

# Demand for Grants 2025-26 Analysis

## Education

### Introduction

In India, both the central and state governments are responsible for education.<sup>1</sup> Both central and state governments operate schools and higher education institutions (HEIs). In 2023-24, 53% of school enrolment was in government schools, 99% of which was in schools run by the state government.<sup>2</sup> In 2021-22, 35% of college enrolment was in government-run colleges.<sup>3</sup>

In 2013-14, combined expenditure on education by states and the centre was 3.8% of GDP.<sup>4</sup> In 2020-21, this is estimated to rise to 4.64% of GDP.<sup>4</sup> This is still short of the long term policy target of 6%, set by the National Education Policy, 2020 (NEP).<sup>5</sup>

The Union Ministry of Education has two departments: (i) the Department of School Education and Literacy, and (ii) the Department of Higher Education. The Department of School Education funds certain schemes implemented by states such as Samagra Shiksha Abhiyan and PM-POSHAN. It is also responsible for schools such as Kendriya Vidyalayas, and Navodaya Vidyalayas. The Department of Higher Education funds central universities such as IITs, NITs, IISERs, and IIMs, among others. It also funds the higher education regulators, UGC, and AICTE. It provides scholarship for higher education and also supports research in higher education.

This note examines the allocation to the Ministry in 2025-26, and discusses key issues in education.

### Overview of Finances

In 2025-26, the Ministry of Education has been allocated Rs 1,28,650 crore.<sup>6</sup> This is an increase of 13% over revised estimates of 2024-25. In 2024-25, the Ministry's expenditure is estimated to be 5% lower than budgeted. This is due to underspending in school education by 7%, and higher education by 2%.

The Department of School Education and Literacy has been allocated Rs 78,572 crore (61% of the Ministry's Budget).<sup>6</sup> This is a 16% increase over the revised estimates of 2024-25. The Department of Higher Education has been allocated Rs 50,078 crore (39% of the Ministry's Budget).<sup>6</sup> This is an 8% increase over the revised estimates of 2024-25.

Spending in 2023-24 was higher than 2024-25 due to additional allocation to the reserve fund called the Madhyamik and Uchatar Shiksha Kosh (MUSK).<sup>7</sup> MUSK is a non-lapsable fund created to receive proceeds from the Health and Education Cess. It is used for schemes in education.

### Announcements in Budget Speech 2025-26

- **IITs:** Capacity will be expanded in five IITs started after 2014 to facilitate 6,500 more students.
- **PM Research Fellowship (PMRF):** 10,000 fellowships will be provided under PMRF over the next five years, with enhanced financial support.

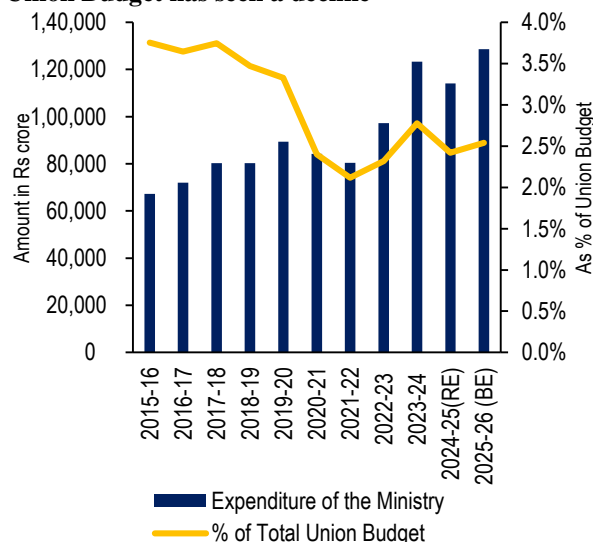
**Table 1: Expenditure of the Ministry of Education (in Rs crore)**

Head	2023-24	2024-25	2024-25	2025-26	% Change
	Actuals	BE	RE	BE	from 24-25 RE to 25-26 BE
School Education	67,972	73,008	67,571	78,572	16%
Higher Education	55,393	47,620	46,482	50,078	8%
<b>Total</b>	<b>1,23,365</b>	<b>1,20,628</b>	<b>1,14,054</b>	<b>1,28,650</b>	<b>13%</b>

Note: BE – Budget Estimate; RE – Revised Estimates.  
Sources: Demand No. 25 and 26, Expenditure Budget 2025-26; PRS.

Between 2015-16 and 2025-26, expenditure by the Ministry has grown at an annualised rate of 5%. Expenditure towards the Ministry as a share of overall Union Budget has come down during this period (Figure 1).

**Figure 1: Spending on education as a share of Union Budget has seen a decline**



Note: BE – Budgeted Estimate and RE – Revised Estimate  
Source: Union budget documents of various years; PRS.

