

CHAPTER 4

TREND OF EDUCATION EXPENDITURE IN INDIA

4.1 Introduction

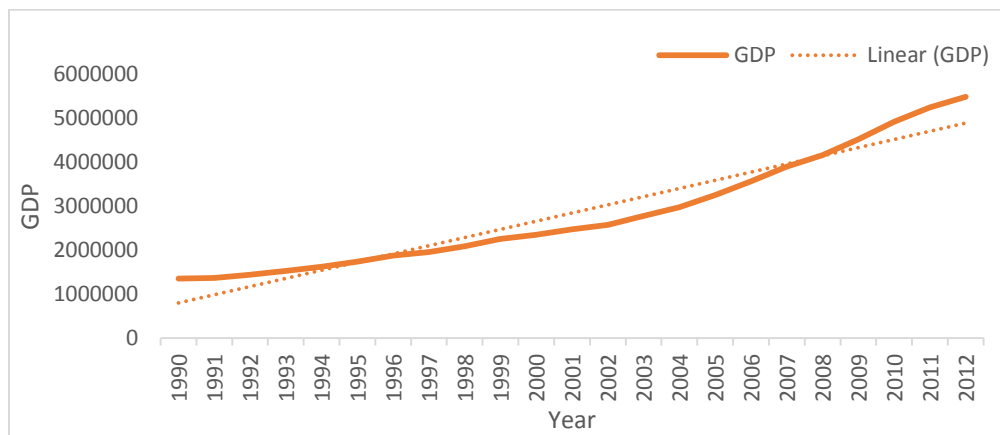
In 1990-91 India entered into a new era which is known as the era of reform. In this era several reforms were incorporated in various sectors of our country. In these sectors economic sector was in the lime light. But other sector like social sector was not remain unaffected. Our country has accepted the norms of globalisation and we have started to interact with global economy. However this era has brought many reforms in our country including social and economic reforms. It led to encourage the government to cut down the social sector expenses. Which was seen in the declining education expenditure in terms of per centage share of GDP in compare to pre- reform era (AninditaChakarabarti, Rama Joglekar 2006).

This chapter deals with the recent trends in education expenditure in India. In the education sector there are various changes which indicates the ups and down of the education scenario in India. The sectoral combination of education expenditure narrates the story of the public expenditure on education. Here expenditure takes place according to the division of education at different levels such as elementary education, secondary education and university education. In this chapter it is explained that how the trend in the expenditure of different levels of education is going on in Indian post liberalisation era.

4.2 Gross Domestic Product (GDP)

The year 1990-91 was the year of economic reforms in India. In this year new policies were introduced which were known as Liberalisation, Globalisation and Privatisation (LGP). In these policies new economic policy was emphasized. It made platform for gradual breaking free of the low growth rate named as Hindu growth rate.

Figure 4.1: Trend of Gross Domestic Product (GDP)



Source: Constructed by Author

The above figure 4.1 reveals that there is a increasing trend in GDP during the reform period. From the year 1990 to 2000 there was acceleration in the rise of economic growth. In these years the industries and service sectors were booming. It led to increase GDP to ₹2348481 crore in 2000 which was ₹ 1367117 crore in 1991. In these years the GDP reached to 4.15 per cent growth rate in 2000 from 1.43 per cent in 1991. However the agricultural growth was mere.

The duration of 2004 to 2008 was known as the inflection in the growth. In these year the annual average growth rate was about 8 per cent (Anand, N. 2014).

