



# Role of education in promoting economic development: a critical study in reference to National Education Policy 2020

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**Abstract:** *The role of education in fostering economic development has been widely acknowledged across diverse economies and sociocultural contexts. This paper critically examines the impact of educational reforms under the National Education Policy (NEP) 2020 on economic development in India. This study explores how the policy's emphasis on equitable access, holistic and skill-oriented learning and integration of technology can catalyse economic growth. It suggests that NEP 2020's focus on early childhood education, vocational training and research and innovation is poised to enhance human capital, thereby boosting productivity and fostering inclusive economic growth. Though NEP 2020 has the potential to significantly contribute to economic development, successful outcomes depend on effective execution and continuous assessment of policy impacts. The study concludes by recommending policy adjustments and strategic initiatives to ensure that education serves as a robust catalyst for economic progress in India.*

**Key Words:** *Role of Education, Economic Development, NEP 2020, Human Capital.*

## 1. INTRODUCTION:

Education is the most crucial factor in the overall development of a nation. Education develops human resources and transforms them into economic resources. This process makes significant contributions to a country's economic growth by producing skilled and knowledgeable individuals who can foster economic activities. Education increases an individual's capacity to participate in economic activities and achieve financial independence. It also has a significant impact on improving productivity and innovation. Education plays a vital role in providing skilled labor to various sectors of the economy. However, the lack of proper implementation and strategic planning can hinder the economic potential of education. The importance of scientific and technical education in economic development cannot be overstated. Furthermore, modern education systems need to be designed to meet the demands of the current economic scenario. In light of this, the National Education Policy 2020 (NEP 2020) has introduced comprehensive reforms to enhance the quality of education and align it with the needs of the economy. The policy emphasises a multidisciplinary approach and the integration of vocational education to produce skilled and employable graduates. The implementation of NEP 2020 aims to transform the education system and significantly contribute to economic development. Therefore, in this study the author aims to critically analyse the role of education in promoting economic development in the light of NEP 2020.

## 2. REVIEW OF LITERATURE:

Research on NEP 2020 has highlighted a range of factors that shed light on its aims, recommendations, probability of success, infrastructure of institutions and digital support in achieving educational goals. Positive sides are associated to increasing digital platform for study, newly combined stream of higher education and scope of research innovation. On the other hand, negative considerations are technical difficulties to achieve the goals, challenges to implement the



recommendations of NEP 2020 and lack of proper guidelines. Kalyani (2020) conducted an empirical study on the relation of NEP 2020 and the future of Indian education system and its effects on the stakeholders. Impact of NEP 2020 on the higher education is observed by many researchers (Ranjan, 2023; Kurine, 2020; Singh & Baghel, 2020). Dar & GanaieNasir (2021) focused on the changing role of teacher educators in the context on NEP 2020. On the other side, Thapa (2022) investigates the function of libraries in achieving the aims of NEP 2020. Indeed, the researcher could not find any comprehensive study focusing on the role of education in promoting economic development in the context of NEP 2020. The author, therefore, seeks to address this research gap by conducting a thorough study on the role of education in promoting economic development in the light of NEP 2020.

### **3. OBJECTIVES OF THE STUDY:**

The main objectives of this research are mentioned below:

1. To point out the relationship between education and economy
2. To find out the contribution of education on economy
3. To highlight NEP 2020 recommendations fostering economic growth
4. To find out positive aspects of NEP 2020 in the context of economic development
5. To determine the obstacles to the implementation of NEP 2020 recommendations associated to economic growth
6. To find out probable solution to those obstacles.

### **4. METHODOLOGY:**

This study is based on the content-analysis of mainly the document of NEP 2020 by Ministry of Human Resource Development, Government of India (MHRD, 2020). Other important documents that helped to analyse the topic are some research articles related to education and economic domains (Easton & Klees, 1992; Hanushek & Wößmann, 2007; Spring, 1998).

