

CHAPTER 5

PUBLIC EXPENDITURE ON HIGHER EDUCATION

This chapter discusses the issues related to public expenditure on higher education in Bihar. The level of expenditure by government reveals the relative importance accorded to the sector. A state-wise analysis is carried out in the chapter. Per capita expenditure on higher education across different states as well as within the state of Bihar is also discussed in the later section of the chapter.

5.1 Introduction

Many research studies support the notion that higher education should be treated as a public good because society reaps its benefits in various ways. Public Goods Theory assumes that individuals' consumption of higher education produces positive externalities, which includes; increased participation in civil and public affairs, healthier lifestyle and lower health risk, lower probability to commit crime, better standard of living and thus greater individual and social prosperity. Better and quality higher education leads to enhanced productivity and thus more economic prosperity for the nation. Nobel Laureate James Heckman argues that investing in learning in early childhood brings higher returns than at any time in life. But, at the same time higher education determines country's economic and technological progress in the globalised era. The strong wave of globalisation, increasing competition in the international market and building of knowledge society has reinforced the importance of human capital. It is obligatory that the nation achieves universal elementary

education and total literacy, but, it should also strive to achieve global standards in higher education (UGC, 1993). Planned and targeted investment strategy is therefore, a necessary and sufficient condition to achieve this standard. Empirical evidences also suggest that investments in higher education and skills are more growth-enhancing and thus strengthen the case for public expenditure on higher education. Higher education determines country's economic and technological progress. It is the responsibility of the Government to invest in higher and technical education for the benefit of its citizen. Punnayya Committee Report on UGC Funding of Institutions of Higher Education (1993) also emphasize that higher education determines country's economic and technological progress and therefore, Government funding must continue to support higher education. Investment in specialised human capital through investment in higher and technical education needs sustained funding from government. The resource-allocation policy of the government discussed below 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.

5.2 Public Expenditure on Higher and Technical Education in India

Education in India, as in most of the countries of the world, is mostly a state-sponsored activity. There are two major players in financing of education in India, firstly public sector and secondly private sector. Financing from public sector includes spending by central government, state government, local bodies and foreign aid which is transferred primarily through central government budgets. Financing from private sector mainly includes individual households and to some extent non-profit and for-profit private

sector (Anuradha De and Tanuka Endow, 2008). 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. During 1956-57, government spending on education sector in India was only Rs 206.31 crores, which include spending of Rs 25.27 crore on higher education and Rs. 7.79 crore on technical education. Government expenditure on education was increased remarkably to Rs 3,374.33 crores during 1980-81. During this period, expenditure on higher and technical education was increased to 483.66 crore and Rs 136.95 crore respectively. During 1990-91, total expenditure on education sector and two of its sub-sector viz higher and technical education was Rs. 17193.66 crore, Rs. 2311.85 crore and Rs 753.01 crore. During 2009-10, the amount of government spending has increased to Rs 194642.91 crore, Rs 24831.93 crore and Rs 9469.35 crore.

The trend suggests that growth in government spending during initial years after independence was quite impressive whereas relatively slower growth has been observed later on, particularly after 1991. 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 glance through the public expenditure pattern across major states of India. State wise analysis on these inter related issues discussed in the next section helps to understand the relative position of Bihar amongst major states in terms of trends and pattern of public expenditure on higher and technical education.

5.3 Public Expenditure on Higher and Technical Education: Bihar vis-à-vis other states

The higher and particularly technical education sector in Bihar is facing a deep crisis. Like other regions of the country this crisis is mainly due to poor funding pattern and mismanagement of public resources. Efforts to develop educational institutions in an economically backward state like Bihar, largely hinges on the management of its public finance. Weak linkages between expenditure and educational outcomes had undermined the quality of services in Bihar (Economic Survey, Govt of Bihar, 2011). Since this sector is heavily dependent on government funding, the fiscal crisis of the state government has directly affected higher educational Institutions. They are now finding hard to preserve the quality of education in the absence of alternative sources of finance. Per student expenditure has been

compressed and higher education institutions and Universities in the State are operating under adverse conditions. This has led to a reduction in physical facilities, overcrowding and lack of resources necessary for academic environment. In order to understand this crisis in higher education system in the state, it is necessary to study the growth and pattern of government spending in this sector. Cross- state analysis of several relevant parameters has been done to assess the relative position of Bihar with respect to other states.

