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# Education and Human Capital Formation: Contribution to Inclusive Growth of the Economy

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## Abstract

Spread of education, skill development, increase in knowledge and know how, improvement of health and training of the workers lead to human capital formation in any country. All the factors that contribute to human capital formation are important but in recent times, education has catered center role, for its development. Education helps in the development of many dimensions of the human personality and it enables the individual to acquire the competencies required for living a meaningful life in a competitive globalized world. The education only, can enable the individuals to set beyond the darkness of ignorance and move towards the light of knowledge. There is need of system of education that helps in the development of these qualities and enhancement of self respect of human being and the quality education would enable the individual society to acquire the competencies required for meaningful life in a competitive globalized world.

*Key words: Economic development, Higher Education, Human Capital formation, skill formation.*

## Introduction

Population growth of any nation affects the economic development in two ways: first it promotes economic development and secondly it retards economic development. If the population growth leads to the increase in per capita product, improves the physical capital and act as a source of capital formation then the population becomes an asset and leads to development. Population growth retards capital formation when with a increase in population, per capita income declines. People are required to feed more children with same income. This further leads to fall in already low savings, low standard of living and low investment. Low standard of living deprives the population from education and skill

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development. Malnutrition and hunger take the capacity of people to think creative and productive. Both physical and mental capacity that contributes to human development goes down. Finally they become dependent population, do not contribute to the gross domestic product of the country and need support for their livelihood. Therefore, it is important to harness the growing working age population in productive activities in developing countries like India. In the reformed era, the Indian economy is undergoing transformation from primary sector to secondary and services sector, so there is a strong need to develop new skills, knowledge and creativity to compete in the knowledge based global economy. Therefore, to meet the growing need, it is utmost important to create human capital for the development of economy. Human Capital formation refers to the, "process of acquiring and increasing the number of person who have the skills, education and experience which are critical for the economic and political development of a country. It is thus associated with investment in man and his development as a creative and productive resource." It includes all formal and informal education. In simple terms, human capital formation deals with increase in manpower through education, skills, health and experience. It is all about the ways where man is capable of doing productive and creative works and hence increases the growth capacity of the nation. It expands the productivity of agriculture, industry and infrastructure for the development of the nation.

Building of human capital formation leads to upliftment of the poor, especially women in rural areas, people belong to the schedule caste, schedule tribes (ST's) and vulnerable section of the society. For inclusive development of country, all the sections of the economy have to raise their economic and social status and contribute to national development. Thus, Human Capital formation plays an important role in economic development. In fact, effective use of physical capital itself is dependent on human capital formation. Modern Economists in recent decades have pointed out that many third world countries have remained under developed on account of under development of human resources. The general masses of these countries are either illiterate or their level of education is very low, most of them are unskilled and untrained. Therefore, large scale investments in human capital formation are needed that if physical capital available in these countries can be exploited fully and in a more efficient way. Although there are different contributors such as Health, Information education, skill development, creativity and personality traits to the human capital formation but education has catered center role, for its development in recent times. Further quality education helps in the development of many dimensions of the human personality and it enables the individual to acquire the competencies required for living a meaningful life in a competitive globalized world. The education brings perfection in the life of an individual by inculcating the following abilities first to think logically and critically in life situations, second to realize once potential for self development that is physical, social and intellectual development, third to acquire concern for equality, justice and harmony. The education can only enable the individuals to set beyond the darkness of ignorance and move towards the light of knowledge. There is need of system of education that helps in the development of these qualities and enhancement of self respect of human being and the quality education would