Education

Financing of School Education in India: Trends and Composition

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Abstract

This study examines the financing structure of school education in India from 2007–08 to 2024–25. The study focuses on the changing comparative roles of state governments, the central government, and private households. School education is the basis of human capital formation and a major component of access to higher education, productivity, employment, social mobility, and broad development. The study is based on data from the Unified District Information System for Education Plus (UDISE+), the Analysis of Budgeted Expenditure on Education (ABEE), and nationally representative household surveys conducted by the National Sample Survey Office/National Statistical Office, including the 64th, 71st, and 75th rounds and the Comprehensive Modular Survey: Education. Data for household expenditure for non-survey years are calculated through interpolation and extrapolation, while data on public expenditure for the latest years are estimated using observed growth rates. The results have been analysed in absolute terms, as a percentage of GDP, and by the relative contributions of different financing sources.

The study shows that total expenditure on elementary education rose from ₹98,597 crore in 2007–08 to ₹873,277 crore in 2024–25, while public expenditure grew from ₹69,526 crore to ₹648,451 crore. Private household expenditure also rose from ₹29,071 crore to ₹224,826 crore. The public sector remained the dominant source of financing for school education in India, rising from 71 per cent to 74 per cent, while the household share fell from 29 per cent to 26 per cent. State governments remained the principal financing agents, accounting for 56 per cent of total elementary education expenditure in 2024–25, compared with 19 per cent for the central government. Total elementary education expenditure increased from 2.01 per cent to 2.64 per cent of GDP over the period.

The findings show a gradual strengthening of public financing, yet household expenditure is still a considerable share of school education finance. The findings show that public and private financing have expanded simultaneously rather than showing a simple substitution relationship. The continued household contribution also elicits concerns about affordability and equity, particularly across socio-economic groups. The study determines that strengthening public investment, particularly through adequate state financing and effective centre–state fiscal support, remains important for improving the adequacy, sustainability, and equity of school education financing in India.

Keywords: School education, Education finance, Public expenditure, Household expenditure, Elementary education, State government, Central government

Introduction

School education is important for sustainable economic and social development. It is a key instrument through which individuals acquire the basic knowledge, cognitive skills, competencies, and capabilities needed for further learning. Therefore, high-quality and efficient school education is the only basis for access to, participation in, and outcomes of higher education, as the basic skills developed at the school level shape individuals' readiness and capacity to pursue advanced education. Thus, at the individual level, school education influences productivity, employment opportunities, earnings, and general well-being.

At the macro level, school education plays an important role in economic growth by building a skilled workforce, promoting technological progress, supporting innovations, and backing economic transformation. Its benefits, however, extend outside economic outcomes. School education promotes social mobility, reduces inequalities, strengthens citizenship and social cohesion, and improves health and social well-being. Consequently, investment in school education is essential not only to build human capital but also to lay the foundations for a broad and productive higher education system. It therefore occupies a central position in national development strategies and in achieving the Sustainable Development Goals (United Nations, 2015; World Bank, 2018) [39, 42].

Qualitative and equitable school education has become more important for a developing country like India because of its geographical and cultural diversity, large and varied population, ongoing poverty, and big social and economic differences. These economic characteristics create differences in access to and quality of school education across regions and social groups, depending on factors such as family income, gender, caste, rural or urban residence, and school availability. For children from disadvantaged backgrounds, quality school education is one of the few ways to help them gain skills and improve their chances of a better life (World Bank, 2018) [42]. On the other hand, unequal access to quality education can worsen existing disadvantages and perpetuate them across generations. Ensuring school education is well-funded and fair is considered key not only to increasing enrolment and improving learning, but also to reducing inequality and supporting inclusive development. In a country as large and

varied as India, public investment in school education helps ensure that a child's opportunities are not mainly decided by their family's income, background, or where they live.

The existing school education system in India is one of the world's largest school education systems. According to the latest available UDISE Plus report for 2025–26, the country has about 14.7 lakh schools serving nearly 24.7 crore students. Government schools make up around 69% of all schools and account for about 12 crore students, representing about 48.5% of total enrolment. Private schools make up nearly 38.8% of all schools and enrol around 9.9 crore students, or about 40% of total enrolment. A smaller share of schools, about 5.4%, is managed by the central government and other government agencies. In contrast, the remaining schools are run by various social, religious, and other organisations and provide school education to the rest of the students.

This supply-side structure of school education in India exhibits a mixed education system. While state governments remain the principal providers of school education, a substantial proportion of students are enrolled in privately managed institutions (Meena A. L., 2025) [16]. This coexistence of public and private provision of school education has important consequences for education financing. The pattern of school education financing in India cannot be understood solely through government budgets, as households likewise contribute considerably to its costs. The financial resources supporting school education are mobilised mainly through state government expenditure, central government expenditure, and private household expenditure. The relative contribution of these sources determines how much financial responsibility for education is borne collectively through public resources versus privately by individual households.

The available expenditure estimates show a substantial increase in the financial resources devoted to school education in India. On the basis of estimates from the various rounds of the National Sample Survey (NSS) and the Government of India's Analysis of Budgeted Expenditure on Education (ABEE) reports, total expenditure on elementary and secondary education combined rose from Rs. 154,957 crores in 2007–08 to Rs. 1,382,550 crores in 2024–25. Public expenditure (state government and central government) rose from Rs. 105,332 crores to Rs. 1,018,533 crores during this period, while private expenditure rose from Rs. 49,625 crores to Rs. 364,018 crores. Thus, the massive rise in expenditure on school education in absolute terms tells both the expansion of the education system and the growing financial requirements associated with providing education.

An important feature of this trend is the changing composition of education financing. Public expenditure accounted for about 68 per cent of total expenditure on elementary and secondary education in 2007–08 and rose to about 74 per cent in 2024–25. Conversely, the private share declined from approximately 32 per cent to 26 per cent. Nevertheless, the absolute amount of household expenditure continued to increase substantially. Within public expenditure, state governments remained the largest source of financing for school education. State governments spent approximately Rs. 806,961 crore on school education, which was 58 per cent of the total school education expenditure, while central government expenditure was Rs. 211,571 crore, representing 15 per cent in 2024-25. These figures indicate that school education financing in India is characterised by a major role for state governments, a complementary but significant central government contribution, and continued reliance on household expenditure. In 2024-25, expenditure by state and central governments was 74 per cent for elementary education and 73 per cent for secondary education of total expenditure. However, the composition of public financing differed across the two levels. The central government shared about 19 per cent of total expenditure at the elementary level but only about 9 per cent at the secondary level, while state governments accounted for a larger share at the secondary level. These differences indicate the historical growth of government programmes and the division of financial responsibilities across education levels.

