

Household Expenditure on School Education in India: A Preliminary Investigation

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3.1. Introduction

Human capital in the form of education promotes and raises a country's overall productivity of labour and economic competitiveness. The theory of human capital considered education as not a form of consumption, that only represents costly expenditure from the part of the government but considered as an investment that improves the economic worth of individuals which is called human capital (Schultz, 1960). It is widely accepted that expenditure on education in India is one of the important factors for sustainable development (Rao, 2014).

In India, expenditure on education is incurred in two ways: individual and institutional. Individual expenditure refers to the expenditure made by the students or their parents. So it is also referred to as household expenditure on education. Institutional expenditure is referred to as government or non-government expenditure on education. In India, household expenditure on education is quite sizeable, even households from lower income groups all spend considerable amounts on acquiring education (Tilak, 2002). Even in the case of government primary and upper primary schools, students have to pay the huge amounts of examination and other fees. The

annual household expenditure at primary level is much higher in rural areas compared to secondary, higher secondary and higher education levels. In the urban areas, acquiring primary and higher secondary education is very costly.

Many households do not spend adequately on good clothing for children or on purchase of sufficient number of textbooks and stationery. The Indian government has been spending millions of rupees on primary education with the slogan of Universal Primary Education (UPE) for many years. The government also introduced number of programmes and provided plenty of incentives to improve access to education. Even if the government spends more on education, the problem of quality of education still remains as the most important challenge to Indian education system. Globally also, the countries and development institutions like United nations Educational, Scientific and Cultural Organization (UNESCO) and world bank also made a tremendous effort in the development of education and especially to that of the developing countries of the world (UNESCO, 2020).

3.2. Global Trends in Education Expenditure

It is shown in the Table 3.1 that Norway spends more on education, i.e. 6.6% followed by New Zealand and United Kingdom, i.e.6.3% each. Russia spends least, i.e. 3.4%. The OECD average is 4.9%. Thus it is clear that there are wide differences with respect to education spending as a share of GDP in different countries. All the countries spend more on school education than higher education.

Table 3.1
Education Spending as a Share of GDP in Selected Countries in 2017

Country	% of GDP for School Education	% of GDP for Higher Education	Total
Norway	4.7	2.0	6.6
New Zealand	4.6	1.7	6.3
United Kingdom	4.3	2.0	6.3
United States	3.6	2.6	6.1
Canada	3.6	2.3	5.9
France	3.7	1.5	5.2
OECD average	3.5	1.4	4.9
Spain	3.0	1.3	4.3
Germany	3.0	1.2	4.2
Japan	2.6	1.4	4.0
Italy	3.0	0.9	3.9
Russia	2.4	1.1	3.4

Source: Organization of Economic Co-operation & Development, 2018

In most of the countries, basic education is considered not only as a right, but also the duty and responsibility of the government to ensure it at a certain basic level.

It is no doubt that, the global education expansion in the 20th century resulted in a historical reduction of education inequality to a certain extent (Table 3.1). In the case of education over the countries of the world, there are not only big differences in the case of educational attainment but also the amount of a country's resources which are spent on the investment in this sector. The expenditure on education by the private and public authorities plays a very important role in the progress and development of a nation (Roser, et.al 2016). Total expenditure on education promotes social and economic development. It is seen over the world that the families in low income countries pay more for their child's education and households in many of the developing countries of the world spend a far greater share of average GDP per capita on education than in developed countries (Roser, et.al 2016).

Thus there is a growing commitment and concern of families over the world, for the education of their child. Along with the Millennium Development Goals and the increase in the international capital flows, the prioritization of development assistance for education at all levels and regions can have large distributional effects particularly within low income countries. In the case of education, there are not only big differences in attainment levels across the world, but differences exist in terms of the amount of a country's resources spent on investment in this sector (OECD, 2017). There are differences in terms of different countries spending on education and the percentage of GDP spent for school education and higher education. Public education spending as a percentage of GDP in BRICS Economies in 2007 and 2016 is being compared in Table 3.2.

Table 3.2
Public Education Spending as a Percentage of GDP in BRICS Economies

Country	2007	2016	% change in public expenditure
India	2.6	2.9	11.53
China	3.2	4.3	34.37
Russia	4	3.6	-10.0
Brazil	4.4	5.7	29.54
South Africa	5.5	6.9	25.45

Source: BRICS Joint Statistical Publication on Education Expenditure, 2017

India's education spending do not show a sharp increase and it is very low (2.6 to 2.7 %, only 11.5 percent increase) compared to other BRICS economies. South Africa's spending on education is higher which increased from 5.5 per cent in 2007 to 6.9 per cent in 2016 (25.45 increase). China and Brazil also showed a positive and progressive increase from 2007 to 2016. The education spending as a share of GDP in

selected countries in 2014 and 2015 is being compared in the Table 3.3. Norway's education spending as a share of GDP was 6.20 in 2014, which increased to 6.38 % (2.9 percent increase). Iceland's education spending decreased considerably. Countries like New Zealand, United Kingdom, United States and France also showed a negative change.

Table 3.3

Education Spending as a Share of GDP in Selected Countries in 2014 & 2015

Country	Education spending as a share of GDP(2014)	Education spending as a share of GDP(2015)	% change in public expenditure
Norway	6.20	6.38	2.90
New Zealand	6.40	6.31	-1.40
United Kingdom	6.60	6.23	-5.60
United States	6.20	6.09	-1.77
Australia	5.80	5.95	2.58
France	5.30	5.20	-1.88
Iceland	6.0	3.47	-42.16

Source: Computed from the data of Organization of Economic Cooperation & Development (OECD), 2016

Thus the nature of expenditure on education of the developing and developed countries of the world differs very much in all aspects. As India's expenditure pattern and spending is low compared to the developed countries of the world, it is important to examine the development in the Indian education system.

