

SHARE OF EDUCATIONAL EXPENDITURE IN TOTAL BUDGETARY OUTLAY IN MIZORAM (INDIA): AN EMPIRICAL ANALYSIS

Dr. Lalfakawmi*Assistant Professor, Department of Economics,
Government Aizawl College, Chawngte, Mizoram-
796001***ABSTRACT**DOI URL: <https://doi.org/10.36713/epra3095>

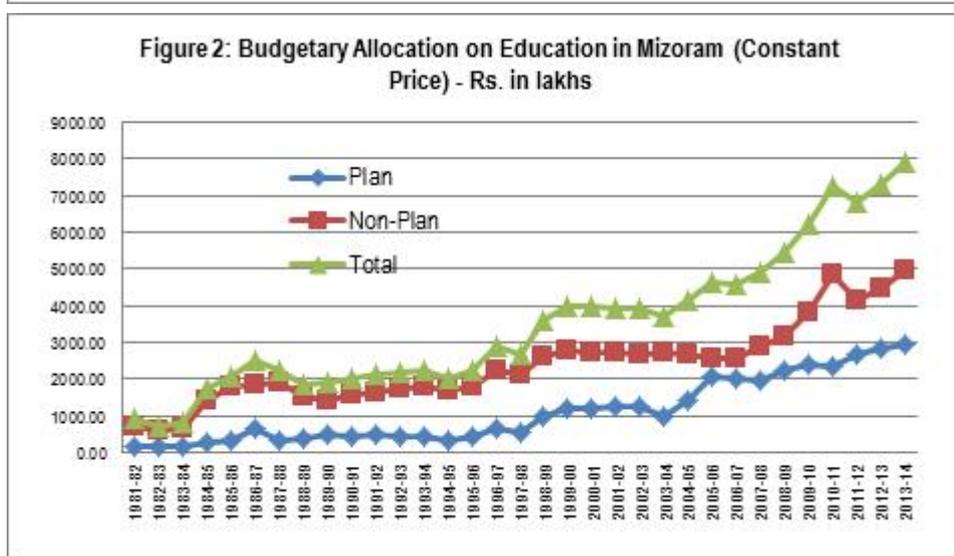
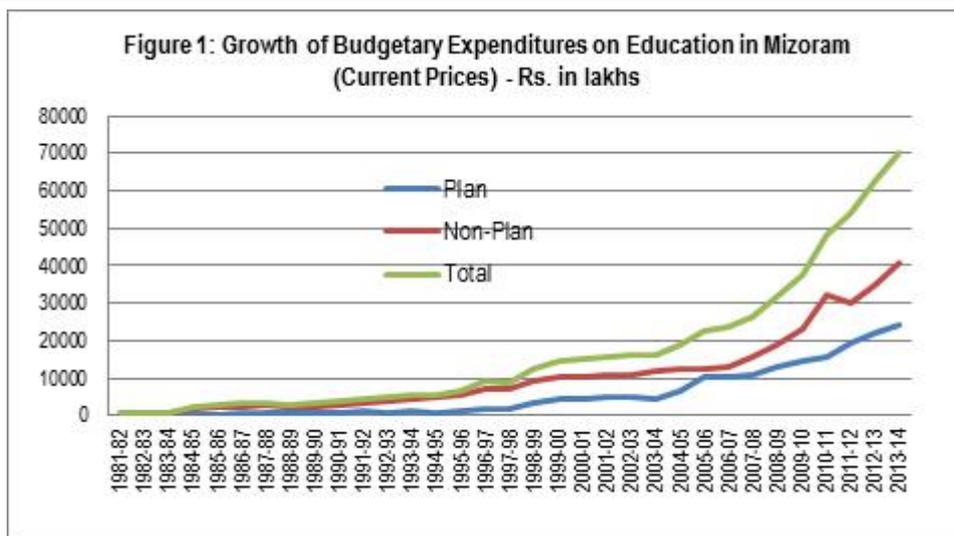
Increased public expenditure leads to an improvement in educational sector and further to national development. Education improves the quality of lives, yields direct and indirect benefits to both the individuals and society. The most obvious direct benefit is that educated workers receive incomes higher than those who are less educated. In this study, attempt is made to analyze - the growth trends of public expenditure on education, its share out of the total budgetary outlay and as the percentage of Gross State Domestic Product (GSDP) of Mizoram for the period of 1981-82 to 2013-14.

