

# Chapter 3

## Analysing the Trends in Public Expenditure on Education in India

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DR. TAHIR HUSSAIN ANSARI

HUMA SHAHID

### Abstract

This study looks at the patterns of public spending on education in India with the goal of clarifying financial priorities, distribution patterns, and the effects these have had on educational results over the last few decades. This study does a thorough examination of the variations in educational spending at the federal and state levels using extensive data from government budgets, policy papers, and statistics reports. The research highlights the differences in state-by-state spending on education and looks at how these differences affect educational fairness and quality. According to the study, increases in important educational indicators including student performance, enrolment ratios, and literacy rates are correlated with public spending. Additionally, it evaluates the results of flagship government programs and policies meant to improve educational accessibility and infrastructure. Persistent difficulties are identified by the research, such as in efficient money utilization, regional disparities, and the need for a more focused strategy to meet the particular requirements of underfunded regions. The study's policy suggestions, which highlight the significance of a planned, fair, and sustainable approach to finance, are intended to maximize investments in education.

**Keywords:** Public Expenditure, Education Financing, India, Education Outcomes.

### Introduction

This study will also examine the obstacles that have prevented the best use of educational funding, including in efficiencies in the bureaucracy, corruption, and opaque financial management. Comprehending these obstacles is crucial in order to devise strategies that might optimise the effectiveness and influence of public funding on education. The study's design is to offer a comprehensive and lucid analysis. The first few parts will cover the body of research on public

spending on education and place India in the perspective of global trends. Subsequently, the research methods will be presented, including the data sources, analytical instruments, and study structure. The study of public expenditure patterns, emphasising notable changes in national and state budget allocations, will be the main topic of the following sections. There will also be an analysis of how economic variables, such as GDP growth and budget deficits, affect the financing of education. Further insights will come from case studies of certain states that have made significant advancement so had difficulties with financing education. Finally, the data will be summarised and links between spending patterns and academic performance will be made. It will be suggested that policies be changed, with a focus on addressing regional inequities through focused interventions, better financial management, and more investment. To sum up, the goal of this research is to advance our knowledge of the complex relationship between the evolution of public education spending in India and the implications for the country's educational environment going forward. It aims to support policy decisions that might result in more efficient and fair financing for education, eventually promoting a better educated and affluent society, by offering evidence-based insights.

### **Outcomes of Education Financing**

In India, the state and federal governments are in charge of education. Central as well as State governments are in charge of running higher educational establishments (HEIs). The Department of Education develops and carries out national strategies and procedures to increase access to both offers scholarships and education. There are two departments under the Ministry of Education: (i) the Department of Literacy and School Education, and (ii) the Higher Education Department. The duties of the Department of School Education include institutions like Navodaya and Kendriya Vidyalayas. It also provides funding for certain initiatives. Adopted by governments like Samagra Shiksha, This, aims to increase school accessibility and general educational objectives as well as the National Midday Meal Program. The Higher Education Department Central universities, IITs, and NITs are funded by education. IISERs, IIMs, Planning Schools, and Among other things, architecture. Additionally, it finances the higher authorities on education, AICTE and UGC. The Department also encourages innovation and research in higher learning, and offers financial aid for greater learning. This memo looks at the distribution

to the Ministry for 2023–2024, as well as total funding problems in the field of education.

**Overview of the Education Outcome Financing**

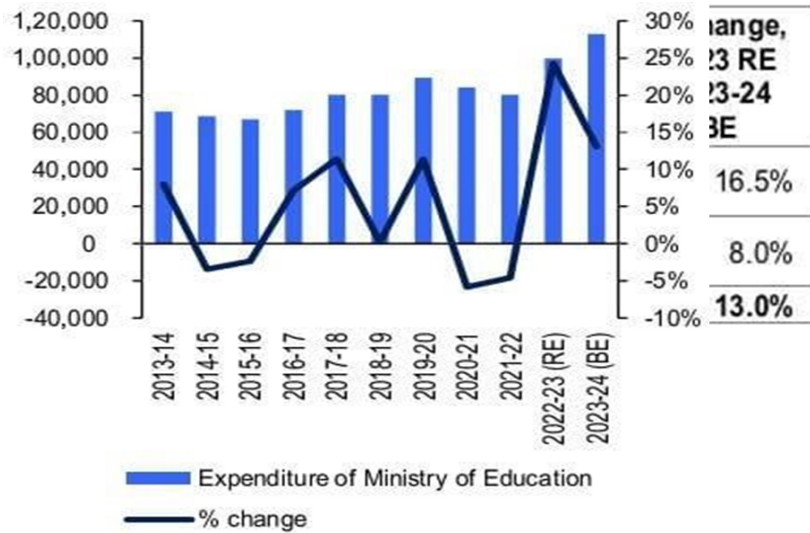
The Ministry of Education has been given a budget of Rs 112899 crore for 2023–2024. This represents a rise in 13 percent more than the updated 2022–2023 forecasts. The Department of Literacy and School Education has received a budget of Rs 68,805 crore or 61 percent of the Ministry's outlay). This represents a rise in 16.5 percent more than the updated 2022–2023 forecasts. The Allocated to the Department of Higher Education 34,095 crore rupees, or 39 percent of the Ministry's spending), a rise of 8 percent over the updated projections for 2022–2023.

