

CHAPTER SIX

SUMMARY AND CONCLUSIONS

CHAPTER - VI

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6.1 SUMMINGUP :

In this chapter, we present the major findings of this work. The findings are recorded chapter wise. :

6.2 EDUCATION AN ESSENTIAL INPUT FOR ECONOMIC DEVELOPMENT. :

In the First Chapter we have briefly reviewed in a selective manner, the literature regarding Economics of Education. Qualitatively the best possible and quantitatively adequate education through a properly maintained and dynamic system is one of the basic needs of a civilised society. This becomes more important for a developing society. The review of the literature clearly shows that there is an exceptional degree of unanimity among the economists of the world that expenditure on education is, in its effects, human capital formation. In fact, it constitutes a major component of what is known as the residual factor which explains almost 50% of economic development.

Now, education particularly at the primary level, has been accepted as a public want and naturally it is supplied through budget allocation. In a developing country like India, even at the level of secondary and higher education, a significantly large proportion of expenditure is the responsibility of the Govt. because, at these levels also the component of merit is significantly large.

### 6.3 GROWTH OF EDUCATION IN MAHARASHTRA :

On the basis of chapter Two we reach <sup>the</sup> following conclusions. Firstly the growth of educational system in Maharashtra as indicated by :

- 1) Number of students.
- 2) Number of institutions.
- 3) Number of teachers.

is quite impressive in case of all the three stages of education i.e. primary, secondary and higher. It is also important to note that the content of the educational system particularly starting from + 2 level, is also quite satisfactory because facilities for industrial training, technical education, medical education, engineering education, agricultural education and arts, social sciences and commerce education have been consistently increasing. At this stage we have to record a limitation of this study. Expenditure on Medical Education is not taken into consideration in any of the figures given in the previous chapters. The reason is the accounting practice of the state Govt.. In the Govt. budget papers expenditure incurred on medical education is included in the expenditure under taken by the Department of Public Health. It is not included under Department of Education. In our opinion the exclusion of expenditure on medical education from educational expenditure leads to slightly smaller numerical values for various indicators by which we have tried to examine public expenditure on education in Maharashtra.

The Govt. of Maharashtra has successfully tried for <sup>more</sup> greater education <sup>at</sup> opportunities to backward classes, women and other weaker sections, of the society.

#### 6.4 GROWTH OF EXPENDITURE ON EDUCATION :

In Maharashtra during the period under study, 25 years from 1960-61 to 1984-85; the expenditure on education has registered a tremendous growth. Total current account expenditure on education increased almost by 26 times during this period. However, total capital outlay on education increased by only 5 times during a period of 13 years beginning from 1972-73 to 1984-85.

The budget significance of expenditure on education is indicated by following figures : 35.81% of developmental expenditure on Revenue account goes for education. In case of capital account expenditure the respective figure is only 0.46%.

Per capita level of expenditure on education increased from Rs. 5.95 to Rs. 86.83. Per capita capital expenditure on education was Rs. 0.09 in 1972-73 which became 0.34 in 1984-85.

Level of public expenditure on education <sup>on</sup> in revenue account increased from 1.4% to 2.8% during, 1960-61 to 1983-84. However, level of public expenditure on education on capital account remained almost stable at 0.01% during 1972-73 to 1983-84. If we take revenue account and capital account together, it is seen that the level of public expenditure on education was 2.7% in 1972-73 and became 2.8% in 1983-84.

6.5 SECTORAL COMPOSITION OF PUBLIC EXPENDITURE ON EDUCATION :

TABLE NO. 1

SECTORAL COMPOSITION OF CURRENT ACCOUNT PUBLIC EXPENDITURE

Year	Primary %	Secondary %	Higher %	Other aspects of education. %
1960 - 61	54.75	23.31	7.29	14.67
1984 - 85	43.63	34.25	17.44	3.88

Table No. 1 gives an indication of the change in sectoral composition of revenue account expenditure on education during last 25 years. It is clearly seen that greater funds are being given for secondary and higher education at the cost of primary education. In our opinion the relative position of primary <sup>(in)</sup> education in this regard should have remained atleast at the previous level <sup>(of)</sup> not increased.