3.3. Education System in India

After Independence, Indian economy witnessed an increased emphasis on education, as a means of national development. Educational reconstruction was the main focus which was supported by a number of committees and commissions including University Education Commission (1948-49) and the Secondary Education Commission (1952-53). The Education Commission (1964-66), also known as Kothari Commission was appointed to advise the Indian Government on the general principles and policies for the development of education at all stages and in all aspects. It was a comprehensive attempt to review the entire Indian education system and emphasized education as a powerful means to attain national development. The National Knowledge Commission (2009) was assigned to deal with the educational challenges in 21st century. The main aim was to impart quality, access and equity in higher education (Anderson, 2019).

The national policies on education were implemented with a view to prepare a detailed roadmap for implementing the schemes of education. The first National

Policy on Education (NPE) (1968) was under the Indira Gandhi Government and the second by Prime Minister Rajiv Gandhi in 1986. It was revised in 1992 with some modifications. This move was mainly as per the recommendations of Kothari Commission and gave importance to reconstruct the education system by improving quality of education at all stages. The main aim of all these educational policies was to adjust the educational scenario according to the current situation of the economy (Geeta, 2007). The NPE 2019 aimed to transform our nation sustainably into an equitable and vibrant knowledge society by providing high quality education to all. It is based on the foundational pillars like access, equity, quality, affordability and accountability. The policy also aimed to integrate technology in education and provided an integrated yet flexible approach to education. The NPE 2020 aims to transform the Indian education system as a whole by making India a global knowledge superpower. The NPE proposed a national framework for curriculum as a means to meet the needs of India's diversity of geographical and cultural values along with academic components.

To achieve the goal of education for all, a common school system (CSS) was introduced as per the recommendations of Education Commission (1964-66). The neighbourhood schools and alternate schools were also introduced as a part of CSS. The NCE was designed by the National Council for Educational Research and Training (NCERT) in 1975 and subsequently revised in the years 1988, 2000 and 2005. As a part of universalization of elementary education, Sarva Shiksha Abhiyan (SSA) as a flagship programme for India was introduced in 2001. Other initiatives like National Program for Education of Girls at Elementary education (NPEGL) in 2003, Mid-Day Meal Scheme in 1995, Right to Education (RTE) in 2009, Rashtriya Madhyamic Shiksha Abhiyan (RMSA) in 2009, Scheme for Infrastructure Development in Minority Institutes (IDMI), Scheme to Provide Quality Education in Madrasas (SPQEM) were also regarded as milestone developments in India's school education system.

Samagra Shiksha is regarded as an overreaching programme for school education sector extending from pre- school to class 12 to prepare with the broader goal of improving school effectiveness measured in terms of equal opportunities for schooling and equitable learning outcomes. It subsumes the three schemes such as SSA, RMSA and Teacher education (TE). It is highly true that Indian education

system has made significant progress in recent years particularly in terms of access. The twelfth five year plan (2012-17) gave greater focus on expanding education and improving the quality and access aspects of school education. The expenditure on education has increased rapidly in recent years from Rs.97,000 crores (\$ 11 billion) in 2004-05 to Rs.560,000 (\$63 billion) in 2015-16 according to MHRD budget analyses. When this increase expressed as a percentage of GDP, it is seen that it was 4.1% in 2000-01 down to 3.3% in 2004-05, back up to 4.4% in 2013-14 and down again to 3.3% in 2019-20, according to government figures.

3.3.1. School Education in India

The school education system in India is the largest in the world meeting the needs of over 260 million young people each year. Indian school education system is jointly managed by the national and state levels. Many initiatives have been undertaken from time to time to improve access to quality schooling particularly for the economically and socially disadvantaged sections of the society. India with over 1.5 million schools, over 8.7 million primary and secondary teachers and more than 260 million enrolments is the most complex education system in the world. India is demographically one of the youngest countries in the world and be regarded as the country at the peak of its demand for educational provision. According to the 2011 census, the national literacy rate is estimated as 74 per cent and Kerala with highest 94% and Bihar with 64%. Uttar Pradesh is the most populous state with 17% of the country's population. The literacy rate in Bihar is too low due to high rural population suggesting a high correlation between literacy rate and population (Anderson, et.al, 2019)

As per the Indian constitution, school education was originally a state owned subject, the programmes and policies are implemented at the national level but each state have the complete freedom to make changes in it from time to time. In India school education has at four levels, lower primary (std. I-IV), Upper primary (std. V-VII), high school or secondary education (VIII-X) and higher Secondary (XI-XII). Schools are owned by government and private sectors. There are government schools, government aided schools, private schools and unaided schools in India. There are so many educational initiatives undertaken by the government from time to time for the development of the educational sector. There are so many educational institutions and apex bodies to improve the education sector from time to time (Alex, 2005). There

happened a lot of improvements in the school education system from time to time since independence but still there needs more structural transformations and changes to be brought about looking into the future of Indian education system.

3.4. Public Expenditure on School Education in India

Education has been regarded as one of the important drivers of economic growth. Divergence between the social and private rate of return from education is the rationale for intervention of the government in ensuring equity in opportunity to the population. It is in this context that many governments undertake the responsibility of investing in education (Anuradha et.al, 2008). It is a widely accepted fact that there is a large scope for education improvement in both the central and state level in terms of the quality of publicly funded education in India. In India, education has become an integral part of the planning process since its inception (1951-56). India has made a tremendous increase and expansion in the education sector. The expenditure share of GDP was 0.64% in 1951 slowly rose to 3.36% in 2011.

There are mainly three sources of financing of education in India. They are: (1) financing through central government; (2) state government and non-government sectors such as parents; (3) non- government organizations, banks, philanthropic contributions and (4) as a part of corporate social responsibility activities amongst others. It is the government that is the most responsible authority to invest more on education due to the social returns associated with it. Even though, public investment in social infrastructure is considered as critical to economic growth, government expenditure on education as a percentage of GDP is not considerably increasing in India. There is unimpressive investment in social infrastructure in India due to lack of fiscal space to invest more on critical social infrastructures like education and health (Mukherjee et.al, 2019).

