

Inter-State Variations in Public Spending On Higher Education in India

Smita Anand

PhD Scholar

Gokhale Institute of Politics & Economics, Pune

ABSTRACT : *Income profile of a person varies with the level of education and acquired knowledge. Institutions imparting higher education therefore play a central role in producing quality and efficient workforce. The level of expenditure by government reveals the relative importance accorded to the sector. Education in India, as in most of the countries of the world, is mostly a state-sponsored activity. Over the last six decades, India has witnessed major changes in the level of financing of education and in priorities attached to different sub sectors of education. Total expenditure on higher and technical education has increased significantly after Independence. However, despite this expansion there exists mismatch between demand of higher educational services and its supply in the country. The present study aims to analyse the trends and pattern of public expenditure on higher and technical education amongst major states in India. The study reveals that the spending on tertiary level of education in general and technical education in particular is much below the desired level across major states. There exists wide inter-state disparity in terms of amount of spending on these two sub-sectors of education. Lower per capita expenditure in higher education has direct impact on the quality of higher education in most of the states. The country is still far away from the recommendation prescribed by Kothari Commission and New Education Policy.*

KEYWORDS : *Higher education, public spending, inter-state variations, components of expenditure, per capita expenditure*

I. INTRODUCTION

Economic studies of incomes and education shows that the income profile of a person varies with the level of education and acquired knowledge. People with higher level of education start out with higher incomes and enjoy more rapid growth in incomes than those with lower education level (Brian Keeley, 2010). Better and quality higher education leads to enhanced productivity and thus more economic prosperity for the nation. Investment in every level of education system is equally important in formation of human capital. But, country's economic and technological progress is largely determined by its higher and technical education system. Investment in specialised human capital through investment in higher and technical education therefore needs sustained funding from government. Many research studies also support the view that higher education should be treated as a public good because society reaps its benefits in various ways. Public sector spending on tertiary level of education is more growth-enhancing and reinforces the case for more spending on this sector. The resource-allocation policy of the government reflects the relative priorities accorded to different levels and types of education. The pattern and development of higher educational institutions in a country depends largely on the availability of the public resources. Rapid rate of Globalisation and increasing competition in the labour market has further strengthened the importance of investment in tertiary level of education.

Education in India, as in most of the countries of the world, is mostly a state-sponsored activity. Over the last six decades, India has witnessed major changes in the level of financing of education and in priorities attached to different sub sectors of education. Total expenditure on higher and technical education has increased significantly after Independence. However, with the advent of economic reforms during 1990s, budgetary allocations to higher education have been squeezed off and this sector has suffered badly. Moreover, whatever growth has been seen in the quantum of government spending on higher and technical education, it was offset by increase in prices, increase in population and increase in number of students in this sector. These trends taken together with the rising enrolment led to sharp decline in real per student expenditure. The adverse macro economic conditions and increased competition for scarce public funds have reduced many governments' capacity to support higher education which resulted into mismatch between demand of higher educational services in the country and its supply. Even after six decades of independence, higher education is still not accessible to all the sections of the people. Inter-state variations in terms of access, equity and quality have

further aggravated the problem. Unsatisfactory funding pattern is mainly responsible for this crisis of higher education across different state in the country. Tenth Five Year Plan Document has rightly mentioned this situation and asserted that 'part of problem facing universities is the inadequate provision of budgetary resources from the government'. It is therefore imperative to carry a exhaustive study of public expenditure pattern across major states of India.

II. OBJECTIVE OF STUDY

The present study aims to analyse the trend in growth of public spending on higher and technical education sector in India. State wise analysis on these inter related issues discussed in the paper helps to understand the trends and pattern of public expenditure on higher and technical education amongst major states in India. However, scope of the paper is limited to inter-state analysis and would not be able to capture the existing wide spread intra-state disparities in terms of availability of government spending in this sector.

III. ANALYSIS AND DISCUSSION

This section presents the public expenditure pattern on higher & technical education across states in India. The level of expenditure by government reveals the relative importance accorded to the sector. A time series analysis of major parameters across states has been done to understand the relative priorities given to higher and technical education across major states.

