



# CHAPTER . 1

## CHAPTER - I

# METHODOLOGY AND STATEMENT OF THE PROBLEM

### 1.1 INTRODUCTION : \*

Nearly 1.3 billion people live on less than US \$1 per day. This number is growing steadily due to loss of employment and restricting of societies are creating new poor groups. Respect for human rights, meeting basic human needs and more equitable distribution of wealth, are clear priorities for the eradication of poverty. The United Nations Decade for Poverty Eradication (1997-2006) is a worldwide endeavor to confront the problem of human degradation caused by abject poverty. In this context, education plays an important role. However the question arises: "what can education do?" In this respect, UNESCO has initiated a programme in education that will contribute towards poverty eradication. It took into account the successful effort made by the Grameen Bank of Bangladesh.

The problem of poverty and unemployment are the two sides of the same coin. If a person is employed in a gainful way his earnings will go up and so the problem of poverty will get solved automatically. As a result, the policy makers thought out different schemes to provide employment to the needy people through various ways. The employment guarantee schemes in India and the Integrated Rural Development Program (IRDP) were launched and implemented with the objective of providing either wage employment or self-employment. However the success of these measures depends on the level of education of the participants. The human being can be turned in to capital if he gets the education and

\* Dr. S. S. Sahastrabudhe, Dr. V. B. Kakade, Dr. S. A. Dagare (2001)

"Fighting Poverty and Unemployment", Phadke Publication, Kolhapur.

## ‘ THE EARN AND LEARN SCHEME ’

acquires certain useful skills. The level of education becomes an important facilitator of improving the standard of living as it creates the awareness in the minds of the concerned person. The developing countries like India suffer from illiteracy and unemployment which in turn breeds the problem of poverty. The spread of education leads to increase in employability. The need and importance of higher education is reiterated in the UNESCO observation. It states, higher education is necessary for the intellectual and moral solidarity of mankind. In our complex and rapidly changing global society, higher education must contribute to the building of peace founded on a process of development and based on equity, justice, solidarity and liberty. To attain this objective, access on the basis of merit, the renovation of systems and institutions and service to society, including closer links to the world of work, must be the basis of renewal and renovation in this level of education. This requires that education should enjoy autonomy and freedom exercised with responsibility.

Since independence, India is making all out efforts to provide compulsory and free education at least up to 10<sup>th</sup> standard. The problem of higher education is more complicated as the benefits of such education are more in personal than social. The political compulsions and the aspirations of the new generation made it necessary to provide the subsidy even to the higher education. This has resulted in increasing burden of education on the government. In the era of free and competitive world, market oriented and jobs oriented strategy the government is now treating higher education as a non-priority sector. The scheme of financing the education in a self-reliant way occupies added significance.

The way to provide education in most effective and with lowest cost is through the self-reliant way of the Earn and Learn Scheme or the Labour Scheme as thought by Karmvir Bhaurao Patil.

## 1.2 ECONOMICS OF EDUCATION : \*

Education involves a process of learning. Broadly speaking, it covers the whole process of development through which a human being passes from infancy to maturity. A human being at birth, is endowed with certain innate abilities but he is ignorant of the physical and social environments, which surround him. Gradually he learns about them. He gets educated. The Sanskrit saying: ‘Tamsoma Jyotirgamaya’ aptly describes the purpose of education, via, to lead from darkness (ignorance) to light (knowledge). In this broad sense all life is learning.

Education has many aspects. Economic aspect is only one of them. This aspect is mainly concerned with the cost of education and returns from education. To put the same idea in current economic jargon the economic aspect of education is its input-output relationship. The inputs for the production of education mainly consist of teachers, administrators, building and all kinds of equipment. These constitute cost of education. The output consists of the volume of education acquired by the students.

The concept of human capital has been introduced in economic literature as distinguished from material capital. It is not only via investment in education that human capital formation takes place. Investment via health services and other social services would also do the same. Investment in education, however, is considered to be the most important factor in the context of the contribution of human resource to

\* Baljit Singh ( 1983 ), " Economics of Indian Education ", Meenakshi Prakashan, Meerut- New Delhi, P.

## ‘ THE EARN AND LEARN SCHEME ’

economic growth. The aspect of education is very important for developing countries, which are likely to subordinate the human capital formation to material capital formation.

Education has its cost that is substantial especially in the field of science and technology. It involves not merely dissemination of knowledge but also its creation. Knowledge does not exist in a state of nature. It has to be discovered created, accumulated and then imparted to the students. Huge resources in the form of capital (such as building, libraries, laboratories) and labour (of teachers and administrators) are required for creating the supply of education. Research constitutes a very important aspect of education without which the latter would languish and stagnate. Research is often cited as an important source of economic growth

Educationist always used to take the line that education is for the sake of education, that education is an activity, which has a value in, and by itself, which need no other justification. That education is intended for the development of personality, for the building of character, the stimulation of intellectual faculties, etc.

It is only since the last 15 years that we have had seminars, workshops, international conferences, study groups and publications on education as an investment. UNESCO has been very strongly advocating education as investment.