Expenditure on education increases the skill and productivity of the workforce and contributes to economic growth and development of the economy. Government expenditure on education is thus an important indicator of economic progress as it provides an incentive and motivation for other sectors to invest in education (Mukherjee et.al, 2007).

3.4.1. Trends in the Share of Expenditure on Education in GDP

The trends in the share of expenditure on education in total GDP are an important indicator of public expenditure on education (Table 3.4 (a)). It is measured

by various indicators such as GDP at current prices at various years, Expenditure on education, spending on elementary education and education as a total percentage of GDP. Trends in the share of expenditure on education in GDP in India are shown in the Table 3.4(a). From 2006-07 there seems to be an increase in GDP at current prices from Rs.3953276 crores to Rs.5439338 crores in 2007-11. The same trend is also seen in the case of expenditure on education, elementary education spending. It is also seen that there is no much improvement in the case of expenditure on education as a % of GDP. It was 3.5% in 2006-07, reduced to 3.4% in 2007-08, shown a slight increase 3.6% in 2008-09, 4% in 2010-11 and again decreased to 3.7% in 2010-11.

Table 3.4 (a)
Trends in the Share of Expenditure on Education in GDP in India

Year	GDP at current prices (Rs. in crores)	Expenditure on Education (Rs. in crores)	Elementary Education Spending (Rs. in crores)	Expenditure on education as a % of GDP	
				Education	Elementary Education
2006-07	3953276	138727	59755	3.5	1.5
2007-08	4582086	1557684	68883	3.4	1.5
2008-09	5303567	192395	79000	3.6	1.5
2009-10	6108903	244687	95573	4	1.6
2010-11	7248860	297311	119581	4.1	1.6
(2007-11)	5439338	206161	84558.6	3.7	1.5
CAGR	13.0	16.0	15.0	3.0	2.0

Source: Analysis of Budgeted Expenditure, Various Years, MHRD

The expenditure of elementary education as a % of GDP also shown a stable state and it was 1.5% in 2006-07 and same as in 2010-11. Thus it is clear that compared to expenditure on school education and expenditure on elementary education, the expenditure on education as a % of GDP do not show a positive increase. GDP at current prices during these years increased at 13%, expenditure on education at 16%, expenditure on elementary education at 15% and expenditure on education and expenditure on elementary education as a % of GDP increased only at 3% and 2% respectively.

Trends in the share of expenditure on education in GDP are shown in the Table 3.4 (b). The GDP at current prices from 2006-07 to 2015-16 shows that there was an increase from Rs.3953276 crores to Rs.13764037 in the same period. The expenditure on education also increased but at a slow rate, from Rs.138727.03 crores to Rs.587439.5 crores and elementary education from Rs.59755 crores to Rs.169823.8 crores. Thus it is clear that there was a 10% increase in GDP from 2006-07 to 2015-16 and 12% in expenditure on education, 8% increase in the spending of elementary education, 2% increase in the share of education expenditure to GDP and -2%

decrease in elementary education's contribution to total GDP. The percentage share of both elementary education and education also not showed a remarkable improvement. It increased from 3.5% to 4.3% and elementary education from 1.5% to 1.4%. So it is clear from the Table 3.4 (a) and 3.4 (b) that there was a considerable improvement in GDP at current prices, expenditure on education and expenditure on elementary education it shows a stable position and in some cases it shows a negative trend in the case of elementary education.

Table 3.4 (b)
Trends in the Share of Expenditure on Education in GDP in India

Year	GDP at current prices (Rs in crores)	Expenditure on Education (Rs in crores)	Elementary Education Spending (Rs in crores)	Expenditure on education as a % of GDP	
				Education	Elementary Education
2011-12	8736329	337082	137667	3.9	1.6
2012-13	9944013	368133	152499	3.7	1.5
2013-14	11233522	433641	164134	3.9	1.5
2014-15(RE)	12467959	502929	195954	4	1.6
2015-16(BE)	13764037	587440	198865	4.3	1.4
(2012-16)	11229172	445845	169824	3.9	1.5
CAGR	10%	12%	8%	2%	-2%

Source: Analysis of Budgeted Expenditure, Various Years, MHRD

Thus it is a clear cut problem to be taken into consideration that the percentage share of education expenditure to total GDP share need to be increased, only then there will be an improvement in this sector. But compared to these positive trends, the expenditure on education as a per cent of GDP in the case of education and that of elementary education do not show an increase and in some years it showed a negative trend.

3.4.2. Expenditure on Education in India

The expenditure on school education of primary and secondary education is shown in the Table 3.5. Expenditure on primary education is expressed as a percentage of total general government expenditure on education. General government usually refers to local, regional and central governments. Expenditure on primary education (% of government expenditure on education) in India was 28.40 as of 2013.

The highest value over the past 14 years was 37.56 in 2000, while its lowest value was 25.21 in 2010. The percentage of government expenditure to primary education during these years does not show a positive trend, i.e. it is shown an increase and decrease during these years. Expenditure on secondary education is

expressed as a percentage of total general government expenditure on education. General government usually refers to local, regional and central governments. Expenditure on secondary education (% of government expenditure on education) in India was 41.35 as of 2013. The highest value over the past 14 years was 42.89 in 2005, while its lowest value was 34.92 in 2009. Expenditure on tertiary education is expressed as a percentage of total general government expenditure on education. General government usually refers to local, regional and central governments. Expenditure on tertiary education (% of government expenditure on education) in India was 28.53 as of 2013.