**Table 1: Ministry of Education Outcomes (in Indian Rupees)**

	2021-22 Actuals	2022- 23 RE	2023-24 BE	% change, 22-23 RE to 23-24 BE
<b>School Education</b>	46,822	59,053	68,805	16.5%
<b>Higher Education</b>	33,531	40,828	44,095	8.0%
<b>Total</b>	<b>80,352</b>	<b>99,881</b>	<b>1,12,899</b>	<b>13.0%</b>

Sources: PRS; Expenditure Budget 2023–2024.

The Ministry of Education has received an increase in funding at an average yearly rate of 4.7 percent during 2013–14. The amount that the government spent decreased. In, 2020–21 and 2021–22, the ministry may owe the COVID-19 outbreak. The updated estimates for 2022–2023 exceed actuals by 24 percent.

**Figure1: Expenditure of Ministry of Education Outcomes**

### Department of School Education

The Department of School Education has been given Rs 68,805 crore for 2023–2024; this is 17 percent more than the revised estimate for 2022–2023 years. In 2020–2021 and 2021–2022, the real cost of the Department decreased as a result of COVID-19 epidemic that forced the closure of schools. The bulk of the Department's budget for 2023–2024. The Samagra Shiksha Abhiyaan is the focus of (54 percent) 37,453 crore rupees. Independent entities under the Department to get Rs 14,391 crore, or 21 percent of the Department's outlay. Bodies are included in this. The Kendriya Vidyalaya Sangathan (KVS), for example the CBSE and the Navodaya Vidyalaya Samiti (KVS). It is projected that the Pradhan Mantri Poshan Shakti Nirman (PMPOSHAN) initiative will get Rs 11,600 crore, or 10 percent of the total the department's projection. Table 3 displays the solution.

**Table 2: The Department of School Education**

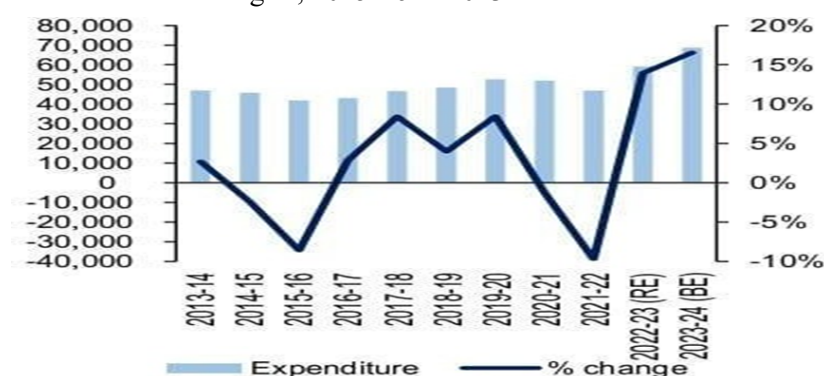
Major Heads	Actual 2021-22	2022-23 RE	2023-24 BE	% Change (RE to BE)
<b>Samagra Shiksha</b>	25,061	32,152	37,453	16%
<b>Autonomous Bodies*</b>	10,933	12,859	14,391	12%
<b>PM POSHAN**</b>	10,231	12,800	11,600	-9%
<b>PM SHRI***</b>	-	-	4,000	-
<b>NCERT</b>	320	405	519	28%
<b>Others</b>	25	537	478	-11%
<b>National Means cum Merit Scholarship Scheme</b>	252	300	364	21%
<b>Total</b>	<b>46,822</b>	<b>59,053</b>	<b>68,805</b>	<b>17%</b>

Sources: Expenditure Budget, 2023-24, PRS.