So, the quality of education is more important. To improve the quality of education trained teachers, fully equipped libraries and laboratories, buildings, play grounds etc. would be necessary.

### 1.3 EDUCATION AND ECONOMIC DEVELOPMENT : \*

#### INTRODUCTION :

Although it is obvious that people acquire useful skills and knowledge, it is not obvious that these skills and knowledge are a form of capital. That this capital is a substantial part a product of deliberate investment. That it has grown in western societies at a much faster rate than conventional (nonhuman) capital, and that its growth may well be the most distinctive feature of the economic system. It has been widely observed that increases in national output have been large compared with the increases of land, man-hours, and physical reproducible capital. Investment in human capital is, probably, the major explanation for this difference.

Much of what we call consumption constitutes investment in human capital., Direct expenditure on education, health, on migratory people lead to better job opportunities. Earnings received by mature students attending school and by workers acquiring on the job training are equally clear examples. Yet no where do these enter into our national accounts. The use of leisure time to improve skills and knowledge is widespread and it too, is unrecorded. In these and similar ways, the quality of human effort can be greatly improved and its productivity enhanced. I shall contend that such investment in human capital accounts for most of the impressive rise in the real earnings per worker.

Many paradox's and puzzles about our dynamic, growing economy can be resolved once human investment is taken into account.

\* Theodore W. Schultz ( 1971 ), " Investment In Human Capital ", The Free Press, Newyork Collier-macmillan Ltd., London.

## ‘ THE EARN AND LEARN SCHEME ’

When farm people take nonfarm jobs they earn substantially less than industrial workers of the same race, age and sex. Similarly, rural males earn much less than urban males because these differentials in earnings correspond closely to corresponding differentials in education. Uneducated rural people who operate farms whether as tenants or as owners, earn much less than educated rural people on comparable farms. Means the large differences in earnings seem rather to reflect mainly the differences in health and education. Workers in the south, on the average, earn appreciably less than those in the North or West, and also have less education on the average. Many migratory farm workers earn very little indeed by comparison with other workers. Many of them have virtually no schooling. They in poor health. They are unskilled, and have little ability to do useful work. To urge that the differences in the amount of human investment may explain these differences in earnings seems elementary.

An important determinant of economic growth is building up of human capital by focussing on education and health and there by increasing the productivity of the economy. The experience of highly performing East Asian economics shows that they could force a lead over other developing economics by making investment in human capital formation. In the sixties, these economies spent large sums on education on the lower grades; First by 1 providing universal primary education, later by increasing the availability of secondary education. Experience of East Asian countries also reveals that they were successful in reducing birth rate and thus brought about a sharp decline in the population growth rate. Consequently, declining fertility combined with rapid growth rate resulted in more resources becoming available per child for education. Coupled with this, these countries spent more resources on generating technical skills at the post secondary stage. The result of these policies has been a broad,

technically trained human capital base well suited for improving productivity and thus sustaining rapid economic development, whereas the state spending was devoted to provide primary and secondary education which benefited large segments of the population, higher education for the select few was largely self-financed. This strategy increased the base of human capital, which fostered economic development.

The research \* study of the world bank about eight high performing Asian Economies: Japan, the “Four Tigers”, HongKong, the Republic of Korea, Singapore and Taiwan (China) and the three newly industrialising economies of South-east Asia, Indonesia, Malaysia and Thailand has recorded that these economies grew faster than all other economies of the regions of the world. “In large measure the high performing Asian Economies achieved high growth by getting the basis right, private domestic investment and rapidly growing human capital. And some of these economies also got a head start because they had a better-educated labour force and a more effective system of public administration. In this sense, there is little that is ‘Miraculous’ about the high performing Asian economies superior record of growth. It is largely due to superior accumulation of physical and human capital.

A glaring feature of an underdeveloped economy is the poor quality of human capital. Most of the underdeveloped countries suffer from mass illiteracy. Illiteracy retards growth. A minimum level of education is necessary to acquire skills as also to comprehend social problems. Rural areas where illiteracy is a rule, are the back-waters of civilization and the centre of superstition social taboos and conservatism.

\* Rudder Datt and K. P. M. Sundharam ( 2002), “Indian Economy “, S. Chand and Company Ltd., Ram Nagar, New Delhi, 45<sup>th</sup> revised Edition 2002.



But if we enlarge the definition of capital formation to include the use of any resource that enhances productive capacity, then besides physical capital and knowledge and training of the population will also form a part of capital. As a result, the expenditure on education, skill formation research and improvements in health are included in human capital. The Indian expenditure on primary to higher education and research and development in 1997 was about 3.2 percent of the G.N.P. The corresponding figure for the U.S.A. is 5.4 percent of G.N.P.

Under the United Nations Development programme (UNDP), countries have been ranked on the basis of Human Development Index (HDI). This index is based on life expectancy, adult literacy, combined enrolment ratio- first, second and third level and real GDP per capita (Purchasing power parity basis) in US Dollars. It is very distressing to note that India has been ranked at number 124 on the basis of HDI while U.S.A. stands at number 6. Obviously, India has still to go a long way before it reaches the levels of developed countries in terms of human development index.

