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# Role of Public Expenditure on Indian Education System

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## ABSTRACT

Modus operandi the study focuses on the emerging trends and changing pattern of public expenditures on education in the post-independence era. The share of investment on education is less than a percent of GDP. Chapter one provides basic idea about the mutual dependence between human resources, government expenditure and education. Chapter two briefs about the evolution of Indian education system in the post-independence period. Chapter three lists the review of literature. The fourth chapter enumerates the methodology of studies including problem statement, objectives and other methods use to analyze the role of public expenditure on education. Chapter six elucidate the literacy rate and its impacts, trend analysis of public expenditure on education and the last chapter concludes with findings and suggestions.

*Keywords : Education, Public expenditure, literacy rate and Children*

## INTRODUCTION

Education is a critical input for human capital. Education not only provides the earning capacity and capability to the society but also stands for the moral values and ethics to lead a proper life with different qualitative benefits. It is intended to accrue knowledge to understand changes in the society and other scientific progresses and thus facilitates brainchild in the form of new invention and innovations. Investment in learing and teaching are the main sources of social wealth. In economic context, generating educational opportunities in a nation accelerates the development process through employment opportunities. Expanding the education leads to higher economic growth as it increase the real national income of a country. It is obvious that the input of educated person to economic growth is more that of an illiterate person. Educational influences rapid growth in the economy in all sectors which in turn improves the socio economic values of the society. It is to be note that mere education alone, will not lead to economic promotion, development or growth. India has enormous power in two areas namely, intellectual property and level of labour forces. The twin forces along with public expenditure on education may pave way for the espousal of new science and technologies and advocacy of increased productivity of the labour force. It also influences the evolution of politico economic institution and formulation new education system which augment the gap of academics and industrial requirement. The need of the study arises as the World Bank estimates indicated that nearly 125 millions of children at school age are out of schooling during the period of 1995, out of which India's share nearly 30 million in the same period. was Fortunately the growing countries have started expanding enrollments in the primary schooling through their public expenditure. Because of deliberate efforts, there are significant ranges of school aged children are now admitted in primary education institution.

## EDUCATION IN INDIA

Right from the independence, Education department has the priority in developing the Indian education system. Pandit Jawaharlal Nehru, the first Prime Minister of India has announced that the education system should be revamped to achieve a secular democracy in the nation. While comparing with 14 developing economies of Asian Pacific [1], India position in 8th rank in Basic education, 7th rank in implementation of education programme, 6th rank in Equality in gender and 5th rank in overall performance in education in 2005. Since British colonial era, India blessed with well-designed higher education system, which was continued smoothly after independence. But the higher education focus of India emphasized with classlessness in education i.e.,

egalitarianism. This has given rise to new heights to wide and fascinated higher education systems and leads to 3rd largest manpower in both scientific and technical at global context. However, India find difficult with the global education race, due to delay in the liberlisation policy. India was the first Asian country started Export Processing Zone in 1965, but liberlisation policy was implemented only in 1990's. The delay of more than two decades, compared to other developing countries, results in nearly 30 percent of its population are illustrated in 1980's. During 1948, Indian government framed a University Commission with the headship of S.Radhakrishnan for purpose of improving the higher education in India. In 1952, one more commission called Secondary Education commission was also framed under the chairmanship of A.L.Mudaliar to receive suggestion from the academicians and public to authenticate the secondary education supplement to conduct of University Education. The Indian education system has emphasized on higher secondary level of education through positive linkage with primary education system. More public funds are allotted for these two systems, which in turn led to swift, unforeseen and uncontrolled expansion in the indian education system. During these periods only IIT and IIM s started. Nevertheless, in the absence required public infrastructure leads to underemployments and unemployment and some extent to emigrate to other nations i.e., indigenous brain drain. It is unfortunate, the persistence of mass illiteracy is big problem of Indian education system. UNESCO, 2003 estimates that the school aged children between 6 to 11 years are out of school in India are nearly 30 million which is one third share of total school aged children of out of school in the world. The majority of non-schooling children are from the states, Andhra Pradesh, Bihar, Madhya Pradesh, Rajasthan, Uttar Pradesh and West Bengal. These six states accounts for 75 percent of total non-schooling of indian non non-schooling children . The are many factors which influences the pattern of public expenditure on education such as low level of literacy, lesser educational attainment, disparity in the enrollment with respect to gender, incomplete and unplanned curriculum demand of child labour and labour market participation salient characteristic of Indian economy.