**Table 2: Main heads of expenditure under Ministry of Education (in Rs crore)**

Head	2023-24 Actuals	2024-25 BE	2024-25 RE	% Change from 24-25 BE to 24-25 RE	2025-26 BE	% Change from 24-25 RE to 25-26 BE	Share of Ministry's Expenditure
<b>School Education (A)</b>	<b>67,792</b>	<b>73,008</b>	<b>67,571</b>	<b>7%</b>	<b>78,572</b>	<b>16%</b>	<b>61%</b>
<i>of which</i>							
Samagra Shiksha	32,830	37,010	37,010	0%	41,250	11%	32%
Autonomous Bodies	14,332	15,639	14,683	-6%	15,431	5%	12%
PM POSHAN	8,458	12,467	10,000	-20%	12,500	25%	10%
PM SHRI	1,215	6,050	4,500	-26%	7,500	67%	6%
STARS	699	1,250	850	-32%	1,250	47%	1%
<b>Higher Education (B)</b>	<b>55,393</b>	<b>47,620</b>	<b>46,482</b>	<b>-2%</b>	<b>50,078</b>	<b>8%</b>	<b>39%</b>
<i>of which</i>							
Central Universities	12,112	15,928	15,998	0.4%	16,691	4%	13%
IITs	10,200	10,325	10,467	1%	11,349	8%	9%
NITs and IEST	4,753	5,040	5,376	7%	5,687	6%	4%
UGC & AICTE	6,676	2,900	3,152	9%	3,536	12%	3%
Student Aid	1,398	1,908	1,282	-33%	2,160	68%	2%
PM-USHA	186	1,815	895	-51%	1,815	103%	1%
IISER	1,447	1,540	1,480	-4%	1,353	-9%	1%
Others	30,692	8,756	8,361	-5%	8,127	-3%	9%
<b>Total (A+B)</b>	<b>1,23,365</b>	<b>1,20,628</b>	<b>1,14,054</b>	<b>-5%</b>	<b>1,28,650</b>	<b>13%</b>	<b>100%</b>

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

Source: Demands No. 25 and 26, Expenditure Budget 2025-26, Union Budget; PRS.

**School Education:** In 2025-26, 52% of the Department's allocation is towards Samagra Shiksha Abhiyaan<sup>6</sup>. In 2024-25, spending on several schemes including PM-POSHAN, PM-SHRI, and STARS is estimated to be lower than budgeted. See next section for more details on these schemes.

**Higher Education:** In 2025-26, 56% of the Department's allocation is towards transfers to central universities and IITs (Table 2).<sup>6</sup> Allocation towards the UGC and AICTE is 47% lower than spending in 2023-24.<sup>6</sup> Allocation towards student financial aid is 68% higher than estimated spending in 2024-25. In 2024-25, spending towards student financial aid is estimated to be 33% lower than budgeted. In 2024-25, spending under PM-USHA is estimated to be 51% lower than budgeted. PM-USHA provides for upgrading the infrastructure and quality of higher educational institutions (HEIs).

## Key schemes in education

### Samagra Shiksha Abhiyaan

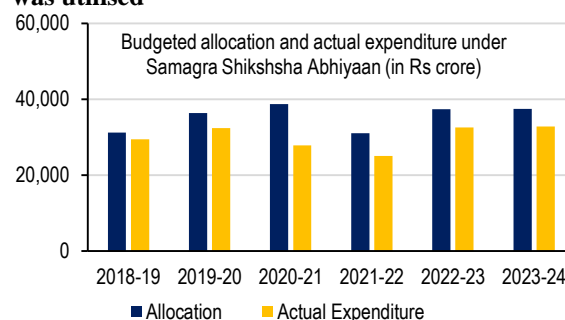
Launched in 2018, the Samagra Shiksha Abhiyaan is a flagship scheme of the Department of School Education and Literacy. Its objectives include: (i) supporting states to implement the NEP and the Right to Education Act, 2009, (ii) bridging social and gender gaps in education and (iii) strengthening teacher training.<sup>8</sup> The scheme subsumes: (i) the Sarva Shiksha Abhiyaan, (ii) Rashtriya Madhyamika Shiksha Abhiyaan, and (iii) several teacher education initiatives.<sup>8</sup>

Initiatives under the programme include: (i) upgradation and creation of essential school infrastructure, (ii) setting standards and learning and measuring learning outcomes and (iii) teacher training.<sup>8</sup> Under the scheme, the NIPUN Bharat Mission was launched to set targets and provide

support for achieving universal foundational literacy and numeracy by 2026-27.<sup>9</sup> This includes basic skills in reading, writing and performing arithmetic.

Under the scheme, the Centre shares funds with most states in a 60:40 ratio, and with north-eastern and Himalayan states in a 90:10 ratio.<sup>8</sup> Between 2018-19 and 2023-24, on an average, 85% of allocation to the scheme was utilised.

**Figure 2: Between 2018-19 and 2023-24, 85% of budget allocation to Samagra Shiksha Abhiyaan was utilised**



Sources: Union Budget documents from 2018-19 to 2025-26; PRS.

### Pradhan Mantri Poshan Shakti Nirman (PM-POSHAN)

PM POSHAN (subsuming the Mid-day Meal Scheme) is estimated to constitute 10% of the Ministry's expenditure in 2025-26. The Mid-day Meal scheme guaranteed nutritious meals to students in elementary classes (I-VIII) in government and government aided schools.<sup>10</sup> Launched in 2011-12, the PM POSHAN scheme extends this to pre-school children as well. Programme guidelines stipulate calorie and nutritional norms for mid-day meals. The scheme covers 11.8 crore students studying in government and government aided schools.<sup>10</sup> In 2025-26, Rs 12,500 crore has been allocated to the scheme. In

2024-25, estimated spending under PM-POSHAN is 25% lower than budget allocation.

### PM Schools for Rising India (PM-SHRI)

Under this scheme, 14,500 schools are to be identified and upgraded along several parameters.<sup>11</sup> They will: (i) implement principles of the NEP, (ii) be linked to the local entrepreneurial system, and (iii) provide students access to counselling and cutting edge technology.<sup>12</sup> This scheme is to be implemented between 2022-23 and 2027-28 with a central share of Rs 18,128 crore.<sup>11</sup> As of December 2024, 12,084 schools have been identified under the scheme.<sup>13</sup> Between April 2023 and December 2024, Rs 2,562 crore has been released to these schools by the central government, which is 64% lower than the approved central share for 2023-24 and 2024-25.<sup>13</sup> In 2025-26, Rs 7,500 crore has been allocated to this scheme. This is an increase of 67% over the revised estimate for 2024-25. In 2023-24, actual spending was 70% lower than budgeted.