5.3.1 Expenditure on Education- as Ratio to Aggregate 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. **Table 5.1** portrays a picture of the relative priority given to education sector by major states of India. During 2000-01, India was spending 17.4 per cent of aggregate expenditure on education sector. During the same period, percentage spending on education for most of the states like Madhya Pradesh (16.3), Uttar Pradesh (16.8), West Bengal (17.1), Karnataka (17.7), Rajasthan (18.8) and Tamil Nadu (18.0) was hovering between 16 to 18 per cent of their total expenditure. Some of the low spenders, who are spending much below the national average, were Andhra Pradesh (13.3), Gujarat (13.6), Haryana (14.6) and Punjab (13.2). States which are spending above the national average were Bihar (23.3),

Maharashtra (22.3) and Kerala (20.0). Time series analysis of ratio expenditure on education to aggregate expenditure by major states during the period 2000-01 to 2011-12 exhibits a fluctuating trend. However, the overall share of educational expenditure in total government has shown a decline between 2000-01 and 2011-12 across major states of India. During 2011-12, India was spending 16.8 percent of total expenditure on education as against 17.4 in 2000-01. Similar, pattern has been observed in most of state during the period. Like 2000-01, Maharashtra, Kerala and Bihar are still the higher spending states of the country. Ironically, Bihar's expenditure on overall education is amongst the highest in the country but its position in terms of major educational expenditure for each sub-sector of education is amongst the lowest. This clearly shows the mismatch between educational spending and outcomes and indicates about the mismanagement in the public finance system of the state. (Table 5.1)

Table 5.1
Expenditure on Education* – As Ratio to Aggregate Expenditure

States	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (RE)	2011-12 (BE)
Andhra Pradesh	13.3	12.5	11.7	11.6	9.8	11.1	10.8	9.0	9.0	10.0	13.5	14.0
Bihar	23.7	20.7	18.4	18.9	15.8	19.6	19.7	17.6	18.5	18.1	17.0	17.2
Gujarat	13.6	12.7	13.5	11.2	11.5	12.6	12.7	13.4	11.7	13.8	16.4	14.9
Haryana	14.6	13.8	13.7	10.2	11.6	13.4	11.9	12.9	15.0	16.3	17.6	17.3
Karnataka	17.7	16.0	14.8	12.9	12.7	14.0	13.1	14.4	16.1	14.0	15.7	14.9
Kerala	20.0	19.0	17.6	15.7	16.2	16.6	17.1	15.9	16.7	16.8	16.6	19.1
Madhya Pradesh	16.3	12.5	12.2	9.9	8.8	10.2	12.4	11.1	12.8	13.0	13.9	15.2
Maharashtra	22.3	22.1	18.9	15.5	14.0	15.7	16.4	17.2	17.0	19.1	20.5	20.6
Odisha	15.9	14.6	14.3	12.2	12.6	14.7	12.8	14.3	16.9	18.2	19.8	16.4
Punjab	13.2	11.7	12.1	10.2	10.1	11.3	8.9	10.3	11.3	12.2	13.1	13.6
Rajasthan	18.8	18.2	15.5	14.1	13.8	17.2	15.6	14.6	17.9	19.0	18.4	18.0

Tamil Nadu	18.0	17.3	13.8	12.6	11.2	13.6	12.2	12.7	13.1	15.2	15.1	15.7
Uttar Pradesh	16.8	16.0	14.6	9.1	12.5	15.2	14.7	14.1	13.2	13.8	15.5	17.6
West Bengal	17.1	16.2	15.9	11.8	14.9	13.7	15.2	15.2	13.1	17.7	17.9	18.8
All States	17.4	16.2	15.1	12.6	12.7	14.2	14.0	13.8	14.3	15.3	16.5	16.8

Note: RE: Revised Estimates. BE: Budget Estimates.

* : Includes expenditure on Sports, Art and Culture under revenue expenditure and capital outlay.

Source: State Finances: Study of Budgets, RBI, 2011-12.

5.3.2 Relative Priorities given to Higher and Technical Education

Priorities accorded to different sub sectors of education can be gauged with the help of indicators like government expenditure as proportion of Gross State Domestic Product (GSDP), government expenditure as proportion of total budgetary expenditure and also through percent expenditure on each subsector of education to total expenditure on education. A time series analysis of each of these indicators across major states has been done to understand the relative priorities given to higher and technical education across major states.