Expenditure as per cent to GSDP : *Though education comes under concurrent list, the primary responsibility of higher education expenditure lies with the state governments. The share of education in Gross State Domestic Product (GSDP) is the most widely used indicator to measure the priority given to education across states in India. Analysis of expenditure on the higher and technical education as per cent to GSDP across major states reveals the importance being given to higher education in these states. A high percentage of GSDP devoted to these sub sectors of education denotes a higher level of attention on investment in this area. During 1980-81, the expenditure on education in India was 2.55 per cent of the Gross Domestic Product and the expenditure on higher and technical education was 0.36 and 0.10 per cent of GDP respectively. During 1990-91, the proportion of expenditure on total education and higher as well as technical education increased to 3.34 per cent, 0.45 per cent and 0.15 per cent of GDP respectively. Between 1990-91 and 2000-01, the proportion for total education came down to 3.25 per cent, which has reduced further to 3.20 per cent during 2009-10. Proportion of expenditure on higher education was 0.48 per cent during 2000-01, which has reduced to 0.41 per cent in 2009-10. Proportionate expenditure on technical education has increased from 0.13 per cent in 2000-01 to 0.16 per cent in 2009-10. Similar trend has been observed for most of the states. For all the time period under study, states like Karnataka, Kerala, Maharashtra and Tamil Nadu were spending relatively higher proportion of their GSDP on higher, technical and total education amongst major states of the country. The data also shows that for most of the states as well as India, proportionate expenditure has shown a declining trend for all the sectors except technical education after 1990-91. The figures clearly indicate the negligible priorities accorded to these two sub sectors of education. Relative neglect of higher and technical education in the government budget over the years could be one of the reasons for poor condition of these two sectors (Table I).*

Table I

Expenditure* on Higher, Technical and Total Education – As per cent to GSDP

States	Expenditure on Higher Education as % to GSDP				Expenditure on Technical Education as % to GSDP				Expenditure on Total Education as % to GSDP			
	1980-81	1990-91	2000-01	2009-10**	1980-81	1990-91	2000-01	2009-10**	1980-81	1990-91	2000-01	2009-10**
Andhra Pradesh	0.54	0.61	0.59	0.29	0.09	0.08	0.06	0.05	2.76	2.85	2.41	1.78
Bihar	0.11	0.49	0.02	0.57	0.05	0.08	0.02	0.02	2.79	4.53	0.51	4.49
Gujarat	0.20	0.32	0.36	0.14	0.07	0.09	0.10	0.07	2.33	3.17	3.25	1.32
Haryana	0.30	0.34	0.37	0.29	0.05	0.05	0.07	0.13	2.11	2.32	2.25	2.37
Karnataka	0.48	0.48	0.51	0.21	0.09	0.10	0.06	0.05	2.73	3.35	3.02	2.46
Kerala	0.52	0.66	0.53	0.36	0.21	0.22	0.15	0.11	4.92	5.40	3.52	2.63
Madhya	0.23	0.32	0.42	0.21	0.07	0.11	0.13	0.07	2.11	2.87	3.36	2.64

Pradesh												
Maharashtra	0.31	0.33	0.45	0.19	0.08	0.11	0.14	0.07	2.32	2.65	3.69	2.10
Odisha	0.40	0.59	0.48	0.58	0.05	0.16	0.05	0.04	2.86	4.08	3.88	3.31
Punjab	0.28	0.38	0.29	0.24	0.03	0.05	0.04	0.03	2.73	2.64	2.40	1.81
Rajasthan	0.34	0.35	0.27	0.15	0.03	0.06	0.04	0.02	3.09	3.85	3.81	3.35
Tamil Nadu	0.51	0.42	0.35	0.24	0.11	0.14	0.09	0.05	2.91	4.03	2.93	2.21
Uttar Pradesh	0.22	0.30	0.28	0.22	0.06	0.09	0.05	0.03	2.23	3.75	3.24	3.26
West Bengal	0.36	0.52	0.47	0.39	0.08	0.07	0.05	0.09	2.37	3.89	3.12	2.70
India	0.36	0.45	0.48	0.41	0.10	0.15	0.13	0.16	2.55	3.34	3.25	3.20

Note:- * = Only Revenue Expenditure; ** = Budget Estimate

Source: Analysis of Budgeted Expenditure (Different Years), Ministry of Human Resources Development, Various Reports, RBI.

