

## **CHAPTER 6**

### **MAJOR FINDINGS, RECOMMENDATIONS, LIMITATIONS AND CONCLUSION**

#### **6.1 Introduction**

A vast amount of literatures has analysed the contribution of education expenditure in economic growth in an economy. Most of them has found that there is a significant role, played by education expenditure in the development of economy in a country. There are different levels of education and so there are expenditures at different levels too. These expenditures at different levels also affect the economy. Their effects on economy are separate as well as combined. This study deals with the causal relationship among the different level of education and economic growth in India.

#### **6.2 Major Findings of Economic Growth and Independent Variables**

In this section, major findings of relationship between education expenditures and economic growth has been presented. Both separate as well as combined relationship are presented in this section.

##### **6.2.1 Long Run Causality**

- There is long run causality between education expenditures and economic (GDP) growth. It means in long run education expenditures causes economic growth in Indian economy.
- All variables such as elementary education expenditure, secondary education expenditure and university education expenditure causes GDP growth in long run.

It is found by the result presented in the table 5.5 that the co-efficient of error correction term has negative sign (-0.557) and its p value is 0.017 which is less than 5% level of significance. It means that education expenditures are causing GDP in the long run significantly.

- The elementary education expenditure is caused by GDP, secondary education expenditure and university education expenditure. The co-efficient of error correction term presented in the table 5.6 has negative sign (-29.23) which indicates that the independent variables are causing elementary education expenditure in the long run. But the p-value (0.10) is not significant it is more than 0.05% level of significant.
- The secondary education expenditure is caused by the GDP, elementary education expenditure and university education expenditure. The table 5.7 reveals that the sign of co-efficient of error correction term (-12.29) is negative while its p-value is 0.11 which is insignificant.
- University education expenditure is caused by GDP, elementary education expenditure, secondary education expenditure, adult education expenditure, previous year of university education expenditure and total education expenditure. The co-efficient of error correction term with negative sign (-0.803) and p-value (0.000) presented in the table 5.9 indicates that the university education expenditure is caused by the independent variables in the long run.

Finally, it is found that out of the four variables there are only GDP which is caused by all of the variables significantly in the long run. As a whole GDP is caused by education expenditures. But as individual level it is not so.

### **6.3 Policy Suggestions**

The finding of this study has revealed that the expenditure on education has significantly caused economic growth in India during this study period. It means that the education expenditure is full filling the purpose of quality education and it is help full to increase GDP and thus to improve the economic growth in the nation.

The following measures should be applied fit for the fruitful education expenditure:

- Education should be under the access of each and every people and so the investment should be increased in education sector.
- The private cost of education make obstacles to achieve the goal of quality education so there the public education expenditure should be increased to decrease the private cost of education.
- To maintain the increasing trend of quality education in it is necessary for policy maker to check the loop holes in the system so that the education expenditure will be continuously fruitful for the economy and it will be helpful to enhance the prosperity of society and country.
- The government should develop such a mechanism which ensure that the funds allotted for education is utilised in proper way for quality education.

### **6.4 Limitations of the Study**

This study has used the absolute amount of education expenditure on education. These are divided into several sectors like elementary education, secondary education and university education. There are following limitations of this study:

- i. There is heterogeneity in the economy and the available of data are also suffering from the same problem. It creates the error during the time of

analysis. Apart from these limitations the obtained results are interpreted with caution.

- ii. Other variables such as fellowship, expenditure on technological education, book promotion, physical education and language education has not been included due to the non-availability of data for the entire time period of the study.