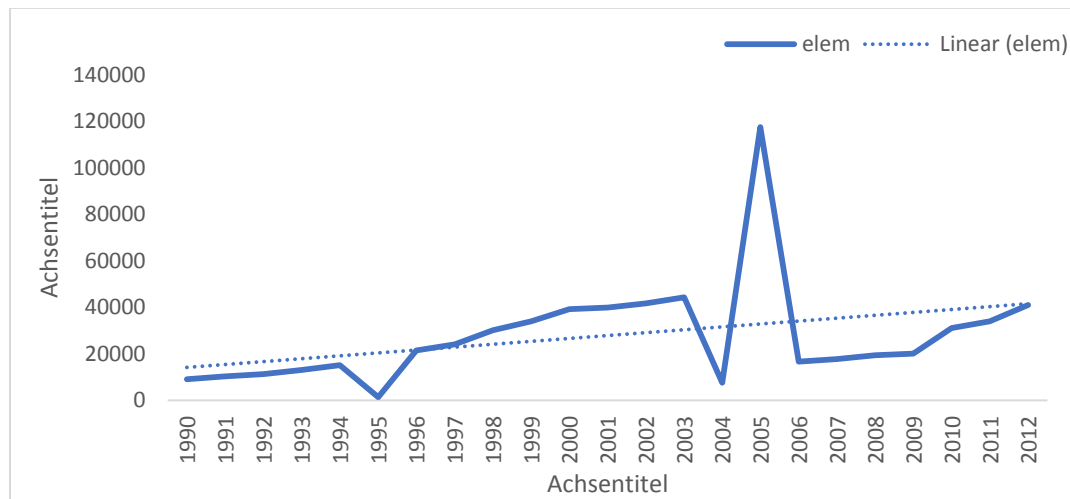
The growth was continue in all sectors of economy during this period, but it was interrupted by the global financial crisis which led to slow down the annual growth rate

to 6.72 per cent in 2008 from 9.32 per cent in 2007. However after the global financial crisis Indian economy was started to rise gradually.

4.3 Elementary Education Expenditure

Although education expenditure was declined during the reform period, but it was marginal and it started picking up during mid 1990. In pre reform era India concentrated on higher education and primary education was neglected. But in the reform era government has started to concentrate on primary education rather than higher education (Deshpande 2010).

Figure 4.2: Trend of Elementary Education Expenditure



Source: Constructed by the Author

The above figure(4.2) illustrates the expenditure on elementary education. As it is known elementary education is accepted as social goods (Anindita Chakrabarti, Rama Joglekar 2006). India has concentrated more on primary education and thus it had risen the elementary education expenditure. In 1990 to 1994 there was an increase of absolute amount. It was ₹9076.28 crore in 1990 which came at ₹15133.05 crore in 1994, which had 66.73 per cent growth rate during these years.

The year 1994-95 was struggling with the grave economic crisis and it had priority to put the economy back on a path of strong sustainable growth. On the other hand the economy was also struggling for the programme of economic restructuring and reform (budget speech, 1995). However the budget allocation was increased for education but the main concern was to upgrade the quality of libraries and laboratories in the system of higher education. Provisions had also been made for the establishment of an Indian Institute of Technology and for two Central Universities in Assam (Budget speech, 1995). These situation of economy led to decrease the expenditure on elementary education from ₹15133.05 in 1994 to ₹1433.93 in 1995.

In year 1995-96 the Government has started mid-day meal schemes for schools which had improved benefits for child nutrition and to increase the attendance in schools. These schemes for schools had made government to increase the expenditures for elementary education in this year. The mid-day meal scheme helped to increase the expenditure on elementary education from ₹1433.93 crore in 1995 to ₹21543.63 crore in 1996. From 1996 to 2003 the expenditure on elementary education was increased from ₹21543.63 crore to ₹44349.47 crore and its growth rate was 105.86 per cent during thte year.

The Illiteracy eradication was the prime concern of the National Policy on Education (1986).The tenth Five Year Plan (2002-07) had policy frame work to continue the plan of NPE (1986). It had allocated ₹43825 crore for this purpose. Due to this purpose the total central allocation was same as the previous year (Economic survey,2003-04). Further the central allocation was divided into sectoral level according to the level of edication. More over in this year government had started a new scheme for performance of girls in the elementary education. This scheme was named as National Programme for Education of

Girls at Elementary level (NPEGEL). During this period there was division of funds in different schemes and thus the absolute amount for elementary education was found to be mere in compare to the previous year. It is also true that the schemes were planned to robust the elementary education.