Expenditure as per cent to Total Budgeted Expenditure : To assess the Government's emphasis on education relative to other public expenditure, it is important to understand the trends of public expenditure on education as per cent of total government expenditure. It also reflects the commitment of the government to invest in human capital formation. A higher percentage of government expenditure on education shows a high government priority for education relative to the perceived value of other public investment like defence, health care and other social and economic sectors. To study the relative importance given to higher and technical education, proportionate expenditure on both these sectors to total budgeted expenditure for major states has been calculated. Table II portrays a picture of the relative priority given to education sector by major states of India. Relevant data for four time periods viz 1980-81, 1990-91, 2000-01 and 2009-10, has been analysed to understand the pattern across different states. In India, the share of education to total government budget was 12.9 per cent in 1980-81, which has increased marginally to 13.3 per cent in 1990-91. The share of educational expenditure for total education has started declining during late 1990s. In 2000-01, the share of educational expenditure was 12.2 per cent, which has reduced further to 11.9 per cent. The priority given to higher education in India's budget declined from 1.9 per cent in 1980-81 to 1.5 per cent in 2009-10. The share of technical education in the country's budget remained almost stagnant around (0.5-0.6 per cent) during periods under study except for 2000-01 when the share has increased surprisingly to 4.04 per cent of total budgeted expenditure. Most of the states follow similar pattern in case of total educational expenditure. The share of total expenditure for most of the states declined during the period 1980-81 to 2009-10. During 2009-10, percentage share of educational expenditure to total expenditure across most of the states ranges from 17 per cent to 22 per cent. As regards the share of higher education is concerned, during 1980-81, the percentage expenditure for most of the state was hovering around 2 to 3.5 of their budgets. For technical education, during 1980-81, the share in total expenditure ranges around 0.4 to 0.6 per cent of total state budgets. As compared to other states, Kerala has given relatively more importance to this sector as 1.3 per cent total expenditure was on technical education in the state. Percentage share of this sector remained stagnant throughout the country over the periods under study. It is painful to realize that in this era of globalization, government is still not recognizing the importance of technical education (Table II).

Table II
Expenditure on Higher, technical and Total Education – As per cent to Total Budgeted Expenditure*

States	Expenditure on Higher Education as % to Total Budgeted Expenditure				Expenditure on Technical Education as % to Total Budgeted Expenditure				Expenditure on Total Education as % to Total Budgeted Expenditure			
	1980-81	1990-91	2000-01	2009-10**	1980-81	1990-91	2000-01	2009-10**	1980-81	1990-91	2000-01	2009-10**
Andhra Pradesh	3.8	3.83	3.71	2.2	0.6	0.5	2.46	0.4	19.5	18.0	15.1	13.8

Bihar	0.8	2.64	0.07	3.1	0.4	0.4	3.28	0.1	22.1	24.5	2.0	24.4
Gujarat	1.7	2.17	1.80	1.3	0.6	0.6	3.00	0.6	19.1	21.8	16.4	11.6
Haryana	2.6	2.37	3.01	2.6	0.4	0.4	3.05	1.1	17.8	16.4	18.3	20.8
Karnataka	3.3	2.82	3.31	1.5	0.6	0.6	1.89	0.3	18.9	19.7	19.6	17.9
Kerala	3.4	3.30	3.24	2.7	1.3	1.1	4.24	0.8	31.6	27.0	21.5	19.7
Madhya Pradesh	1.7	2.09	2.24	1.3	0.6	0.7	3.73	0.4	16.2	18.4	17.8	16.7
Maharashtra	2.7	2.45	3.00	1.8	0.7	0.8	3.66	0.7	20.1	19.5	24.9	20.0
Odisha	2.7	2.92	2.38	3.7	0.4	0.8	1.23	0.2	19.6	20.3	19.0	21.5
Punjab	2.5	2.86	1.85	1.7	0.3	0.4	1.76	0.2	25.0	19.8	15.3	13.3
Rajasthan	2.3	2.10	1.50	1.0	0.2	0.4	1.02	0.1	20.9	22.9	20.9	22.0
Tamil Nadu	3.6	2.32	2.37	1.9	0.8	0.8	3.20	0.4	20.4	22.4	19.8	17.6
Uttar Pradesh	2.0	1.72	1.66	1.3	0.5	0.6	1.66	0.2	20.2	21.8	19.0	19.1
West Bengal	3.3	3.54	3.05	2.7	0.8	0.5	1.76	0.6	22.0	26.4	20.3	18.7
India	1.9	1.78	1.79	1.5	0.5	0.6	4.04	0.6	12.9	13.3	12.2	11.9