Despite the growth in public expenditure, the financing of school education still raises important questions about adequacy and equity. The financial requirements of a large and diverse education system go beyond expanding access and enrolment. Adequate resources are needed for teachers, classrooms, infrastructure, learning materials, technology, student support, nutrition, and integrative education. Moreover, differences in fiscal capacity across states may lead to unequal levels of educational resources. From an equity perspective, households' continued contribution also matters, as the ability to finance education varies by income and social groups; a substantial burden on households may create unequal educational opportunities and reinforce existing socioeconomic inequalities.

The National Education Policy 2020 (NEP 2020) repeats the long-awaited goal of increasing public expenditure on education to 6 per cent of Gross Domestic Product (GDP) (Ministry of Education, 2020) [19]. This policy objective states that consistent improvements in access, quality, and equity require adequate public resources. Public investment matters because school education generates benefits beyond individual students and households. The social benefits of education provide a strong rationale for collective financing and government intervention, particularly to ensure access for disadvantaged populations and regions.

Against this background, describing the pattern of school education financing in India requires examining both the magnitude and composition of expenditure. While aggregate expenditure shows the growth of financial resources, the relative contributions of state governments, the central government, and households clarify how financial responsibility for education is distributed. The distinction between elementary and secondary education is also important because financing patterns may reflect differences in government priorities, institutional arrangements, and household participation across educational levels.

This study looks at the financing of school education in India over the period 2007–08 to 2024–25. It focuses on expenditure on elementary and secondary education and considers three main sources of funding: state governments, the central

government, and private households. The study traces changes in total expenditure and examines how the share of each source has changed over time. By examining public spending alongside household expenditure, the study provides an overall understanding of the changing pattern of school education financing in India.

The study is particularly relevant to policymaking because the distribution of financing responsibility affects the adequacy, sustainability, and equity of the education system. Understanding how financing responsibility has changed over time can inform discussions about the appropriate balance between central and state government expenditure and the extent to which households should bear education-related costs. The findings deliver useful evidence regarding policies aimed at strengthening public investment and promoting a more impartial system of school education financing.

Constitutional provisions for school education financing in India

The financing of school education in India is guided by the constitutional framework, which assigns responsibilities to different levels of government. Both the central and state governments play an important role in funding school education, while households also bear part of the cost through school expenditure. School education is provided through different types of institutions, mainly government schools, government-aided schools, private unaided schools, and other educational institutions. Thus, the financing of school education involves contributions from both public authorities and households, alongside the diverse institutional arrangements through which education is provided.

Originally, the Constitution of India included education in the State List. The 42nd Constitutional Amendment Act, 1976, transferred education to the Concurrent List, enabling both the central and state governments to play an active role in education policy and financing. However, state governments still bear primary responsibility for administering and delivering school education. They manage most government schools and finance teachers' salaries, school administration, infrastructure, and other educational services. The state governments' dominant role in providing school education is also reflected in the large number of schools and students they manage.

The central government plays a complementary role through national education policies, direct financing of central government schools, and financial support to states through Centrally Sponsored Schemes (CSS). Programmes such as the Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA), and the current Samagra Shiksha Abhiyan have increased the central government's role in supporting access, improving infrastructure, improving quality of school education, and equity in school education. Under these arrangements, the central and state governments share financial responsibility, while states largely undertake implementation.

Government-aided schools are managed by private institutes but receive government financial assistance. Private unaided schools depend primarily on fees and other payments made by households. Private households also incur expenditure on books, uniforms, transport, private coaching, and other education-related goods and services, including for children attending government schools.

Thus, school education financing in India is a multi-source system in which the same institution may not always provide and finance education. The financial framework can be summarised as total expenditure being the sum of state government expenditure, central government expenditure, and private household expenditure.

This structure underpins the present study, which examines the changing contributions of state governments, the central government, and private households to the financing of elementary and secondary education in India from 2007–08 to 2024–25.

Review of literature

The financing of education has attracted considerable attention in the literature because the level and composition of education expenditure have important consequences for access, equity, quality, and human capital formation. In the Indian context, the literature broadly examines four interrelated issues: trends in public expenditure on education; the role of household expenditure; the relationship between public and private financing; and inequalities within education expenditure across socio-economic groups and regions. However, relatively little research has provided a long-term, integrated assessment of school education financing by combining expenditure by state governments, the central government, and private households.

Public expenditure on education in India

Government financing has historically been the major source of funding for education in India. Government intervention in school education matters because education is a public good that contributes to economic development, social mobility, and reduced inequality. However, the literature has long raised concerns about the adequacy and distribution of public expenditure. Tilak (2003) [37] offers an important account of the changing structure of education finance in India. The volume draws attention to the continued importance of public expenditure while examining decentralisation, private financing, cost sharing, and management of resources across education levels. The literature associated with this work emphasises that expanding education calls for not just increased expenditure but also an appropriate distribution of financial responsibility among different levels of government and other stakeholders.

The Centre for Budget and Policy Studies (CBPS, 2019) [4] examined government expenditure on school education across selected Indian states and underlined significant variation in budget priorities and financing capability. The study showed that differences in fiscal capacity, demographic conditions, and institutional arrangements can produce significant inter-state variation regarding educational expenditure. This is particularly important in the Indian context because state governments bear primary responsibility for providing and administering school education.

Motkuri and Revathi (2023) [21] looked at how education expenditure is shared between the centre and the states in India. They found that the states contribute a much larger share of public spending on education than the Union Government. The study also points to the role of the national framework in shaping education financing. According to the authors, increasing public spending on education, an objective that has been discussed for many years, will require higher financial support from both the centre and the states.

This literature is particularly relevant to the present study because the estimates similarly demonstrate the dominant role of state governments in financing school education. However, the present study concentrates specifically on elementary and secondary education. It combines public expenditure with estimates of household expenditure, thereby delivering a more complete picture of total school education financing.

Financing of elementary education

Elementary education has traditionally held a central place in India's education policy because of its association with universal access, literacy, and social development. The literature has therefore paid considerable attention to the financing of elementary education.

Dutta (2017) [6] examined the financing of elementary school education in India and emphasised the changing quantum and composition of expenditure. The study noted that the introduction of Sarva Shiksha Abhiyan increased the central government's role in financing elementary education, although state governments continued to play a major role. The study additionally emphasised the simultaneous growth of private expenditure. It argued that an integrated analysis of public and private expenditure is necessary to understand the actual investment in elementary education.

This argument matters because government expenditure has been an important component of school education financing in India but does not explain the pattern and trends of total resources devoted to education. Even when schooling is publicly provided, households incur costs for uniforms, books, stationery, transport, private tutoring, and other educational requirements. Thus, an assessment of education financing that excludes household expenditure may underestimate the financial resources actually required for schooling.

The literature also points out that rising public financing has not reduced private expenditure on elementary education. Recent studies on household expenditure on elementary education continue to highlight households' financial contributions, including those from relatively disadvantaged socio-economic groups. Kaleem and Akhtar (2025), for example, emphasise the persistence of household expenditure on elementary education despite policies intended to promote free and universal schooling. This study adds to the literature by examining how the relative contributions of public and household financing to elementary education have changed over a longer period, from 2007–08 to 2024–25.