5.3.2.1 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 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. It is also clear that the country is still far away from the limits prescribed by Kothari Commission and New Education Policy.

As compared to other states, Bihar is spending pretty fair amount on education sector. During 1980-81, the state was spending 2.79 Percent of GSDP on education sector as a whole. This figure has increased remarkably to 4.53 per cent during 1990-91. Economic reform process coupled with the problem of poor governance has drastically affected the education sector in the state during late 1990s. The proportionate expenditure has reduced unexpectedly to 0.51 per cent during 2000-01 which has increased to 4.49 per cent of GSDP during 2009-10. It is clear, that for all the time periods under study except 2000-01, percentage expenditure to GSDP was not only above the national average but also amongst the major states of the country. Contrary to this trend, in case of higher and technical education, the state's

spending as per cent to GSDP was amongst the lowest across major states of the country. During, 1980-81, expenditure on higher and technical education as per cent to GSDP in the state was barely 0.11 and 0.05 respectively. The proportion has increased marginally to 0.57 per cent in case of higher education during 2009-10. Unfortunately, proportionate expenditure of technical education has reduced further to 0.02 per cent during the same period. 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 5.2**).

Table 5.2
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 Pradesh	0.23	0.32	0.42	0.21	0.07	0.11	0.13	0.07	2.11	2.87	3.36	2.64
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.

5.3.2.2 Expenditure as per cent to Total Budgeted Expenditure

Share of higher education in the total government expenditure may tell us more clearly about the priority that the government attaches to higher education, as the government has more direct control on its own expenditure than on the income of the whole state (CABE, 2005). Higher ratio reveals that government is according more priority to that particular sector and injecting relatively more money to that sector. To study the relative importance given to higher and technical education in Bihar, proportionate expenditure on both these sectors to total budgeted expenditure for major states has been calculated. 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. During 1980-81, Bihar was spending 22 per cent of total expenditure on education sector which has increased further to 24.4 per cent in 2009-10. Contrary to this, less priority was given to higher and technical education in the state as compared to other states of the country and the percentage share of these sectors in total budget was least in the country. During 1980-81, the share of these sectors was only 0.8 per cent and 0.4 per cent respectively. From 1980-81 to 2009-10, the situation of higher education sector has slightly improved as 3.1 per cent of the total budgeted expenditure has been provided to this sector. It is painful to realize that in this era of globalization, the state government is still not recognizing the importance of technical education. During 2009-10, government of Bihar was spending only 0.1 per cent of total expenditure on technical education. Although, Bihar is spending

reasonably good amount on total education but higher and technical education has been completely neglected in the state. One of the possible reasons for the low expenditure and complete negligence of these sectors could be bad governance. It was the deliberate policy, especially under Shri. Laloo Prasad Yadav's government, to keep the masses uneducated, which suits his political interests (Singh, 2002). In Bihar, both the state and civil society are blameworthy for the lack of governance and the falling standards of education. (Table 5.3)

Table 5.3
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

Nadu												
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.

5.3.2.3 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. During 1980-81, Bihar was spending 75.33 per cent of total

educational expenditure on elementary education, 16.77 per cent on secondary education, 0.31 per cent on adult education, 3.79 per cent on University and Higher education, 1.63 per cent on technical education and 3.96 per cent on other category. During 2009-10, the state spending on primary education has reduced to 66.92 per cent of total educational expenditure. Secondary (18.12 per cent) and higher education (12.62 per cent) has witnessed an increase in its share in total education. The share of technical education has reduced to 0.44 per cent and clearly showed the complete negligence of this sector in the state. It is surprising to note that in spite of this crisis in technical education, the state's spending on this sector is one of the lowest in the country. Expenditure of other 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) were pretty high during 2009-10. Bihar cannot imagine of developing itself without developing 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 5.4)

Table 5.4

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

<i>States</i>	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).

5.3.3 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 details of the different components of expenditure across different states in India. There are basically two distinct components of expenditure namely; (i) Revenue and Capital Account Expenditure and (ii) Plan and Non Plan Expenditure. Detailed analysis of both these components of expenditure has been done for major states of India to understand the relative pattern of component wise expenditure of Bihar. Two time periods 2000-01 and 2009-10 has been taken for the purpose. But before doing an in depth analysis, it is

imperative to have a clear distinction of different components of expenditure.

