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## A Five-Year Budget Trend Analysis and Evaluation of Important Priority Areas for Education Financing in India (2020–2025)

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### Abstract

Education is the gateway to progress for any nation, and without education, the development of a country is not possible. Just as the human body cannot function without a heart, similarly, for a nation and society to thrive, the presence of education—and a healthy education system—is essential. Here, the term “health of education” refers to quality education, innovation-driven learning, and the crucial role of the government in shaping and strengthening the education sector.

In this context, the researcher, in the present short study, has examined the Union Budgets issued by the Ministry of Finance, Government of India, from 2020 to 2025, with the objective of analysing the annual allocation made for the education sector. Along with this, the study also evaluates the priority areas identified in each year's budget and the specific segments of education that received greater emphasis.

Overall, a broadly consistent trend is observed in government expenditure on education during the period from 2020 to 2025. However, due to the impact of the Covid-19 pandemic, the education budgets for the years 2021–22 were comparatively lower than those of 2020–21. During this period, the government's primary focus remained on key initiatives such as Samagra Shiksha Abhiyan, Pm Poshan, Pm Shri Schools, Kendriya Vidyalayas, and Navodaya Vidyalayas.

The findings also highlight a gradual shift toward skills training, quality enhancement and post-pandemic educational recovery, while maintaining continued support for higher education establishments. Despite these funding increases, the analysis reveals that education expenditure remains below the 6% of GDP benchmark recommended by Nep 2020. The research concludes that although recent years have shown improved budgetary commitment to education, achieving sustained educational transformation and equitable development in India necessitates consistent, results-focused investment strategies.

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### Introduction

The Union Budget released every year in India includes a significant component for education. Education is included as a major sector in the budget because the government plays a crucial role in financing education in India, reflecting national priorities and strategic policy objectives through annual budget allocations. Education is widely considered the cornerstone of economic development, human resource development, and social progress. Education acts as the backbone of a nation, and the quality of the education system not only helps in creating a skilled workforce but also contributes to inclusive growth, innovation, and the building of a prosperous nation.

## Annual Education Budget in India

The budget allocated to education from the overall budget released annually by the Ministry of Finance of the Government of India is managed by the Ministry of Education, which is responsible for distributing the annual education budget. This budget is prepared to support all the schemes and central programs formulated by the government. Its objective is to improve the overall quality and educational outcomes. Currently, the government places great emphasis on innovation, research, and related subjects in the field of education. The budget allocated to education is divided between primary and higher education. Although budget cuts have been made for a short period due to extraordinary circumstances like the COVID-19 pandemic, we have seen a consistent overall increase in India's education funding over the past five years. The increasing annual budget allocation reflects the government's commitment to education and demonstrates its concern and willingness to provide resources and contributions to the education sector.