#### **1.4 GENESIS OF THE SCHEME IN INDIA : \***

The scheme of providing education to the poor students in a regular fashion is not feasible due to the acute poverty of the parents. Hence Karmvir Bhaurao Patil thought out a novel scheme where the students pay the fees in terms of labour. The students get education while earning this is known as the Earn and Learn scheme. It was launched in 1948 in Satara, a district place in Maharashtra. The Rayat Shikshan Sanstha (Educational Institute to provide Education to the general public) was established in 1919 by Karmvir Bhaurao Patil to cater to the educational

\* Pawar B. G. (1987), " Father of Rural Education ", Karmvir Bhaurao Patil, Matru-Boomi Prakashan, Kothrud - Pune.

needs of the poor and the downtrodden. He believed that education is an instrument for social change. This requires universal and free education. The Shivaji College of Satara became the first college to implement such a novel and unique scheme. It was the first free and residential college established in 1947. In those days higher education was the monopoly of the elite class. The formal education that was the legacy of the British era has created a dislike of physical work. This resulted into a new class structure in the Indian society. At present the Labour scheme is in operation in 13 branches of the Rayat Shikshan Sanstha.

### **1.5 OBJECTIVES OF THE EARN AND LEARN SCHEME :**

The objectives of Earn and Learn scheme can be listed as below :-

- 1) To provide higher education to deserving and needy students.
- 2) To make the education self supporting.
- 3) To develop self-reliant educational system.
- 4) To create dignity for Labour.
- 5) To develop mental and physical capabilities.
- 6) To create equality.
- 7) To create self respect.
- 8) To imbibe the principal of Freedom, Self-reliance, Self-respect and Self-education.

The students were required to depend on the mercy of the generous people who were willing to help the needy student in terms food or other assistance. The system was known as Madhukari system. The system

was humiliating and was available to the students of higher class only. Karmvir Bhaurao Patil thought to provide the education with respect to the needy, poor students through the labour of the students themselves. This system is known as labour scheme. It offered the avenues of higher education to the neglected students. It was a unique experiment in the field of education where the students were paying for the education in terms of their labour.

The students were required to stay together, eat together, work together and take the education. This had not only provided the education to the deserving and needy but also helped in formulating the right social attitude as the students belonging to various castes were living together in their educational period. The students were given free education and free boarding facilities.

#### **1.6 OBJECTIVES OF THE STUDY :**

It is a study of economic, social and psychological condition of the students of Vidhayarthi Bhavan.

The study has the following objectives :-

- 1) To trace the educational, social, ethnic and economic background of the students.
- 2) To study of the nature of the activating of Appasaheb Pawar Vidhayarthi Bhavan.
- 3) To study the role of the students in the ‘Earn and Learn Scheme’.
- 4) To study the working condition of the students.

- 5) To study the problems of the students and the ways suggested by them to solve these problems.
- 6) To analyse the impact on the beneficiary students.
- 7) To study the Economics of the scheme.

### **1.7 METHODOLOGY OF THE STUDY :**

The Methodology of the study is as below :

The present study is based on primary as well as secondary data. The primary data is collected from the interviews of the past and present students and of the office bearers of the scheme. A structured questionnaire is used for this purpose. The secondary data is collected through the official documents of the scheme. Appropriate statistical tools like averages, standard deviation and correlation is used for the study of the scheme.

### **1.8 LIMITATION OF THE STUDY :**

The objectives of the study are as under :

The study is undertaken as part of the partial fulfillment of the Degree course of Master of Philosophy in Economics. The researcher has limited his study to only labour scheme of Shivaji University, Kolhapur.

Further since the dissertation is required to be submitted to the university with a prescribed period of time, the period of the study is limited to the working of the unit for last 10 years from 1990 to 2000.

**REFERENCES :**

- 1) Dr. S. S. Sahastrabudhe, Dr. V. B. Kakade, Dr. S. A. Dagare (2001)  
“Fighting Poverty and Unemployment”, Phadke Publication, Kolhapur.
- 2) Baljit Singh (1983), “Economics of Indian Education”, Meenakshi  
Prakashan, Meerut - New Delhi.
- 3) Theodove W. Schultz (1971), “Investment in Human Capital”. The Free  
Press, Newyork Collier-macmillan Ltd. London.
- 4) Pawar B. G. (1987), “Father of Rural Education”, Karmvir Bhaurao Patil,  
Matru-Boomi Prakashan, Kothrud – Pune.
- 5) Ruddar Datt and K.P.M. Sundharam (2002), “Indian Economy”,  
S. Chand and Company Ltd. Ram Nagar, New Delhi, 45<sup>th</sup> revised  
Edition 2002.

**WEB SITES :**

- 1) [www.education.nic.in](http://www.education.nic.in)
- 2) [www.asg.com.au](http://www.asg.com.au)
- 3) [www.worldbank.org](http://www.worldbank.org)
- 4) [www.cato.org](http://www.cato.org)
- 5) [www.unesco.org](http://www.unesco.org)