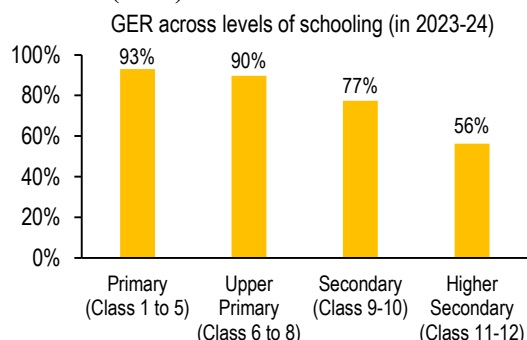
## Issues to Consider

### School education

#### *Universal enrolment almost achieved at primary level, but drops later*

The NEP aims to achieve 100% enrolment in all levels of school education by 2030.<sup>5</sup> Gross enrolment ratio (GER) declines at higher levels of school education (Figure 3).<sup>2</sup> GER measures the share of students enrolled at a particular level of education in the population of the age group associated with that level of education. In 2023-24, GER at higher secondary level was 56%, significantly lower than primary level (93%).<sup>2</sup> In states such as Bihar (30%), Assam (38%) and Gujarat (44%), enrolment in higher secondary is relatively lower.<sup>2</sup>

**Figure 3: Enrolment drops at higher levels of education (in %)**



Sources: Unified District Information System on School Education Plus 2023-24; PRS.

The Indian education system prescribes 12 years of schooling.<sup>5</sup> As per the UN Human Development Index report 2023-24, mean years of schooling in India was 6.6 years.<sup>14</sup> This was lower than countries such as: (i) USA (13.6), (ii) United Kingdom (13.4), (iii) South Africa (11.6), (iv) Brazil (8.3), (v) China

(8.1) and (vi) Bangladesh (7.4).<sup>14</sup> Table 3 provides gender-disaggregated data on reasons for dropping out of school as per the National Family Health Survey-5 (2019-21).<sup>15</sup>

**Table 3: Key reasons for children aged 6-17 dropping out of school (2019-21)**

Reason	Male	Female
Not interested in studies	36%	21%
Costs too much	16%	21%
Needed for household work	10%	13%
Repeated failures	5%	4%
Marriage	0.3%	7%

Sources: National Family Health Survey-5 (2019-21); PRS.

As of 2023-24, GER of girls in secondary education was similar to that of boys.<sup>2</sup> A study by the World Bank (2018) highlights several social and economic benefits that arise from the universal enrolment of girls in secondary education.<sup>16</sup> These include: (i) doubling of earnings for women, (ii) lower fertility rates, (iii) near elimination of child marriage, and (iv) reduction in child stunting and mortality.<sup>16</sup>

The Right of Children to Free and Compulsory Education Act, 2009 (RTE Act, 2009), provides a justiciable framework for universalising elementary education (upto class eight) for children aged between six and 14.<sup>17</sup> The Samagra Shiksha Abhiyaan aims to universalise secondary education.<sup>8</sup> It provides assistance for purposes such as: (i) building secondary and higher secondary schools, (ii) upgrading existing schools to provide secondary education, and (iii) teacher training.<sup>8</sup>

#### *Coverage of early childhood care and education*

Early childhood care and education (ECCE) covers learning and development of a child up to the age of eight.<sup>18</sup> The NEP (2020) aims to universalise ECCE amongst children aged 3-8 by 2030.<sup>5</sup> To pursue this goal, it aims to expand and strengthen anganwadis, and pre-schools.<sup>5</sup> Pre-primary education is a part of ECCE. It is targeted at children of ages three to five. Currently, pre-primary education is imparted through anganwadi centres and pre-primary schools. However, the formal school education system (pre-NEP) covers children from the age of six, leaving out pre-primary education.<sup>5</sup>

According to the NEP, absence of ECCE up to the age of five affects learning outcomes in the first grade.<sup>5</sup> In 2023-24, 73% students in the first grade had experienced pre-primary education.<sup>19</sup> States with a lower share of children having access to pre-primary education include: (i) Rajasthan (44%), (ii) Uttar Pradesh (59%), and (iii) Bihar (60%) (see Table 8 in annexure for state-wise details).<sup>19</sup>

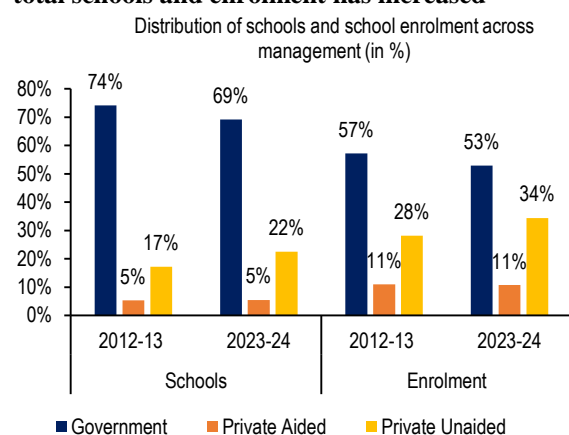
The National Curriculum Framework for School Education (2023) delineates learning outcomes for children aged 3-8.<sup>20</sup> This includes basic numerical and language learning taught using activities.<sup>20</sup>

### ***Rising enrolment in private schools, which tend to be more expensive***

The Working Group on Private Sector Participation in School Education (2012) recommended encouraging private investment in augmenting school capacity and quality of education.<sup>21</sup> Degree of private participation could include managing public school facilities, running public schools or building and managing fully private schools.<sup>21</sup>

As of 2023-24, government schools constituted 69% of all schools and 53% of all school enrolment in the country (see Figure 4).<sup>2,22</sup> Their share on both parameters has declined since 2012-13, while the share of private unaided schools has increased.<sup>2</sup>

**Figure 4: Share of private unaided schools in total schools and enrolment has increased**



Sources: Unified District Information System for Education Plus 2012-13 and 2023-24; PRS.