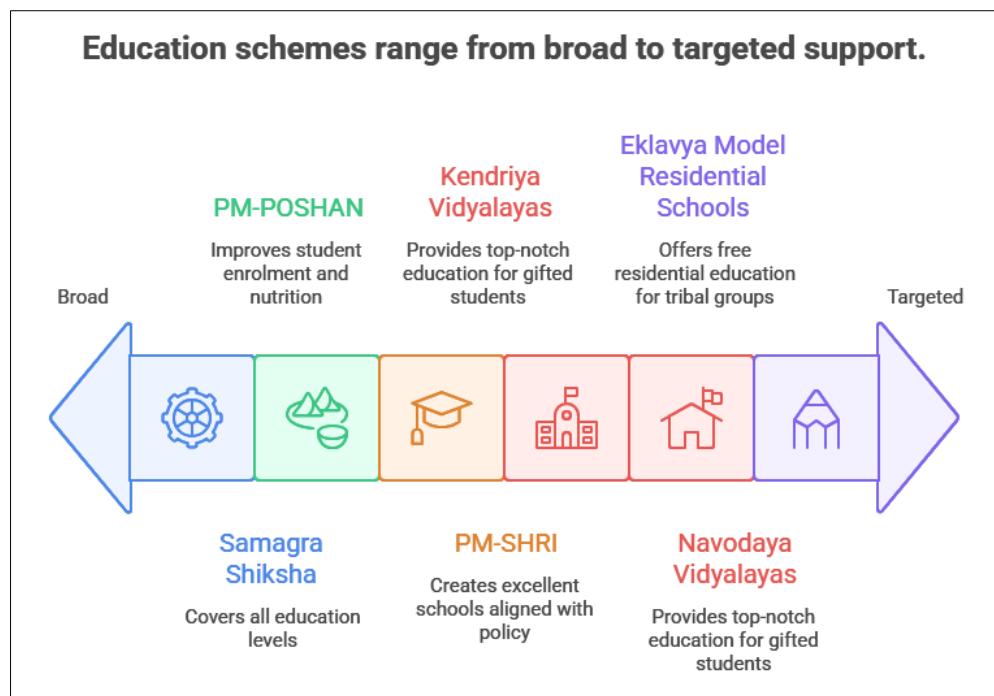
## Importance of Education Budget

In India, discussions about improving the quality of education and implementing reforms are ongoing, and adequate public expenditure on education is crucial to ensure these improvements. This expenditure needs to be consistently increased because investing in education will eventually yield returns in the form of national wealth. Through sufficient budgetary support, the government can establish universities, colleges, and schools, appoint and train teachers, and organize various conferences and webinars. Financial and nutritional assistance is also provided to students. Even in primary schools in our country, the Mid-Day Meal scheme is implemented, where children receive books, food, and uniforms free of charge,

all with the aim of improving the quality of education in the country. In developing countries like India, budget allocation for education is not merely an expenditure but a crucial investment in long-term socio-economic development. Continuous and sufficient funding plays a major role in the success of educational reforms, as these reforms are dependent on financial resources, which have become a primary necessity for every endeavor. Education empowers human resources and paves the way for the nation's sustainable progress.

## Major Education Schemes and Priority Areas

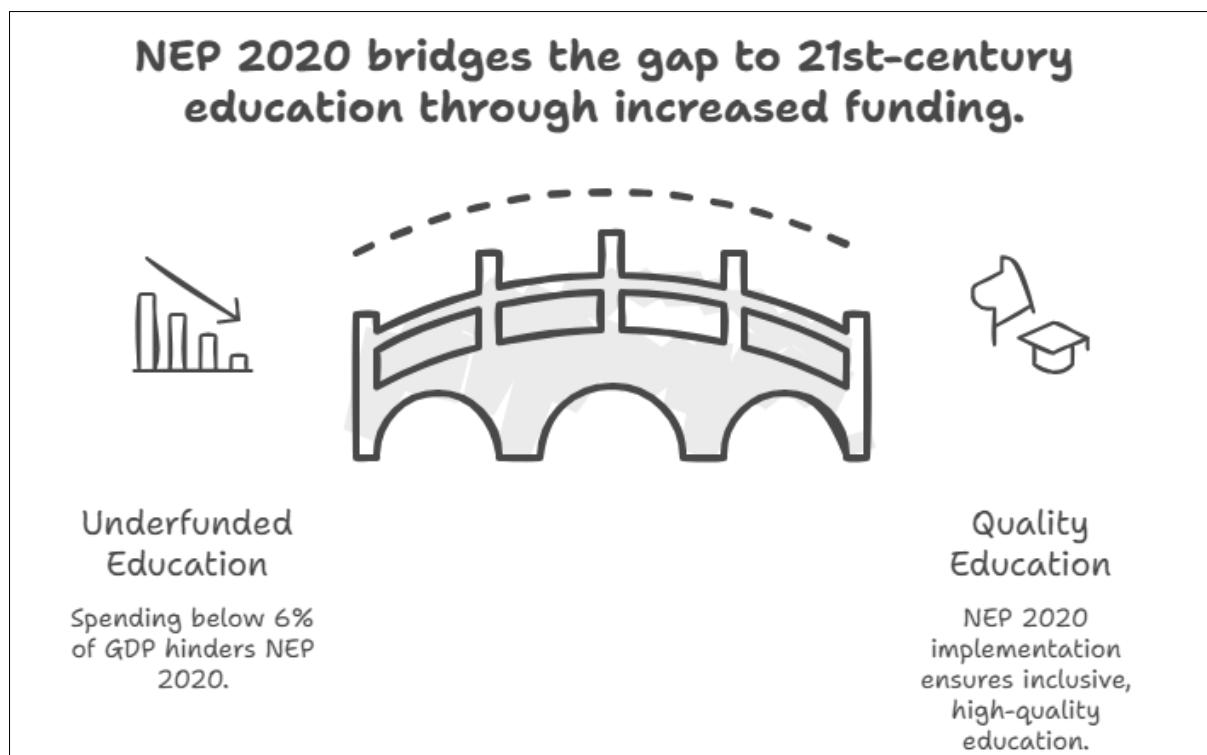
The education budget includes several schemes for which adequate funding, or rather, significant funding, has been allocated by the government. These schemes include the PM Poshan Yojana, Samagra Shiksha Abhiyan, PM SHRI Vidyalaya, Kendriya Vidyalaya, Navodaya Vidyalaya, and many other education schemes. The government places special emphasis on providing quality education to talented students from rural areas and the children of employees working in educational institutions and services. This is evidenced by the increasing budget allocations, which demonstrate the government's commitment to ensuring inclusion, quality, and equal opportunities in education. The Samagra Shiksha Abhiyan is an integrated scheme that covers educational institutions from pre-primary to senior secondary levels, and its main objective is to ensure equitable quality and universal access to education. The PM Poshan Yojana, also known as the Mid-Day Meal scheme, aims to improve enrollment rates, retention rates, and nutritional levels in primary schools. The PM SHRI scheme, on the other hand, aims to develop excellent schools in line with the objectives of the National Education Policy.