Household expenditure on education

Household expenditure is a key component of education financing in India. The National Sample Survey education rounds have provided the primary empirical basis for analysing household spending on education.

Tilak (2002) [36] made an important contribution by examining household expenditure on education in rural India. The study showed that household expenditure on education is responsive to income and that government and household expenditure can be complementary. The findings challenged the assumption that increased public expenditure necessarily displaces private household spending. Instead, improvements in publicly financed education may encourage or enhance household investment in children's education.

Tilak and Rani (2002) [36], based on NSS data, also documented households' major role in financing education. The analysis showed that private spending on education depends on household income, the type of institution attended, location, and other socio-economic characteristics. This evidence established household expenditure as an important dimension of education finance, rather than a residual contribution following government expenditure.

NSS data have also been used to study differences in household spending on education. Kumar and Naincy (2020) compared data from the 64th and 71st rounds of the NSS to examine differences in education expenditure between males and females. They found that the amount spent on education differs across gender and levels of education. This suggests that overall figures on household education expenditure may not fully reflect the differences in spending among different groups and within households.

Lakshmanasamy (2021) examined the determinants of household education expenditure using the NSS 71st round and found that household expenditure differs markedly among socio-economic and demographic variables. The study illustrates the importance of income, household characteristics, and other community factors in affecting private investment in education.

Recent studies have also examined inequality in household expenditure. Research using multiple rounds of NSS data has shown that education expenditure differs considerably by gender and socio-economic group. Those inequalities matter because greater dependence on household financing can translate differences in household economic capacity into differences in educational opportunities.

Official NSS surveys provide useful evidence on the role of households in financing education. The 64th, 71st, and 75th rounds of the NSS collected information on educational participation as well as the expenditure incurred by households. These surveys make it possible to compare household spending on education across different periods. The Comprehensive Modular Survey: Education conducted in 2025 provides more recent information on household expenditure on school education at the national level.

Public and household financing: substitutes or complements?

An important theoretical and empirical question in education finance concerns the relationship between public and household expenditure. One possibility is that increased public

expenditure reduces household expenditure by providing services that households would otherwise purchase privately. Alternatively, public and household expenditure may be complementary if upgraded public facilities encourage households to invest additional resources in their children's education.

Tilak (2002) [36] provided early evidence from India showing a complementary relationship between government and household expenditure on education. This implies that increased public investment may improve rather than reduce the effectiveness or attractiveness of household investment in education.

Varughese and Bairagya (2025) [41] examined the relationship between public spending and household spending on education using data from different rounds of the NSS. Their findings suggest that the two sources of spending tend to move together rather than replace one another. They also found that better public provision of education may encourage households to spend more on education, as the value of household spending increases when public educational facilities improve.

This literature is particularly relevant to interpreting the present study. A decline in the share of household expenditure does not necessarily imply a decline in absolute household spending. Public and household expenditure may both increase simultaneously, while each source's relative contribution changes over time. Therefore, the relationship between the two should be examined using both absolute expenditure and relative shares.

Inter-state differences in education spending and outcomes

Studies on education financing in India also point to considerable differences across states. Since state governments have an important role in financing and managing education, their financial capacity can influence the resources available for providing education. As a result, differences in state-level spending may be reflected in the availability and quality of education.

Household spending on education is not the same across Indian states. Differences can be seen in both the amount households spend and the educational outcomes associated with this spending. These differences may be related to household income, access to schools, educational facilities, and the availability of public education. Varughese and Bairagya (2021) [40], using NSS data for 1987–2014, found considerable differences in household education expenditure across states. Their analysis showed that state income and geographical location were among the factors associated with these differences. They further reported a relationship between household education expenditure and educational attainment, indicating that household spending forms an important part of the resources used for education.

These differences are important when looking at education financing at the national level. Indian states vary in terms of their population, income levels, available financial resources, and educational requirements. As a result, the ability of states to spend on education is also different. This can influence the amount of public money available for education and the extent to which families have to bear additional costs for their children's education.

Public expenditure reviews of school education have likewise emphasised the importance of examining state-level financing patterns, particularly expenditure priorities throughout elementary and secondary education. The data show that the effectiveness of school education financing depends not only on aggregate expenditure but also on its distribution among regions, education levels, and expenditure components.

Major gaps in the existing literature

The literature review identifies several gaps. First, much of the existing research examines either public expenditure or household expenditure separately. Although both strands provide important insights, analysing them separately offers only a partial picture of school education financing.

Second, several studies focus on a single NSS round or compare only a limited number of survey periods. While this approach is useful for analysing household expenditure patterns, it does not provide a continuous, long-term assessment of changes in the overall financing structure of school education.

Third, the literature often examines the education sector rather than analysing elementary and secondary education separately. The financing structures of these two levels differ because of variations in institutional arrangements, government programmes, school provision, and household expenditure patterns.

Fourth, relatively little research combines state government expenditure, central government expenditure, and household expenditure within a common analytical system over a long period. This approach is needed to understand changes in the relative financial responsibilities of governments and households.

Contribution of the present study

The present study considers these gaps by constructing an integrated series of expenditure on elementary and secondary education in India for the period 2007–08 to 2024–25. The study combines public expenditure data from official government sources with estimates of household expenditure derived from nationally representative NSS surveys and the Comprehensive Modular Survey: Education.

The study makes four particular contributions. First, it examines the combined contributions of state governments, the central government, and private households to school education financing. Second, it distinguishes between elementary and secondary education, thereby identifying differences in financing arrangements across the two levels. Third, it analyses changes in expenditure both in absolute terms and as a proportion of GDP. Fourth, it examines the changing composition of school education financing over nearly two decades.

By totalling public and household expenditure, the study provides a more comprehensive assessment of resources devoted to school education than studies based solely on government budgets or household surveys. The analysis

therefore adds to the broader debate on the adequacy, composition, and sustainability of school education financing in India.

Data Sources and Methodology

Data Sources

The present study surveys the financing of school education in India from 2007–08 to 2024–25. For this study, elementary education is defined as education from the pre-primary level through Class VIII, while secondary education covers Classes IX to XII. The study concentrates on the financing of general school education and excludes expenditure on technical and vocational education. It combines data from multiple official sources to construct a comprehensive series of expenditure on school education by major financing agents. The analysis considers three principal sources of finance: state governments and Union Territories (UTs), the central government, and private households. Data on the number of schools and student enrolment also describe the size and institutional structure of the school education system.

Data on the number of schools and student enrolment were obtained from the Unified District Information System for Education Plus (UDISE+) portal, maintained by the Department of School Education and Literacy, Ministry of Education, Government of India. The data provide information on the distribution of schools and enrolment across management categories, including state government, central government, government-aided, private unaided, and other institutions. These data are used to provide an overview of the structure of school education provision in India.