Table 3.5
Expenditure on Primary and Secondary Education in India

Year	% of Government Expenditure on Primary Education	Percentage change in primary education expenditure	% of Government Expenditure on secondary Education	percentage change in secondary education expenditure
1999	30.05	0.00	37.80	0.00
2000	37.56	24.99	40.09	6.05
2003	36.08	-3.94	41.67	3.94
2004	36.38	0.83	41.62	-0.11
2005	35.59	-2.17	42.89	3.05
2006	35.38	-0.59	42.50	-0.90
2009	26.68	-24.59	34.92	-17.83
2010	25.21	-5.50	36.99	5.92
2011	26.55	5.31	36.96	-0.08
2012	27.21	2.48	38.73	4.78
2013	28.40	4.37	41.35	6.76

Source: Computed from the UNESCO Institute for Statistics (<http://uis.unesco.org/>), 2015

The highest value over the past 14 years was 36.45 in 2009, while its lowest value was 17.54 in 1999. It also shows a mild increase and decrease over the years. The government spending on education is an important factor determining the resources diverted to education. It is clear from the Table 3.6 that India spends a considerable amount of money for school and higher education sectors.

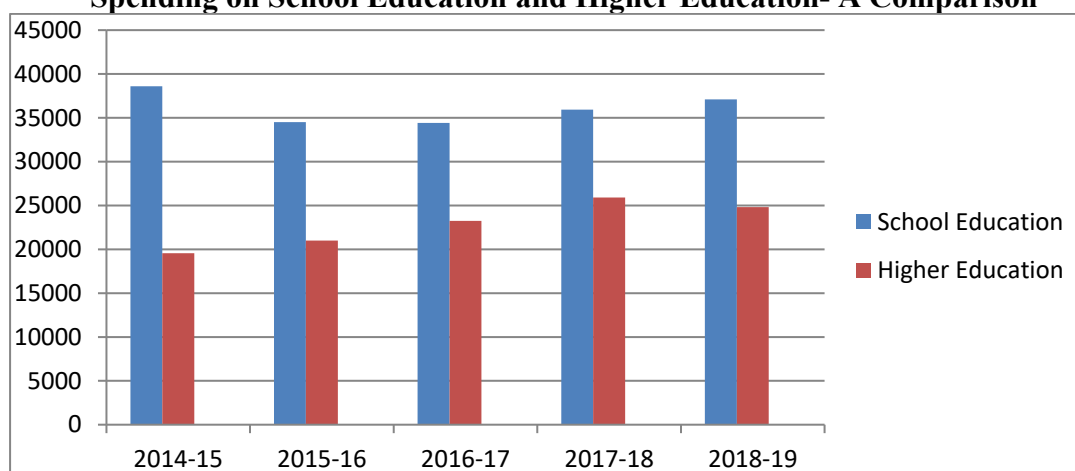
Table 3.6
Spending on School Education & Higher Education- A Comparison

Year	Spending on school education(in crores)	Spending on higher education (in crores)
2014-15	38607	19549
2015-16	34508	21001
2016-17	34415	23237
2017-18	35928	25916
2018-19	37111	24817

Source: Calculated from the Government of India, various issues, Budget Documents, Various Years

It is also apparent that compared to higher education Indian Government spends more on school education and at the same time school education expenditure shown a negative trend, i.e. Rs.38607 crores in 2014-15 to Rs.34508 crores in 2015-16, Rs.34415 crores in 2016-17 and shown an improvement in the years 2017-18 and 2018-19 to Rs.35928 crores and Rs.37111 crores respectively. India's spending comparison on school and higher education is given in the Figure 3.1. India spends more on school education than higher education. In 2014-15, spending on school education was 38,607 crores which were lowered to 37,111 crores in 2018-19. The spending on school education is not steadily improving over the years and the government spending on higher education is steadily improving over these years.

Figure 3.1
Spending on School Education and Higher Education- A Comparison



Source: Calculated from the Government of India, Budget Documents

Thus even though the government is spending more to the school education sector, the amount spent for each year on school education compared to higher education decreased from 2014-15 to 2018-19. Thus the resources the government devoted to school education sector must undergone a change.

The Public Expenditure on Education as a Percentage of GDP in India in various years is shown in the Table 3.7. The total expenditure on education by education and other departments from 1951-52 to 2014-15 showed a tremendous increase, ie, Rs. 64 crores to Rs.502929.34 crores. The expenditure on education as a % of GDP which was 0.64% in 1951-52 increased to 4.04% in 2014-15. The expenditure on education as a % of GDP and GSDP is shown in the Table 3.7. The total expenditure on education by education and other departments showed a tremendous increase over the years 1951-52 to 2014-15. It increased to Rs.64.46

crores to Rs.502929.34 crores during the same period. The percentage change in the total expenditure on education shows that the increase is not in a smooth and steady manner. The increase was fast and steady during the initial years and it showed a decline after 2000-01. The percentage change shows that public expenditure increased much faster rates from 1951-52 to 2000-01. After that it showed a decline then a slight increase and decrease showing that public expenditure do not increased at a faster rate.

Regarding the expenditure on education by education and other departments as a per cent of GDP also there was not much impressed progress. It was 0.64 in 1950-51 and increased to 4.04 per cent in 2014-15. The percentage change also shows that in some years the increase was negative and even if there is some increase in some years the pace was very slow indicating the importance of increasing the share of education as a per cent of GDP.

