



Economic Challenges and Investment in Education

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Developing countries are facing significant challenges in the contemporary global economy. The drivers of contemporary global economy are innovation, knowledge and technology. Advances in science and technology have revolutionized the content of knowledge and its dissemination. Economic development is largely dependent on a country's ability to acquire and apply science and technical knowledge. An increasingly complex production process requires highly educated workforce with advanced knowledge in particular field to succeed in the competitive market.

In a modern economy the most important factor of production is skilled labour (manpower) and to create required infrastructure for education and training, proper investment in relevant education is therefore a basic need. If individuals have a rough idea about the career opportunities, job opportunities and rates of return in terms of income on different levels and types of education, this will guide their investment decisions in regard to education. The size of the personal investment in education is a function of the family income and some other related factors. Rate of return from education to a large extent, determines the size of the personal investment in education.

Different studies have found variable rate of return from different levels and types of education. Here I tried to estimate the rate of return on various levels and types of education, to know the return from private education which is a determinant of educational demand in the market. Whether or not to invest in education is no longer an issue of debate. But the most important question is where exactly and in what types of education?

Mincerian earning function is used here to estimate the rates of return to education. People with at least 15 years of job experience are considered for the sample to know their income in relation to their education and experience. Here earnings in terms of income is considered as dependent variable and age, level of education, type of education, working hours, working sector and experience are used as independent variables. It is expected that estimation will give higher return from higher level of education and professional education is a better choice compare to non professional education. Hope that estimation result will also help to explain the increasing demand for higher level of professional education in modern globalised world.