

ROLE OF EDUCATION IN HUMAN CAPITAL FORMATION IN INDIA

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ABSTRACT

Developing skills in the population speeds up the process of human capital formation, along with physical capital accumulation. The three most important pillars of human capital formation are education, health and technical knowledge (skill). Technical knowledge brings about new methods of production, leads to inventions and development of new equipments and education is an important instrument for social, economic and political transformation of any society. Thus an economy should spend more resources on education and technical skills but developing economies being capital deficit economies are faced with the problem of scarcity of capital and very little amount is spent on educating people. Rate of growth in such economies consequently remain low. Here it is the responsibility of the Government to increase its support to educational institutions at various levels, investment in education and skills of the people and providing basic services to all. The channelling of significant amount of resources by the state in education and technical knowledge greatly enhances human capital formation. The main objective of this paper is to examine how education helps in human capital formation and at the same time throw light on the various Government efforts to increase human capital formation in India. The study is mainly based on the secondary data which was collected from various books, journals, publications etc.

KEYWORDS: *Human Capital Formation, Physical Capital, Economic Growth, Education, Health*