Table 3.7
Public Expenditure on Education as a Percentage of GDP in India

Year	Total Expenditure on education by Education & other Departments (Rs crore)	Percentage change in total expenditure on education	Expenditure on education by Education & other Departments as % of GDP	Percentage change in total expenditure on education as a % of GDP
1951-52	64.46	0.00	0.64	0.00
1960-61	239.55	270.47	1.48	131.25
1970-71	892.36	272.51	2.11	42.56
1980-81	3884.20	335.27	2.98	41.23
1990-91	19615.85	405.01	3.84	28.85
2000-01	82486.48	320.50	4.14	7.81
2005-06	113228.71	37.26	3.34	-19.32
2006-07	137383.99	21.33	3.48	4.19
2007-08	155797.27	13.40	3.40	-2.29
2008-09	189068.84	21.35	3.56	4.70
2009-10	241256.02	27.60	3.95	10.95
2010-11	293478.23	21.64	4.05	2.53
2011-12	333930.38	13.78	3.82	-5.67
2012-13	368132.87	10.24	3.70	-3.14
2013-14 (RE)	433640.59	17.79	3.86	4.32
2014-15(BE)	502929.34	15.97	4.04	4.66

Source: Ministry of Human Resource Development & Analysis of Budgeted Expenditure, various years

3.4.3. Intra-Sectoral Allocation of Public Expenditure on Education

Government spends more on elementary and secondary education altogether. But the importance and the share to these sectors showed a slow decline during the same period and the importance to higher education and technical education showed a mild increase. The share of elementary education was 50.91% in 2001-02 decreased

to 44.59% in 2013-14 is presented in the Table 3.8. The share of secondary sector also decreased from 33.80% to 24.86% in the same period. The share of higher education increased from 11.34% to 15.29%. The importance of technical education also improved progressively during the same period.

It is also seen that elementary education and its share despite its decline occupies almost half of the per cent of the total expenditure devoted to whole education system. In the case of secondary education it is also seen that it is about just half of the expenditure for elementary education. It is also seen that as years' changes the discrepancy in elementary and secondary education went on decreasing.

On the other hand, the importance given to university and higher education and technical education also improved over the years. Household expenditure on education is an important component of economic growth and thus sustainable development. In India, household expenditure on education forms an important component of education expenditure and it is also known as parents investment on education. The items included in expenditure of school education includes tuition fee, exam fee, other fees and & payments, books & stationary, uniform, transport, private coaching and other expenses.

Table 3.8
Intra Sectoral Allocation of Public Expenditure on Education in India

Years	Elementary Sector	Secondary Sector	University & higher education	Technical Education	Other Sector including adult education etc.
2001-02	50.91	33.80	11.34	2.32	1.64
2002-03	49.12	34.91	11.95	2.42	1.59
2003-04	49.57	34.95	11.61	2.28	1.59
2004-05	51.45	30.13	11.67	3.82	2.93
2005-06	46.56	25.80	19.31	7.96	0.89
2006-07	45.17	23.27	19.30	11.98	0.28
2007-08	44.62	22.98	24.47	7.67	0.26
2008-09	42.47	24.24	24.30	8.79	0.20
2009 -10	39.63	25.87	23.59	8.91	2.0
2010-11	42.09	24.31	21.34	11.95	0.31
2011-12	44.66	25.62	16.14	13.28	0.30
2012-13	45.21	25.19	14.70	14.62	0.28
2013-14	44.59	24.86	15.29	14.95	0.31

Source: Analysis of Budgeted Expenditure on Education, MHRD, Government of India, various issues

The average annual item- wise expenditure per student in rural and urban areas shows that household expenditure on education is much higher in urban areas than in rural areas (Nair, 2004)

3.5. Household Expenditure on School Education in India

The studies on household expenditure on education in India indicate that there is nothing like free education in India. The cost parents incurred on their child's education are of three types. These are direct, indirect and opportunity costs. Fees & transport form the most important item of expenditure at any levels of education. These are known as the direct cost of education. Indirect costs are expenses which are not considered as the part of direct learning process. Opportunity costs are the cost that forego to participate in the learning process (Tilak, 2000). There is an acute shortage of resources in the education sector in India. India's total public expenditure on education as a percentage of GDP also declined. Thus it is the duty of the government to provide more incentives to rural households and making education more affordable at each level of education (Rao, 2014).

Over the last two decades, there was a greater emphasis on literacy and promoting primary education through schemes such as Sarva Shiksha Abhiyan (SSA) and it made a tremendous impact on household spending on education. It has increased considerably and increased by 9% per annum, while at the same time the overall consumer market grew at 6% annum. The top three education markets in India are Maharashtra, Uttar Pradesh and Tamil Nadu. Kerala the top literate state stands the seventh position in the education market, which shows that there is no relation between literacy and spending on education.

There are rural urban differences and gender differences to some extent. One of the most promising factors to increase the household spending on education was no doubt, the growth of private institutions and the high preference of parents towards these over government sector especially in the school education sector in India (Tilak, 2000). In spite of the adequate number of government schools in India, more than one third of the elementary school students are the private sector in 2014-15. According to District Information System for Education (DISE) data, about 75% of the schools in India at the elementary level are in the government sector, in 2014-15, showing the importance of government in providing education. As per the Ninth Annual Status of Education Report, the enrollment in the private sector (6-14 age groups) increased considerably, 18.2% in 2007 to 29% in 2013.

3.5.1. Item-wise Expenditure on Education

In terms of average spending per household, the inequality between the rich and the poor is evident. The rich spend more on higher education than the poor and the rich- poor divide in terms of spending on education is stronger in urban India, an urban household spends 3-4 times more than a rural household. Thus in India, it is clear that the education system has huge potential for investment, there is a strong need to revamp the system to meet the desired skill requirements for economic growth as well as the aspirations of parents (Tilak, 2006). Thus in the case of school education at all levels there was an increase in the growth rate of household expenditure on education than higher education.

Average item- wise expenditure (Rs.) per student in rural areas is shown in the Table 3.9. From 1995-96 to 2012-13 there were a substantial increase in the items of expenditure like tuition fees, exam fee, other fee and payments, books and stationery, uniform, transport, private coaching and other expenses. In 1995-96, in case of primary and secondary education books, stationery and uniform hold the major share of household expenditure. In the case of higher secondary education, exam fee, other fees & private coaching also are the major expenses. In 2012-13, apart from these items transportation, private coaching and tuition fee are also considered as the major items of expenditure. This clearly shows that there is a shift from the priority of households regarding different items of expenditure on education and these requirements of education have shown a change over years.