The National Education Policy, 2020 (NEP) aims to: (i) reform curriculum and pedagogy, including early childhood education nursery; (ii) organise and schedule the completion of goals for fundamental numeracy and literacy; and (iii) attain universal access to education.

**Figure2: Department of School Education**

Sources: Union Budgets, 2015-16 to 2023-24



**Samagra Shiksha Abhiyan**

The Department of School Education's main program, Samagra Shiksha Abhiyan, aims to provide universal access to education. Education as outlined in the NEP. It encompassed (i) Sarva Shiksha Abhiyan, which aimed to accomplish universal elementary education; (ii) the Rashtriya Madhyamik Shiksha Abhiyan was aimed upon raising secondary school enrolment, and (iii) Teacher Education programs aimed to enhance and preserve instructors' proficiency. The National Initiative for Proficiency in Reading with Understanding and Numeracy (NIPUN) Bharat is one of the scheme's primary instructional components. Mission, which aims to fulfil the NEP's objective of Numeracy and Literacy at the Foundation (FLN). The National Program for Principals and NISHTHA, or Teachers Holistic Advancement, is a program for training teachers under the plan, which, as a result of the COVID-19, has grown online pandemic. The Plan offers assistance with children with disabilities in the form of accessible course materials, including textbooks in Braille, and financial assistance for kids with exceptional requirements. The Plan also provides funding for progress monitoring of academic success via the National Survey of Achievement and an analysis of FLN, the Study of Foundational Learning (FLS). The plan has been given a budget of Rs. 37,453 crore for 2023–2024.

**PM Schools for India's Future (PM-SHRI)**

In terms of NEP goals, 14,500 PM-SHRI schools are meant to act as model schools under this program. The five-year plan will run from 2022–2023, until 2026–2027. Regarding this during the course of the project, the anticipated total cost of Among the Rs 27,360 crore, Rs18,128 crore will be the federal government's contribution. In 2023-24, Amounts provided under the initiative total Rs 4,000crore.

**Pradhan Mantri Poshan Shakti Nirman (PMPOSHAN)**

PM-POSHAN, formerly known as the Mid-Day Meal Scheme, offers prepared midday meals to qualified students attending schools run or supported by federal, municipal or state governments. The plan aims to enhance children's nutritional status while motivating them to engage in class room activities instruction. The program is supported by law. In, accordance with National Food Security Act Section 5, 2013.20 Rs. 11,600 has been allotted to the program. Crore by 2023 and 2024.

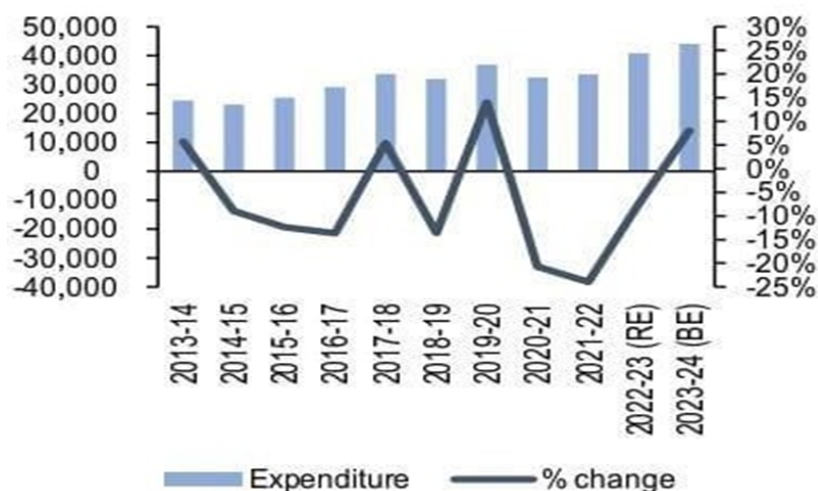
**NIPUN Bharat**

In response to concerns about academic performance, the NIPUN Bharat Mission was introduced in July 2021.<sup>28</sup> It seeks to fulfil the NEP goal of global literacy and numeracy foundations (FLN) of students in Class 3 and below who have not that, by 2026–2027. Setting up the mission will include of national and state-level goals for literacy and numeracy, and offering assistance in the kind of financing and advice to the states, in addition to creation of educational materials and digital tools.