Cost of attending a private unaided school is relatively higher. According to the National Sample Survey Office (NSSO), as of 2017-18, the cost of primary education in a private unaided school was 12 times a government school.<sup>23</sup> Reasons for preferring a private educational institution, according to the National Sample Survey (2017-18), are discussed below<sup>23</sup>

**Table 4: Reasons for studying in a private institution (in %) (as of 2017-18)**

Reason	Share
Quality of public institution not satisfactory	34%
Private institution located nearby	27%
Uses English as medium of instruction	17%
Provides facilities such as transport and hostels	14%

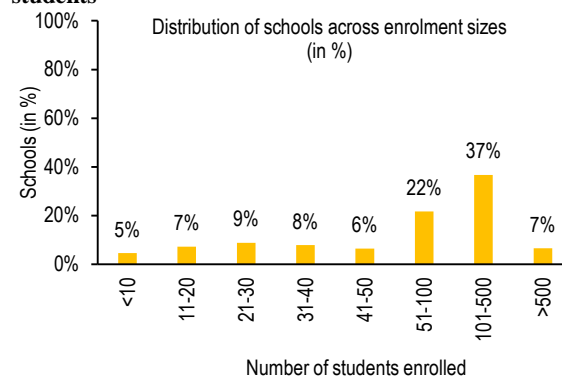
Sources: "Household Social Consumption on Education in India", National Sample Survey Office 2017-18; PRS.

### ***Over one-third of all schools enrol fewer than 50 students***

As of 2023-24, 35% of all schools in India enrolled fifty students or less.<sup>2</sup> As per NITI Aayog (2021), 36% of government schools in India had fewer than 50 students and nearly 10% had fewer than 20.<sup>24</sup> These schools had just one or two teachers.<sup>24</sup>

Smaller schools, which usually have few teachers, present several issues. According to the NEP (2020), this leads to teachers teaching multiple grades and subjects, including those subjects they may not be adequately qualified in.<sup>5</sup> Moreover, teachers spend a large portion of their time attending to administrative tasks, which affect teaching hours.<sup>24</sup> The NEP adds that smaller and isolated schools are difficult to manage.<sup>5</sup> They also lack infrastructure such as labs and libraries.<sup>5</sup>

**Figure 5: 35% of schools in India have less than 50 students**



Sources: Unified District Information System for Education Plus 2023-24; PRS.

NEP recommends creating school complexes consisting of one secondary school and multiple schools for lower classes.<sup>5</sup> Each complex will comprise schools in 5-10 km radius. It will function as a single unit, which will allow its constituent schools to pool adequate infrastructure and teachers.<sup>5</sup> As of July 2024, the central government is implementing a pilot programme in one district per state to assess the feasibility of clustering schools into complexes.<sup>25</sup>

#### **School consolidation in Rajasthan**

School consolidation involves shutting down several small schools and combining their students into one school. From 2011-12 to 2017-18, Rajasthan consolidated several small elementary and secondary schools across the state.<sup>26</sup> These schools had low enrolment and usually a single teacher.<sup>26</sup> Most of them only provided teaching upto grade five, and thus, required students to shift schools, contributing to dropout.<sup>26</sup> Along with consolidation, the state also funded schemes to build schools offering classes upto 12<sup>th</sup>.<sup>26</sup>

According to NITI Aayog (2021), after consolidation, Rajasthan's transition rates reduced and its learning outcomes at elementary level were higher than most states.<sup>26</sup> States such as Andhra Pradesh, Maharashtra and Haryana have also implemented school consolidation.<sup>27</sup> The NEP (2020) cautions that school consolidation may affect access to schools.<sup>5</sup> It adds that keeping access in mind, only some schools can be consolidated, which may not significantly address the problem of small schools.<sup>5</sup>

#### **Availability of teachers varies across states**

The NEP (2020) recommended a pupil-teacher ratio (PTR) of 30:1 (one teacher for 30 students) in schools.<sup>5</sup> As of 2023-24, PTR at various levels of school education at the national level is: (i) 21:1



(primary), (ii) 18:1 (upper primary), (iii) 16:1 (secondary), and (iv) 24:1 (higher secondary). However, some states have fallen short on this target (see Table 9 in the annexure).<sup>2</sup>

As of 2022-23, 16% of teaching posts for grades 1-8 were vacant.<sup>28</sup> Vacancy was significantly higher in: (i) Jharkhand (40%), (ii) Bihar (32%), (iii) Mizoram (30%), and (iv) Tripura (26%).<sup>28</sup> The Standing Committee on Education, Women, Children, Youth and Sports (2023) highlighted the need to expedite teacher recruitment by states, and recommended states to form an Autonomous Teacher Recruitment Board to ensure transparency in recruitment.<sup>29</sup>