The distinction between Capital and Revenue expenditure is the distinction between government expenditure that result in the creation of new assets and those which do not. Capital expenditure may be defined as any expenditure other than operating expenditure, the benefits of which extend over a period of time exceeding one year. The main characteristic of capital expenditure is that at least a major portion of the expenditure is made at one point in time and the benefits are realized at different points in time in the ensuing years. In other words, Capital expenditure is the expenditure which is intended for creating concrete assets of a material character in the economy. On the other hand, Revenue expenditure is for the normal running of government departments and various services, interest charges on debt incurred by government etc. Broadly speaking, expenditure which does not result in creation of assets is treated as 'Revenue expenditure'. All grants given to state governments and other parties are also treated as revenue expenditure. 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).

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. While non-plan expenditure is meant for maintenance purposes, the plan expenditure is for developmental purposes. Expenditure on continuing services and activities at levels already reached in a Plan period is classified as Non-plan expenditure in the next Plan period, e.g. continuing research projects and operating expenses of power stations. Thus, as more Plans are completed, in addition to the interest on borrowings to finance the Plan, a large amount of expenditure on operation and maintenance of facilities and services created gets added to Non-plan expenditure (Expenditure Budget, 2009-10). The scope for decreasing this expenditure is very limited, as it involves maintaining the stock of infrastructure which has been determined by the policies in the previous years. 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.

5.3.3.1 Revenue and Capital Account Expenditure

Table 5.5 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). 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.

In contrast, share of capital account expenditure in higher education remained zero in Bihar for both the periods. In technical education, state spending from capital account was zero during 2000-01. It is however heartening to note that the situation in terms of expenditure from capital account however improved in recent years. During 2009-10, the government spending on technical education was 40.89 per cent from revenue account and 59.11 percent from capital account. It is quite obvious that capital expenditure should normally remain low for any state. But, negligible proportion of capital outlay over a long period of time has led to increasing infrastructure bottlenecks in the state. Expenditure on current expenses and maintenance of existing infrastructure is inevitable, but expenditure on long term asset creation is equally important for sustainable development. The study indicates that no money has been spent for infrastructure development in the recent past, so it is need of the hour to allocate greater resources particularly from Capital Account. However, the recent progress in the

capital expenditure on technical education shows that new avenues are coming up in this sector.

Table 5.5
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.

5.3.3.2 Plan and Non-Plan Expenditure

As regards the plan and non-plan expenditure is concerned, 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. Like other states of the country, in higher education sector Bihar is also spending primarily 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 5.6
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.

5.3.4 Expenditure per Student

Study of per capita government expenditure on higher education is necessary to assess the quality and efficiency of education in any state. Lower per capita expenditure indicates availability of less resource per student which in turn implies lower quality of higher education (CABE, 2005). During 2000-01, per student expenditure in India was Rs. 10,996 which has increased to Rs. 20,523 in 2009-10. During 2000-01, per student expenditure in most of the state was above Rs 5000 which has increased substantially during 2009-10. Kerala, one of the most educationally developed states, was on an average spending Rs 16,828 on each student in higher education, this has increased further to Rs 42,618 in 2009-10. Unfortunately, Bihar's situation in this category is far from satisfactory. The state's per student spending was just Rs 164.10 in 2000-01 which has increased to Rs 11,249 in 2009-10. Although the situation has improved during 2009-10 but Bihar is still lagging behind most of the states. Lesser per student expenditure clearly

implies lesser availability of resources like library, laboratories, books and other facilities, for the student. This, in turn affects the quality of higher education system in the state.

Table 5.7
Per Student Public Expenditure on Higher Education
(Rs. in current prices)

States	2000-01	2009-10
Andhra Pradesh	12869.54	13160.82
Bihar	164.10	11249.44
Gujarat	8377.43	9868.71
Haryana	10199.70	20086.45
Karnataka	10621.40	11735.32
Kerala	16828.53	42618.02
Madhya Pradesh	6085.35	7011.22
Maharashtra	9471.87	9951.78
Odisha	6669.03	23956.80
Punjab	10268.65	26583.79
Rajasthan	7038.63	8023.58
Tamil Nadu	8005.91	15375.89
Uttar Pradesh	4550.22	7995.79
India	10996.66	20523.51

Source: Author's Calculation

5.3.4.1 Per Student Public Expenditure on Higher Education in Bihar-District wise Scenario

Though the per capita expenditure in the state has increase from Rs 164 during 2000-01 to around Rs 11,249 during 2009-10, one can see huge disparity across districts. There is acute difference between districts of Bihar in terms of per capita expenditure on higher education. Patna remains at the top with per capita expenditure on higher education of Rs. 1861.28. Shockingly, the per capita expenditure on higher education is less than Rs.