### **5. THE RELATIONSHIP BETWEEN EDUCATION AND ECONOMY:**

A major significant role of education to promote economic growth of a country is observed (Easton & Klees, 1992; Hanushek & Wößmann, 2007; Spring, 1998). Under a changing society, the economic and social character of the country will be transformed. Only education can establish a belief in the creation of economic value and wealth and the increase in labor, productivity and education among people. Education and the existing curricula must prove capable of enhancing the productive capacity of various employments.

In reconstructing past democratic educational methods, it was suggested to bring education to the primary level from an economic perspective. Our traditional education system includes self-reproach for new education, electrical technology, overly-theoretical viewpoints and the lack of suitable appreciation for qualitative changes in production is not sufficient for educational production and does not adequately outline the nature of humanity. The present education and quality youth create production. Past educational methods have historically assisted in the disconnection of humans. If the method of authoritative education had previously been correctly directed and elevated society through democracy, the objectives of education would effectively conserve the foundational essence. Thus, character improvement of education-centered and institutional education resources will be directed towards real economic development. Just as past education skillfully guided human intellect and engaged in new tasks, economic education and strategic education in the classroom can focus on more equitable economic development policies.

### **6. CONTRIBUTION OF EDUCATION IN ECONOMIC DEVELOPMENT:**



Education contributes to scientific research, economic literacy and thus to the determination of social value. It significantly influences economic development through production, education and the necessary literacy. The aims in education policy which contribute to economic development are:

- **Skilled Workforce:** Education broadly enhances the knowledge and qualitative development necessary for increasing efficiency in the workforce. It equips people with maximum qualities that support the qualitative development and production in the economy.
- **Creative Capacity of Education:** Education increases creativity, problem-solving thinking and problem-solving abilities. It also develops the mentality of the workplace and effectively connects productivity capabilities, planning and teacher's teaching abilities.
- **Potential for Higher Advancement:** In employment, higher-level education fields enhance the potential for employment opportunities to a higher position, making it productive and advancing in skills, improving technology and promoting economic activities.
- **Human Resource Growth:** In the creation of human resources and the effort to position quality, the benefit of education plays a role in the information and the momentum of the times.
- **Community Development:** Community development refers to the advancement of education and culture within a community, promoting all-round development by encouraging social interactions and cultural activities.
- **National Development:** National development involves the holistic progress of the nation in terms of education, economy and society. It includes promoting and implementing policies that foster the overall growth and sustainability of the country.
- **Individual Physical and Mental Development:** A strong emphasis on education and discipline leads to personality development. By developing good habits and moral values from an early age, individuals can contribute positively to society. Education enriches one's life and enables a person to make meaningful contributions to their community. The development of an individual is linked to the overall growth of society. People must work together for collective improvement, fostering education and moral values to create a better future for all.

Education, in the broader sense, should aim at the comprehensive development of individuals and society. By emphasising knowledge and cultural awareness, education contributes to the progress and prosperity of the community and the nation as a whole.

## **7. POLICIES OF EDUCATION AND ECONOMIC DEVELOPMENT:**

In modern society, there is a close connection between education and economic development. The spread of education leads to the development of a skilled workforce, which in turn contributes significantly to the economy. In ancient society, education was not universally accessible and as a result, economic development was slow. In modern society, the widespread expansion of education has been instrumental in achieving rapid economic growth.

In the history of modern society, the Industrial Revolution is a significant milestone. After the Industrial Revolution, the demand for skilled workers increased, which led to the establishment of technical education and vocational training programs. Developed countries have invested heavily in education and training to ensure that their workforce is highly skilled and productive.

In India, the government's commitment to universal education is evident from initiatives like the National Education Policy of 1986, 1992 and 2020. The National Education Policy of 1986 emphasised the importance of education for all and made efforts to eradicate illiteracy. The 1992 policy continued these efforts and the 2020 policy aims to further strengthen the education system by promoting skill development and innovation. Adult education programs have also been expanded to enable all citizens to contribute to the nation's economic activities. The government,



through various schemes and policies, continues to focus on making education accessible to all, thereby ensuring the overall development of the economy.

