

Evaluation and monitoring parts are very weak in Nepal. Evaluation and monitoring should be continues so that people aware on education implementing policy and laws. We have laws and policy but never seen as highly implemented on education for human development. This is because that the system is highly developed by elite people for dominating lower and poor people.

So, government of Nepal should address education for not reached people and needs to manage own budget with own agenda and interest for human development. Promoting localization might be a one important step for developing education and income through mobilization of local resources in Nepal.

4. Conclusions

Finally, it is very much clear that education and economic growth are two parts of one coin and they are just interlinked to each other as water and fish. Without education, people cannot be educated and not possible to earn money for survival. Similarly, without economic growth people could not start to have higher education.

When education increases, income of people are also increased and when education goes down, income of people also goes down. Education and economic growth are always connection to each other and going together.

Now, why Nepal is poor? Is it because of education or Nepal's income is not developed well? Both education and economic growth are main reason for developing country. So, government of Nepal should follow the pedagogy based on people and student's centered so that needy and unreached people get an opportunity to come to the school for quality education and be aware on existing situation where they are surviving and living.

Laws, policy and provision should be function effectively and should be implemented as well. Government of Nepal should manage their own budgets based on their own plans of action so that they can work with their own interest and benefit based on their agenda. Many organizations are working for same agenda in which networking and communication play a main role for communicating to each other. So, need to go together with same agenda base on education and economic growth for human development and need to invest more budgets for improving education in Nepal.

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