Note:- * = Only Revenue Expenditure; ** = Budget Estimate

Source: Analysis of Budgeted Expenditure (Different Years), Ministry of Human Resources Development, Various Reports, RBI.

Relative Priority within Education Sector : Public expenditure on various level/ stages of education shows that how financial resource for education has been distributed across the different levels or stages of education. Relatively high percentage of expenditures devoted to specific level of education denotes the priority given to that level of education in government's education policy and resource allocation. State wise study of expenditure on different sub sectors of education shows that during both the periods under study, primary education remained the most preferred sector across all states and due attention and priority has been given to this sector in budget of the state governments. During 1980-81, out of the total expenditure on education sector, India was spending 45.56 per cent on primary education, 30.73 per cent on secondary education, 0.75 per cent on adult education, 14.33 per cent on higher education, 4.06 per cent on technical education and 4.57 per cent on Physical education, general and language development. During 2009-10, share of these sub sectors have changed to 49.97 per cent, 30.67 per cent, 0.38 per cent, 12.76 per cent, 4.86 per cent and 1.36 per cent respectively. Between time period 1980-81 and 2009-10, higher education has experienced a decline in its percentage share and a very marginal increase has been observed in the share of technical education. Expenditure on technical education in some of the states like Tamil Nadu (2.20 per cent), Andhra Pradesh (2.57 per cent), Kerala (4.12 per cent), Maharashtra (3.14 per cent) and West Bengal (3.21 per cent) are relatively high during 2009-10. But, for underdeveloped states like Bihar, the share of technical education is only 0.44 per cent and clearly showed the complete negligence of this sector in the state. The state's spending on this sector is one of the lowest in the country. Any country or state cannot imagine of developing itself without increasing the technical capacity of its work force. It is therefore important that targets should be fixed and priority should be accorded before disbursement of the funds (Table III).

Table III

Percent Expenditure on each Subsector of Education to Total Expenditure on Education*

States	1980-81						2009-10***					
	Elementary Education	Secondary Education	Adult Education	Higher Education	Technical Education	Others**	Elementary Education	Secondary Education	Adult Education	Higher Education	Technical Education	Others**
Andhra Pradesh	44.77	29.49	0.44	19.59	3.08	2.62	44.75	35.47	0.18	16.11	2.57	0.92

Bihar	73.53	16.77	0.31	3.79	1.63	3.96	66.92	18.12	0.22	12.62	0.44	1.69
Gujarat	52.91	30.26	0.82	8.77	3.22	4.01	54.09	27.82	0.40	10.83	4.99	1.87
Haryana	37.79	40.33	0.91	14.33	2.40	4.23	47.06	34.07	0.03	12.42	5.47	0.95
Karnataka	55.22	21.01	0.80	17.43	3.16	2.38	53.69	33.37	0.18	8.58	1.85	2.33
Kerala	54.48	28.37	0.04	10.63	4.22	2.28	37.96	43.21	0.09	13.84	4.12	0.77
Madhya Pradesh	47.82	34.79	0.97	10.81	3.41	2.19	63.50	25.23	0.01	8.08	2.69	0.49
Maharashtra	46.36	33.01	0.40	13.34	3.39	3.51	44.99	41.96	0.08	8.98	3.41	0.58
Odisha	42.10	37.21	0.46	14.00	1.85	4.39	54.17	26.47	0.07	17.45	1.11	0.74
Punjab	37.21	48.34	0.76	10.14	1.08	2.48	23.05	61.76	0.05	12.99	1.38	0.77
Rajasthan	54.06	31.01	0.29	10.93	0.97	2.74	59.43	34.16	0.14	4.41	0.60	1.26
Tamil Nadu	49.93	26.11	0.70	17.43	3.81	2.02	42.96	40.54	0.01	11.03	2.20	3.24
Uttar Pradesh	49.42	31.63	0.53	9.90	2.53	5.99	63.76	27.59	0.00	6.68	0.89	1.09
West Bengal	38.08	38.28	0.47	15.24	3.43	4.50	34.76	45.82	0.17	14.45	3.21	1.59
India	45.56	30.73	0.75	14.33	4.06	4.57	49.97	30.67	0.38	12.76	4.86	1.36