## **8. NATIONAL EDUCATION POLICY 2020:**

The National Education Policy of 1986 and its 1992 revision were comprehensive and far-reaching. However, between 1992 and 2020, significant changes have occurred in the educational landscape globally and nationally, necessitating a fresh look at educational goals and structures. Therefore, with the aim of enhancing access to education and ensuring its relevance in the contemporary context, the Government of India introduced the new National Education Policy in 2020. The principal objective of this new policy, as of 2019, was to make comprehensive and qualitative improvements in the Indian education system. Under the guidance of former ISRO chairman Dr. K. Kasturirangan, the National Education Policy 2020 was drafted to address the needs of the 21st century and to incorporate modern educational approaches. The NEP 2020 builds on the foundation of the National Policy on Education of 1986 and seeks to bring about transformative changes in the Indian education system. This policy emphasises a learner-centric approach, enhanced teacher training, the integration of technology and the fostering of critical thinking and creativity.

The key features of NEP 2020 aim to foster an equitable, inclusive and integrated education system that accommodates diverse learning needs and prepares students for global challenges. This policy focuses on the holistic development of learners, making them not only academically proficient but also equipped with essential life skills. It stresses the importance of experiential learning, critical thinking and ethical and moral reasoning. The policy also highlights the need for robust teacher training programs, continuous professional development and the creation of a conducive learning environment. Furthermore, NEP 2020 encourages the development of multidisciplinary institutions, research and innovation and the use of technology to enhance learning experiences. Mandal (2023) finds multidisciplinary approach, being the focal point of NEP 2020, breaks stereotype by allowing students to choose subjects beyond the traditional stream. The policy aims to ensure that students from diverse socio-economic backgrounds have access to high-quality education and that the education system is geared towards fostering economic and social progress.

In conclusion, the National Education Policy 2020 represents a significant step towards creating a vibrant and dynamic educational ecosystem in India. It aims to develop competent, empathetic and globally aware citizens who can contribute meaningfully to society.

## **9. KEY HIGHLIGHTS OF NATIONAL EDUCATION POLICY 2020:**

The National Education Policy (NEP) 2020 aims to overhaul the Indian educational system to make it more inclusive and robust. The policy encompasses a wide range of reforms in the educational structure, governance and pedagogical aspects. Key highlights of the NEP 2020 are as follows:

- **Structural Change in School Education:** The traditional 10+2 system has been replaced with a new 5+3+3+4 structure. This new structure divides the school education into four stages:
  - **Foundational Stage:** 5 years of education, including 3 years of pre-primary and 2 years of primary schooling.
  - **Preparatory Stage:** 3 years of education from grades 3 to 5.
  - **Middle Stage:** 3 years of education from grades 6 to 8.
  - **Secondary Stage:** 4 years of education from grades 9 to 12, with the option of multiple exit points and re-entry.
- **Universal Access to Education:** The policy emphasises providing universal access to education at all levels, from preschool to secondary, ensuring no child is left out of the educational system.
- **Focus on Early Childhood Care and Education (ECCE):** The policy recognises the importance of early childhood education and proposes to integrate ECCE with the primary education system.



- **Reforms in Teacher Education:** To ensure the quality of education, the policy proposes reforms in teacher education, including stringent qualification requirements and continuous professional development.
- **Higher Education Reforms:** The policy aims to increase the Gross Enrollment Ratio (GER) in higher education from 26.3% in 2018 to 50% by 2035. It also emphasises the importance of research and innovation in higher education institutions.
- **Promotion of Multidisciplinary Education:** The policy encourages the establishment of large multidisciplinary institutions, with flexible curricula, creative combinations of subjects, integration of vocational education and multiple entry and exit points.
- **Academic Bank of Credit (ABC):** Academic Bank of Credit will be formed allowing students to continue their education in parts. Through this, students can accumulate credits and complete their degrees.
- **4-year Integrated Teacher Education Programmes and B.Ed. Programmes:** This new programmes will be integrated to create qualified teachers through practical and theoretical education.
- **Diploma Courses for teachers:** For the higher education and training of secondary and higher secondary teachers, various diploma courses will be started.
- **Discontinuation of M.Phil. Course:** The Master of Philosophy (M.Phil.) course will be discontinued.
- **PARAKH:** A national educational evaluation framework named PARAKH (Performance, Assessment, Review and Analysis of Knowledge for Holistic Development) will be implemented.
- Various undergraduate degrees will be introduced to improve the holistic development of students, emphasising interdisciplinary education.