Data on public expenditure on elementary and secondary education were obtained from the Analysis of Budgeted Expenditure on Education (ABEE) reports published by the Ministry of Education, Government of India. The ABEE reports provide information on education expenditure incurred by the central government and state governments/UTs. Public expenditure data were compiled separately for elementary and secondary education for the period 2007–08 to 2022–23. Actual expenditure data were available up to 2020–21. For 2021–22, revised estimates were used, while the budget estimates were used for 2022–23. For 2023–24 and 2024–25, expenditure was projected separately for elementary and secondary education using the growth rate observed between 2020–21, for which actual expenditure was available, and 2021–22, for which revised estimates were available. The projection was made using:

$$E_t = E_{(t-1)}(1 + g)$$

where E_t denotes expenditure in year t, $E_{(t-1)}$ denotes expenditure in the preceding year, and g denotes the annual growth rate. The procedure was applied separately to elementary and secondary education. Accordingly, the public expenditure series comprises actual expenditure for earlier years, revised estimates for 2021–22, budget estimates for 2022–23, and projections for 2023–24 and 2024–25.

Private household expenditure on school education was estimated from nationally representative household surveys conducted by the National Sample Survey Office (NSSO) and the National Statistical Office (NSO). Four rounds of household surveys were used to estimate private expenditure. The first was the 64th round of the National Sample Survey, conducted from July 2007 to June 2008, which collected information on household social consumption and education-related expenditure. The second was the 71st round of the NSS, conducted from January to June 2014, which included a nationwide survey on Social Consumption: Education. The third was the 75th round of the NSS, conducted from July 2017 to June 2018, which collected detailed information on Household Social Consumption: Education in India. The fourth source was the Comprehensive Modular Survey: Education (CMS: E), conducted by the National Statistical Office from April to June 2025 as part of the 80th round of the National Sample Survey.

The present study used unit-level data from these surveys to estimate household expenditure on elementary and secondary education separately. The study applied appropriate survey weights to generate nationally representative estimates. The household expenditure estimates include education-related expenditure incurred by households and are treated as the private component of school education financing.

Household surveys that provide detailed information on education expenditure are conducted at intervals rather than every year. Therefore, data on private household expenditure were available only for selected survey years. To obtain estimates for the years for which survey data were not available, interpolation and extrapolation methods were used. Interpolation was applied to the years falling between two survey years, while extrapolation was used for the years after the last available observation. In this way, a yearly series of household expenditure was prepared for the period 2007–08 to 2024–25.

Data on India's Gross Domestic Product (GDP) at current prices were obtained from the *Economic Survey 2025–26*, Government of India. The GDP data were used to estimate expenditure on elementary, secondary, and total school education as a percentage of GDP, thus allowing an assessment of the relative magnitude of public and private investment in school education over the study period.

The final dataset combines public and private expenditure to construct a comprehensive measure of school education financing in India. Total public expenditure was calculated by summing expenditure by state governments/UTs and the central government. Total expenditure on school education was then calculated by combining public expenditure with private household expenditure.

This framework enables the study to assess both the magnitude of school education expenditure and the relative contributions of state governments/UTs, the central government and private households. The expenditure series also reports the share of each financing source in total expenditure and expenditure as a percentage of Gross Domestic Product (GDP).

The analysis was carried out separately for elementary and secondary education. The two levels were then combined to obtain total expenditure on school education. The study mainly uses descriptive measures such as trends, growth rates, and expenditure shares to show how the level and composition of school education financing changed during the period under study.

The compound growth rate was estimated using the exponential growth model specified as, $ln\ Y_t = \alpha + \beta t$, where Y_t denotes expenditure in year t. The compound annual growth rate was calculated as $CGR = \left(e^{\beta} - 1\right) * 100$, where e is the base of the natural logarithm. This approach estimates the compound growth rate using information from all annual observations over the study period.

The methodology permits examination not only of changes in aggregate expenditure but also of changes in the relative financial contributions of state governments/UTs, the central government, and private households. The analysis therefore gives a comprehensive picture of the evolution of school education financing in India between 2007–08 and 2024–25.

Comparability and Limitations

The estimates presented in the study are made with these limitations in mind. Private expenditure estimates for non-survey years are calculated through interpolation and extrapolation and therefore represent estimates rather than directly observed values. Similarly, public expenditure data for 2021–22 and 2022–23 are based on revised and budget estimates, respectively, while expenditure estimates for 2023–24 and 2024–25 are projected using the observed growth rate between 2020–21 (Actual) and 2021–22 (RE). Despite these limitations, nationally representative household surveys and official government expenditure data provide a consistent basis for analysing long-term trends and the changing composition of school education financing in India.

Results and Discussion

***Growth and overall trends in school education expenditure*:** The data show a substantial increase in school education expenditure in India from 2007–08 to 2024–25. When elementary and secondary education are considered together, total expenditure rose by a compound growth rate (CGR) of 12.58% from ₹154,957 crore in 2007–08 to ₹1,382,550 crore in 2024–25 (Table 1). Thus, nominal expenditure on school education increased by almost ninefold over the period. The expansion was seen across all major sources of finance state governments, the central government, and private households although the pace of growth varied across these sources (Chart 1).