Note:- * = Only Revenue Expenditure; ** = includes exp on Physical edu, general and language development;***=Budget Estimate

Source: Analysis of Budgeted Expenditure, Ministry of Human Resources Development (Various Years).

Components of Expenditure: Trends : After analyzing the trends of relative priorities accorded to higher and technical education across major states of the country, it is imperative to study the fine points of the various components of expenditure across different states in India.

Revenue and Capital Account Expenditure : Table IV gives the state wise breakdown of revenue and capital expenditure by higher and technical education sector for two time periods, i.e. 2000-01 and 2009-10. It shows that during this period government spending was mainly from Revenue Account rather than from Capital Account across all states. During 2000-01, out of total expenditure on higher education in India, 99.55 per cent was from revenue account and 0.45 was from capital account. Percentage expenditure from capital account has increased to 2.66 per cent during 2009-10. In case of technical education, during 2000-01, India was spending 1.97 per cent of total expenditure on technical education from capital account and 98.03 per cent from revenue account. Share of capital account expenditure has increased to 9.65 per cent during 2009-10. Percentage share of capital account expenditure in higher and technical education for most of the states has increased substantially during 2009-10. Significant increase in capital expenditure has been observed in case of technical education across most of the states like Bihar (59.11 per cent), Gujarat (36.79 per cent), Karnataka (31.56 per cent), Punjab (53.68 per cent), and Uttar Pradesh (61.85 per cent). Expenditure on Revenue accounts constitutes the bulk of the budget expenditure on education in India and very little is spent on the Capital account. But this does not imply that there is little or no asset creation in education. One of the main reasons for low expenditure on Capital accounts is that the entire grants-in-aid, including grants for capital works is booked under revenue account and not under capital account. Secondly expenditure on construction activity is often shown under the budget heads of other departments (Anuradha De and Tanuka Endow, 2008). Both Central and State governments efforts to establish new universities and large number of general and professional institutions during the Eleventh Five Year Plan could be the reason for increase in capital account expenditure across most of the states. The recent progress in the capital expenditure on technical education shows that new avenues are coming up in this sector.

Table IV
Revenue and Capital Expenditure on Higher & Technical Education - As % to their total Expenditure

States	Higher Education				Technical Education			
	2000-01		2009-10		2000-01		2009-10	
	Revenue Account	Capital Account	Revenue Account	Capital Account	Revenue Account	Capital Account	Revenue Account	Capital Account
Andhra Pradesh	100.00	0.00	99.99	0.01	100.00	0.00	95.73	4.27
Bihar	100.00	0.00	100.00	0.00	100.00	0.00	40.89	59.11
Gujarat	100.00	0.00	94.78	5.22	98.21	1.79	63.21	36.79
Haryana	96.71	3.29	92.24	7.76	95.03	4.97	91.13	8.87
Karnataka	99.67	0.33	87.01	12.99	99.35	0.65	68.44	31.56
Kerala	99.59	0.41	99.44	0.56	92.05	7.95	88.27	11.73
Madhya Pradesh	99.79	0.21	95.01	4.21	99.29	0.71	89.00	11.00
Maharashtra	99.99	0.01	99.63	0.28	97.78	2.22	97.18	2.82
Odisha	98.51	1.37	99.40	0.60	99.98	0.02	100.00	0.00
Punjab	100.00	0.00	95.97	4.03	100.00	0.00	46.32	53.68
Rajasthan	99.81	0.15	99.33	0.67	100.00	0.00	84.66	15.34
Tamil Nadu	99.39	0.61	97.18	2.82	97.81	2.19	98.62	1.38
Uttar Pradesh	98.73	1.27	94.07	5.93	94.77	5.23	38.15	61.85
West Bengal	100.00	0.00	99.44	0.55	100.00	0.00	84.60	15.40
India	99.55	0.45	97.22	2.66	98.03	1.97	90.35	9.65

Note:- * = Only Revenue Expenditure; ** = Budget Estimate

Source: Analysis of Budgeted Expenditure (Different Years), Ministry of Human Resources Development.