**Department of Higher Education**

For 2023–24, the Department of Higher Education has been given an increase of Rs 44,095 crore. Eight percent higher than the updated 2022–2023 predictions. Since, collaborating with the Department of School Education, the real the Department of Higher Education's spending also decreased in the 2020–21 and 2021–22 years.

**Figure3: The Department of Higher Education's**



Sources: Union Budgets, 2015–16–2023–24

The expected increase in spending for the three major components of the Department's allotment is less than 5 percent above the updated projections for in 2022–2023. First among them are funding allocations to central colleges, which are expected to get an extra Rs 11,529 crore, up 4 percent. The next one is amount allotted to the Indian Institutes of Technology (IITs), which are anticipated to get Rs

9,662 crore (3 percent rise). And lastly, legal and government entities under the Department shall be given an estimated at Rs 5,780 crore, up 4percent. Such organisations like the University Grants Commission (UGC), which oversees colleges and universities (include certain criteria) and provides funding for them. As it encompasses the All-India Council for Technical Education (AICTE), which oversees, finances, and organizes the construction of technical as well as teaching management.

**Table 3: The Department of Higher Education's**

Major Heads	Actual 2021- 2022	2022- 23 RE	2023- 24 BE	% Change (RE to BE)
Grants to Central Universities	8,750	11,034	11,529	4%
Indian Institutes of Technology	8,082	9,345	9,662	3%
Statutory/Regulatory Bodies (UGC and AICTE)	5,029	5,551	5,780	4%
National Institutes of Technology (NITs) and IIST	3,485	4,444	4,821	8%
Student Financial Aid	1,872	1,813	1,954	8%
World Class Institutions	1,046	1,200	1,500	25%
Indian Institute of Science, Education and Research (IISERs)	1,032	1,398	1,462	5%
Indian Institutes of Management	651	608	300	-51%
Indian Institutes of Information Technology (IIITs)	407	488	560	15%
Others	3,176	4,948	6,528	32%
<b>Total</b>	<b>33,531</b>	<b>40,828</b>	<b>44,095</b>	<b>8%</b>

"Table 3: The Department of Higher Education's" This template is mostly based on details that are frequently seen in departments related to higher education. Key information from the Department of Higher Education, such as budget allocation, may be included in the table. The

precise focal areas, the availability of data, and the preferred format may all be taken into consideration while modifying this conceptual framework chart. Please let me know if you would want any extra information or a specific focus to be included.

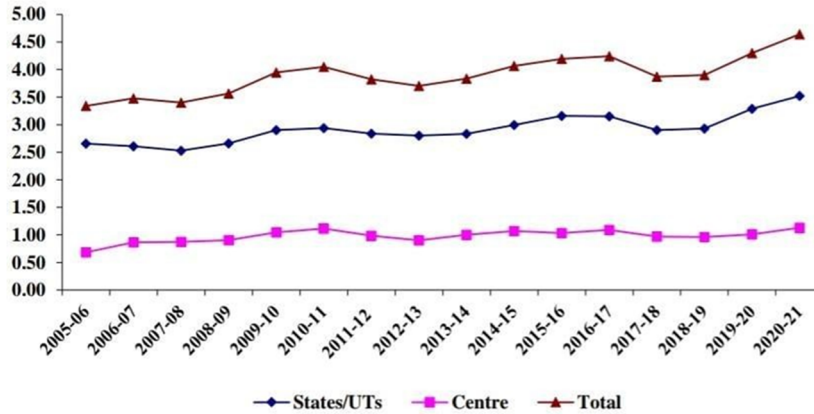
### **Public Expenditure on Education**

Public spending on education has a significant impact on how well a nation develops academically and generally. Over time, the Indian government's allocation of funds for education has changed to align with shifting policy frameworks, economic situations, and priority lists. This section looks at the patterns in public education spending in India, with the use of a data table and a graphical representation that shows the changes overtime.

