CHAPTER ONE

INTRODUCTION

As the twenty first century dawns, the activity of education and training of all kinds has become one of the prime movers of development, and decisive factor of economic growth. Infact knowledge today is an international commodity. As the world becomes frantically competitive, nations realize the value of good quality higher education especially India, which is a country with abundance of human resource. What oil is to gulf, human resource is to India, therefore it should be given the highest priority. While education provides impetus for competition, the concern for equality of opportunity remains a classic issue. Nobel laureate Rabindranath Tagore looked upon colleges as the concentration of the intellectual forces in the country. Universities are in his words ‘the nucleus of a living cell, the centre of creative life of the national mind’. More than at any other period in human history, the knowledge base of a nation is critical to its prosperity, today.

The fructification of knowledge takes place in the labour market, thus the link between educational institution and the labour market preempts all social concerns. Education must transmit an

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1 Labour market: The market in which wages, salaries and conditions of employment are determined in the context of the supply of labour and demand for labour (1992) Penguin dictionary of economics, pp. 248.
increasing amount of constantly evolving knowledge and knowhow adapted to knowledge driven labour market efficiently on a mass scale. Education can promote cohesion if it strives to take the diversity of individuals and groups into consideration while taking care that it does not itself contribute to social exclusion. In fact education should be restored to its central place among the forces at work in society, to safeguard its function as a 'melting-pot' by combating all forms of exclusion. Education system can therefore no longer be expected to train labour force for stable industrial jobs, instead it must train individuals to be innovative and capable of evolving. Educational institution processes and transforms inputs (students) into outputs (labour force), in the systems approach\(^2\).

Indian caste system has been observed to be the most significant barrier to social mobility. Education has resulted in dissociating castes from occupations to a great extent though disparities still exist. A lot more is desired to bridge this gap especially in terms of gender and caste. Since caste has an occupational base and happened to be the 'sole' factor for labour market entry, historically, an effort is being made here to examine its relevance at a high level of technical education using the human capital approach\(^3\).

\(^2\) As used in Total Quality Management.
\(^3\) Human Capital: The skills and knowledge embodied in the labour force. It should increase the labour productivity in the same way investment does in machinery. Thus it is being used as a surrogate to productivity Penguin Dictionary of Economics, (1992).
1.1. EDUCATION AND ECONOMIC DEVELOPMENT: THEORETICAL ISSUES

Education aids economic development in two ways. It may influence economic development through changing the attributes relevant to economic development or it may influence economic development in its capacity as a relevant economic input. Thus, in the former case education may alter attitude to work, consumption preference etc. and in the latter, education is considered to be a process of skill formation as is treated at par with the process of capital formation. In fact there are two branches of theoretical work that are especially crucial to our understanding of the issue of the relation between education and economic change. The first group comprises of the study of labour markets and the second involves studies of the role of the state in economic and social development. Neoclassical economic theory has left us with deficiencies in both these areas: in understanding labour market institutions, because in neoclassical theory the labour market is a derivative of the market for goods and the number of people available for various kinds of jobs.

In discussion of the theory of labour markets (including individual worker's formal education as a variable) is now extensive, including the neoclassical view (Cain, 1975); the dual labour market view (Doeringer and Piore, 1971) and the segmented labour market view (Reich, Gordon...
and Edwards, 1973; Carter and Carnoy, 1974); (Edwards, 1979); (Rumberger and Carnoy, 1980); (Carnoy and Levin, 1982). Robert Solow as the president of the American Economic Association considered the debate important enough to refer it in his presidential address (Solow, 1980). The operation of labour markets is central to the discussion of whether education increases productivity and hence contributes to growth, or whether education is primarily a means of subsidizing the return to capital (the screening device approach) or primarily a means of reproducing the capitalist (or post capitalist) organization of production, and hence does not contribute to growth. With the labour market operation, it is the 'entry' which determines further growth of the fresh entrants, and hence is exclusively important.

1.2. STATE-EDUCATION INTERFACE

Economists (Bowles & Gintis, 1975, Carnoy, 1980; Carnoy and Levin, 1982), political sociologists (Offe, 1980; Lenhardt, 1980; Weiler, 1980) and even philosophers (Althusser, 1971) have made the state a primary focus of analyzing the relationship between education and the economy. In this discussion, the state in capitalist economics is seen in one form or another as mediating between the needs of employers to increase profits and needs of workers for increased wages and employment in better jobs. In order for the democratic state to be 'legitimate', it must give in to the demands of the mass of voting
workers; but to maintain its revenue base and the basis of its social function, the state must also reproduce the dominance by the capital owners and managers of the investment and production process. In this context education plays a variety of roles: it supplies skills for production and makes possible the allocation of skills to various kinds of jobs, it socializes youth to work in particular ways and to accept the work system. Yet as Carnoy and Levin (1982), suggest, this mediating role can also be the source of contradiction within the economic and political process. For example, young people may become 'overeducated for existing job (Rumberger, 1981), and hence may be the cause of turbulence in the system.