KEY WORDS: *education, public expenditure, growth, budgetary outlay.***INTRODUCTION**

Education increases the earnings of individuals by directly and positively affecting their productivity. The more education they acquire, the better they are able to absorb new information, acquire new skills, and familiarise themselves with new technologies. Higher levels of productivity reflect higher levels of human capital, which are in turn primarily a result of increased education (Becker, 1962). Thus, a positive relationship exists between education attainment and earnings. Therefore, it is no surprise that education is widely accepted as one of the leading instruments for promoting economic development as it facilitates the acquisition of new skills and knowledge, and frees up resources to create new technologies, new business, and new wealth, eventually resulting in increased economic growth (Shultz, 1960). Concurrently, public expenditure on education is of great importance to any national development and plays a critical role in promoting growth and equity, and through both channels, help reduce poor quality as well as improving standard of education (Edame and Eturoma, 2014).

GROWTH TRENDS OF PUBLIC EXPENDITURE ON EDUCATION IN MIZORAM

The Government of Mizoram has shown significant efforts to promote education. This is evident through its budgetary investment to provide education to the people. The total budgetary allocation for education, at current prices, significantly increased from Rs.902.53 lakh in 1981-82 to Rs.70212.08 lakh in 2013-14. Figure 1 and Figure 2 presents the trend of budgetary allocation on education since 1981-82, separately for plan and non-plan expenditures, at current and constant prices. It can be observed that there has been a continuous increase in government expenditure for education throughout these years both in current and constant prices. However, as it was felt that an examination of its trend after accounting for inflation would give a more realistic picture, WPI (1981-82=100) was adopted to deflate the budgetary expenditures at current prices to find the same in 1981-82 prices. It can be observed from the figures that there is an increasing trend of expenditure on education in terms of current and constant prices. Thus, it is safe to conclude that there has been an increase in public investment for education in Mizoram for the last 30 years under study.



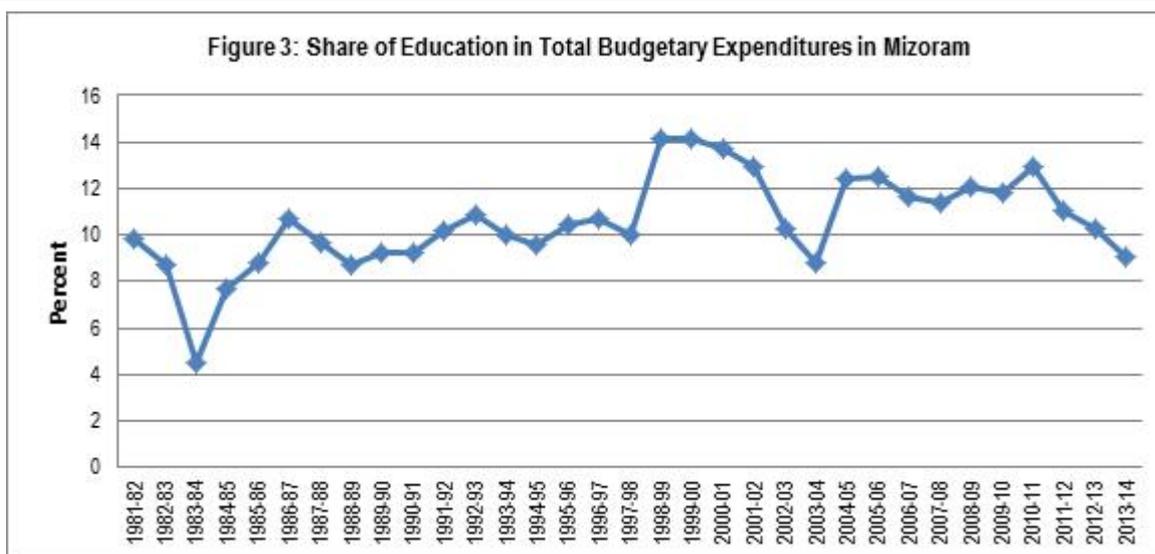
It may be noted that non-plan and plan expenditures are usually meant for maintenance of existing establishment and for developmental activities, respectively. The increasing trends of both plan and non-plan expenditures may be taken to denote that there is continuous increase in developmental expenditures as well as for the existing state of facilities in Mizoram. Centrally sponsored schemes for education, like Sarva Shiksha Abhiyan (SSA) and Rashtriya Madhyamik Shiksha Abhiyan (RMSA), are under plan expenditures as they are primarily meant for improvement and development of the educational infrastructures in Mizoram.