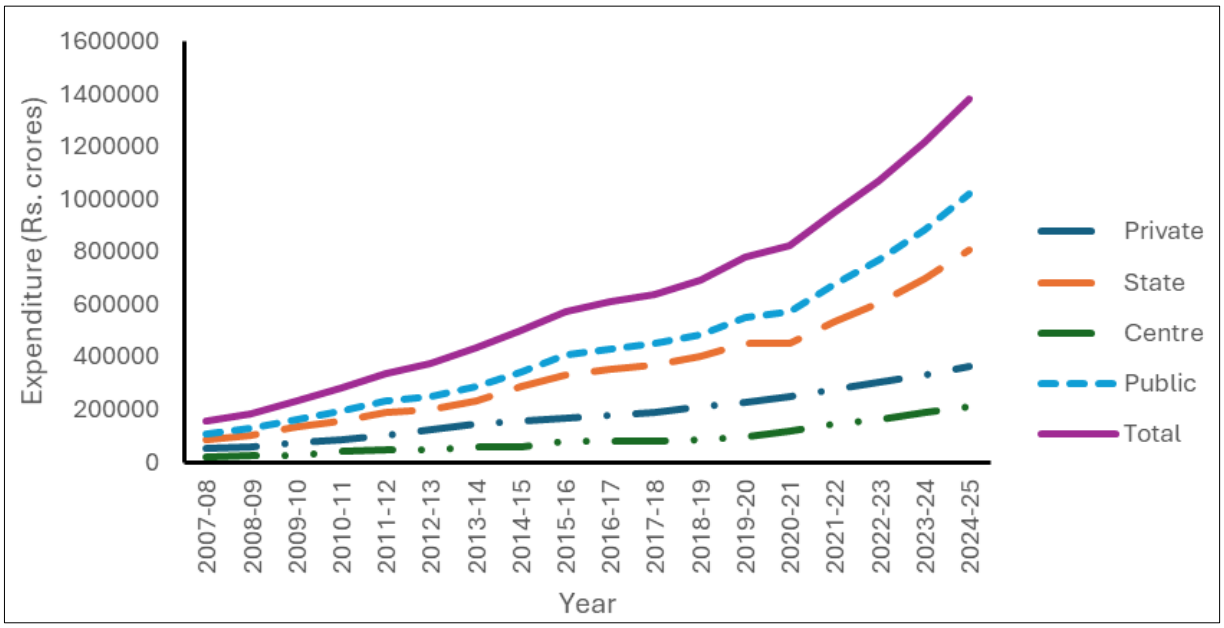


Chart 1: Expenditure on School Education in India

Public spending continued to account for the larger part of school education financing during the study period. Spending on school education by the state and central governments taken together increased from ₹105,332 crore in 2007–08 to ₹1,018,533 crore in 2024–25, giving a CGR of 13.02%. State government spending increased from ₹84,632 crore to ₹806,961 crore, with a CGR of 12.84%. Over the same period, central government spending rose from ₹20,700 crore to ₹211,571 crore, recording a CGR of 13.74%. Household spending also grew considerably, from ₹49,625 crore in 2007–08 to ₹364,018 crore in 2024–25.

The increase in expenditure across all financing sources broadly corresponds to the expansion of India's school education system and existing literature on education financing. Previous studies have documented the importance of both government and household expenditure in financing education in India (Tilak, 2002, 2003; Varughese & Bairagya, 2021, 2025; Motkuri & Revathi, 2024) [36, 37, 40, 41, 22]. However, this study expands the literature by examining the financing structure separately for elementary and secondary education, and for their combined school education component, over a relatively recent period characterised by major policy interventions.

The increase in education expenditure can be understood in the context of human capital theory. Schultz (1961, 1981) [32, 33], Becker (1993) [2], and Barro (1991) [1] view spending on education as an investment that can improve people's skills and contribute to economic and social progress. At the same time, higher spending does not necessarily mean better educational outcomes. Hanushek (2003) [9] and Hanushek and Woessmann (2008) [10] point out that the impact of education spending depends on how resources are distributed and used, as well as on whether they lead to improvements in the quality of education and student learning.

The rise in public spending on education also needs to be viewed alongside changes in India's education policies and institutions. The increase in spending on elementary education is particularly relevant after the enactment of the Right of Children to Free and Compulsory Education Act, 2009. The Act made free and compulsory elementary education a legal entitlement and placed greater responsibility on the government to provide access to schools, adequate infrastructure, teachers, and other basic facilities. The higher level of public expenditure can be seen partly in relation to the additional responsibilities involved in providing elementary education to all children (Government of India, 2009; Dutta, 2017; Hoque & Mahanta, 2024) [8, 6, 11].

The rise in spending on secondary education also reflects the effort to extend educational opportunities beyond the elementary level. The introduction of the Rashtriya Madhyamik Shiksha Abhiyan (RMSA) gave greater attention to secondary education, while the later introduction of Samagra Shiksha brought elementary, secondary, and senior secondary education under a more integrated programme. The increase in public spending during this period can therefore be viewed in the context of both the expansion of schooling and changes in the way school education programmes were planned and financed.

However, nominal growth alone does not necessarily indicate a corresponding increase in the priority accorded to school education. Nominal expenditure is affected by inflation, changes in salaries and input costs, demographic changes, expansion of educational facilities, and general economic growth. For this reason, trends in expenditure relative to GDP provide an additional perspective on the realignment of economic resources towards school education.

School education expenditure increased as a share of GDP during the period covered by the study. Total expenditure rose from 3.16 per cent of GDP in 2007–08 to 4.18 per cent in 2024–25. Public spending accounted for 2.15 per cent of GDP in 2007–08 and increased to 3.08 per cent by 2024–25. Household spending, in comparison, changed only slightly, rising from 1.01 per cent to 1.10 per cent of GDP over the same period.

These results indicate that nominal expenditure expanded alongside an increase in the share of national economic resources devoted to school education. The expenditure-to-GDP ratio did not follow a continuous upward trend and fluctuated over the intervening years. This indicates that increases in school education expenditure did not always keep pace uniformly with changes in national income.

The findings should also be interpreted in relation to India's long-standing policy objective of increasing public expenditure on education. Indian education policy has repeatedly emphasised allocating approximately 6 per cent of GDP to education, and the National Education Policy 2020 reaffirmed it. However, the policy target refers to public expenditure on the education sector as a whole, whereas this study measures combined public and household expenditure specifically on elementary and secondary education. The two measures are therefore not directly comparable.

Nevertheless, the findings remain important for assessing the relative priority accorded to school education. Although total school education expenditure reached 4.18 per cent of GDP in 2024–25, this figure includes household expenditure. Public expenditure alone accounted for 3.08 per cent of GDP. The findings therefore reinforce the broader policy concern about the need for sustained expansion of public investment in education, particularly in the context of the objectives outlined in the National Education Policy 2020.

Household expenditure also remained a significant contributor to school education financing in India. Household expenditure accounted for 1.01 per cent of GDP in 2007–08 and 1.10 per cent in 2024–25. Thus, despite the expansion of public expenditure, the economic burden of financing school education did not disappear for households. Even with higher government spending on education, households continue to bear a part of the cost. Families spend on books, uniforms, transport, private coaching and other education-related needs.

Public versus private expenditure

One of the study's important findings is the gradual shift in the composition of school education financing towards public expenditure. The public share of total school education expenditure rose from approximately 68 per cent in 2007–08 to 74 per cent in 2024–25. Correspondingly, the household share fell from 32 per cent to 26 per cent (Table 1).

This decline in the household's share of total expenditure on school education should not be taken as a reduction in household expenditure in absolute terms. Private household expenditure increased substantially, from ₹49,625 crore to ₹364,018 crore. The declining share of household expenditure resulted from public expenditure rising faster than private expenditure.

The findings therefore indicate a strengthening of the government's relative role in financing school education rather than a withdrawal of households from the education sector. Both sources of finance expanded simultaneously, but public expenditure grew more quickly.

The results are also consistent with the view that government and household spending on education do not always replace each other. Varughese and Bairagya (2025) [41] suggest that the two can exist together and may even complement each other in some situations. Higher public spending on schools, infrastructure, and other educational services can improve access, while households may still spend on books, coaching, transport, and other additional educational needs.

The findings support the argument that rapid expansion of public expenditure did not eliminate household expenditure. Instead, household spending continued to rise, although its relative importance declined. This suggests that India's school education financing structure follows a mixed model in which the public sector provides the dominant financial base. At the same time, households continue to bear a substantial share of educational expenditure.