Plan and Non-Plan Expenditure : Plan expenditure is the expenditure which is incurred out of the funds provided under different Five Year Plans/ Annual Plans of the country. Non-plan expenditure is committed expenditure for the maintenance of the existing infrastructure. Non-plan expenditure is expected to increase steadily over the years. The scope for decreasing this expenditure is very limited, as it involves maintaining the stock of education infrastructure which has been determined by the policies in the previous years. During 2000-01, the non-plan expenditure in higher education was 90.80 per cent and plan expenditure was 9.20 per cent in India. Significant expansion has been observed in the planned expenditure (29.10 per cent) of the government due to initiation of large number of new schemes and projects in the higher education sector in the country. Similar trend has been observed in the technical education sector of the country in which, planned expenditure has increased from 29.08 per cent in 2000-01 to 54.24 per cent in 2009-10. Unlike other states of the country, in higher education sector Bihar is mainly spending from its non-plan component. During 2000-01, planned expenditure in case of higher education was zero which has increased to 7.41 per cent during 2009-10. During 2000-01, plan expenditure was 10.83 per cent of total expenditure on technical education. The figure has increased to 12.38 per cent during 2009-10. Share of planned expenditure in both these sub sectors of education is much below share of other major states of the country (Table V).

Table V
Plan and Non-Plan Expenditure on Higher & Technical Education - as % to their total Expenditure

States	Higher Education				Technical Education			
	2000-01		2009-10		2000-01		2009-10	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
Andhra Pradesh	0.75	99.25	30.96	69.04	8.29	91.71	48.70	51.30
Bihar	0.00	100.00	7.41	92.59	10.83	89.17	12.38	87.62
Gujarat	1.31	98.69	16.62	83.38	20.21	79.79	57.97	42.03
Haryana	4.07	95.93	26.21	73.79	48.13	51.87	45.16	54.84
Karnataka	3.34	96.66	18.23	81.77	14.97	85.03	39.47	60.53

Kerala	5.40	94.60	6.94	93.06	26.44	73.56	17.57	82.43
Madhya Pradesh	2.62	97.38	7.02	92.98	19.52	80.48	46.93	53.07
Maharashtra	0.80	99.20	0.65	99.35	3.06	96.94	3.43	96.57
Odisha	25.87	74.13	88.10	11.90	39.68	60.32	19.46	80.54
Punjab	0.60	99.40	0.31	99.69	46.17	53.83	3.98	96.02
Rajasthan	8.59	91.41	2.69	97.31	36.51	63.49	16.93	83.07
Tamil Nadu	1.67	98.33	0.58	99.42	2.12	97.88	18.94	81.06
Uttar Pradesh	2.84	97.16	4.06	95.94	2.17	97.83	30.32	69.68
West Bengal	1.96	98.04	6.93	93.07	14.71	85.29	55.52	44.48
India	9.20	90.80	29.10	70.90	29.08	70.92	54.24	45.76

Note:- * = Only Revenue Expenditure; ** = Budget Estimate

Source: Analysis of Budgeted Expenditure (Different Years), Ministry of Human Resources Development.