By offering free residential education, Eklavya Model Residential Schools (EMRS) aim to promote educational progress among tribal groups. Support for skill

development, digital infrastructure, and teacher training has also become a top priority, especially in the post-pandemic era.

## National Education Policy (NEP) 2020 and the 6% Rule



Whenever educational reforms have been discussed, one statement or assertion has frequently surfaced: that it is absolutely essential to allocate 6% of the country's GDP to education. However, to this day, we have not seen this 6% target for GDP expenditure on education being met. Reaching this level is crucial because it will enable us to formulate a strong policy and facilitate the comprehensive development of teachers, implement multidisciplinary learning, skill-based training, and various other skill-based programs. This is because education is not an area where we can afford to work with a limited budget; rather, it is a sector where we need sufficient funding.

Although recent budget allocations have shown upward trends in education funding, actual expenditure continues to fall short of the 6 percent benchmark, highlighting the need for steady and enhanced financial dedication. Bridging this funding shortfall is essential for NEP 2020's effective rollout and for delivering fair, inclusive, and superior education across all educational tiers.

### Context of the Present Study

In light of this, the current study conducts a five-year pattern analysis of Bhartiye education budget allotment (2020–2025), with an emphasis on identifying top priority area and assessing how well they fit with policy aim, especially National Education Policy 2020. The study aims to improve knowledge of education financing and its influence on India's educational future by analyzing budget trend and scheme priorities.

### Objective of the Study:

To assess the distribution and prioritization of important areas within education spending, as well as to examine the patterns in India's education budget from 2020 to 2025.

### Review of literature:

Sulasmi, Prasetya, and Rahman (2023) This study clearly demonstrates that financing education is an essential means of achieving national educational objectives and improving social welfare and harmony. The study analyzes government policies related to budget allocation for education within the context of the Indonesian state budget (APBN) 2023. The research also emphasizes the need for a robust financial accountability mechanism to ensure tangible improvements in the quality of education, educational outcomes, and the reality of research and innovation. The author utilizes a qualitative descriptive method to highlight the importance of effective, efficient, and accountable budget administration at both the central and regional levels.

Tiwari (2023) This study analyzes the Union Budget 2023 for the Indian education system as a strategic plan for restructuring. The report highlights the government's strong emphasis on improving the quality of education through aspects such as skill development related to Industry 4.0, educational training, and the establishment of Centers of Excellence in Artificial Intelligence. The study also sheds light on aspects related to addressing learning gaps post-pandemic, such as the establishment of the National Digital Library and the support provided to Eklavya Model Residential Schools. The author specifically discusses public-private partnerships (PPP model). According to the overall findings of the study, if India allocates more financial resources to skill development and education, it can emerge as a global leader in the field of education and workforce preparedness, which will help us achieve the status of a world leader.

Agarwal and Agarwal (2023) [13] examined the Union Budget 2023–2024 as a strategic framework for India's long-term India@100 ambition. The report stressed that post-COVID budgetary allocations are intended to stimulate economic growth through digital transformation in important areas such as employment, healthcare, and education. The writers emphasized the need of sustainability, accountability, and openness in enhancing public finance management. By striking a balance between macroeconomic growth and micro-level welfare programs, the budget was proven to support inclusive development. The study comes to the conclusion that digital-driven budgeting reforms can improve institutional efficiency, employment creation, and productivity.

Mudgal (2025) This research study examines the relationship between region-wise budget allocation and health and education outcomes in Madhya Pradesh. The study covers the period from 2001 to 2023. Using the ARDL model and cost-benefit analysis, the study found that increased expenditure on education led to a significant increase in higher secondary examination pass rates after a time lag, which is a positive indicator. Additionally, the research revealed that increased expenditure in the health sector is associated with a continuous decline in infant mortality rates. To ensure the reliability of the findings, robust tests such as Granger causality and forecasting methods were employed, which confirmed the accuracy of the results.