The findings of this study differ in some respects from those reported by Motkuri and Revathi (2024) [22]. Their study covers a longer period and looks at education expenditure more broadly, with considerable growth in private expenditure. In contrast, the present study focuses on elementary and secondary education between 2007–08 and 2024–25 and finds that public expenditure increased at a faster rate than household expenditure. This difference does not necessarily mean that the two studies are inconsistent. The studies cover different periods and use different measures and levels of education. The period examined here also includes several important policy changes aimed at expanding and strengthening publicly funded school education. These differences in coverage and context may partly explain the different patterns observed. The comparison also shows why changes in education financing need to be examined separately for different levels of education and periods.

The fall in the share of household spending may have implications for equity in education. A lower share of household financing could reduce the financial burden on families and make access to education less dependent on their ability to pay. However, households still contributed more than one-fourth of total school education expenditure in 2024–25. Since families differ considerably in their income and ability to meet education costs, household spending continues to be an important issue when considering equity in school education.

***Financing of Elementary Education*:** Elementary education made up the largest part of school education expenditure throughout the period. Total spending increased from ₹98,597 crore in 2007–08 to ₹873,277 crore in 2024–25, with a CGR of 12.75%. Public spending increased from ₹69,526 crore to ₹648,451 crore, recording a CGR of 13%. Household spending also increased, from ₹29,071 crore to ₹224,826 crore, with a CGR of 12.14%. The financing system of elementary education remained predominantly public. The public share rose from about 71 per cent in 2007–08 to 74 per cent in 2024–25, while the household share fell from 29 per cent to 26 per cent (Table 2).

State governments accounted for the largest part of spending on elementary education during the study period. Their share went up from about 52 per cent in 2007–08 to 56 per cent in 2024–25. The share of central government also remained significant, rising slightly from around 18 per cent to 19 per cent over the same period. The strong public commitment to elementary education is consistent with India's constitutional and statutory commitment to universal elementary education. The RTE Act, 2009 established the legal responsibility of governments to provide free and compulsory education to children within the specified age group. This increased public responsibility for the financing of schools, teachers, infrastructure, and educational inputs.

Private household expenditure on elementary education also rose from ₹29,071 crore in 2007-08 to ₹224,826 crore in 2024-25. It still accounted for about 26 per cent of total expenditure in 2024–25. This result supports NSS data-based results and earlier research indicating that households continue to incur direct and indirect educational expenses even when children attend publicly funded schools. As a percentage of GDP, total expenditure on elementary education rose from 2.01 per cent in 2007–08 to 2.64 per cent in 2024–25. Public expenditure rose from 1.42 per cent to 1.96 per cent of GDP. These results indicate an overall strengthening of the resource base for elementary education, although fluctuations over the intervening years suggest that the expansion was not uniform.

The continued spending by households is important in the context of the RTE framework. Even though government spending on education has increased, families still have to meet expenses related to schooling. These costs can be harder to manage for households with limited incomes. Greater public support may therefore be needed not only to ensure access to elementary education but also to lower the amount that families have to spend on schooling.

***Financing of Secondary Education*:** There was a steady rise in spending on secondary education between 2007–08 and 2024–25. Total expenditure increased from ₹56,360 crore in 2007–08 to ₹509,274 crore in 2024–25. The corresponding CGR was 12.30%. Government spending went up from ₹35,806 crore to ₹370,082 crore, giving a CGR of 13.05%. Household spending also went up during these years, from ₹20,554 crore to ₹139,192 crore, although its growth rate was lower at 10.71%. The share of public spending in secondary education increased more clearly than in elementary education. Public expenditure accounted for about 64 per cent of total spending in 2007–08 and increased to 73 per cent in 2024–25. Over the same period, the household share declined from 36 per cent to 27 per cent (Table 3).

This change is important because household expenditure has historically played a relatively larger role in secondary education. The findings suggest that the relative dependence of secondary education on household financing declined substantially during the study period, while the government assumed a larger role.

The growing role of public expenditure also supports policy changes to expand access to secondary education. The introduction of RMSA and the subsequent integration of major school education programmes under Samagra Shiksha Abhiyan broadened public intervention beyond elementary education.

Most of the expenditure on secondary education came from the state governments. In 2007–08, they accounted for about 59 per cent of total spending. This share increased to around 63 per cent by 2024–25. The share of the central government also went up, from about 5 per cent to 9 per cent. However, its contribution to secondary education was still smaller than its share in elementary education.

As a percentage of GDP, total expenditure on secondary education, public and private combined, rose from 1.15 per cent in 2007–08 to 1.54 per cent in 2024–25. Public expenditure on secondary education as a percentage of GDP was 0.73 per cent in 2008-08 and rose to 1.12 per cent in 2024-25. These results indicate stronger public support for secondary education, although overall expenditure remained lower than for elementary education. The fall in the household share of expenditure at the secondary level indicates that government spending increased at a faster pace in this area. Greater public funding can make secondary education more affordable for families and may help more students continue their education after completing the elementary level. It also reduces the direct financial responsibility placed on households for secondary schooling.

***The Role of State and Central Governments*:** The findings confirm the central role of state governments in financing school education in India. State government expenditure accounted for approximately 55 per cent of total school education expenditure in 2007–08 and rose to 58 per cent in 2024–25. In absolute terms, state expenditure increased from ₹84,632 crore to ₹806,961 crore (Table 1).

The central government played a smaller but increasingly important role. Its share rose from about 13 per cent of total school education expenditure in 2007–08 to 15 per cent in 2024–25. The central government's role was relatively greater in elementary education, where its share reached about 19 per cent in 2024–25, compared with about 9 per cent in secondary education.

This pattern of financing reflects the division of responsibilities between the Centre and the states in India. Although education falls under the Concurrent List, state governments have the main responsibility for running schools and delivering school education. The central government supports the states by providing funds through centrally sponsored schemes and various national education programmes.

The major role played by state governments has important implications for equity in school education. States vary considerably in their financial resources, population structure, existing educational facilities, and the size and needs of their school-age population. These differences can affect the amount of resources that states are able to allocate to education, which may, in turn, lead to differences in the educational facilities and opportunities available to students across states.

The central government also has an important role in addressing differences in the financial capacity of states. Central assistance can provide additional support to states that have fewer financial resources or face greater demands in the provision of school education. The expansion of centrally funded programmes has helped strengthen financial support for school education across states. However, the ability of individual states to mobilise resources and implement these programmes continues to influence the level and quality of school education provided.

Comparison between elementary and secondary education

A comparison of elementary and secondary education shows some common features in their financing, but there are also clear differences in the amount and pattern of expenditure. The relatively higher spending at the elementary level can be linked to the continued emphasis on providing basic education to all children and to the responsibilities placed on the government under the Right to Education (RTE) Act.