In the year 2004-05 the government had adopted the National Common Minimum Programme (NCMP) to change the national priorities and a change in the process and focus of governance. This scheme had adopted the principle of providing basic education to all children. To facilitate the education expenditure the present government had decided to levied 2 per cent on union taxes and duties. These taxes enabled to allocate the funds for education and to provide nutritious cooked midday meal. This scheme has pave the path for the poor children. This is the way by which the governement expenditure goes to ₹117551.2 crore in 2004-05 from ₹7692.18 crore in 2003-04. It is fact that the government was conscious for the educational development and it has provided budgets for the elementary education which was more than the earlier years (economic survey 2004-05, Budget speech, 2004).

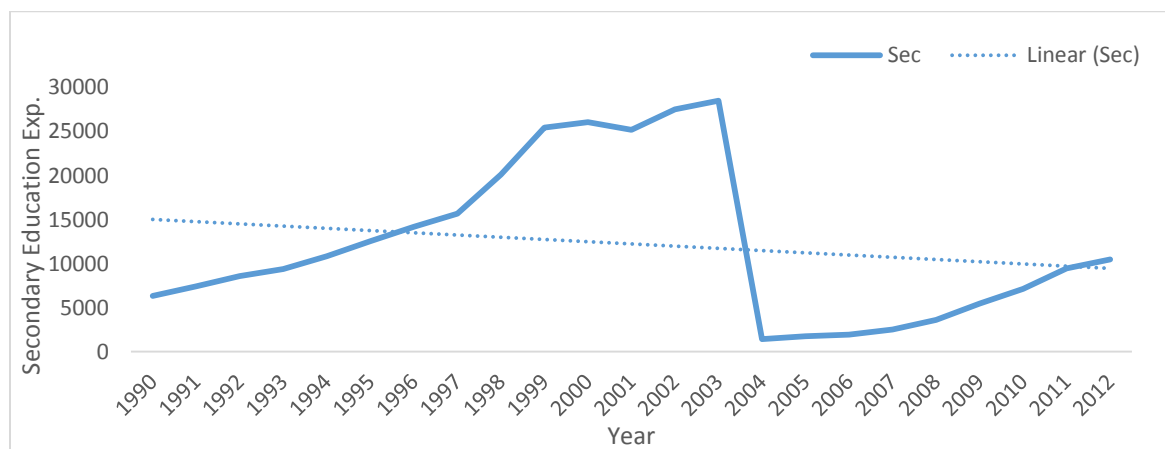
26 December 2004 was became the witness of the tragedy of tsunami in the country. It hampered the economy and led to allocate the packages for the rehabilitation of the people affected in that region. The government had provided a relief package of ₹3644 crore. On the other hand the Prarambhik Shiksha Kosh (PSK) was instituted in the 2005 to receive the procedes of the education cess imposed through finance Act, 2000. It was a separate, dedicated and non-lapsable fund to be mentained by the Ministry of Human Resource Development (MHRD), Government of India. It is true that the allocation for the elementary education was less affected due to the tragedy of tsunsmi but the amount

was put in the PSK fund which showed that the declined in thte allocation of the amount in the year 2005-06. The time period 2006-12 has focused the continuous increament of its growth rate which went to 145.13 per cent which indicated that how Indian government is concentrated for elementary education. However, in the over all time period of the study there was a increasing trend of the elementary education expenditure.

4.4 Secondary Education Expenditure

Secondary education enables to prepare students to inter into the higher education and employment. After elementary education the secondary education helps more to eradicate the illiteracy problems in the nation and it also helps to make the path for the enhancement of higher education. In the reform era elementary as wel as secondary education were the prime concern of the government. This is so government has picked up the secondary education expenditure.

