

# Spending on Education: A- Micro-Level Study on Household Education Expenditure Trends

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**Abstract** - Education is a crucial determinant of social mobility and human capital development, yet the financial burden of educational expenses often rests heavily on households, particularly in developing regions. This study explores micro-level trends in household educational expenditure across different schooling levels in Telangana, India, using primary data from 360 households in Ranga Reddy, Karimnagar, and Mahabubnagar districts. The findings reveal that while private school enrollment is highest at the primary level, household spending declines significantly at higher levels due to financial constraints, reliance on government institutions, or early dropout. Non-tuition expenses—including books, uniforms, and transport—emerge as substantial cost components, especially for private school attendees. Additionally, over 40% of students rely on tuition classes, indicating gaps in classroom instruction and increasing private educational costs. The study supports existing literature that highlights rising private expenditure despite public subsidies and calls for targeted financial aid, improved school quality, and expanded public-private partnerships. By emphasizing real-time household spending behavior, this research contributes to a nuanced understanding of educational affordability and informs policy aimed at promoting equitable access to quality education across socio-economic groups in India.

**Keywords**- Household Education Expenditure, Private Schooling, Educational Costs, Telangana, Out-of-Pocket Spending, Tuition Classes, Education Policy, Micro-Level Study, Financial Barriers, Equity in Education.

## I. INTRODUCTION

Background and rationale

Education is a fundamental right and a powerful tool for social and economic advancement. In India, significant strides have been made in expanding access to education through government initiatives such as the Right to Education (RTE) Act, Sarva Shiksha Abhiyan (SSA), and other schemes promoting universal enrollment. However, despite these efforts,

families continue to incur substantial private expenditures on education. These out-of-pocket costs—covering tuition fees, learning materials, uniforms, transportation, and private tutoring—can act as barriers, especially for economically weaker households.

Understanding how households allocate their resources across different educational stages is essential for evaluating the real cost of education. While macro-level studies offer general trends, they often overlook the nuanced financial pressures experienced by families at the micro level. This study seeks to fill that gap by examining item-wise and level-wise education spending by households, thereby offering a detailed picture of financial commitments across primary, secondary, and higher education.

The rationale behind this study lies in its potential to inform education policy by identifying expenditure trends and cost burdens that may influence enrollment, retention, and equitable access to quality education. By capturing micro-level data, the study aims to contribute to a deeper understanding of how economic factors impact educational decision-making in households and to support the design of more effective and inclusive education support mechanisms.

### Objectives of the Study

The primary objective of this study is to assess household expenditure patterns on education across different levels of schooling, from primary to post-graduation, with a specific focus on identifying item-wise and level-wise spending trends. By analyzing primary data collected from households, the study aims to:

- Understand how much families spend on education at each academic level.

- Examine the variation in expenditure across different income brackets and school levels.

Importance of analyzing household expenditure on education

Analyzing household expenditure on education is vital for understanding the real economic impact of schooling on families and for shaping equitable and inclusive education policies. While government schemes aim to provide free or subsidized education, families often bear a significant share of the costs through expenses on tuition, uniforms, books, transport, and private coaching. These out-of-pocket expenditures vary widely across socio-economic groups and educational levels, potentially reinforcing existing inequalities in access and outcomes.

A detailed understanding of these spending patterns provides crucial insights into how financial constraints influence educational participation, progression, and dropout rates. For low-income families, even modest expenses may deter investment in higher levels of education, especially for girls or marginalized children.

Furthermore, expenditure analysis highlights which components of education are most cost-intensive and where policy interventions—such as targeted subsidies, free learning materials, or transport support—could be most effective. Thus, analyzing household education spending is essential for promoting financial inclusion in education and ensuring that economic barriers do not hinder a child’s right to quality learning.

Scope and structure of the article

The study examines household expenditure on education from primary to post-graduation levels using primary data. It analyzes how much families spend across different educational stages and identifies trends based on expenditure ranges. The focus is on micro-level financial patterns to understand the economic burden on households. While it highlights overall spending, it indirectly reflects key components like tuition, books, uniforms, and transport. The study aims to inform policy but is limited to the data collected and does not include

qualitative perceptions or regional comparisons beyond the sample.

## II. REVIEW OF LITERATURE

Globally, numerous studies have examined household education expenditure, highlighting how private spending continues to rise despite public education subsidies. According to the UNESCO Global Education Monitoring Report (2020), households in low- and middle-income countries contribute up to 40% of total education spending. This disproportionate financial burden can lead to reduced access, particularly for girls and children from marginalized communities.