Public Expenditure on Scholarships : Higher education holds an essential place in a student's life as it helps in building one's future. But, due to their weaker socio-economic status and poor financial conditions, some of the deserving candidates are unable to complete their higher studies. Scholarships' are meant for helping these needy students to build a better career in life. Scholarships have great potential for promoting equity in higher education, as large proportion of scholarships are meant especially for weaker sections of the society (CABE, 2005). Unfortunately, scholarships constitute a very small proportion of total expenditure in higher and technical education in India. During 2000-01, government was spending only 0.22 per cent of total higher education expenditure and 0.93 per cent of total technical education expenditure on scholarships. During 2009-10, percentage share of scholarships in higher and technical education has increased to 0.93 and 1.81 per cent respectively. The share of scholarships in both these sub sectors is almost negligible in most of the states. States like Andhra Pradesh, Karnataka, Kerala and Maharashtra are spending relatively better amount on providing scholarships to students. At this juncture, when cost of living is so high due to high inflation, lesser availability of scholarships for students will seriously affect their effort to acquire higher level of education (Table VI).

Table VI

Public Expenditure* on Scholarships in Higher & Technical Education: As % to their Total Expenditure

States	Higher Education		Technical Education	
	2000-01	2009-10**	2000-01	2009-10**
Andhra Pradesh	0.64	2.19	1.91	1.98
Bihar	...	...	...	...
Gujarat	...	...	...	...
Haryana	0.15	6.37	0.03	0.38
Karnataka	0.02	0.53	0.98	5.54
Kerala	0.08	1.63	0.00	4.22
Madhya Pradesh	0.05	0.39	0.15	0.04
Maharashtra	0.03	0.11	0.00	5.23
Odisha	0.34	0.43	0.00	...
Punjab	0.18	0.08	0.01	0.02
Rajasthan	0.12	0.21	...	...
Tamil Nadu	0.42	0.37	0.00	1.96
Uttar Pradesh	0.12	1.17	...	...
West Bengal	0.01	0.00	0.00	0.06
India	0.22	0.93	0.25	1.81

Note:- * = Only Revenue Expenditure; ** = Budget Estimate

Source: Analysis of Budgeted Expenditure (Different Years), Ministry of Human Resources Development.

IV. CONCLUSION

It is evident from the above analysis that expenditure on total education and higher as well as technical education has increased substantially during the past few decades. However, the proportionate spending on overall education sector and higher education sector in particular is relatively very low as compared to developed countries in the world. The spending on technical education across major states is much below the desired level. The country is still far away from the limits prescribed by Kothari Commission and New Education Policy. Lower per capita expenditure in higher education has directly impacted the quality of higher education in the state. Less government spending has resulted into lesser availability of quality choices and poor academic infrastructure in states. Inadequate funding certainly would seriously affect the quality and quantum of our higher education, which will have further implications for growth and equity (CABE, 2005). Mismanagement of public expenditure and its weak linkages with outcomes could also be one of the reasons for poor delivery of services. Moreover, the study reveals that there exists wide inter-state disparity in terms of public expenditure on higher and technical education. Most of the states, which are spending very less on higher education, are witnessing lower college population index and lower gross enrollment ratio in higher education. Lower per capita spending and huge disparity in terms of spending across different states in the sector has further aggravated the problem. It is quite unfortunate to note that the amount of money spent by state governments on higher and technical education is not efficiently utilized. It clearly indicates that the action of the government has not been translated into the desired outcomes in case of higher and technical education across states. The vast differences in literacy, negligible growth of institutions, inadequate number of technical institutes across states in India poses question on the pattern of spending by the government. Though finances do not solve all problems, they are absolutely necessary for any improvement, even for maintenance of the system. Finances are not a sufficient condition for development, but they surely form a crucial necessary condition for development of higher education.