### Issues in teacher training

The National Council for Teacher Education specifies minimum qualifications for teaching at various levels of education.<sup>30</sup> These range from passing senior secondary (for teaching at pre-primary level) to attaining post-graduation along with a B.A.Ed. or B.Sc. Ed. (for senior secondary level).<sup>30</sup> As of 2023-24, around 12% teachers from primary to higher secondary levels lacked professional teaching qualification.<sup>2</sup> According to the Ministry of Education (2023-24), 48% teachers at the pre-primary level were unqualified.<sup>2</sup>

According to UNESCO, as of 2020, 92% of teacher training institutions were private stand-alone institutes that provided teacher education as the only programme.<sup>31</sup> Justice Verma Commission (2012) had noted that such institutes were of poor quality.<sup>32</sup> It added that locating these institutes within universities would hold them to a higher quality standard, and give them access to better resources.<sup>32</sup> The NEP (2020) aims to integrate teacher education programmes into multidisciplinary colleges and universities by 2030.<sup>5</sup>

The NEP (2020) also recommended updating B. Ed programmes with teaching pedagogies that are more learner-centred and inclusive of children with special needs.<sup>5</sup> It recommended issuing a new and comprehensive National Curriculum Framework for Teacher Education by 2021.<sup>5</sup> The Framework has not yet been issued.

In line with the recommendation of the National Policy on Education (1986), District Institutes of Education and Training (DIETs) were set up for pre-service training and continuous professional development of teachers.<sup>33</sup> As of July 2023, DIETs were sanctioned in 672 out of the 748 districts in the country.<sup>33</sup> Out of these, 613 DIETs (91%) are operational.<sup>33</sup> As of July 2023, around 52% of positions for trainers at DIETs were vacant.<sup>33</sup> According to the Ministry of Education (2023), DIETs also have limited libraries, computers and internet facilities.<sup>33</sup>

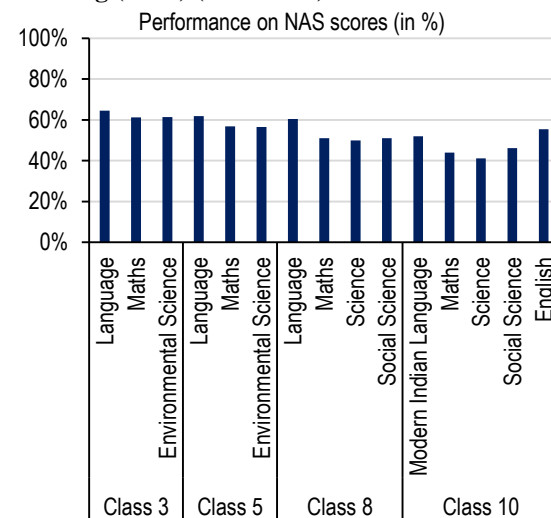
The National Initiative for School Heads and Teachers' Holistic Advancement (NISHTHA) was launched under the Samagra Shiksha Abhiyaan in

2019.<sup>34</sup> It guides teacher training and seeks to enhance capacity of teachers, school heads and other resource persons in education. It trains them with latest pedagogies to achieve foundational literacy and numeracy, and competency based learning. As of February 2025, 44% of the targeted school heads and teachers have been trained under NISHTHA.<sup>35</sup>

### Challenges with learning outcomes

The National Achievement Survey (NAS) measures proficiency of students in grades 3, 5, 8 and 10.<sup>36</sup> Proficiency is measured in languages, maths and sciences. Learning proficiency reduces at higher levels of learning (see Figure 6).<sup>36</sup> In 2021, proficiency across subjects dropped from 62% in Class 3 to 48% in Class 10. In maths, it dropped from 61% in class 3 to 44% in class 10.<sup>36</sup>

**Figure 6: NAS scores drop at higher levels of learning (in %) (as of 2021)**



Sources: National Achievement Survey 2021; PRS.

Average proficiency had dropped between 2017 (58%) and 2021 (54%).<sup>36,37</sup> Learning outcomes may have been affected by school closures due to COVID-19 in 2020-21 and 2021-22.

Certain studies report wide learning gaps in schools.<sup>24</sup> According to a 2017 study cited by the NITI Aayog (2021), less than half of the students studying in grade seven could solve a numerical or comprehension problem from grade two.<sup>24</sup>

### NIPUN Bharat

In 2021, the NIPUN Bharat Mission was launched to achieve universal foundational literacy and numeracy by 2026-27.<sup>38</sup> This includes achieving proficiency in basic arithmetic and reading by grade three.<sup>38</sup> The programme sets targets for learning outcomes, designs teaching and learning material, and funds teacher training and infrastructure.<sup>39</sup> Project costs are shared by the centre and states.<sup>40</sup> Between 2021-22 and 2023-24, expenditure worth Rs 7,178 crore was approved out of which Rs 5,007 crore (70%) were spent.<sup>40</sup> According to a baseline survey conducted by the Ministry in 2022, 52% of students up to class three met minimum standards

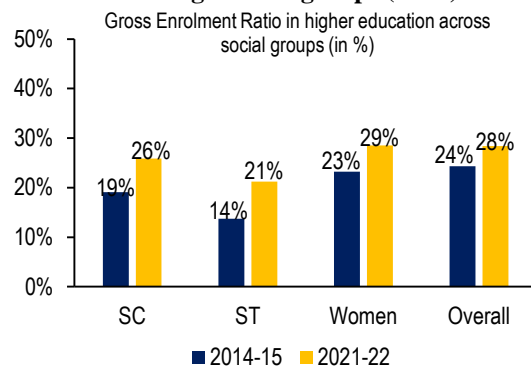
for proficiency in numeracy and 54% met minimum standards for English.<sup>41</sup>

