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Is Undergraduate Education the Backbone of India's Economic Growth?

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ABSTRACT

Education is vital to a nation's economic growth as it constitutes an investment in human capital development. Undergraduate education, which is the first level of higher education, equips students with critical thinking and skills, preparing them as catalysts for sustainable economic growth. The National Education Policy (NEP) 2020 emphasizes the significance of undergraduate education in promoting economic and societal development. It aims at holistic and multidisciplinary approach to education, incorporating critical thinking, problem-solving, and creative skills into the curriculum. Despite its contributions, the undergraduate education system faces challenges in terms of access and quality, skill mismatch, underinvestment in education etc. that limit its potential. This paper analyses how India's undergraduate education system is foundational to its ambitions of becoming a global economic leader. It provides suggestions to address existing challenges so that undergraduate education can emerge as the backbone of India's economic growth.

Keywords: *Economic Growth, India, Undergraduate Education, National Education Policy.*

I. PROLOGUE

“When I travel around the country, meeting with students, businesspeople, and others interested in the economy, I am occasionally asked for investment advice.... I know the answer to the question, and I will share it with you today: Education is the best investment.”

- Ben Bernanke, Former Chairman, Federal Reserve System.

Education constitutes an investment in human capital development and hence is crucial to a nation's economic growth and advancement. Undergraduate education, which is the first level of higher education, where students pursue a degree after high school, equips students with critical thinking and skills, preparing them as catalysts for sustainable economic growth. “The Ministry of Education's All India Survey on Higher Education 2020-2021” exhibits this

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significance by highlighting a notable rise in student enrolment numbers. Total enrolment in higher education crossed the 4-crore mark for the first time, reaching 4.14 crore, a 7.5% rise from 2019-20 and a significant 21% increase since 2014-15. Female enrolment surpassed 2 crores, marking an increase of 13 lakh from 2019-20 and 44 lakh (28%) since 2014-15.³

The importance of higher education in rescuing India from the crippling “burdens of poverty and underdevelopment” was underscored by *Dr. S. Radhakrishnan*, the second President of India and Chairman of the University Education Commission from 1948-49, as:

*“The most important and urgent reform needed in education is to transform it, to endeavour to relate it to the life, needs and aspirations of the people and thereby make it the powerful tool of social, economic and cultural transformation requires for the realisation of the national goals. To accomplish these goals, education should be developed so as to increase productivity, achieve social and national integration...”*⁴

II. UNDERGRADUATE EDUCATION AND ITS IMPORTANCE IN TERMS OF ECONOMIC GROWTH

Undergraduate programs act as a bridge between secondary education and professional or advanced studies, preparing students for the demands of the global workforce. Undergraduate education provides specialized knowledge in different fields along with critical thinking, which helps students develop the skills they require for professional life. For example, in numerous fields such as engineering, medical, legal, information technology, and so on, undergraduate education imparts essential fundamental knowledge. As per the World Bank, “Increasing the literacy rate by 1% can increase a country’s GDP growth by 0.3%.”⁵ India possesses the second-largest higher education system globally, with over 58,000 higher education institutions.⁶ As of 2022, just below 40 million young Indians were enrolled for higher education, of which 33 million students enrolled for undergraduate education.⁷

Another critical dimension is the global employability of Indian graduates. With the growing

³ The Ministry of Education, ‘All India Survey on Higher Education 2020-2021’.

⁴ Bhaswati Mukherjee, *Higher Education as a Lever of Development in India*, <https://mgiep.unesco.org/article/higher-education-as-a-lever-of-development-in-india> (last visited Dec 4, 2024).

⁵ Nilangni Bansal, *Impact of Education Policy on India’s GDP Growth: Strengthening the Foundation for a Thriving Nation* (2023), <https://www.investindia.gov.in/team-india-blogs/impact-education-policy-indias-gdp-growth-strengthening-foundation-thriving-nation> (last visited Dec 4, 2024).

⁶ India releases updated higher education statistics | British Council, <https://opportunities-insight.britishcouncil.org/short-articles/news/india-releases-updated-higher-education-statistics> (last visited Dec 5, 2024).

⁷ Abhishek Waghmare, *Higher Education*, DATA FOR INDIA (2024), <https://www.dataforindia.com/higher-education/> (last visited Dec 5, 2024).

recognition of Indian higher education degrees abroad, there is an increasing trend of Indian graduates contributing to international economies. While this reflects the quality of education, it also brings forth concerns related to brain drain. Strengthening domestic opportunities, improving research infrastructure, and incentivizing local entrepreneurship can help retain this talent within the country, contributing more directly to India's economy.

Undergraduate education significantly contributes to India's economic growth in multiple ways:

- **Human Capital Formation:** Undergraduate programs equip students with basic skills in connection to human values, developing critical and logical reasoning, required for modern industries.
- **Research and Innovation:** Undergraduate programs prepare the students to become domain experts by emphasising on technological advancements and productivity through research.
- **Entrepreneurship and Start-Ups:** It promotes creativity and innovation, driving entrepreneurial ventures.
- **Socio-Economic Equity:** Expanding access to higher education lowers income inequality and uplifts marginalized communities.