REFERENCES

- [1] Agarwal, P (2006). Higher Education in India: Need for Change, Indian Council for Research on International Economic Relations (ICRIER) Working Paper No. 180.
- [2] Altbach, Philip G. (2009). The Giants Awake: Higher Education Systems in China and India, *Economic & Political Weekly*, Vol. XLIV no 23, pp 39-51.
- [3] Barro, Robert J. (2001). Human capital and growth. *American Economic Review*, 91(2), pp 12- 17.
- [4] Basu, M., & Gupta, A., (2010). Higher Education. *Economic and Political Weekly*, Vol. XLV No 37.
- [5] Central Advisory Board of Education (2005). Report of the CABE Committee on Financing of Higher and Technical Education, New Delhi: NUEPA.
- [6] Das Gupta. A.K. (1988). Employment and Manpower Planning in India, *Manpower*. Vol. XXIV No: 3, Oct-Dec.
- [7] De, A. and Endow, T. (2008). Public Expenditure on Education in India: Recent Trends and Outcomes, Research Consortium on Educational Outcomes and Poverty, Working Paper No. 18.
- [8] Department of Finance (2012), *Economic Survey 2011-12*, Government of Bihar, Patna.
- [9] Department of Higher Education (2011). Report of The Working Group on Higher Education for the XII Five Year Plan, New Delhi: Government of India.
- [10] Gounden, A. M. Nalla (1967). Investment in Education in India. *The Journal of Human Resources*, Vol. 2, No. 3, pp. 347-358.
- [11] Government of India (2009), National Knowledge Commission Report to the Nation 2006-09, accessed from www.knowledgecommission.gov.in.
- [12] Hatekar, N. (2009). Changing Higher Education Scenario in India, *Economic & Political Weekly*, Vol. XLIV, No. 38, pp. 22-24.
- [13] Keeley B. (2010). *Human Capital: How what you know shapes your life (Indian Edition)*. New Delhi: Academic Foundation, OECD (2007).
- [14] Kothari V. N. (2002). Should Higher Education in India be Self Financing, in K. SeetaPrabhu & R. Sudarshan (Ed.), "Reforming India's Social Sector: Poverty, Nutrition, Health and Education", New Delhi: Social Science Press.
- [15] Ministry of Education (1959). *Education in the States 1956-57: A Statistical Survey*, Government of India, New Delhi: Government of India Press.
- [16] Ministry of Education (1965). *Education in the States 1961-62: A Statistical Survey*, Government of India, New Delhi: Government of India Press.
- [17] Ministry of Finance (2009). *Expenditure Budget Vol.12009-10*, Government of India, New Delhi.
- [18] Ministry of Human Resources Development, (1986). *National Policy on Education 1986*, New Delhi: Government of India.
- [19] Ministry of Human Resource Development (1983). *A Handbook of Educational and Allied Statistics*. New Delhi: Ministry of Human Resource Development
- [20] Ministry of Human Resource Development (2008-09). *Statistics of Higher and Technical Education*. New Delhi: Ministry of Human Resource Development.
- [21] Ministry of Human Resource Development (2009-10). *Statistics of Higher and Technical Education*. New Delhi: Ministry of Human Resource Development.
- [22] Ministry of Human Resources Development (2011). *Analysis of Budgeted Expenditure on Education 2007-08 to 2009-10*. Government of India, New Delhi.
- [23] Mukherjee, Anit N. (2007). *Public Expenditure on Education: A Review of Selected Issues and Evidence*, Working paper No. 1, 2007 in *Financing Human Development*.
- [24] OECD (2011). *Education at a Glance 2011: OECD Indicators*, Paris: Organization for Economic Cooperation and Development.
- [25] Planning Commission (2008). *Eleventh Five Year Plan (2007-12)*. Government of India, New Delhi.
- [26] Planning Commission (2003). *Tenth Five Year Plan (2002-07)*. Government of India, New Delhi.

- [27] Rawat, D. and Chauhan, S. S. (2007). The relationship between public expenditure and status of education in India: An Input Output Approach, Paper to be Presented At Special Session on “Modelling Micro-Macro Interdependencies In Input Output Framework”, Sixteenth International Input Output Conference at Istanbul Technical University, Istanbul (Turkey), 2-7 July, 2007.
- [28] Schultz, T. W. (1961). Investment in Human Capital. *American Economic Review* 5(1), pp.1-17
- [29] Shankar, D. (2007). Education System Performance among Indian States: A Public Expenditure Efficiency Analysis using Linear Programming Methods, World Bank Working Paper No. 42117.
- [30] University Grant Commission (2008). Report of Higher Education In India: Issues related to Expansion, Inclusiveness, Quality and Finance. New Delhi: University Grant Commission.
- [31] University Grants Commission (2011). Higher Education in India, New Delhi: University Grants Commission.
- [32] Yogish, S. N. (2006). Education and Economic Development. *Indian Journal of Social Development*, 6 (2), pp 255-270.