Second, the central government played a relatively larger role in elementary education, accounting for approximately 19 per cent of expenditure in 2024–25, compared with approximately 9 per cent in secondary education. In contrast, state governments accounted for approximately 63 per cent of total expenditure on secondary education, compared with approximately 56 per cent on elementary education.

Third, household expenditure declined in relative importance at both levels. By 2024–25, households accounted for approximately 26 per cent of expenditure on elementary education and 27 per cent on secondary education. However, the historical decline was more pronounced in secondary education, where the household share fell from approximately 36 per cent in 2007–08.

Thus, although elementary and secondary education have different institutional and funding structures, the two levels have become more similar in the relative contribution of households. The major remaining difference lies in the distribution of public expenditure between the state and central governments.

Discussion and Policy implications

The results of the study clearly show a change in the financing of school education in India between 2007–08 and 2024–25. Total expenditure increased substantially in absolute terms, while public expenditure consolidated its position as the dominant source of finance.

The findings broadly support the existing literature while offering a more nuanced perspective. Previous studies have emphasised the continuing importance of household expenditure in India. The present results confirm this continuing importance as household expenditure has increased substantially in absolute terms. However, unlike broader analyses that identify a strong long-term expansion of private education expenditure, the present study finds that public expenditure grew more rapidly than household expenditure in school education between 2007–08 and 2024–25.

The findings also show a change in the way school education is financed. Spending by both the government and households increased over the period, but the rise in public expenditure was relatively greater. This suggests that higher government spending did not necessarily replace household spending. Instead, the two sources of expenditure may have increased alongside each other and supported different aspects of school education.

The changes in government spending can also be understood in light of major education policies introduced during this period. The RTE Act placed greater responsibility on the government for elementary education, while programmes such as RMSA and later Samagra Shiksha Abhiyan widened government support to cover different stages of school education. The increase in public expenditure seen in the study is consistent with these expanding responsibilities and policy interventions.

Table 1: Total expenditure on school education in India

Year	Private	State	Centre	Public	Total
2007-08	49,625 (32; 1.01)	84,632 (55; 1.73)	20,700 (13; 0.42)	105,332 (68; 2.15)	154,957 (100; 3.16)
2008-09	59,486 (32; 1.08)	102,489 (55; 1.86)	23,656 (13; 0.43)	126,146 (68; 2.29)	185,632 (100; 3.37)
2009-10	71,308 (30; 1.12)	135,690 (58; 2.13)	27,151 (12; 0.43)	162,840 (70; 2.56)	234,148 (100; 3.68)
2010-11	85,478 (30; 1.12)	156,558 (56; 2.05)	38,351 (14; 0.50)	194,909 (70; 2.55)	280,387 (100; 3.67)
2011-12	102,464 (30; 1.17)	188,681 (56; 2.16)	46,057 (14; 0.53)	234,738 (70; 2.69)	337,202 (100; 3.86)
2012-13	122,826 (33; 1.24)	201,227 (54; 2.02)	48,187 (13; 0.48)	249,414 (67; 2.51)	372,240 (100; 3.74)
2013-14	147,234 (34; 1.31)	232,993 (53; 2.07)	56,232 (13; 0.50)	289,225 (66; 2.57)	436,459 (100; 3.89)
2014-15	156,818 (31; 1.26)	285,971 (57; 2.29)	57,643 (12; 0.46)	343,613 (69; 2.76)	500,431 (100; 4.01)
2015-16	167,025 (29; 1.21)	328,325 (57; 2.38)	78,664 (14; 0.57)	406,989 (71; 2.96)	574,014 (100; 4.17)
2016-17	177,897 (29; 1.16)	350,252 (58; 2.28)	80,354 (13; 0.52)	430,605 (71; 2.80)	608,503 (100; 3.95)
2017-18	189,477 (30; 1.11)	368,818 (58; 2.16)	79,999 (13; 0.47)	448,817 (70; 2.63)	638,294 (100; 3.73)
2018-19	208,001 (30; 1.10)	401,747 (58; 2.13)	82,453 (12; 0.44)	484,200 (70; 2.56)	692,201 (100; 3.66)
2019-20	228,336 (29; 1.14)	453,761 (58; 2.26)	98,080 (13; 0.49)	551,841 (71; 2.74)	780,177 (100; 3.88)
2020-21	250,660 (30; 1.26)	452,909 (55; 2.28)	118,696 (14; 0.60)	571,605 (70; 2.88)	822,265 (100; 4.14)
2021-22	275,165 (29; 1.17)	532,318 (56; 2.26)	142,675 (15; 0.60)	674,993 (71; 2.86)	950,158 (100; 4.03)
2022-23	302,067 (28; 1.12)	602,036 (56; 2.24)	163,859 (15; 0.61)	765,895 (72; 2.85)	1,067,962 (100; 3.97)
2023-24	331,599 (27; 1.10)	697,008 (57; 2.31)	186,193 (15; 0.62)	883,201 (73; 2.93)	1,214,800 (100; 4.03)
2024-25	364,018 (26; 1.10)	806,961 (58; 2.44)	211,571 (15; 0.64)	1,018,533 (74; 3.08)	1,382,550 (100; 4.18)
CGR (%)	11.56	12.84	13.73	13.02	12.58

Note: Figures are in ₹ crore. Figures in parentheses represent percentage share of total expenditure and expenditure as a percentage of GDP, respectively. Public expenditure is the sum of State Government/UT and Central Government expenditure

Table 2: Expenditure on elementary education in India (Absolute expenditure in ₹ crore; figures in parentheses: % of total expenditure; % of GDP)