In addition to professional readiness, undergraduate education contributes to civic engagement and democratic participation. By instilling values such as responsibility, awareness of rights, and social consciousness, it builds a citizenry that is more informed and participatory. This in turn creates a stable environment conducive to economic development. Furthermore, exposure to global best practices and diverse perspectives during undergraduate studies encourages students to think beyond national boundaries. It promotes international collaboration and innovation.

III. THE NATIONAL EDUCATION POLICY: A TRANSFORMATIVE VISION

The National Education Policy (NEP) 2020 emphasizes the significance of undergraduate education in promoting economic and societal development. It aims at holistic and multidisciplinary approach to education, incorporating critical thinking, problem-solving, and creative skills into the curriculum. The NEP introduces undergraduate degrees of "3 or 4 years' duration, offering multiple exit options with appropriate certifications," making education more student centric. Aligned with this vision, the University Grants Commission (UGC) has crafted a new curriculum for undergraduate programmes, to support students in

aligning their studies with career goals.⁸

Additionally, the NEP encourages the integration of vocational education into mainstream undergraduate programs. It aims to equip students with theoretical knowledge coupled with practical skills. By the year 2025, the policy envisions at least 50% of learners having exposure to vocational education.⁹ This signifies an important shift towards making education more pragmatic and employment oriented.

However, the success of the NEP 2020 hinges not just on its vision but on meticulous implementation. Many universities and colleges face difficulties in transitioning to a multidisciplinary framework due to faculty shortages, lack of administrative readiness, and infrastructural limitations. Hence, capacity-building programs for educators, digitized content delivery systems, and inter-institutional collaborations will be essential to ensure that the policy's transformative potential is fully realized.

IV. CHALLENGES

Despite its contributions, the undergraduate education system faces challenges that limit its potential:

- **Access and Quality:** India's Gross Enrolment Ratio (GER) in higher education is below the global average, indicating that many eligible students lack access to undergraduate programs.
- **Skill Mismatch:** A significant proportion of graduates are either unemployed or underemployed due to a mismatch between educational curricula and industry demands. Moreover, there is a growing digital divide in India's education system. With the increasing reliance on online learning tools and platforms, students in rural and economically weaker sections face challenges in accessing technology and stable internet connectivity. It further widens the educational inequality.
- **Underinvestment in Education:** Public expenditure on education remains below the recommended 6% of GDP. This underinvestment hampers infrastructure development and the adoption of innovative teaching methodologies.
- **Fragmentation and Over-Regulation:** The existence of multiple regulatory bodies creates inefficiencies and hampers innovation within the education sector. Though the

⁸ Ministry of Human Resource Development, Government of India, 'National Education Policy 2020'.

⁹ *Reimagining Vocational Education and Skill-building: Background Note*, Ministry of Education (3 August 2021) 1.

NEP offers a single regulator for higher education to address this issue, its implementation remains a challenge.

V. EPILOGUE

India's undergraduate education system is foundational to its ambitions of becoming a global economic leader. With institutions supplying a substantial share of the global student population and placing importance on multidisciplinary learning, the system is well-positioned to connect the nation's demographic dividend. By addressing existing challenges, undergraduate education can emerge as the backbone of India's economic growth. Hence, it is suggested that:

- The Government of India shall take appropriate measures in expanding infrastructure in underserved regions and offering financial aid to underprivileged students to make the education system inclusive.
- UGC shall update curricula at regular intervals, incorporating emerging fields like artificial intelligence, data science, and sustainable development to prepare students for the future job market.
- Government as well as private educational institutions shall foster partnerships with industries to design courses and facilitate placements that can enhance employability. In addition, fostering deeper collaboration between public and private sectors in curriculum design, internships, and research funding can bridge the gap between academia and industry. Public-private partnerships can serve as a catalyst for innovation, better resource utilization, and increased employment opportunities for graduates.
- Higher educational institutions shall establish dedicated research hubs within their institutions to drive technological advancements and economic growth.
- Undergraduate institutions must prioritize life skills, communication, teamwork, and digital competencies as part of their core learning outcomes. Structured internships, industry-driven capstone projects, and experiential learning opportunities will bridge the gap between academia and the world of work.
- Strategic reforms aimed at improving faculty quality, incentivizing research publications, and promoting student exchange programs can position Indian undergraduate institutions on the global academic map. The inclusion of international

perspectives and partnerships in undergraduate curricula will also create globally competent graduates.

- Bridging the digital divide by improving infrastructure, offering device access, and promoting digital literacy, especially in rural and semi-urban areas, is vital to democratize undergraduate education in India.
- For the effective realization of the NEP 2020, central government and state governments shall coordinate effectively, establishing robust monitoring mechanisms.

In conclusion, by reimagining undergraduate education as a dynamic, inclusive, and future-ready space, India can harness its youth potential more effectively. A robust undergraduate system not only fosters economic growth but also strengthens the social fabric of the nation through empowered, skilled, and informed citizens.