Expenditure on Education as Percentage of Gross Domestic Product (GDP) / Gross State Domestic Product (GSDP):

An essential part of researching patterns in Indian education funding is examining public spending on education as a percentage of GDP and GSDP. This indicator, which shows how much of the financial resources are going towards developing human capital, aids in evaluating the relative importance of education in the national and state economies. The state-level equivalent of GDP is called the Gross State Domestic Product (GSDP), and examining education spending as a proportion of GSDP offers information about how different states prioritise education in relation to their overall economic production. Shows the annual spending on education as a proportion of the national GDP for the states, the federal government, and the total this illustrates the trend of growing overall education spending as a proportion of GDP, which be gan in 2013–14 and reached 4.64 percent in 2020–21.

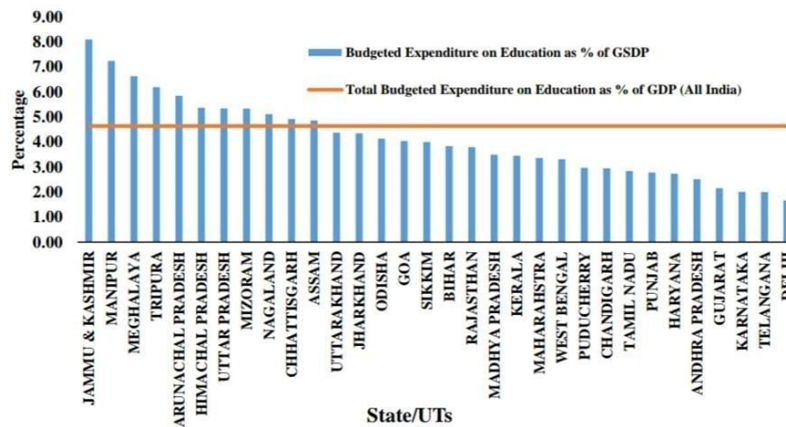
**Figure 4: Expenditure on Education as Percentage of (GDP)**



Source: Budgeted Expenditure on Education 2018-21

The GDP percentage share for the Centre and the States individually may be viewed as having a rising tendency over time. The center's share increased from 0.51 percent in 2000–01 to 1.11 percent in 2010–11, and following a minor decline in the previous two years, it has now risen to 1.13 percent in 2020–21. Despite, the state's share falling from 3.63 percent to 3.6 percent this year 2020–21: from 3.52 percent in 2000–01.

**Expenditure on Education as Percentage of (GSDP)**



Source: Budgeted Expenditure on Education 2018-21.

The graph shows that, in important states like Andhra Pradesh, Bihar, Chandigarh, Delhi, Goa, Gujarat, Haryana, Jharkhand, Karnataka,

Kerala, Madhya Pradesh, Maharashtra, Odisha, Puducherry, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Uttarakhand, Uttar Pradesh, and West Bengal, the expenditure on education as a percentage of GSDP is less than the national level (4.64percent).

### **Conclusion**

The examination of patterns in public spending on education in India highlights advancements as well as obstacles in the distribution and use of financial resources in this crucial area. The government's dedication to enhancing the nation's educational system is demonstrated by the steadily rising overall spending on education throughout time, both at the federal and provincial levels. Nevertheless, in spite of these rises, public spending on education as a share of GDP has continued to fall short of the often stated 6 percent objective, indicating the necessity for more funding. According to the report, spending on elementary, secondary, and post-secondary education has shown a variety of trends, with a progressive movement in favour of secondary and post-secondary education in recent years.

This change is consistent with the policy's developing emphasis on improving post secondary education quality and closing skill gaps in the labour market. Nonetheless, basic education still needs a lot of focus, especially in under served and marginalized areas. Regional differences in school finance continue to be a major source of concern. Inequalities in educational access and performance are made worse by the fact that states with lower Gross State Domestic Product (GSDP) frequently devote a lesser percentage of their budget to education. In order to guarantee that every region has the resources needed to enhance educational results, the research emphasises the significance of resolving these discrepancies through focused initiatives and fair resource allocation. The report also emphasises how government flagship initiatives like PM-SHRI and Samagra Shiksha Abhiyan have improved infrastructure and increased access to education. Enrolment rates and educational quality have increased significantly as a result of these initiatives; however, there are still issues with guaranteeing effective funding utilization and attaining the intended results. In conclusion, even though public spending on education has increased significantly in India, a more targeted and fair financing strategy is still required. Achieving the objectives outlined in the National Education Policy (NEP) 2020 and guaranteeing that every child and young adult

in India has access to high-quality education depend on addressing regional inequities, improving financial management, and raising total investment in education. In the end, this will support the socio-economic growth of the country and the building of an affluent, educated community.

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