Singh (2019) carried out a comparative study of India's trends in public education spending, with an emphasis on schooling. According to the study, in order to uphold the right to education, both the federal and state governments

have boosted funding for elementary education. Nonetheless, education spending as a percentage of GDP and GSDP continued to fall short of the suggested levels. In order to guarantee quality, skill development, and job creation, the author underlined the necessity of increasing funding for both elementary and postsecondary education. The study came to the conclusion that increasing human development outcomes requires coordinated fiscal commitment between the federal and state governments.

### Research Methodology:

The above research utilizes secondary data, which is considered highly reliable. This data was collected from various sources, including major news portals, official Government of India materials, Union Budget reports, Economic Survey reports, publications from the Ministry of Education, and research papers by numerous scholars. Data was also gathered from various newspapers, and information was obtained from papers uploaded on platforms like Google Scholar and ResearchGate. Additionally, recent patterns and interpretations of budgetary adjustments were captured through reputable newspaper stories from publications like Business Standard and India TV. Published research papers and journal articles about public spending on education and budgetary patterns were also examined in order to bolster the academic foundation. A descriptive and trend analysis technique was used to evaluate the data in order to look at how allocations to the education sector have changed over time and to see how well they match with policy goals such NEP 2020 and the 6% of GDP target.

### Trend analysis:

**Table 1:** Education Budget allocation in India (2020–2025)

| Financial Year | Education Budget (Approx)  |
|----------------|----------------------------|
| 2020–21        | ₹99,312 crore              |
| 2021–22        | ₹93,224 crore              |
| 2022–23        | ₹1,04,278 crore            |
| 2023–24        | ₹1,12,899 crore            |
| 2024–25        | ~₹1,20,627 crore (interim) |
| 2025–26        | ₹1,28,650 crore (round)    |

### Key Points (Education Budget Trends: 2020–21 to 2025–26)

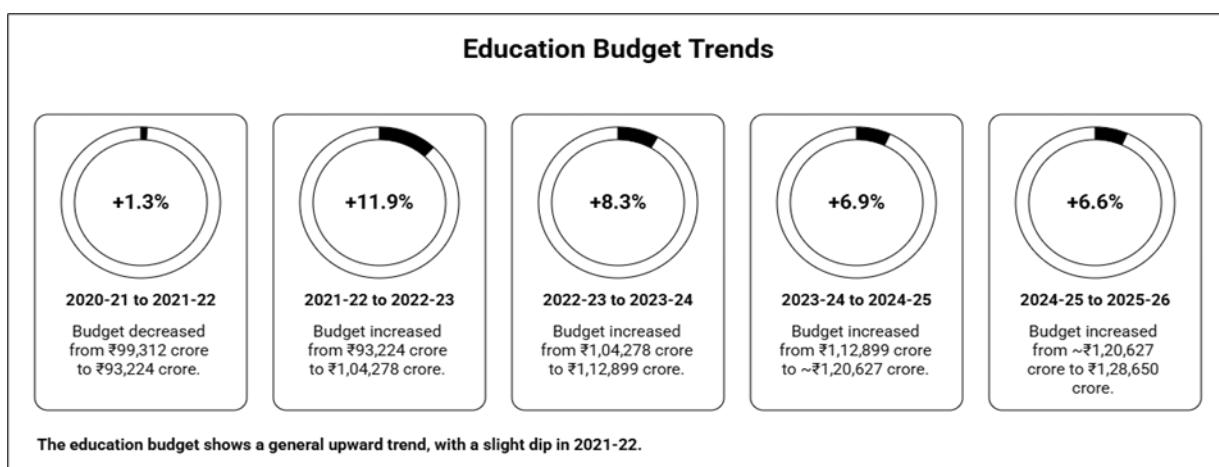
1. Due to financial strains during the COVID-19 epidemic, the education budget briefly decreased in 2021–2022 before steadily increasing in 2022–2023
2. Education investment surpassed ₹1 trillion in 2022–2023, signifying a renewed government commitment on bolstering the education sector.
3. The budgets for 2023–2024 and 2024–2025 show consistent increases, with a focus on improvements in higher education, digital learning, and school education.
4. The allocation for 2025–2026 is the greatest level of

education investment throughout that time, indicating a sustained commitment to the development of human capital.

5. Education spending continues to fall short of the NEP 2020 target of 6% of GDP despite nominal increases, underscoring a discrepancy between fiscal allocation and policy aim.
6. All things considered, the pattern points to a phase of steady recovery and expansion, coordinating education funding with national priorities including inclusive growth, skill development, and employability.