In the case of higher education, the major item of household expenditure on education in 1995-96 was books and stationery, but it was tuition fee among the household items of expenditure in 2012-13. In urban areas tuition fee and transportation are also included in the major items of expenditure. Urban households in 1995-96 spent more on tuition fee, exam fee, books and private coaching. In 2012-13, the amount spent on these items increased, and tuition fee, books and private coaching occupied the major share of expenditure. This clearly shows that the expenditure on education by the urban households is entirely different from that of rural households (Table 3.10). In the case of primary education of urban households, the major item was tuition fee over these years and in case of secondary education, the households spent more for books and stationery in 1995-96 and it changed to tuition fee in 2012-13.

Regarding higher secondary education, in 1995-96, it was private coaching which occupied major share but in 2012-13 it was tuition fee. In the case of higher education, the major item of household expenditure on education in 1995-96 and 2012-13 was tuition fee. Thus it is clear that the items of expenditure on education at different levels and different categories differ over time as per the requirements of the society. The different items of expenditure on education at all levels from primary to higher education comparatively from 1995-96 to 2012-13 showed a tremendous improvement and increase. In the case of primary education in 1995-96 and 2012-13 the major item was tuition fee (27.67%) and (42.30%) respectively. But in the case of secondary education it was books and stationery, 25.40% in 1995-96 but tuition fee, 39.95% in 2012-13. It is also clear that in the case of higher secondary and higher education also in both years tuition fee occupies the major form of expenditure. Thus comparatively, when looking into the different items of education expenditure tuition fee forms the major form of expenditure. The average annual expenditure in general, technical and vocational education shows that expenditure on general education is much lower than that of vocational and technical/professional education. Households spent more on technical/ professional and vocational education than general education and it increased considerably from 2007-08 to 2014.

Table 3.9
Average Item- wise Expenditure (Rs) per Student in Rural Areas

Level of Education	Tuition Fee	Exam fee, other fees & Payments	Books & stationary	Uniform	Transport	Private coaching	Other Expenses	Total
1995-96								
Primary Education	31 (10.43)	29 (9.79)	102 (34.34)	82 (27.60)	11 (3.70)	23 (7.74)	19 (6.40)	297 (100)
Secondary Education	36 (5.63)	61 (9.53)	246 (38.44)	170 (26.57)	18 (2.81)	71 (11.09)	38 (5.93)	640 (100)
Higher Secondary	73 (6.18)	140 (11.85)	423 (35.82)	212 (17.95)	87 (7.37)	182 (15.41)	64 (5.42)	1181 (100)
Higher education	375 (16.35)	414 (18.04)	680 (29.64)	101 (4.40)	395 (17.22)	154 (6.71)	175 (7.63)	2294 (100)
2012-13								
Primary Education	335 (26.05)	170 (13.22)	288 (22.40)	214 (16.64)	123 (9.56)	93 (7.23)	63 (4.90)	1040 (100)
Secondary Education	403 (20.83)	226 (11.68)	524 (27.08)	296 (15.30)	147 (7.60)	257 (13.28)	82 (4.23)	1935 (100)
Higher Secondary	1089 (23.89)	683 (14.98)	1101 (24.15)	440 (9.65)	357 (7.83)	699 (15.33)	189 (4.15)	4558 (100)
Higher education	3619 (37.14)	1878 (19.27)	1739 (17.85)	221 (2.23)	1205 (12.37)	750 (7.69)	332 (3.41)	9744 (100)

Note: Figures in parenthesis shows percentage

Source: Computed from NSS 52nd round Report No.439 (52/25.2/1), 72nd Round NSS KI (71/25.2)

Households spent Rs.2461 in 2007-08 and it increased to Rs.6788 in 2014 for general education. In the case of technical/professional education it was Rs.32112 and Rs.62841 over the same years. In the case of vocational education it was Rs.14881 and Rs.27676 respectively during the same time period. Average expenditure per student pursuing general education at different levels is shown in the Table 3.10.

Table 3.10
Average Item- wise Expenditure (Rs) per Student in Urban Areas

Level of Education	Tuition Fee	Exam fee, other fees & Payments	Books & stationary	Uniform	Transport	Private coaching	Other Expenses	Total
1995-96								
Primary Education	318 (27.67)	117 (10.18)	223 (19.41)	231 (20.10)	93 (8.01)	125 (10.88)	42 (3.65)	1149 (100)
Secondary Education	316 (22.80)	148 (10.68)	352 (25.40)	306 (22.07)	97 (6.99)	245 (17.67)	59 (4.26)	1523 (100)
Higher Secondary	397 (19.85)	223 (11.15)	307 (15.36)	307 (15.36)	114 (5.70)	560 (28.01)	91 (4.55)	1999 (100)
Higher education	931 (29.05)	515 (16.07)	865 (26.99)	74 (23.09)	325 (10.14)	400 (12.48)	94 (2.93)	3204 (100)
2012-13								
Primary Education	2473 (42.30)	945 (16.16)	774 (13.24)	434 (7.42)	627 (10.72)	438 (7.49)	155 (2.65)	5846 (100)
Secondary Education	2645 (39.95)	839 (12.67)	965 (14.57)	476 (7.19)	573 (8.65)	936 (14.13)	186 (2.80)	6620 (100)
Higher Secondary	4280 (36.25)	1443 (12.22)	1630 (13.80)	575 (4.87)	689 (5.83)	2810 (23.80)	379 (3.21)	11806 (100)
Higher education	4673 (37.94)	2261 (18.36)	2001 (16.2)	172 (1.39)	1389 (11.27)	1405 (11.40)	413 (3.35)	12314 (100)

Source: Computed from NSS 52nd round Report No.439 (52/25.2/1) & 72nd Round NSS KI (71/25.2)
Figures in parenthesis shows percentage

Compared to rural areas the expenditure at all levels are very much high. The differences in male and female are also high at all levels. At the school level, expenditure is more at the higher secondary and secondary levels. The expenditure on school education in the urban areas is more than double at the rural areas. In the case of higher education, this difference is not much wider compared to that of school education. In the case of school education, the differences in male and female expenditure at different levels are comparatively high compared to that of higher education. The average annual expenditure per student pursuing general education for different items of expenditure is given in the table. Households in urban areas spent more on different items of expenditure than the rural households. Both in rural and urban areas households spent more on male than female population. Uniform, books,

private coaching & stationery occupies major share by households both in rural and urban areas. The household spend differently for different items of expenditure but they spend more on uniform followed by tuition fee and books and spend least on other expenses and transport.