## Higher education

### Low coverage of higher education in India

Enrolment rate in higher education has increased over the years (Figure 7).<sup>3</sup> The NEP (2020) envisions increasing the GER in higher education to 50% by 2035.<sup>5</sup> Wide inter-state disparities exist in enrolment in higher education. GER in higher education was relatively higher in states such as Tamil Nadu (47%) and Kerala (41%)<sup>3</sup> GER was lower in states such as: (i) Bihar (17%), (ii) Jharkhand (19%), and (iii) Uttar Pradesh (24%) (see Table 10 in annexure for state-wise details).<sup>3</sup>

**Figure 7: Gross Enrolment Ratio in higher education amongst social groups (in %)**



Sources: All India Survey of Higher Education 2021-22; PRS.

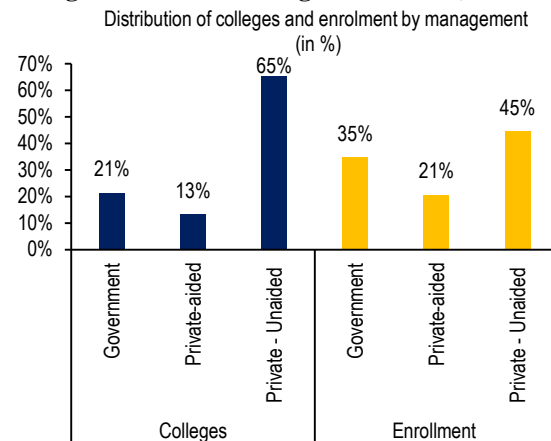
According to the International Labour Organisation (ILO), higher education increases chances of higher earnings.<sup>42</sup> It noted that persons with a graduate degree in India earned six times more than those with a secondary education as of 2022.<sup>42</sup>

### Greater share of enrolment in private colleges, which are more expensive

Students in higher education are enrolled into either a: (i) college, (ii) university department, or (iii) stand-alone institution.<sup>3</sup> As of 2021-22, 73% of all enrolment in higher education is in colleges.<sup>3</sup> In 2021-22, 78% of all colleges are privately run and 66% of college enrolment is in privately-run colleges (Figure 8).<sup>3</sup>

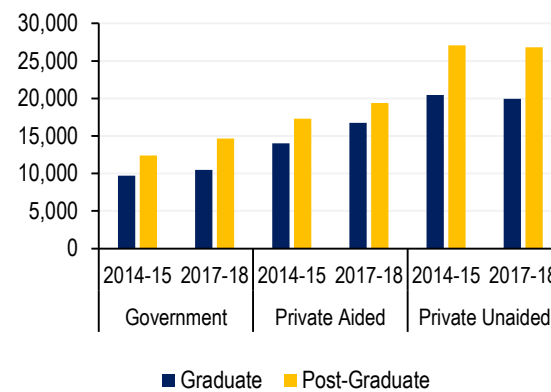
As per the NSS (2017-18), cost of studying in a private unaided higher educational institution (HEI) was about twice that of a government institution (Figure 9).<sup>23</sup> This was three times higher in courses related to medicine.<sup>23</sup> The NEP (2020) recommended treating educational institutions at the standards of a non-profit organisation.<sup>5</sup> This involves public disclosure of fees or any charges by HEIs, prohibition of arbitrary increase in the same, transparent means of setting fees and placing an upper limit on the same.<sup>5</sup>

**Figure 8: Private colleges constitute 78% of all colleges and 66% of college enrolment (2021-22)**



Sources: All India Survey of Higher Education 2021-22; PRS.

**Figure 9: Annual expenditure on studying at HEIs across managements (in rupees)**



Sources: Household Social Consumption on Education in India, NSS 75th Round (2017-18); PRS.

The National Knowledge Commission (2009) had recommended that while HEIs should be allowed to decide fees, it must be ensured that needy students are given adequate fee waivers and scholarships.<sup>43</sup> In OECD countries, governments bear about 34% of the cost of education in private HEIs through scholarships and loans.<sup>44</sup> In USA, 33% of the share is borne by entities such as private businesses or organisations through endowments.<sup>44</sup>

### Allocation towards scholarships

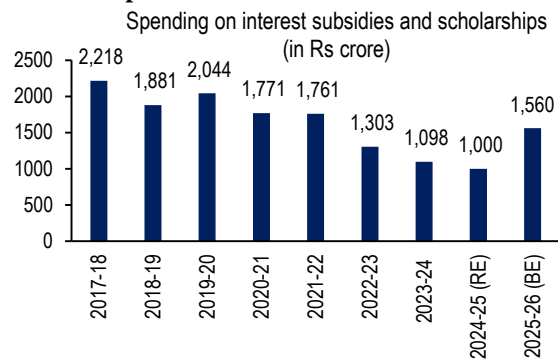
The Standing Committee on Education, Women, Children, Youth and Sports (2022) had observed that existing scholarships are not sufficient in covering the complete cost of higher education.<sup>45</sup>

To promote higher education, the Ministry provides financial aid to students. This includes: (i) interest subsidy, (ii) scholarships, and (iii) doctoral research fellowships. Scholarships include an aid of: (i) Rs 30,000 – three lakh rupees for students of Jammu and Kashmir, and (ii) Rs 12,000 – 20,000 for students from other parts of India.<sup>46</sup> In 2025-26, Rs 2,160 crore has been allocated for financial aid, 68% higher than revised estimates of 2024-25. Interest subsidies constitute the largest portion of financial aid. Between 2017-18 and 2023-24, 94% of the

spending on financial aid comprised interest subsidies. Since 2023-24, spending on scholarships and interest subsidies has been merged into the Pradhan Mantri Uchchar Shiksha Protsahan Yojana (PM-USP).