NEP 2020 sets a comprehensive and forward-looking agenda for the Indian education system, aiming to create an education system that is more inclusive, equitable and aligned with global standards. By focusing on these key areas, NEP 2020 seeks to equip students with the skills and knowledge necessary to thrive in a rapidly changing world and contribute to India's economic development.

#### **10. RECOMMENDATIONS OF NATIONAL EDUCATION POLICY 2020 ON ECONOMIC DEVELOPMENT:**

National Education Policy 2020 will integrate vocational education within mainstream education to promote economic development and skill enhancement. The main points of NEP 2020 associated to economic growth are as follows:

- **National Skills Qualification Framework (NSQF) Implementation:** From 2020 onwards, NEP 2020 mandates the incorporation of vocational education within the education system. Vocational courses will be aligned with the NSQF, ensuring they are industry-relevant. Starting from school to higher education, vocational education will be mainstreamed and enhanced to meet the country's economic needs.
- **Vocational Courses:** Vocational education will be offered to students from the secondary school level, not only in the form of standalone vocational courses but integrated with undergraduate and postgraduate degrees as well. The policy aims to create skill-based training at both the undergraduate and postgraduate levels. Undergraduate students will have access to vocational education through general and skill-specific courses, internships and industry collaboration, helping them to be better prepared for the job market.
- **National Educational Technology Forum (NETF) Formation:** The National Educational Technology Forum (NETF) will be established as per NEP 2020. This forum will provide a platform for the free exchange of ideas on the use of technology to enhance learning, assessment, planning and administration. It will facilitate decision-making based on evidence, research and innovation, benefiting students, teachers and educational institutions.
- **Multidisciplinary, Flexible Curricula and Students' Holistic Development:** NEP 2020 emphasises a multidisciplinary approach in higher education, combining science, arts, commerce, vocational and professional courses. The policy will introduce flexibility in course choices and curricula, promoting holistic development and well-rounded education. New-age skills like critical thinking, problem-solving, creativity and digital literacy will be integral parts of the curriculum. Vocational education will be integrated with mainstream education from an early stage, providing practical skills and knowledge. This will ensure students are well-prepared for the workforce and can adapt to changing economic and employment landscapes.





- **Creative and Multi-disciplinary Education:** NEP 2020 emphasises the inclusion of multi-disciplinary educational practices to enhance the creativity and holistic development of students.
- **Inclusive Education:** NEP 2020 aims to achieve inclusive education and equitable opportunities for all by 2030. It seeks to reduce dropout rates and ensure that every student, regardless of their background, has access to quality education. It will especially focus on integrating marginalised and disadvantaged communities.
- **Adopting to emerging job markets:** The recommendations of NEP 2020 are balanced with emerging job markets trends. It emphasises on efficiency, productivity, technology and modernity which is compatible with today's job structure dependent on technology.
- **Promoting Research and Innovation in Higher Education:** NEP 2020 focuses on promoting research and innovation in higher education. It aims to develop a research-oriented mindset among students and faculty, creating a robust research ecosystem in the country. This includes setting up new research centers and providing necessary funds and facilities. The NEP 2020 will create a culture of research and innovation that aligns with global standards.