Moreover, the Compound Annual Growth Rates (CAGR) of expenditures at current prices are 16.83 percent and 12.1 percent for plan and non-plan expenditures, respectively. In constant term, plan and non-plan expenditures are increasing at the rate of 9.38 percent and 4.95 percent respectively. Thus, it may be concluded that there has been substantial annual increase in government expenditures on education since 1981-82, both in current and constant prices. It is interesting to note that the CAGR of

plan expenditure is significantly higher than non-plan expenditure. This may mean that significant improvements in the existing as well as new additions have been made in Mizoram annually keeping in view the nature and purpose of plan expenditures. The main contributor for the spurt of plan expenditures would be the introduction of SSA and RMSA as flagship programmes of the central government since the start of the new millennium.

SHARE OF EDUCATION IN TOTAL BUDGETARY EXPENDITURES IN MIZORAM

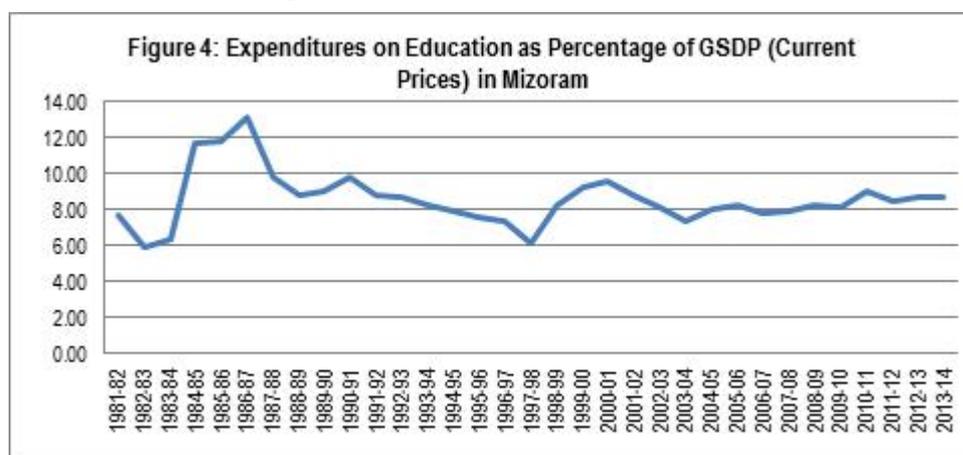
The relative importance given to education by the government can be observed from its share in the total budget, as presented in Figure 3. Taking into consideration the existing number of government departments (more than 40) which are allotted separate budgets, education occupies an important position across the period under study. With the exception of significant fall during 1983-84 and 2003-04, the percentage share of education on total budget hovers around 10 percent



PUBLIC EXPENDITURES ON EDUCATION AS A RATIO OF GSDP

Another area of academic interest is the effort of the state government to enhance its expenditure according to the need and compulsion of economic development. The apparent development indicator for the state is the Gross State Domestic Product (GSDP). The expenditure on education as a percentage of GSDP significantly increased from 1982-83 to 1986-87 to the extent of more than 12 percent. This is

presented in Figure 4. Interestingly, the peak period was when the state attained statehood. However, it decreased to its normal trends of 6 to 10 percent, but had recently experienced an increasing trend. In summary, public expenditure for the provision of education in Mizoram is substantial when taken as a percentage of GSDP, which otherwise can be stated as it being increasing with the pace of development in the state.



FINDINGS AND CONCLUSION

- The Government of Mizoram has shown significant efforts to promote education.
- The total budgetary allocation for education, at current prices, significantly increased from Rs.902.53 lakh in 1981-82 to Rs.70212.08 lakh in 2013-14.
- It is observed that there has been a continuous increase in government expenditure for education both in current and constant prices.
- In current prices, the Compound Annual Growth Rates (CAGR) of expenditures are 16.83 percent and 12.1 percent for plan and non-plan expenditures, respectively. In constant term, plan and non-plan expenditures are increasing at the rate of 9.38 percent and 4.95 percent respectively. Thus, it may be concluded that there has been substantial annual increase in government expenditures on education since 1981-82, both in current and constant prices.
- The CAGR of plan expenditure is significantly higher than non-plan expenditure. This may mean that significant improvements in the existing as well as new additions have been made in Mizoram annually keeping in view the nature and purpose of plan expenditures. The main contributor for the spurt of plan expenditures would be the introduction of SSA and RMSA as flagship programmes of the central government since the start of the new millennium.
- Education occupies an important position across the period under study. With the exception of significant fall during 1983-84 and 2003-04, the percentage share of education on total budget hovers around 10 percent.

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