**Table 2:** Year-wise Priority Areas of Education Budget in India (2020–2025)

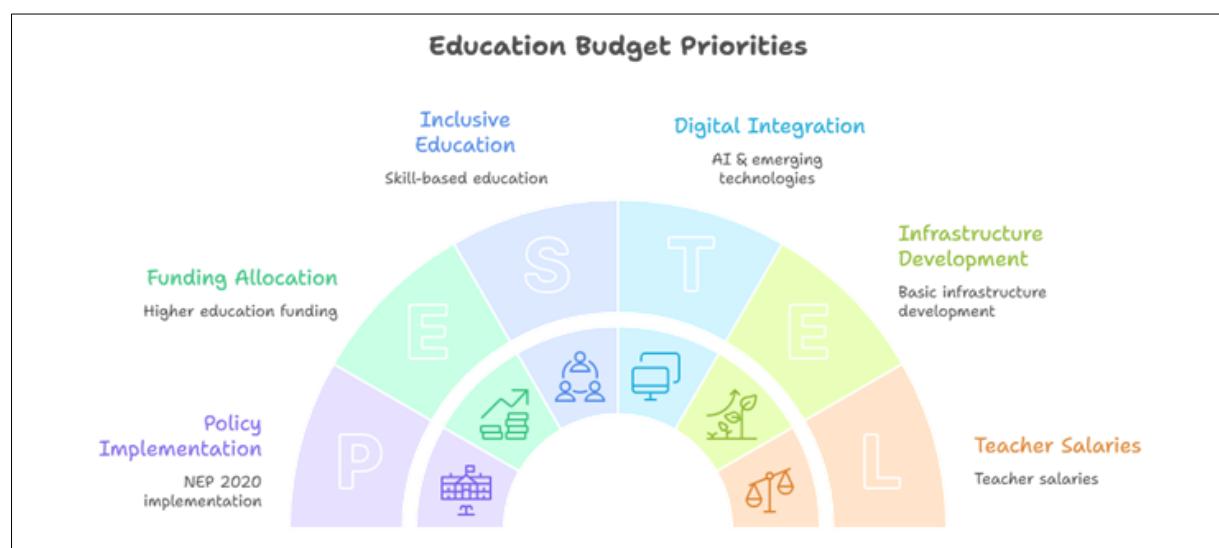
| Financial Year | Major Priority Areas of Education Budget   |
|----------------|--|
| 2020–21        | School education strengthening, Samagra Shiksha, mid-day meal scheme, teacher salaries, basic infrastructure development       |
| 2021–22        | Digital education (DIKSHA, SWAYAM), online learning platforms, teacher training, pandemic learning loss mitigation             |
| 2022–23        | Implementation of NEP 2020, digital universities, skill development, vocational education, higher education reforms            |
| 2023–24        | Teacher capacity building, PM SHRI schools, research & innovation, higher education funding, technology integration            |
| 2024–25        | Artificial Intelligence & emerging technologies, Centres of Excellence, digital libraries, school education expansion          |
| 2025–26        | Skill-based education, employability enhancement, global competitiveness, research & innovation ecosystem, inclusive education |



|         |  |
|---------|--|
| 2025–26 | Skill-based education, employability enhancement, global competitiveness, research & innovation ecosystem, inclusive education |
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The graphic illustrates India's education budget's top priorities and demonstrates a balanced approach to improving both access and quality. The government's

commitment on bolstering the fundamental foundations of the educational system is shown in the significant attention given to teacher pay and the building of basic facilities.



In order to facilitate online learning and innovation, digital integration and developing technologies have become increasingly important, particularly since the pandemic. A long-term goal for sustainable human capital development is shown by the budget's emphasis on inclusive and skill-based education, which aims to boost employability and equity, as well as the execution of policies under NEP 2020 and increased funding allocation for higher education.

### Conclusion

With an emphasis on priority sectors and policy direction, this study looked at trends in India's education budget from 2020–2021 to 2025–2026. Despite a brief drop in 2021–2022 due to pandemic-related budgetary limitations, the analysis shows a steady and steady increase in budgetary allocation for education. In line with the goals of the National Education Policy (NEP) 2020, government investment on education over the past five years has

demonstrated a renewed commitment to bolstering school education, higher education, digital learning, skill development, and inclusive education.

The results show that, despite an increase in absolute allocations, education spending as a percentage of GDP is still below the NEP-recommended 6 percent standard, indicating the need for additional fiscal prioritization. A balanced approach between expansion and quality improvement is shown in the budgetary priority that has gradually turned toward infrastructure development, teacher capacity building, digital integration, and access to education for neglected groups. Overall, the study comes to the conclusion that in order to change India's educational system and achieve long-term objectives for human capital development, consistent and effective investment is necessary, along with better governance and accountability.

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