NEP 2020 presents a comprehensive vision for leveraging education as a catalyst for economic development. By focusing on skill development, promoting research and innovation, ensuring equitable access and fostering lifelong learning, the policy aims to create a knowledgeable, skilled and adaptable workforce capable of driving sustainable economic growth. Effective implementation of these recommendations is crucial for realising the policy's potential to transform India's economic landscape and position it as a leading global economy.

#### **11. POSITIVE ASPECTS OF NEP 2020 IN TERMS OF ECONOMIC DEVELOPMENT:**

NEP 2020 through its various recommendations strives to improve India economically, educationally, socially and overall. The positive aspects of NEP 2020 in terms of economic development recommendations are:

- The NEP 2020 has attempted to deconstruct the curriculum out of immaterial posturing. Forms for developing these skills have been taken from the school level.
- The contribution of technology in the modern age is undeniable. NEP 2020 places technology at all levels of education.
- Strengthening the economic situation of India through various vocational reforms is one of the objectives of NEP 2020.
- It blends tradition and modernity by emphasising higher education through mother tongue.
- It respects the individuality of students by giving importance to research related subjects right from the school level.

NEP 2020 presents a visionary framework that aligns the education system with the requirements of a modern economy. By focusing on skill development, research and innovation, inclusive education and lifelong learning, the policy aims to create a dynamic and adaptable workforce. These initiatives are crucial for driving economic growth, fostering entrepreneurship and positioning India as a competitive player in the global economy.

#### **12. OBSTACLES TO THE IMPLEMENTATION OF NEP 2020:**

Kumar et al (2021) identified significant shortcomings and implementation challenges of NEP 2020. While NEP 2020's specific guidelines are formulated with an eye towards the future social life, economy and job market, their implementations have some loopholes constraining international development of NEP 2020:

1. **Underdeveloped Infrastructure of Educational Institutions:** Schools do not have advanced infrastructure to handle the increasing use of technology directed in NEP 2020.
2. **Lack of skilled teachers:** Deficit of skillful teachers to handle modified curriculum is observed.
3. **Digital deficiency:** Due to lack of digital services in rural areas, there is no question of adopting digital infrastructure and digital learning materials.
4. **Economic barrier:** Raising the amount of money needed to implement NEP 2020 policies in the post-Covid era is certainly a time-consuming and difficult task.



5. **Restriction on participation of private sectors:** In such educational policies, private sectors have almost no important participation forecasting no good for the future of the country.

Addressing financial constraints, upgrading infrastructure, enhancing teacher training and ensuring equitable access to education are also some essential restraints for the successful implementation of NEP 2020. Additionally, fostering a culture of innovation and adaptability within the educational system, along with strong political will and effective governance, will be critical in realising the policy's vision for transforming India's education system and driving economic development.

### 13. PROBABLE SOLUTION TO THE OBSTACLES TO NEP 2020 IMPLEMENTATION:

Some effective measures can significantly remove barriers to the implementation of NEP 2020:

1. **Establishing Educational Institutions of International Standards:** Government should make institutions that meet international quality standards.
2. **Teacher Training and Development:** Comprehensive teacher training programs should be implemented to ensure high-quality education.
3. **Enhancing Digital Learning:** Digital learning environments must be promoted to ensure the continuity and quality of education.
4. **International Collaboration in Research and Development:** Government should foster international collaboration in research and development to enhance educational quality and innovation.

Effective implementation of these policies can play a significant role in enhancing the international educational landscape of NEP 2020 and contribute to global development.

### 14. CONCLUSION:

NEP 2020 has the potential to significantly impact India's economic development by creating a more skilled, innovative and inclusive workforce. By transforming the educational system, NEP 2020 aims to equip individuals with the knowledge and skills required to drive economic growth and foster sustainable development. The policy's success in promoting economic development will depend on effective implementation and the ability to address the challenges that arise in this transformative journey. Through strategic and inclusive educational reforms, India can harness the full potential of its human capital, paving the way for a prosperous and equitable future. The successful implementation of NEP 2020's recommendations is expected to have far-reaching positive impacts on India's economic development, contributing to sustainable and inclusive growth.

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