1.3. TECHNICAL EDUCATION AND LABOUR MARKET

Technical education is one of the most crucial components of human resource development with great potential for adding value to products and services and for improving the quality of life of the people. As a result of the efforts made during the successive five-year plans in the past on the development of technical education, the expansion of technical education, in the country has been phenomenal.

The vast network of institutions include IITs, REC's, technical universities, deemed universities, university departments of engineering and technology, state and private engineering colleges recognised by AICTE. Undergraduate technical education is the first tier process where
one learns the basics and the methodology of performing a technical
task. This is the opportunity for original thinking where training can
potentially lead to innovation and invention. Technical education has a
specific role in the development of competent professionals and should
be viewed as an incremental step over senior secondary general
education, because investments made in advance science, engineering
and technology have a stronger bearing on labour market.

The broad objective of technical education system is to supply
better qualified and more competent manpower for industry, organizations engaged in research, 'design and development', and educational institutions. The importance of such higher education is felt in diverse ways. Among other things, it promotes progress in technology intensive areas like development of industrial processes and products, space, atomic energy and creates a scientific temper in society and thereby meets societal needs.

More than fifty years after independence, the nation finds itself at
crossroads in a liberalized, globalized economy. Economic and industrial
growth has to be stepped up. This can be properly sustained only if there
is continues supply of well-trained technical personnel, sources from
myriad sections of the society.
1.4. EMPLOYMENT TRENDS: THE DEMAND FACTOR

Industrial slowdown and globalization are responsible for the rising unemployment - not so long ago, multinational companies were on a recruitment spree in India. They hired fresh management and technical graduates for the parent organizations based abroad and their local branches, straight from university campuses and IIT's. These companies have tapered off after riding high on the software boom. Since then, cutting jobs has become mandatory for lifting sagging bottomlines and saving on the rising labour costs. Thousands have been retrenched in multinational companies in United States and Europe. Naturally, Indian subsidiaries have been affected and orders from the head quarters are being carried out on recruitment and retrenchment policies.

Due to sluggish industrial growth there are few vacancies in the manufacturing sector. According to the statistical organization 1999-2000 annual survey of industries, the number of employees went down by 5 percent on top of a fall of 3 percent in the previous year. Indeed, the number of workers in the factory sector in 1999-2000 at 8.2 million is 8 percent lower than in 1995-96, reversing the rise in factory employment recorded in 1997-98.

The public sector, which has been the biggest employer, has also gone into a downsizing mode. Public sector units are handing out voluntary retirement schemes more frequently and are trimming staff to
cut costs. Overall, unemployment has been rising as reflected in the numbers registered with employment exchanges, live registers.

1.5. OBJECTIVES

1. To study if caste has a significant role in educational performance

2. To study if caste plays a role in pre market differentiation.

3. To study if caste plays a role in operational market differentiation.

4. To study if there is institutional differentiation in the labour market.

1.6. RESEARCH QUESTIONS

1. To compare the performance of reserved category students vis a with general category students at entry level

2. To compare the performance of reserved category students with general category students at exist level.

3. To study the trends and patterns of labour market of the institutes.

This study is mainly an empirical study based on primary data. Data has been collected on by administering structured questionnaires to engineering final year students and to two previous of 2000 and 1999.
A total sample of 310 respondents, both general as well as reserved category students were administered questionnaires.

The study contains eight chapters.

The first chapter introduces the subject under study while the second chapter elucidates the major component of caste and its status under education occupational differentiation. An exhaustive review of literature along with empirical studies undertaken in India are discussed in the following chapter.

The fourth chapter describes the methodology of the study along with the tools and statistical techniques used. While the fifth chapter is the empirical analysis of the field study on pre-market differentiation, the sixth chapter is the empirical analysis of the field study on 'in-market' differentiation.

The seventh chapter deals with the qualitative analysis on the subject along with selected case studies and the final chapter gives the conclusions of the study and examines the policy implications involved. It also includes a few suggestions of possible further areas of research related to the study.