10 for rest of the thirty seven districts. It is equally surprising to note that, corresponding figure for five districts namely; Kaimur Arwal Seohar, Lakhisarai, and Sheikhpura is zero. Moreover, it is evident from the analysis in previous chapter that GER in higher education and College-population index is very low in these districts. This is the classical example of disparity in higher education within the state. Low expenditure per student and low GER in higher education suggest a need to reconsider more equitable resource allocation between different regions of the State.

Table 5.8
District wise Per Capita Expenditure on Higher Education (Rs.)

S. No.	District	2009-10	2005-06
1	Patna	1861.28	1549.21
2	Munger	9.85	5.62
3	Saharsa	7.95	2.53
4	Bhagalpur	4.53	3.30
5	Muzaffarpur	3.92	3.50
6	Bhojpur	3.14	0.67
7	Saran	3.07	2.00
8	Darbhanga	2.86	3.05
9	Rohtas	2.19	1.56
10	Nalanda	2.17	1.48
11	Jehanabad	2.15	5.00
12	Gaya	1.91	1.36
13	Katihar	1.90	1.96
14	Purnea	1.72	1.21
15	Madhepura	1.60	1.59
16	Kishanganj	1.36	0.87
17	Samastipur	1.36	1.18
18	Khagaria	1.18	1.29
19	Aurangabad	1.16	1.00
20	Vaishali	1.16	1.00
21	Supaul	0.96	1.16

22	E. Champaran	0.92	1.30
23	Gopalganj	0.90	8.21
24	Buxar	0.87	1.13
25	Siwan	0.81	0.87
26	Nawadah	0.76	1.05
27	Jamui	0.71	0.88
28	Begusarai	0.64	0.85
29	Sitamarhi	0.62	34.87
30	Madhubani	0.61	0.70
31	Araria	0.59	0.79
32	W. Champaran	0.55	0.74
33	Banka	0.50	0.67
34	Kaimur	0.00	0.50
35	Arwal	0.00	0.00
36	Sheohar	0.00	0.00
37	Lakhisarai	0.00	0.00
38	Sheikhpura	0.00	0.00

Source: Economic Survey (Various Years), Govt. of Bihar.

It is evident from the preceding analysis that there exists glaring disparity in the per capita expenditure in higher education across different districts in Bihar. A closer examination of some of the districts with high and low per capita higher educational expenditure is therefore imperative to assess the exact situation at district level. Five districts with highest per capita expenditure and five with lowest per capital expenditure on higher education has been selected. Demographic profile, availability of infrastructural facilities, per capita income and expenditure pattern across these districts has been studied to understand the extent of disparity across these reasons. According to Census 2001, Bihar is the third most populous state of country and accounts for around 8 per cent of the total population. More than 90 percent of the population, in 25 out of 38 districts of Bihar, live in rural areas, making the state the least urbanised among all the major

states in India. (Economic Survey, Government of Bihar, 2011). Table 5.9 provides an insight into the Demographic profile of these districts in Bihar. Among these districts, highest share of rural population is in Kaimur (96.80 per cent) followed by Seohar (95.90 per cent). Lowest rural population is in Patna (58.40 per cent). The highest share of SC (22.20) and ST (2.80) population is in Kaimur District. The share of ST population is lowest in Sheikhpura and Seohar. Literacy rate is highest in Patna (62.92 per cent) and lowest in Seohar (35.27 per cent). (Table 5.9)

