

ABSTRACT

Education is the corner stone of economic growth and social development. Education sector comprises a substantial portion of social sector budgetary expenditure by the Indian states. The objective of this paper is to find out the nature and extent of subsidy in primary education in India (both urban and rural inclusive). Unlike other studies done by researchers in the Indian context, this paper attempts estimating the impact of subsidy on primary education across 15 major states in India from 2000-2006 and 2009-2012. Of the social sector expenditure done in education sector, a major portion accrues to subsidy. The results of the study depicts that basic impact of lack of facility is seen on GER and enrolment in government schools. Facilities which are lacking are drinking water and girls toilet whereas positive impact is seen on GER and enrolment in government schools through TLM grants and expansion of government schools. Again in case of NER, both the grants have a positive impact. In case of girls enrolment, most of the manpower variables have a positive impact which includes female teachers, and government teachers. In case of enrolment in private schools, complementarity of government schools is witnessed. Schools which have utilised one grant have also utilised another grant. Also the grant utilised depends up on grants received.