Doctoral fellowships are aimed at research scholars, while scholarships and interest subsidies under PM-USP are targeted at students in higher education at large.<sup>47</sup> Excluding doctoral research fellowships, spending on financial aid by the Ministry has reduced over the years (Figure 10).

**Figure 10: Spending by the Ministry on scholarships and interest subsidies has declined**



Note: RE is revised estimates, BE is budget estimates  
Sources: Union budget documents of 2019-20 to 2025-26; PRS.

PM-USP extends 82,000 scholarships every year to economically weaker students.<sup>48</sup> The Standing Committee on Education, Women Children Youth and Sports (2023) recommended the Ministry to revise the amount and coverage of schemes and increase scholarships.<sup>45</sup>

**PM-Vidyalakshmi:** In November 2024, Union Cabinet approved the PM Vidyalakshmi scheme.<sup>49</sup> The scheme provides financial support to students pursuing higher education in top Indian universities. It will guarantee 75% of the outstanding amount on loans up to Rs 7.5 lakh. It will cover 22 lakh students in up to 860 institutions.<sup>49</sup> The scheme will also extend interest subsidy on loans upto Rs 10 lakh to one lakh students annually.<sup>49</sup>

### Limited accreditation of colleges

The National Assessment and Accreditation Council (NAAC) evaluates the quality of HEIs. Its grading is based on criteria such as curriculum, teaching quality, infrastructure and research.<sup>50</sup> As of January 2025, NAAC had accredited around 40% of all colleges.<sup>51</sup> Out of the accredited institutions, 20% received an A grade (Table 5).<sup>52</sup>

NITI Aayog (2025) noted that several colleges do not choose to get accredited due to high costs of the process.<sup>53</sup> The National Knowledge Commission (2009) had recommended allowing multiple agencies to be included in the accreditation process through licencing.<sup>43</sup> It recommended that these entities should follow uniform parameters set by the regulator of higher education.<sup>43</sup>

**Table 5: 20% of accredited colleges have received A grade (as of January 2025)**

Institutions	A	B	C
Universities	55%	41%	4%
Colleges	20%	67%	13%

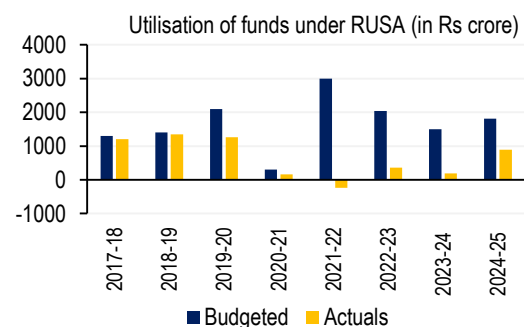
Sources: Accreditation Statistics, NAAC; PRS

Colleges in India are usually affiliated with a university.<sup>43</sup> The university prepares exams and awards degrees to students enrolled in affiliated colleges.<sup>43</sup> The National Knowledge Commission (2009) noted that each university was affiliating a large number of colleges, making it difficult to enforce minimum standards of curriculum, teaching and infrastructure.<sup>43</sup> NITI Aayog (2025) noted that affiliated colleges face major delays in obtaining approval for new courses from the university.<sup>53</sup> The National Knowledge Commission recommended: (i) doing away with the affiliation system and granting autonomy to better performing colleges, and (ii) remodelling the rest into vocational colleges or affiliating them with a central board.<sup>43</sup>

The NEP aims to do away the affiliation system by 2035.<sup>5</sup> It also envisions that by 2040, each college will become a large multi-disciplinary institution, or part of a cluster of HEIs, and will enrol students in thousands.<sup>5</sup> As of 2020, 36% of all colleges offered a single programme.<sup>54</sup> As of 2021-22, 19% colleges had more than 1,000 students.<sup>3</sup>

In 2013-14, the Rashtriya Uchchar Shiksha Abhiyaan (RUSA) was launched to fund upgradation of infrastructure, education and overall quality of HEIs.<sup>55</sup> It was to be implemented under two phases — 2012-2017 (RUSA 1.0) and 2017-2022 (RUSA 2.0).<sup>56</sup> In 2024-25, RUSA was renamed as PM-Uchchar Shiksha Abhiyaan (PM-USHA). The scheme has been expanded to fund HEIs to build digital infrastructure and convert single-stream HEIs into multi-disciplinary institutions.<sup>57</sup> In 2025-26, Rs 1,815 crore has been allocated to the scheme. Utilisation under RUSA has reduced over the years (Figure 11). The Standing Committee on Education, Women, Children, Youth and Sports (2023) noted that this was due to low utilisation of funds by states and less project proposals received from them.<sup>56</sup>

**Figure 11: Funds allocated under RUSA have been underutilised**



Note: Figures in 2021-22 are in negative due to net recoveries. Revised Estimates for 2024-25 are taken as actuals.

Sources: Union Budget documents of various years; PRS.