Table 5.9
Demographic Profile – Selected Districts of Bihar, 2001

District	Total Population	Rural Population (%)	SC Population (%)	ST Population (%)	Literacy Rate (%)
Districts with High Per Capita Expenditure on Higher Education					
Patna	4718592.00	58.40	15.50	0.20	62.92
Munger	1137797.00	72.10	13.30	1.60	59.47
Saharsa	1508182.00	91.70	16.10	0.30	39.08
Bhagalpur	2423172.00	81.30	10.50	2.30	49.50
Muzaffarpur	3746714.00	90.70	15.90	0.10	47.95
Districts with Low Per Capita Expenditure on Higher Education					
Kaimur	1289074.00	96.80	22.20	2.80	55.12
Arwal*	NA	NA	NA	NA	NA
Sheohar	515961.00	95.90	14.40	0.00	35.27
Lakhisarai	802225.00	85.30	15.80	0.70	47.96
Sheikhpura	525502.00	84.50	19.70	0.00	48.60

Note: * District created after 2001, NA: Not Available

Source: Census of India, 2001

Infrastructure is one of the key drivers of growth of an economy. The key inputs for relatively faster growing sectors like industry or services sector are power, telecommunication, aviation and road connectivity. All these, besides providing spurt in economic activities, have relevance to the society in general and are good aid to governance. (Annual Plan Document, Government of Bihar, 2009). Provision of electricity, quality roads and proper transport and communication services are directly linked to the socio-economic development of any state. Although the situation of these basic services are far from satisfactory across all districts of the state but districts like Patna, Munger, Bhagalpur, and Muzaffarpur are relatively better off than districts like Kaimur, Seohar, Lakhisarai and Sheikhpura. In Kaimur, only 13.27 percent villages are electrified whereas in Sheikhpura only 17.16 per cent villages are electrified. Most of the districts are connected through mud approach roads. In Seohar District, 98.41 per cent villages are connected through mud approached road and only 35.98 per cent are through paved approached road. Non-availability of good quality roads has greatly affected the availability of public transport services in the state. Availability of bus services is in extremely bad shape across all the districts in the state. Postal and telephonic services are also experiencing similar situation (**Table 5.10**).

Table 5.10
Availability of Physical Infrastructure in Selected Districts of Bihar

District	Electricity (%)	Road Connectivity (%)		Bus Services (%)	Post, telegraph & telephone facility (%)
		Paved approach road	Mud approach road		
Districts with High Per Capita Expenditure on Higher Education					
Patna	22.28	40.37	75.31	8.00	36.57
Munger	26.29	64.19	86.48	17.90	33.52
Saharsa	24.72	42.63	89.34	13.61	47.85
Bhagalpur	29.84	49.20	85.99	10.80	38.29
Muzaffarpur	45.80	44.23	94.96	12.52	27.42
Districts with Low Per Capita Expenditure on Higher Education					
Kaimur	13.27	34.62	80.13	10.75	12.08
Arwal*	NA	NA	NA	NA	NA
Sheohar	20.63	35.98	98.41	7.94	32.28
Lakhisarai	27.73	35.01	83.75	9.24	33.05
Sheikhpura	17.16	64.93	56.34	25.00	35.82

Note: * District created after 2001, NA: Not Available

Source: Census of India, 2001

Non availability of these basic physical infrastructure facilities are definitely affecting the capability of human capital which in turn gets reflected in lower per capita. Bihar's per capita income is one of the lowest in the country. There also exists wide disparity in terms of per capita income across different districts of the state. It is evident that Patna (Rs. 60,125), Munger (Rs. 19,193) and Bhagalpur (Rs. 14,885) are amongst the most prosperous districts of Bihar. On the other end of the ranking, the most economically backward districts are Sheohar (Rs. 6,777), Arwal (Rs. 7,976)

and Sheikhpura (Rs. 8,943). The extent of disparity can be imagine from the fact that per capita income of Patna is three times greater than that of Munger, the second most prosperous district and around ten times greater than Seohar, the least prosperous state. Wide variations have also been observed in per capita expenditure across districts. The variation is particularly evident between Patna and the remaining districts the states. During 2007-08, per capita expenditure was Rs. 23,223 for Patna, Rs. 2,809 for Munger, Rs 2,714 for Bhagalpur, and Rs 1092 for Arwal (**Table 5.11**).

