

EXTERNALITIES IN EDUCATION IN NEPAL

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Abstract

This article tries to interlink education with externalities and to show the positive and negative externalities in education. An externality is an economic term referring to a cost or benefit. Education emphasizes positive externality. We can't measure all the externalities in education in monetary terms as it is merit goods. Nepalese students go to other countries for higher study every year.

We can also see the negative externalities in the education sector in Nepal. Negative externalities in education are caused by lack of proper policy and implication. Generally we see the private and public producers in this field and both have their positive and negative externalities. Without the fulfillment of basic requirements public school cannot spill over the positive externalities. Negative externalities in education lead to an increase in the large number of so called educated masses in the society and flight the money as well as the young generation to other countries. So, this paper will provide some basic information about externalities in education for the interested researchers in this field.

KEY WORDS

Externality; Positive externalities; Negative externalities; Internalize the externalities; Merit goods

Introduction

An externality is an economic term referring to a cost or benefit incurred or received by a third party. However, the third party has no control over the creation of that cost or benefit. An externality can be both positive and negative and can be seen either in

production or consumption of a good or service. Externalities are negative when the social costs outweigh the private costs. Positive externalities occur when there is a positive gain on both the private level and social level.

Education emphasizes positive externality. We can't measure all the

externalities in education in monetary terms as it is merit goods. For example we can't measure the benefits of education regarding awareness towards existing politics. There are so many positive externalities from education that can feel a society like- crime reduction, social cohesion, technological change, charitable giving, positive effects of parental education on their children- reduction in children dropout from school, reduction in unmarried teenage mothers, reduction of in number of children being economically inactive. To measure this type of benefit an economist can go through the cost- effectiveness analysis. Most commonly in the education sector we can use the weighted cost-effectiveness analysis because education has several goals.

SUBJECT MATTER

The Ministry of Education, Science and Technology has revealed that not less than 300,000 students are enrolled in different universities across the world. Actually, the exact numbers of Nepalese students who sought permission for studying abroad are 323,972, confirms Girman Thapa, Chief of the Department of Foreign Education functioning under the concerned ministry. A total of 63,359 students took permission to go abroad for higher education last year (2075/076 BS). The number of Nepalese students going abroad was not that high way back in 2068/069 BS; it was just 10,324 students who wanted to go for studying in foreign

universities. The statistical average derived from the data of the last 8 years clearly shows that 200 Nepalese students on an average leave the country for foreign studies. After obtaining permission from the government, Nepalese students have scattered around 69 countries in higher studies (Khabar Hub.com 2019).

Above data shows that a large number Nepalese student goes to other countries for higher study every year. If we analyse this data from the economist point of view we can see the negative externalities in the education sector in Nepal that may not be seen in other countries. There are a good number of Nepalese students who never come back to Nepal after completing their study or being dropped out of the college. In general, once out of Nepal they never come back to settle down in the country. It means a country invests its citizens but the country can't reap the positive externalities from those students as technical transformation and many more that are necessary conditions for the overall development of a nation. But those who come back to Nepal have brought many positive externalities together. And that time a society can feel the positive external benefits of education that are above and beyond the private benefits realized by the individual decision maker.

The main pulling factor for abroad study is a traditional education system that is highly theoretical. It is based more on theories present in the textbook

than in practical knowledge which does not do a favor for the students to testify their knowledge in the field. And that's when things get difficult for students as they lack experience and can't cooperate effectively in their fields. Due to this, students get in a dilemma when asked about their course and its usage for they haven't been prepared for this and the theoretical expressions given to them would become handy. In this situation they may not be able or know to use it and they are highly likely to forget those expressions when unknown about their physical interpretations.

A theoretical knowledge simply does not qualify someone for the job. They have to get some skills they can apply to their work which is not the situation here and that creates underemployment. Underemployment maximizes their leisure time and starts to think negative. Also, youths are highly vulnerable at this stage emotionally, so they catch up bad deeds quickly because of which even the educated youth are found involved in wrong activities like drug addictions and crimes. (Samiksha Phuyal Krishi Innovation Hub Rupandehi, Nepal, 2nd January 2018) this, research also indicates the negative externalities in education due to lack of proper policy and implication. As we know externalities can be seen in production and consumption too. Education alone has both entities. On the one hand we can relate the education in production and on the other hand we can relate it with consumption. Generally

we see the private and public producers in this field and both have their positive and negative externalities. For example we can say that a private school can provide more external benefit than public because of applying advanced technology that will save the cost of government education in publicly funded school. It is also difficult to bring the quality in public schools in line with private schools.