TABLE NO. 2

PER STUDENT/EXPENDITURE ON EDUCATION BY SECTORS

Year	Primary		Secondary		Higher	
	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
1960 - 61	30.42		63.08		153.89	
1983 - 84	275.61		486.01		1364.87	

Table No. 2 gives information regarding change in per student current account expenditure at different levels of education.

Here also it is seen that the figures for higher education are very large whereas figures for primary and secondary education are low. However, if we find out their internal ratios it seems that importance of secondary education has decreased whereas importance of higher education has increased. Over the period, we can say that the per student expenditure in case of primary, secondary and higher education increased by 9.07 times, 7.70 times and 8.86 times respectively. This again shows that relative importance of secondary education has gone down.

#### 6.6 LOANS AND ADVANCES FOR EDUCATION :

The data regarding loans and advances is given separately in the budget papers beginning from 1972-73. It is seen that during this period the loans and advances for education increased only by 148.60% with an annual compound growth rate of 3.4% only.

Excepting the year 1975-76 all the loans are given by the Department of Education and Employment.

TABLE NO. 3  
PERCENTAGE COMPOSITION OF LOANS AND ADVANCES BY SECTORS

Year	Primary	Secondary	Higher	Technical	Other aspects.
1972 - 73	35.03	-	57.56	0.54	6.87
1984 - 85	66.03	-	33.46	0.51	-



The sectoral composition of loans and advances is indicated in table No. 3. It is seen that the share of primary sector in the loans has increased almost by two times, whereas the share of loans for higher and technical education has gone down.

The per student loans for primary education increased from Rs. 0.41 in 1972-73 to Rs. 0.81 in the year 1984-85. Secondary sector has not received loans. In case of higher education the per student loan was Rs. 10.67 in 1972-73 which increased upto 1977-78 but then again decreased and became Rs. 5.04 in the year 1983-84.

6.7 EDUCATION CEES FUND AND LIBRARY FUND :

Govt. of Maharashtra has two funds meant for the development of education. (1) Education Cees Fund. (2) Library Fund, It is seen that disbursements, from both these funds have increased substantially during the last 13 years. The disbursements from Education Cees Fund increased at an annual compound growth rate of 12.9% and disbursements from <sup>Library Fund</sup> at an annual compound growth rate of 16.2%.

6.8 NET BURDEN OF PUBLIC EXPENDITURE ON EDUCATION ON GOVT. TREASURY

In comp<sup>a</sup>arison with public expenditure on education which increased at an annual compound growth rate of 14.7% the educational receipts of the Govt. of Maharashtra show a meagre growth rate of 0.3% per year. It is seen that on the average, during the period

under study, the ratio of educational receipts to educational expenditure is only 5.82%. It means that net burden of public expenditure on education on the Govt. treasury is 94%. This can be considered as one indicator of the extent to which education at all levels has become a kind of a public want.

#### 6.9 THE GROWTH OF PUBLIC EXPENDITURE ON EDUCATION :

Our study shows that, the total public expenditure on education has grown at a high rate. Though we could not get detailed classification of educational expenditure which would have enabled us to give a more accurate explanation of the factors which led to this growth in educational expenditure, it is seen that the major causes for the growth of public expenditure <sup>on education</sup> are as under.

- 1) Increase in the number of students at all levels of the education.
- 2) Increase in the number of educational institutions.
- 3) Increase in the number of teachers.
- 4) Increasing need for educational infrastructure.
- 5) Increase in the pay scales and dearness allowances of the employees of the educational institutions.
- 6) Expanded scope of educational concessions for backward classes, economically backward classes and girls.