Orazem and King (2008), in their study *“Schooling in Developing Countries: The Roles of Supply, Demand and Government Policy”* (Handbook of Development Economics), noted that while public policies aim to improve enrollment, high private costs like uniforms, books, and exam fees deter participation in poorer households. Similarly, Dang and Rogers (2008) in their World Bank report *“The Growing Phenomenon of Private Tutoring: Does It Deepen Human Capital, Widen Inequalities, or Waste Resources?”* found that rising supplementary tuition costs in Vietnam placed a heavy burden on households, exacerbating inequality.

In Bangladesh, Al-Samarrai and Zaman (2007) in *“Abolishing School Fees in Malawi: The Impact on Education Access and Equity”* (World Bank), observed that although tuition fees were removed, households still incurred costs on school-related items, which continued to hinder access.

In Nigeria, Akyeampong et al. (2009) in *“Access to Basic Education in Ghana: The Evidence and the Issues”* (CREATE Pathways to Access Research Monograph No. 25) highlighted that poor families spent disproportionately more of their income on education, affecting school attendance and retention, especially for girls.

National (India-Level) Review

In India, macro-level surveys such as the NSSO 75th Round (2017-18) on *Household Social Consumption: Education* reveal that private household expenditure on education has increased significantly, especially in

urban areas and among higher income groups. The data show sharp increases in spending for private schooling and higher education, driven largely by tuition fees and coaching costs.

According to ASER (Annual Status of Education Report) 2020, despite the expansion of government schooling and free entitlements under the RTE Act, many families continue to prefer private schools, incurring substantial costs. The report also emphasizes a growing reliance on private tuition even among government school students.

Tilak (2002) in his paper "*Determinants of Household Expenditure on Education in Rural India*" (NUEPA) observed that income, parental education, and school type significantly influenced household spending. He argued that despite policy efforts, poor households still face severe financial constraints, especially at the secondary and tertiary levels.

Kingdon (2007) in her study "*The Progress of School Education in India*" (Oxford Review of Economic Policy) noted that privatization and rising private expenditures have widened educational inequalities, with children from wealthier backgrounds accessing better-quality institutions.

#### Gaps in Existing Research

Despite the availability of macro-level data, existing research often lacks in-depth, micro-level assessments of how households manage educational costs on a practical level. Many studies aggregate expenditure data without disaggregating by educational level or item-specific spending, such as uniforms, transport, or learning aids. Moreover, there is limited analysis that connects household financial behavior to the stage-wise cost of education or that focuses on the burden borne by specific communities or income groups.

Additionally, few studies capture real-time, field-based primary data reflecting the lived experiences and financial decisions of families. This results in a knowledge gap when designing policies that are responsive to the actual expenditure pressures faced by households.

#### Relevance of Micro-Level Analysis in the Indian Context

A micro-level analysis is particularly relevant in the Indian context due to the vast socio-economic diversity across states, income groups, and educational access. India's education system is highly stratified, with families making varied financial decisions based on affordability, school availability, perceived quality, and social aspirations.

By focusing on household-level data, micro-level studies can uncover nuanced expenditure patterns that large-scale surveys often miss. Such analyses help identify hidden costs, financial vulnerabilities, and critical transition points (e.g., from upper primary to secondary) where dropout risks increase due to rising costs. Understanding these localized, granular patterns is crucial for designing equitable and targeted interventions, such as scholarships, subsidies, and conditional cash transfers, that truly alleviate the educational cost burden on Indian households.

### III. METHODOLOGY

#### Research Design:

An exploratory and explanatory design was adopted to understand patterns and causes of household education expenditure in Telangana.

#### Area of the Study:

The study was conducted in Telangana, a southern Indian state with diverse socio-economic and geographic features.

#### Selected Districts Profile:

Ranga Reddy, Karimnagar, and Mahabubnagar were selected to reflect high, moderate, and low literacy levels respectively.

#### Sampling Procedure and Size:

A multi-stage stratified random sampling method was used, covering 360 households across 3 districts.

#### Data Collection:

Primary data was collected via interviews; secondary data came from official reports and academic sources.

#### Tool for Data Collection:

The tool had six sections capturing demographic, educational, and expenditure-related information.

#### Statistical Tools and Methods:

Data were analyzed using SPSS v24 with chi-square tests, descriptive and inferential statistics.

**Limitations of the Study:**

The study was limited to three districts and general education, excluding professional and online learning modes.

