

Education spending in need of a budget boost

REPORT CARD At 3.1% of GDP, govt's edu spending way lower than the 6% level targeted

NUMBER THEORY

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Union Budget 2020-21 comes against the backdrop of the worst slowdown in a decade in the Indian economy.

Given this context, it is only natural that the primary priority of the budget be economic revival.

Still, that should not take the focus away from the long-term challenges facing India.

One of these is providing affordable high-quality education to 632 million Indians aged 25 or less.

A previous analysis of National Statistical Office (NSO) data by Ishan Anand in HT showed that access to higher education in India is much lower among socio-economically backward groups.

The average annual expenditure on a graduate course was ₹10,501 in a government institution, and almost double in an unaided private institution (₹19,972).

The expenditure for a graduate degree in technical courses in a government college was ₹36,180 as compared to ₹72,712 in private unaided institutions. Overall, about 67% of Indian workers earned less than ₹1.2 lakh in a year in 2017-18, the analysis found.

Clearly, education continues to be unaffordable for the majority of Indians.

Given the importance of affordable education, government spending on education holds the key to boosting future incomes of those who will be entering the workforce.

Unfortunately, there has been little improvement on this front.

While total spending on education as a share of GDP has increased in the last two years,

WHILE TOTAL SPENDING ON EDUCATION AS A SHARE OF GDP HAS INCREASED IN THE LAST TWO YEARS, THIS IS ONLY A CORRECTION FROM THE DROP AND SUBSEQUENT STAGNATION IN THE LAST DECADE

this is only a correction from the drop and subsequent stagnation last decade.

At 3.1% of GDP, it is also much less than the 6% level targeted in various policy documents including the latest New Education Policy. (See Chart 1)

The total spending on education includes amounts spent by both the central and state governments in India.

In fact, it is the state governments which contribute an overwhelming share to total government spending on education. (See Chart 2)

Since this analysis takes into account both central and state government budgets, the problem cannot be said to be specific to a particular party in power.

State governments have had a majority share in the expenditure on education, sports, arts and culture for three decades. To be sure, this share has varied.

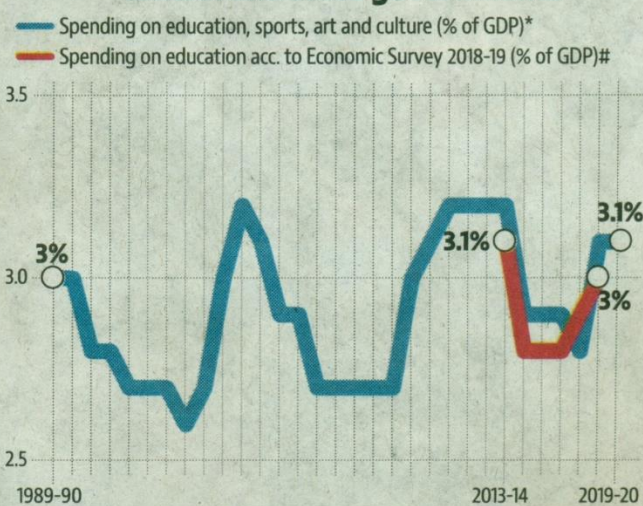
It declined from a high of 93% in 1992-93 to 78% in 2008-09, and has risen back since to above 90% after 2014-15.

To be sure, Prakash Javadekar, the Union human resource development minister, quoted a much higher figure for spending on education last year.

"It is our priority that 6% of GDP should be allotted to education. While total expenditure by central and state governments

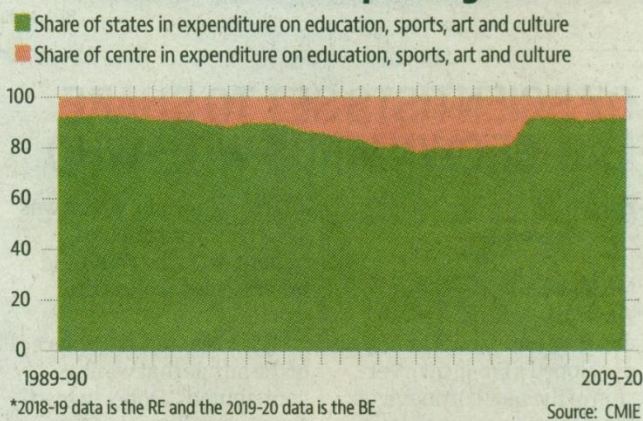
WHAT GOVTS SPENT ON EDUCATION IN THE PAST

CHART 1 Spending on education by central and state governments



*2018-19 data is the revised estimate (RE) and 2019-20 data is the budget estimate (BE)
2017-18 data is the RE and 2018-19 data is the BE

CHART 2 Share of centre and state in total education spending



*2018-19 data is the RE and the 2019-20 data is the BE
Source: CMIE

on education was 3.8% of GDP in 2014, and has increased to 4.6% now. This indicates that we are progressing towards 6 per cent," the Economic Times of March 3, 2019 quoted Javadekar as saying.

These figures are at odds with the Economic Survey brought out by the Union ministry of finance last year that are closely aligned with the numbers pre-

sented here (See Chart 1).

A failure to increase education spending will hurt India more today than it has in the past.

While the share of population aged 25 or below has come down in the population, the absolute numbers remain high.

This means that India needs to spend more not less on education in the days to come.