Year	Private	State	Centre	Public	Total
2007-08	29,071 (29; 0.59)	51,404 (52; 1.05)	18,123 (18; 0.37)	69,526 (71; 1.42)	98,597 (100; 2.01)
2008-09	34,734 (30; 0.63)	60,342 (52; 1.09)	19,972 (17; 0.36)	80,314 (70; 1.46)	115,048 (100; 2.09)
2009-10	41,500 (29; 0.65)	78,598 (56; 1.23)	21,484 (15; 0.34)	100,082 (71; 1.57)	141,582 (100; 2.22)
2010-11	49,584 (29; 0.65)	92,337 (53; 1.21)	31,213 (18; 0.41)	123,551 (71; 1.62)	173,135 (100; 2.27)
2011-12	59,243 (28; 0.68)	113,171 (54; 1.30)	35,994 (17; 0.41)	149,165 (72; 1.71)	208,408 (100; 2.39)
2012-13	70,783 (31; 0.71)	121,151 (53; 1.22)	38,325 (17; 0.39)	159,476 (69; 1.60)	230,259 (100; 2.32)
2013-14	84,571 (32; 0.75)	138,053 (52; 1.23)	44,097 (17; 0.39)	182,150 (68; 1.62)	266,722 (100; 2.37)
2014-15	91,848 (30; 0.74)	173,850 (56; 1.39)	44,909 (14; 0.36)	218,759 (70; 1.75)	310,607 (100; 2.49)
2015-16	99,751 (27; 0.72)	204,245 (56; 1.48)	60,104 (17; 0.44)	264,349 (73; 1.92)	364,100 (100; 2.64)
2016-17	108,334 (29; 0.70)	211,694 (56; 1.38)	59,792 (16; 0.39)	271,486 (71; 1.76)	379,821 (100; 2.47)
2017-18	117,656 (30; 0.69)	217,766 (55; 1.27)	57,306 (15; 0.34)	275,073 (70; 1.61)	392,728 (100; 2.30)
2018-19	129,059 (31; 0.68)	229,694 (55; 1.22)	61,054 (15; 0.32)	290,748 (69; 1.54)	419,807 (100; 2.22)
2019-20	141,568 (29; 0.70)	273,265 (55; 1.36)	78,664 (16; 0.39)	351,929 (71; 1.75)	493,497 (100; 2.45)
2020-21	155,289 (29; 0.78)	273,824 (52; 1.38)	100,594 (19; 0.51)	374,418 (71; 1.89)	529,707 (100; 2.67)
2021-22	170,340 (28; 0.72)	317,020 (53; 1.34)	114,305 (19; 0.48)	431,325 (72; 1.83)	601,665 (100; 2.55)
2022-23	186,850 (28; 0.69)	361,762 (54; 1.35)	126,667 (19; 0.47)	488,429 (72; 1.82)	675,279 (100; 2.51)
2023-24	204,960 (27; 0.68)	418,830 (55; 1.39)	143,932 (19; 0.48)	562,762 (73; 1.87)	767,722 (100; 2.55)
2024-25	224,826 (26; 0.68)	484,901 (56; 1.47)	163,550 (19; 0.49)	648,451 (74; 1.96)	873,277 (100; 2.64)
CGR (%)	12.14	12.90	13.30	13.00	12.75

Note: Figures are in ₹ crore. Figures in parentheses represent percentage share of total expenditure and expenditure as a percentage of GDP, respectively. Public expenditure is the sum of State Government/UT and Central Government expenditure

Table 3: Expenditure on secondary education in India

Year	Private	State	Centre	Public	Total
2007-08	20,554 (36; 0.42)	33,228 (59; 0.68)	2,578 (5; 0.05)	35,806 (64; 0.73)	56,360 (100; 1.15)
2008-09	24,750 (35; 0.45)	42,148 (60; 0.76)	3,684 (5; 0.07)	45,832 (65; 0.83)	70,582 (100; 1.28)
2009-10	29,803 (32; 0.47)	57,092 (62; 0.90)	5,666 (6; 0.09)	62,759 (68; 0.99)	92,562 (100; 1.45)
2010-11	35,888 (33; 0.47)	64,221 (60; 0.84)	7,138 (7; 0.09)	71,358 (67; 0.93)	107,247 (100; 1.40)
2011-12	43,215 (34; 0.49)	75,510 (59; 0.86)	10,063 (8; 0.12)	85,573 (66; 0.98)	128,788 (100; 1.47)
2012-13	52,038 (37; 0.52)	80,076 (56; 0.81)	9,862 (7; 0.10)	89,938 (63; 0.90)	141,976 (100; 1.43)
2013-14	62,663 (37; 0.56)	94,939 (56; 0.85)	12,136 (7; 0.11)	107,075 (63; 0.95)	169,737 (100; 1.51)
2014-15	64,837 (34; 0.52)	112,121 (59; 0.90)	12,733 (7; 0.10)	124,854 (66; 1.00)	189,691 (100; 1.52)
2015-16	67,086 (32; 0.49)	124,080 (59; 0.90)	18,560 (9; 0.13)	142,640 (68; 1.04)	209,726 (100; 1.52)
2016-17	69,413 (30; 0.45)	138,558 (61; 0.90)	20,561 (9; 0.13)	159,119 (70; 1.03)	228,532 (100; 1.48)
2017-18	71,821 (29; 0.42)	151,052 (62; 0.88)	22,692 (9; 0.13)	173,745 (71; 1.02)	245,566 (100; 1.44)
2018-19	78,941 (29; 0.42)	172,053 (63; 0.91)	21,399 (8; 0.11)	193,453 (71; 1.02)	272,394 (100; 1.44)
2019-20	86,767 (30; 0.43)	180,496 (63; 0.90)	19,416 (7; 0.10)	199,912 (70; 0.99)	286,679 (100; 1.43)
2020-21	95,369 (33; 0.48)	179,085 (61; 0.90)	18,102 (6; 0.09)	197,187 (67; 0.99)	292,556 (100; 1.47)
2021-22	104,824 (30; 0.44)	215,298 (62; 0.91)	28,370 (8; 0.12)	243,668 (70; 1.03)	348,492 (100; 1.48)
2022-23	115,216 (29; 0.43)	240,274 (61; 0.89)	37,192 (9; 0.14)	277,466 (71; 1.03)	392,682 (100; 1.46)
2023-24	126,638 (28; 0.42)	278,177 (62; 0.92)	42,261 (9; 0.14)	320,439 (72; 1.06)	447,076 (100; 1.48)
2024-25	139,192 (27; 0.42)	322,060 (63; 0.97)	48,022 (9; 0.15)	370,082 (73; 1.12)	509,274 (100; 1.54)
CGR (%)	10.71	12.76	15.62	13.05	12.30

Note: Figures are in ₹ crore. Figures in parentheses represent percentage share of total expenditure and expenditure as a percentage of GDP, respectively. Public expenditure is the sum of State Government/UT and Central Government expenditure

The results also highlight the importance of examining expenditure relative to GDP. While nominal expenditure rose almost ninefold, expenditure-to-GDP ratios fluctuated over time. These trends indicate an overall strengthening of financial commitment to school education, but they also show that increased nominal expenditure alone is insufficient to assess changes in educational priority.

Another important issue is the effect of household spending on educational equity. Even though the household share of expenditure fell over the period, households still contributed about 26 per cent of total school education expenditure in 2024–25. This can have different effects on families because their ability to spend on education varies with income and socio-economic circumstances. For lower-income households, meeting these expenses may be particularly difficult, especially when schooling involves additional costs such as supplementary services, transport, books, uniforms, and other related expenses.

The findings therefore support the broader objectives of the National Education Policy 2020, which emphasises the need for increased public investment in education. Greater public expenditure is important not only to expand access and infrastructure but also to reduce the effective financial burden of education on households.

Overall, the findings show that the government has taken on a larger role in financing school education in India, although households still pay a considerable share of the cost. State governments account for the major share of public financing, making their financial capacity important for maintaining and improving school education quality. Continued support from the central government is therefore important, particularly for states with greater financial and educational needs. At the same time, reducing the burden on households will require sustained public investment and better use of available resources. Such measures can help make school education more accessible and equitable, particularly for children from economically weaker households.

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