Figure 4.3: Trend of Secondary Education Expenditure



Source: Constructed by the Author

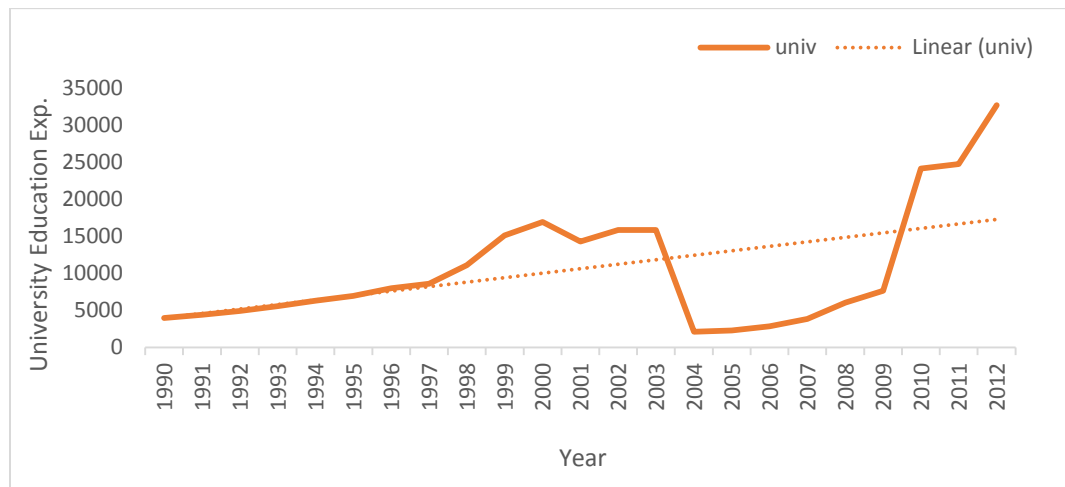
The above figure 4.2 indicates that from year 1990 to 1999 there was continuous increase in the absolute amount of secondary education expenditure. In 1990 the amount was

₹6310.33 crore and it became ₹25447.89 crore in 1999. The growth rate of secondary education expenditure in these years was 303.27 percent. In 2004-05 the UPA government had launched the National Common Minimum Programme (NCMP) and increased the 2 per cent union taxes for the purpose of education expenditure and Mid Day Meal. However the Secondary education was remained lagged behind the elementary education expenditure (Uma Ramesh and et.al. 2004). From 2004-05 to 2011-12 there is an increasing trend in the sector of secondary education. But the overall trend of this expenditure is found as decreasing trend.

4.5 University Education Expenditure

University education is considered as higher education and it is found that it is beneficial to society. Although the higher education is beneficial to society yet the private returns from the higher education are more than the social returns. So it is generally recommended that the burden of funding for higher education should be shifted to individuals. More over the New Policy on Education (NPE) (1986, 1992) and University Grant Commission (UGC) has also recognised the reduction of role of Government in education sector and increasing the role of private sector specially in the higher education (Chakrabarti, Joglekar, 2006). This line of thinking led to change the budget allocation for university education. It is true that the expenditure is provided for this level of education but it is lower than that of other level of education such as elementary education and secondary education.

Figure 4.4: Trend of University Education Expenditure



Source: Constructed by the Author

The above figure 4.4 reveals that from the year 1990 to year 2006 there was increasing pattern of expenditure on university education. In year 1990 expenditure on this level of education was ₹3956.09 crore and in the year 1996 it was ₹7983.11 crore. There was a slight slow down in the year 1997 but from onwards to year 2000 there is increasing pattern in the expenditure of university education. It was ₹8595.67crore in year 1997 and in the year 2000 it became ₹16928.21. From year 2000 to year 2004 there was a fall in expenditure on university education. The budget allocation in this level of education was ₹16928.21 crore in the year 2000 and it became ₹2099 crore in the year 2004. The year 2004 and onwards to the year 2012 there was a continuous rise in the expenditure in university education. Expenditure on university education was ₹2099 crore which beacme increased to ₹32739.21 in the year 2012. The growth rate during these year say the rise and fall story of expenditure on university education. During the year1990 to 1996 the growth rate was 101.79 per cent and after falling it became 96.94 per cent from

1997 to 2000. This fall continued till it reached to -87.60 per cent during year 2000 to 2004. From year 2004 its rising story reached at 1322.71 per cent in year 2012.