PREFACE

The field of economic growth has reawakened with a new emphasis on the combination of theory with empirical work. Education has emerged with the key role in the dissemination of new knowledge and of capacities to adapt as central to the growth process. This is of increasing strategic importance in the new environment of knowledge-based and globalizing economies.

But true economic development does not occur unless this pure economic growth is accompanied by other dimensions important to the quality of life, such as education, good health, reduction in poverty and inequality, improvements in participatory democracy, political stability, a sustainable environment of forests, wildlife, air and water, less violent crime, and basic human rights. Yet these are also some of the aspects of human welfare to which education simultaneously contributes (McMohan, 1999).

Unfortunately these other contributions are often not fully recognized. This is partly because they are hard to measure. There are measures, but usually they are only for some sectors, and many are very particularistic and piecemeal at the micro level, if they exist at all. Furthermore, a structural approach that systematically measures and traces indirect impacts has not yet been employed.

The empirical work on relationship between public expenditure on education, education development and economic growth for the Less Developed Countries has a well-established lineage with most works purporting to confirm the role of education as an engine of economic growth (Theodore Schultz, 1961; Bowman and Anderson, 1963; Blaug, 1969; Tilak, 1975; Nair, 1978 and Hicks, 1980).

No conclusive pattern of causality between education and economic growth has been confirmed from cross-sectional as well as individual country studies. The debate has centered on whether education
development has a positive influence on growth or not. Since the seminal work by Edding (1958), a large number of empirical studies, such as Denison (1964) and Harbison and Myers (1964) have sought to delineate factors capable of providing a satisfactory explanation of this debate. Majority of these studies has been conducted within the inter-country cross-sectional framework. So far we have not come-across any systematic study on assessing the impact of education development on economic growth on the basis of causality test. Hence, for a proper and meaningful perspective of the above-mentioned problem, the present study proposes to examine this issue at a more disaggregated basis like district of Himachal Pradesh.

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