Table 3.11
Average Expenditure per Student Pursuing General Education in India in 2012

Gender	Primary	Upper Primary	Secondary	HS	Graduate	PG and above	Diploma
Rural							
Male	3061	3603	5568	9820	11306	13017	15209
Female	2512	2813	4534	8012	11813	16715	10706
Person	2811	3242	5100	9031	11527	14604	13422
Urban							
Male	10604	11864	13781	21681	17480	19090	23040
Female	9489	10940	13284	18442	16161	16565	21249
Person	10083	11446	13547	20179	16771	17744	21947
Rural + Urban							
Male	4895	5775	7805	13511	13324	15417	16920
Female	4273	4922	7049	11509	13649	16641	14918
Person	4610	5386	7459	12619	13478	15999	15997

Source: Computed from NSS 71st Round (2014), NSS KI (71/25.2):

Thus different items of expenditure requires in different quantities to household spending on education. Proportion of students incurring expenditure on different items (as % of corresponding estimated number of students of sector-sex) is shown in the Table 3.12.

Table 3.12
Proportion of Students Incurring Expenditure on Different Items in India 1995

Item of Expenditure	Rural			Urban			Rural+ urban		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Tuition fee	16.7	12.5	15.0	48.8	43.5	46.3	25.5	22.8	24.4
Exam fee	64.5	59.9	62.7	64.9	63.3	64.2	64.6	61.1	63.2
Other fee & payments	60.1	57.1	58.9	61.0	59.9	60.5	60.4	58.0	59.4
Books	80.6	79.1	80.0	90.0	88.7	89.4	83.2	82.3	82.8
Stationery	97.5	97.1	97.3	97.8	97.8	97.8	97.6	97.3	97.5
Uniform	47.2	49.4	48.1	70.1	72.1	71.0	53.5	57.0	54.9
Transport	8.8	6.1	7.8	17.0	17.3	17.2	11.1	9.9	10.6
Private coaching	14.1	12.6	13.5	29.6	25.2	27.6	18.4	16.8	17.7
Other Expenses	51.0	48.4	9.0	48.0	47.7	47.9	50.2	48.2	49.3

Source: NSS (52nd Round) 1995-96, Report No.439 (52/25.2/1)

Households in urban areas spent more on different items of expenditure than the rural households. Both in rural and urban areas households spent more on male than female population. Among the items of expenditure stationery, books, exam fee and other fees are the major items of expenditure. There exist rural urban differences,

gender differences and item wise differences in terms of student expenditure on education in India. India is one of the world's largest economies with more number of youth populations. The households are ready to spend for their children irrespective of their financial background.

In India, the consumer expenditure increases from year to year and education is one among the important items for which people spends more.

3.6. Per-capita Spending on Education in India

Consumer spending on different items also known as personal consumption expenditure (PCE) is a good indicator of the financial health of an economy. The consumer spending per capita on various items of expenditure is given in the Table 3.13. The total per capita spending of consumer is Rs.77085 in 2017-18. The consumer spends more on groceries (27.88%) followed by housing (17.24%) and transportation (16%). Expenses for clothing is Rs.5485(7.12%), health (4.90%) and education (4.27%).It is clear that consumer spends more on meeting the day to day expenses such as groceries (27.88%), housing (17.24%) and transportation (16%). Education expenses (4.27%) are almost as important as health (4.90%) and clothing (7.12%).

Table 3.13
Consumer Spending Per Capita in India in 2017-18

Items of consumer expenditure	Amount spent to each item of expenditure	% of expenditure to each item of expenditure
Groceries	21491	27.88
Housing	13293	17.24
Transportation	12333	16.0
Clothing	5485	7.12
Health	3774	4.90
Discretionary	3765	4.88
Education	3292	4.27
Communication	1465	1.90
Miscellaneous	12186	15.80
Total	77085	100

Source: Ministry of Statistics & Programme Implementation (MoSPI) – 2(018)

Apart from these major items people are also willing to spend on discretionary items 4.88% and miscellaneous expenses also form a major part, 15.80% of total expenses.

3.6.1. Average Household Expenditure on Education in India

Expenditure (Rs.) per student on education relating to basic course during the current academic year in 2017-18 (all- India) is shown in the Table 3.14. There are gender differences in terms of the average spending on education; the spending on

male is grater in rural and urban areas. Regarding the area wise expenditure, urban expenditure per student is more than that of rural areas. Regarding the type of courses, professional and technical courses show more expenditure than general courses and in that also, expenditure on males and expenditure in urban areas are greater than females and rural areas. The male female differences in terms of education expenditure regarding courses can be seen everywhere whether rural or in urban areas. The expenditure in urban areas is almost double as that in rural areas regarding all courses and regarding gender. Thus expenditure per student per course clearly indicates the rural- urban differences, gender differences in terms of expenditure on education.

The percentage distribution of average expenditure relating to basic course per student pursuing general course during by item of expenditure is shown in the Table 3.14. In rural and urban areas the major item of expenditure includes course fee including tuition fee, examination fee, development fee & other compulsory payments. Books, stationery & uniform, transport, private coaching and other expenses occupy the next positions respectively. Regarding the different items of expenditure also, there exists gender differences and area differences. The average expenditure (Rs) relating to basic course per student pursuing general course during the academic year for each level of current attendance is seen in the Table 3.15.