Table 5.11
Per Capita Income and Expenditure during 2007-08, Selected
Districts of Bihar
(Rs. in Current Prices)

District	Per Capita Income	Per Capita Expenditure
Districts with High Per Capita Expenditure on Higher Education		
Patna	60125.00	23223.80
Munger	19193.00	2809.43
Saharsa	10043.00	1854.15
Bhagalpur	14885.00	2714.17
Muzaffarpur	11831.00	2425.13
Districts with Low Per Capita Expenditure on Higher Education		
Kaimur	9696.00	1639.48
Arwal	7976.00	1092.71
Sheohar	6777.00	2250.76
Lakhisarai	11808.00	1248.89
Sheikhpura	8943.00	1933.05

Source: Directorate of Statistics, Government of Bihar

It is evident from the above analysis that district with lower per capita expenditure are relatively worse off in terms of availability of basic infrastructural facilities. The extent of their backwardness can be gauged through poor road connectivity, lesser power supply, and poor transport and communication services. The per capita income is also very low resulting into lesser prosperity in these districts. The problem further gets accentuated by existence of wide disparity across different districts of the state. The extent of disparity between Patna and the remaining districts is found to be very large across all the parameters. Mismanagement of public expenditure and its weak linkages with outcomes could be one of the reasons for poor delivery of services in the state. Similar situation prevails in case of higher education sector, where 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 the state. Most of the districts, which are spending very less on higher education, are witnessing lower college population index and lower gross enrollment ratio in higher education. On the basis of lower Gross Enrollment Ratio, 25 out of 38 districts of the state are identified as educationally backward by UGC. Out of these 25, CPI and GER in three districts are zero. Distribution of these 25 districts are presented in **Table 5.12**.

Table 5.12
Distribution of Educationally Backward Districts in Bihar

Districts	College - Population Index (CPI) 2002	Number of colleges 2003-2004	Average enrolment per college (Actuals),2002	GER 2001
Sheohar	0.00	0	0	6.00
Supaul	0.00	0	0	6.70
Jamui	0.00	0	0	7.10
Banka	0.60	1	158555	8.40
Lakhisarai	1.20	1	80404	10.10
Kishanganj	2.40	3	42247	4.00
Sitamarhi	2.60	7	38060	7.50
W.Champaran	2.70	8	36957	6.30
Araria	3.40	7	29761	5.20
Katihar	3.60	8	28002	7.70
E.Champaran	3.60	14	27610	6.90
Gopalganj	4.00	8	24809	7.50
Khagaria	4.60	6	21700	9.00
Aurangabad	4.70	10	21210	12.20
Nawada	4.70	9	21177	10.40
Begusarai	5.60	14	17835	12.00
Siwan	5.90	15	16944	10.40
Purnia	6.10	15	16378	8.90
Kaimur	6.40	8	15598	11.20
Madhepura	8.60	13	11587	8.30
Samastipur	9.00	31	11056	8.80
Darbhanga	13.40	45	7472	11.30
Saharsa	13.40	21	7468	10.60
Madhubani	14.10	50	7081	10.70
Vaishali	4.80	13	20857	12.30

Source: University Grants Commission, New Delhi

5.3.5 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 percent 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 5.13
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.

5.4 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. Though, Bihar's spending on total education is amongst the highest in the country, the proportion of expenditure on higher education and technical education is very low as compared to other states of the country. The spending on technical education in the state is much below the desired level. State's spending as per cent to GSDP in technical education is amongst the lowest across major states of the country. Moreover, lower per capita spending and huge disparity in terms of spending across different district in the sector has further aggravated the problem. It is quite unfortunate to note that the amount of money spent by the government in the state 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 in the State. The vast differences in literacy, negligible growth of institutions, inadequate number of technical institutes 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. It can be said that though finances are not a sufficient condition for development, they form a crucial necessary condition for development of higher education. 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).

It has been revealed from the study that improved road connectivity, facilities of infrastructure, uninterrupted supply of electricity etc have considerable influence the development of higher education. Mismanagement of public expenditure and its weak linkages with outcomes could be one of the reasons for poor delivery of services in the state. Similar situation prevails in case of higher education sector, where 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 the state. Most of the districts, which are spending very less on higher education, are witnessing lower college population index and lower gross enrollment ratio in higher education.

It is evident from the above analysis that higher and particularly professional education system is in extremely bad shape. Institution in the state are crumbling due to poor funding, inadequate quantity and quality and complete absence of academic and physical infrastructure. Large number of students from Bihar is migrating to other places for search of better education facilities. Primary data has been collected to support the evidences found from secondary data and also to find out reason for out-migration of students from Bihar. Next chapter will discuss the results obtained from the primary data analysis.