Lack of dutiful qualified subject teachers and their absenteeism; poor teaching practices (rote-learning, teacher-centered, exam-oriented, donor-driven among others); delayed or non-availability of text-books; lack of adequate financial support; poor and insufficient physical facilities; lack of basic requirements (pure drinking water, hygienic school environment, no separate toilets for boys and girls), problem of roads and bridges, difficult weather and geographical conditions, poor socio-economic conditions, high drop-out rate; negative influence of culture; donors' dominance and unnecessary influence of foreign programmers and institutional competition; and lack of technological support and quality teaching-learning practices are some long-standing problems in Nepal's education sector. The quality of many public schools compared to private schools is very poor. The situation is worse in most of the schools in the rural and Terai areas. So strengthening public schools and managing private schools are also major challenges. (The Himalayan times, Shiba

datta gnawali; Education in federal Nepal: What are challenges ahead? Aug 16, 2018)

Above article focused on the problem of public schools in Nepal basically in rural areas. On the basis of the above problem an economist can identify the positive and negative externalities of public school and can give suggestions to internalize the externalities. Various reviews on this topic show there is not clearly mention of externalities in education, in Nepal. But we can see many positive and negative externalities.

ANALYSIS

In principle, externalities can be positive or negative (e.g., environmental pollution), but when it comes to education, we think mostly of positive externalities. Education is associated

with many beneficial effects in society. In the economics of education literature, these effects are typically measured by observing in the labor market the increased earnings or productivity of more educated workers relative to less educated ones. However, there are classes of non-market or external benefits of education that have long been recognized but extremely difficult to measure. For example, to the extent that more education is associated with better health, healthier workers must enjoy higher earnings than measured solely on market wages. Another example is the extent to which more educated people are less prone to commit crime, hence saving society policing costs. Such savings are an additional benefit of education. The basic taxonomy of educational benefit is given below.

Basic taxonomy of educational benefits

Benefit type	Private	Social
Market	<ul style="list-style-type: none"> Improved employability Higher earnings Less unemployment Greater mobility 	<ul style="list-style-type: none"> Higher net tax revenue Less reliance on government financial support
Non-market	<ul style="list-style-type: none"> Greater consumer efficiency Better personal and family health Better health and skills of children 	<ul style="list-style-type: none"> Reduced crime Less spread of infectious diseases Better social cohesion Increased voter participation

Source: EENEE Analytical report n. 34, February 2018

But in Nepal we can also feel negative externalities in education which may not match other developed countries. For example, in the recent years, some public

schools have upgraded themselves to the 10+2 level with governmental support, and in the urban and semi-urban areas a number of private 10+2 institutions have

sprung up without any lower school base. Government imposes English medium class in almost all public schools. The policy regarding English medium is not bad because it will develop the comprehension and spoken skill of English language that is very necessary for today's globally integrated world. No doubt if it works properly positive externalities will spill over to society and future generations. But the major problem is that policy is implemented without any baseline development. Most public schools are facing the problem of skilled manpower. There is a scarcity of English teachers. Even teachers with lower qualifications are compelled to teach at a higher level. That may cause negative externalities in education. On the one hand they are from poor family background and on the other hand they are not getting better education in their native place. The negative externalities are not only the result of poor management but also the traditional teaching method adapted by Nepalese society. That leads to an increase in the large number of so-called educated masses in the society. As per the education system they are not self sufficient to apply their theoretical knowledge in their workplace. The problem becomes more serious in that case when we Nepalese students can't compete with the students of other countries. The scenario is even more shameful when our academic certificate is worthless in foreign countries. Due to these very practical reasons most students

leave their own country for further study after the SEE examination. That leads to flight of money as well as the young generation also. Migrant students may give positive externalities in future if they will come back after finishing their study. But various researches show that the returning rate is very low. Sometimes they are cheated by many illegal institutions due to lack of information. This also leads to externalities to the society as well as the country.

Remaining students, those who want to choose their workplace and study in their own country. The obstacle is not less for them due to the political scenario of the country they are not able to choose the best job as per their qualification. These things again force them to go to other countries for jobs. But unfortunately they have to sell their labor in Malaysia and Quarter at throw away price. It means they are not getting the exact monetary value of their education as a direct market benefit that indirectly affects their health and leaving standard. The core thing is to maintain positive externalities in education is not to allow the lowering the quality of education and necessary not to allow the cheating in examination and by any means necessary.

CONCLUSION

Positive externalities in education are mandatory for any society. Government of Nepal also provides subsidies to public schools. That is good to encourage positive externalities. But in our system subsidies always go to producers of

the education directly and indirectly to consumers or students. That leads to creating much more corruption within the system as well as causing negative externalities. Many researches suggest providing those subsidies directly to consumers but this system is also failing in many countries. In my opinion, it is better to define an education zone for each society. It means the school and college of that particular society has reasonability to educate all the children with quality education. In this case the government can reward those schools and colleges for their better participation in society.

Finally, we can say there is no compromise with quality education then

only we get only positive externalities in education. At the entrance gate of a university in South Africa, the following message was posted for contemplation- “Destroying any nation does not require the use of atomic bombs or the use of long range missiles. It only requires lowering the quality of education and allowing cheating in the examination by the students” patients die at the hand of such doctors. Buildings collapse at the hand of such engineers. Money is lost at the hands of such economists and accounts. Humanities die at the hand of such religious scholars. Justification is lost at the hands of such judges. “The collapse of education is the collapse of a nation.”

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