**Data Analysis**

**Table 1: Education Expenditure by Level (in ₹ per annum)**

Education Level	Fee Range (Most Common)	% Paying Fees	% Govt. (No Fee)	Not Applicable (%)
Primary (Class 1–5)	₹10,000–20,000	42.2%	14.7%	20.0%
Upper Primary (Class 6–8)	₹10,000–40,000	15.8%	11.7%	65.0%
Secondary (Class 9–10)	₹20,000–60,000	11.4%	7.8%	80.8%
Intermediate (Class 11–12)	Up to ₹80,000	2.2%	1.1%	96.7%
Graduation	₹20,000–40,000	1.1%	0.0%	98.9%
Post-Graduation	₹20,000–60,000	1.9%	0.0%	98.1%

Private school enrollment is highest at the primary level, with 65.3% of students enrolled and most families spending ₹10,000–20,000 per year. As education progresses to higher levels, private enrollment and fee-based spending drop sharply. Less than 2% of households pay fees at the intermediate or higher education stages—indicating increased reliance on government support, scholarships, or early school exits.

**Table 2: Other Educational Expenses (Books, Uniforms, etc.)**

Expenditure Range (₹)	Frequency	Percentage
Up to ₹10,000	174	48.3%
₹10,001–20,000	130	36.1%
₹20,001–40,000	49	13.6%
Above ₹40,000	7	1.9%

Nearly half of all respondents spend up to ₹10,000 annually on non-fee expenses such as books,

stationery, uniforms, ties, and belts. An additional 36.1% spend between ₹10,001–20,000, indicating that non-tuition expenses can significantly burden household budgets—especially for families with children in private schools.

**Table 3: Tuition Classes and Costs**

Tuition Cost (₹ per annum)	Frequency	Percentage
Up to ₹5,000	147	40.8%
₹5,001–10,000	7	1.9%

Out of 360 respondents, 154 children (42.8%) attend private tuition. Of those, the majority (40.8%) spend up to ₹5,000 annually. Key reasons cited include academic improvement (25%) and the need for personal attention (15.8%), indicating gaps in classroom learning that necessitate additional support.

**Table 4: Travel and Food Expenses (Per Annum)**

Expense Type	Up to ₹5,000	Percentage	> ₹5,000	Percentage
Travel	330	91.7%	30	8.3%
Food (During Classes)	6	1.7%	–	–

A significant majority (91.7%) of respondents spend up to ₹5,000 per year on travel for educational purposes, revealing the hidden transportation burden even in government education. Meanwhile, food-related expenses during school or tuition hours are negligible for 98.3% of respondents, possibly due to reliance on mid-day meal schemes or students returning home.

**IV. DISCUSSION**

This study reveals that households in Telangana incur significant education-related expenses, particularly at the primary level, where 42.2% spend ₹10,001–20,000 annually. Consistent with Tilak (2002) and UNESCO (2019), private schooling dominates early education due to perceptions of better quality, despite financial strain. However, this preference declines in higher education, where only 1.1–2.2% of students pay fees, suggesting reliance on government institutions or early dropouts (ASER, 2021; Kingdon, 2007).

Non-fee expenditures—like books and uniforms—also impose substantial burdens, with 48.3% spending up to ₹10,000 annually, echoing findings by Drèze and Sen (2013) and the World Bank (2014) on hidden costs as key barriers for disadvantaged families. Tuition reliance is high (42.8%), primarily for academic support and personal attention, reflecting systemic gaps in school instruction (Bray, 2003; NSSO, 2019).

Transportation is another key cost, with 91.7% spending up to ₹5,000 yearly—highlighting access challenges in rural areas, as noted by NUEPA (2014). Minimal food expenses during classes reflect the role of government mid-day meal schemes (Drèze & Goyal, 2003). Overall, findings support Mehrotra (2006) and NEP 2020 in calling for targeted subsidies, improved school quality, and stronger secondary education access to reduce inequity.

This study reaffirms that educational investments are influenced by income, perceived returns, and public service quality. Its alignment with national (NSSO, 2019) and regional trends underscores the need for expanded public financing and effective monitoring of private education.

#### V. POLICY RECOMMENDATIONS

To reduce the financial burden on households, the government should enhance subsidies for essential educational items such as textbooks, uniforms, and stationery, especially for children enrolled in private and semi-private institutions. Expanding the scope of free education to cover hidden costs can significantly improve participation. Public-private partnerships (PPPs) can play a vital role by supporting infrastructure, digital learning tools, and quality teaching in underserved regions. Such collaborations can bridge quality gaps without transferring costs to families. Additionally, targeted financial aid schemes like scholarships and conditional cash transfers must be widened and better monitored to reach economically vulnerable households. Integrating digital tools for real-time monitoring of student needs and expenditures could improve transparency and impact. Finally, promoting community-based monitoring and local accountability will ensure that government schemes are effectively implemented and reduce dropout rates caused by financial constraints.

Together, these measures can advance educational equity and affordability across socio-economic strata.

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