## REVIEW OF LITERATURE

Francis and Iyare (2006)[4] had analyzed the association of education on development with respect to Caribbean nations Jamaica, Barbados, Tobago and Trinidad. The causal relationship between education and development is analyzed for the period of 34 years from 1964 to 1998.This time series data focuses on the data on public expenditure on education per head were obtained from earlier works and data on Gross National Income per capita taken from the World Bank Development Indicators and Online Database. The tools used in this study are applied intergration, VEC models (Vector Correction Models) to analyze the causal relationship between education and development. It reveals that in both the short run and long run, the per capita gross national income is driving education in all the three countries and education causes per capita gross national income in Jamaica in the short run. Thus it reveals bi-directional causality in the short run in Jamaica. There no evidence of causation running from per capita expenditure on education to per capita gross national income in either the short run or long run in Barbados, and Trinidad and Tobago. This study implies that the countries with higher per capita gross national income seem to be spending more per capita on education.

Pulapre Balakrishnan (2007)[5] points out that in India there is an option of finding a diverse set of arrangements in the provision of education. The reason for that was public education in India is not an uplifting spectacle. The unchanged fee structure in the university education, even as there is inflation in the system is destructive of the future of education as it undermines the resource base. A substantial hike in the fees is necessary and the higher subsidy for university education implies lower subsidy for school-going poor at the given total expenditure on education. It reveals that the improved governance is important when more resources allocated to progress the effective of education system in India. Mere investment on education will not bring required changes in the quality of education. It demands proper delivery of academic inputs and egular monitoring. There is a need for an audit agency for education, a statutory body of largely independent persons including educationists one selected globally to review in the form of annual audit, the functioning of the Indian educational system. The recognition should tilt the focus, the path of radically improving the existing public institutions and construction of new independent bodies regulate the deemed institutions and it is the duty of the respective state to maintain the same.

## THE KOTHARI COMMISSION

In order to correct the unbalanced growth at various levels of education, the Government of India has formed a Commission under the chairmanship of D.C. Kothari to articulate a comprehensible policy of national education. After reviewing the post-independence progress in education, the commission clinched in 1966, that the tenacity of education was to build self-confidence and transform the Indian state to modern ceremonial. To attain modern ceremonial state with self-confidence, it has recommended the government provided compulsory education to all children in the nation at free of cost in their respective regional languages with the priority to Science, Technology, Research and Development. Perspective of this commission, end up with the flaw as the political environment in India during that period not favourable and the government failed to implement the recommendation and unable to mobilize the resources.

## STATEMENT OF THE PROBLEM

Low levels of literacy, particularly among men and women and backward social groups, high rates of never enrolment and drop-out, high levels of non-attendance of children, poor levels of learning achievement and myriad other shortcomings are seemingly acceptable phenomena in the educational scenario of Indian society[8]. The purpose of education is to acquire few skills and self-confidence right from the childhood. On one side, the Wagner's view on government expenditure is that as the economy grows, the public expenditure also increases proportionately. On the other side, J.M. Keynes's view differs as the government expenditure increases the national income. The current study through light on two hypothesis, as the variables involved are public expenditure and education.

## OBJECTIVES OF THE STUDY

To examine the progress of public expenditure on education and total expenditure made in education during 1990-91 to 2006-07.

## LITERACY IN INDIA

India had 1027 million populations out of which 350 million were illiterates. Over the decades, literacy rates have shown a substantial improvement which has been clearly shown in Table 1.1. It is inferred that over the five decades literacy rate has been steadily increased from 18.33 percent in 1951 to 72.27 percent in 2011.

**Table 1 Literacy Rates in India (1951 to 2001)**

| S. No. | Census Year | Literacy Level (in % of Population ) |
|---|---|---|
| 1. | 1951 | 18.33 |
| 2. | 1961 | 28.30 |
| 3. | 1971 | 34.45 |
| 4. | 1981 | 43.57 |
| 5. | 1991 | 52.21 |
| 6. | 2001 | 64.8 |
| 7. | 2011 | 72.27 |

Source: Census of India

Gender Disparities in Access to Education

During 2000, a new agreement was made at United Nations Millennium Summit. The objective of this agreement was to eliminate gender disparity in primary and secondary education on or before 2005 and it should be extended to all levels by 2015. The recent studies and current discussion confirming that there is a disparity in education favourble to masculine gender and it has proved through access to education and training, completion of education processes, birthrate of genders and completion rates of students