Table 3.14

Expenditure per Student on Education in Basic Course in 2012

Type of course	Average Expenditure (Rs)		
	Male	Female	Person
Rural			
General course	5579	4812	5240
Technical/ professional course	32376	31622	32137
Any course(general/ technical/ professional)	6362	5277	5887
Urban			
General course	17123	15282	16308
Technical/ professional course	68700	58120	64763
Any course(general/ technical/ professional)	21381	17978	19893
Rural+ Urban			
General course	8797	7742	8331
Technical/ professional course	51844	47421	50307
Any course(general/ technical/ professional)	10721	8955	9948

Source: Computed from NSS (75th Round, 2017-18), NSS KI (75/25.2)

In rural areas, at the school level, the expenditure on higher secondary education is more and that of males are more than that of females. The expenditure is lowest in case of primary education. In the case of expenditure on education after school education, expenditure on post-graduation & above courses is more. The expenditure is lowest in case of diploma/ certificate course below graduation. In urban areas, the amount spent on all levels of education shows a tremendous increase than that of rural areas.

At the school level, the expenditure on higher secondary education is more and that of males are more than that of females. The expenditure is lowest in case of primary education. In the case of expenditure on education after school education, expenditure on diploma/certificate course below graduation shows much increase than that of other sectors. The expenditure is lowest in the case of graduation. The average expenditure per student pursuing general Education at different levels of education is given in the Table 3.16 (b).

Table 3.15

Percentage Distribution of Average Expenditure per Student Pursuing General Course -2016

Item of expenditure	Percentage		
	Male	female	Person
Rural			
Course fee including tuition fee, examination fee, development fee & other compulsory payments	43.9	41.5	42.9
Books, stationery& uniform	25.3	26.6	25.9
Transport	13.6	14.0	13.8
Private coaching	11.1	11.4	11.2
Other expenses	6.1	6.6	6.3
All- items	100	100	100
Urban			
Course fee including tuition fee, examination fee, development fee & other compulsory payments	57.5	57.3	57.4
Books, stationery& uniform	15.0	15.9	15.4
Transport	10.2	10.9	10.5
Private coaching	12.9	11.5	12.3
Other expenses	4.4	4.3	4.4
All- items	100	100	100
Rural + urban			
Course fee including tuition fee, examination fee, development fee & other compulsory payments	51.3	50.2	50.8
Books, stationery& uniform	19.8	20.7	20.1
Transport	11.7	12.3	12.0
Private coaching	12.1	11.5	11.8
Other expenses	5.2	5.3	5.2
All-items	100	100	100

Source: Computed from NSS (75th Round, 2017-18), NSS KI (75/25.2)

In the case of expenditure on education after school education, expenditure on diploma/certificate course below graduation shows much increase than that of other sectors. The expenditure is lowest in case of graduation. Expenditure on education is lower in the case of primary and upper primary education. The total average expenditure considering all levels of education, rural, urban, male and female are equal to Rs.8331. This clearly shows that there are wide differences with respect to average expenditure on education at rural and urban areas and males and females. Thus the average expenditure per student at different levels of education at school education and higher education shows how much the households spend for their child at different stages of education.

Table 3.16 (a)

Average Expenditure per Student at Different Levels of Education in 2016

Level of Attendance	Average Expenditure (Rs)		
	Male	female	Person
	Rural		
Pre-Primary	5879	5378	5655
Primary	3780	3250	3545
Upper primary/ Middle	4267	3570	3953
Secondary	6154	5479	5856
Higher secondary	9943	8106	9148
Diploma/ certificate below graduate	8017	9228	8545
Diploma/ certificate graduate and above	13386	11579	12415
Graduate	11748	11993	11845
Post graduate & above	16174	15368	15827
All	5579	4812	5240
	Urban		
Pre- primary	15370	13433	14509
Primary	14000	12878	13516
Upper Primary/ Middle	15986	14537	15337
Secondary	18548	16210	17518
Higher secondary	25887	21081	23832
Diploma/ certificate below graduate	35785	10189	22281
Diploma/ certificate graduate and above	27198	10543	19979
Graduate	19241	17669	18485
Post graduate & above	20369	20515	20443
All	17123	15282	16308

Source: NSS (75th Round, 2017-18), NSS KI (75/25.2)

It is shown from the Table3.16 (b) that at the school level, the highest average expenditure per student is at the higher secondary level and the lowest is at the primary level. Regarding higher education, the highest expenditure is for post graduate and above courses and the lowest expenditure is for diploma and certificate courses below graduation. So it is important both from the part of Government and

household level to increase more resources for education to increase its expenditure and thereby increasing the quality of human capital. So it is understood from the above table and the analysis of household expenditure on school education in India that household invests less for female compared to male and there are rural urban differences in terms of household investment.

Table 3.16(b)
Average Expenditure per Student at Different Levels of Education in 2016

Level of Attendance	Average Expenditure (Rs)		
	Male	female	Person
	Rural + urban		
Pre- primary	9475	8405	8997
Primary	6365	5591	6024
Upper Primary/ Middle	7273	6367	6866
Secondary	9516	8376	9013
Higher secondary	15077	12221	13845
Diploma/ certificate below graduate	14197	9510	12045
Diploma/ certificate graduate and above	18411	11296	14823
Graduate	14288	14313	14264
Post graduate & above	18103	18119	18110
All	8797	7742	8331

Source: NSS (75th Round, 2017-18), NSS KI (75/25.2)

From the table 3.16 (b) it is evident that for pre- primary education, Rs.8997 is spent, for primary education it is Rs.6024, for upper primary education it is Rs.6866, for secondary education it is Rs.9013 and for higher secondary education it is Rs.13845. The expenses for diploma course below graduate are Rs.12045, diploma course above graduate are Rs.14823. The expenditure for graduate courses is Rs.14264 and post-graduation and above are Rs.18110. The average expenditure for all courses is Rs.8331. It is also seen that acquiring primary education is expensive in India. At all levels of school education it seems that educational expenses are high. It indicates the importance of argument against free education in India. Even the poor have to pay for the education of their child as the rich do for their child.