**Table: 2 Gender Gap in Literacy in India (1951 to 2001)**

| Period | Literacy Rate - Male | Literacy Rate - female | Gender difference (Gap) |
|---|---|---|---|
| 1951 | 27.16 | 8.86 | 18.30 |
| 1961 | 40.40 | 15.34 | 25.04 |
| 1971 | 45.95 | 21.95 | 24.00 |
| 1981 | 56.37 | 29.75 | 26.62 |
| 1991 | 64.13 | 39.27 | 24.84 |
| 2001 | 75.3 | 53.7 | 21.6 |

Source: Census of India

In 2001, the net female enrolment rate of primary education is at 75.7 per cent, lagged behind the male enrolment of 88.5 per cent in India. The literacy rate for women is 53.7 per cent compared with 75.3 per cent of men. There are wide gender variations in the literacy rates. The southern states of Kerala, with a literacy rate of about 90.9 per cent, ranked first in India in terms of

both male and female literacy. Bihar a northern state, ranked first in India in terms of both male and female literacy. Bihar a northern state, ranked lowest with a literacy rate of only 47 per cent, 59.7 per cent for males and 33.1 per cent for females.

**Table : 3: Share of Public Expenditure in Indian Education system**

| Year | Investment on Education | Index No. | Annual Growth Rate |
|---|---|---|---|
| 1990-91 | 17193.66 | 100 | - |
| 1991-92 | 18757.61 | 109.09 | 9.09 |
| 1992-93 | 20952.97 | 121.86 | 11.70 |
| 1993-94 | 23413.1 | 136.17 | 11.74 |
| 1994-95 | 27232.15 | 158.38 | 16.31 |
| 1995-96 | 31516.59 | 183.30 | 15.73 |
| 1996-97 | 36371.64 | 211.15 | 15.40 |
| 1997-98 | 41109.32 | 239.09 | 13.03 |
| 1998-99 | 51225.26 | 297.93 | 24.61 |
| 1999-2000 | 61281.46 | 356.42 | 19.63 |
| 2000-01 | 62498.09 | 363.49 | 1.98 |
| 2001-02 | 64847.7 | 377.16 | 3.76 |
| 2002-03 | 68561.55 | 398.76 | 5.73 |
| 2003-04 | 73044.93 | 424.84 | 6.54 |
| 2004-05 | 81280.85 | 472.74 | 11.28 |
| 2005-06 | 97224.19 | 565.47 | 19.62 |
| 2006-07 | 111888.6 | 650.75 | 15.08 |

Source: Educational Statistics in India.

The share of public expenditure on education in India, during the period from 1990-91 to 2006-07 has increased sizably. The value of public expenditure on education has increased from Rs.17, 193.66 in 1990-91 to Rs.111888.6 in 2006-07. The index number has increased from 100 in 1990-91 to 650.75 in 2006-07 with fluctuations. The linear growth rate is 34.42 per cent. The lowest annual growth rate was 3.76 in 2001-02 and the highest annual growth rate was 19.63 in 1999-2000.

Trend Analysis of Public Expenditure on Education

The outcome of the trend analysis imply that the share of public expenditure on education in India increased annually by 3737.80 during the period 1990-91 to 2006-07[7]. The regression co-efficient of the semi-log linear model implies that the public expenditure on education increased at a comprehensive rate of 14.33 percent per year.[8]

The results of the trend analysis imply that the public expenditure on elementary level education of India increased annually by 2001.08 during the period 1990-91 to 2006-07. The regression co-efficient of the semi-log linear model implies that the public expenditure on elementary level education increased at a comprehensive rate of 12.75 per cent per year.

## SUGGESTIONS

According to the government records, 52.8 per cent of the children who enter standard I drop put before they reach standard VIII, with children from prodigious preponderance of drop outs. Government of India should take necessary steps immediately to increase public expenditure on education to improve the education system and encourage the women entrepreneurship to eradicate the gender bias to reach new heights in economic growth in India.

## CONCLUSION

The study has drawn some interesting observation from the nature of growth analysis of public expenditure on education in India. She is the second largest nation for the school aged children. There is no acceleration or deceleration in growth of public expenditure on education and total government expenditure. However, GDP has experienced acceleration in growth at the rate of 2.70 per cent per annum during 1990-91 to 2005-06.[8] It is expected that the Government of India should allot at least 6 percent of GDP on higher education, but it spends less than one percent of GDP.

**Ethical Clearance**: Completed. (Dept. level committee at VELS)

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