### Regulation of higher education

Regulation of HEIs in India is distributed across bodies. For instance, medical and legal education in India is regulated by the National Medical Commission and Bar Council of India, respectively.<sup>43</sup> The UGC regulates teaching in general disciplines. The National Knowledge Commission (2009) and Yashpal Committee (2009) noted that this structure creates inconsistent standards of learning and quality.<sup>43,58</sup> They recommended setting up a single regulator for higher education to set norms for awarding degrees, and standards for accreditation and learning.<sup>43,58</sup> The NEP (2020) also recommends creating a single regulator called the Higher Education Commission of India.<sup>5</sup> In 2018, a Draft Bill to establish a single regulator for higher education was released for public feedback.<sup>59</sup>

### Pupil teacher ratio higher than recommended

According to the Standing Committee on Education, Women Children, Youth and Sports (2023), the ideal PTR in higher education is 15:1 (one teacher for 15 students).<sup>60</sup> As of 2021-22, the prevailing PTR in higher education in regular mode is 23:1.<sup>3</sup> In regular mode, teaching and learning is carried out in a classroom, in direct contact with teachers.<sup>3</sup> PTR has improved from 2017-18 when PTR was 25:1.<sup>3</sup> However, there are significant variances across states on this front (see Table 11 in annexure). States such as Tamil Nadu, Kerala, and Karnataka have a PTR of 14:1, 15:1 and 15:1, respectively.<sup>3</sup> However, Bihar (64:1), Jharkhand (54:1), and Uttar Pradesh (35:1) fall significantly below target.<sup>3</sup>

As of March 2023, over one-third posts in centrally-funded institutions were vacant (Table 6).<sup>56</sup> According to recruitment norms, a share of teaching posts must be reserved for: (i) SCs (15% of all posts), (ii) STs (7.5%) and (iii) Backward classes (27%).<sup>61</sup> In the institutions listed in Table 6, as of March 2023, SC, ST and OBC faculty constituted 9%, 3% and 14% of all posts, respectively.<sup>56</sup>

**Table 6: One-third posts in centrally funded universities were vacant as of March 2023**

Institution	Sanctioned	Filled	Vacant	Vacancy (in %)
Central Universities	18,956	12,776	6,180	33%
IITs	11,292	6,712	4,415	39%
IIITs	1,315	599	705	54%
NIT	7,483	5,277	2,206	29%
IIMs	1,570	1,086	484	31%
IISER	735	683	52	7%
<b>Total</b>	<b>41,351</b>	<b>27,133</b>	<b>14,042</b>	<b>34%</b>

Sources: 348th Report, Standing Committee on Education, Women, Children, Youth and Sports, March 2023; PRS.

### Unemployment among persons with higher education

Labour force participation rate (LFPR) measures persons in employment or seeking employment as a share of a given population.<sup>42</sup> According to the World Bank, as of 2023, 65% of Indians with higher education were part of the labour force.<sup>62</sup> This was lower than several countries such as: (i) USA (72%), (ii) South Korea (74%), (iii) South Africa (81%), and (iv) Brazil (82%).<sup>62</sup> Lower LFPR in India may be due to lower participation of women. As of 2023, LFPR of women with higher education was lower in India than several countries (Figure 12).<sup>62</sup>

**Figure 12: 39% of Indian women with higher education participated in the labour force in 2023**

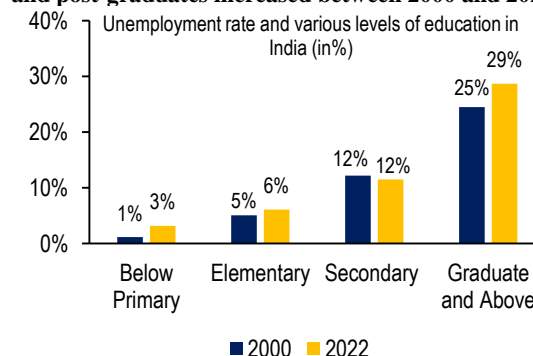


Sources: "Labour Force by level of education (in %)", Gender Data Portal, World Bank; PRS.

Persons with higher education in India have a relatively higher rate of unemployment (Figure 13).<sup>42</sup> Unemployment rate measures the share of persons who are willing and able to work but cannot find a job.<sup>42</sup> According to the ILO (2024) unemployment amongst youth graduates and post-graduates has increased since 2000.<sup>42</sup>

According to ILO (2024), high unemployment amongst persons with higher education could be due to a mismatch between skills possessed by a person and those demanded by a job.<sup>42</sup> Such a mismatch can arise either due to unavailability of high skilled jobs, or lack of skills in the workforce.<sup>42</sup>

**Figure 13: Unemployment amongst young graduates and post-graduates increased between 2000 and 2022**



Sources: International Labour Organisation (2024); PRS.



According to the ILO (2024), 53% of India's employed graduates worked in low skilled jobs.<sup>42</sup> As per a private study cited by the Department of Commerce, 49% of pre-final and final years students were unemployable as of 2024.<sup>63</sup> As per the study, courses with the least employability include: (i) B.Sc. (51%), (ii) B.Com (48%), and (iii) B.A. (47%).<sup>63</sup> In 2021-22, 48% of undergraduate students were enrolled in B.A. and B.Sc. courses.<sup>3</sup>

**PM Internship Scheme:** To enhance employability, the NEP recommends all HEIs to provide their students internship opportunities.<sup>5</sup> In July 2024, the central government announced a scheme to provide internship opportunities for one crore youth in top 500 companies.<sup>64,65</sup> In 2024-25, the scheme targeted 1.25 lakh internships.<sup>65</sup> As of January 2025, 1.27 lakh internship opportunities have been notified by partner companies.<sup>66</sup> They have made offers to 60,866 applicants, 46% of whom have accepted the offer.<sup>66</sup>

#### Low coverage of vocational education

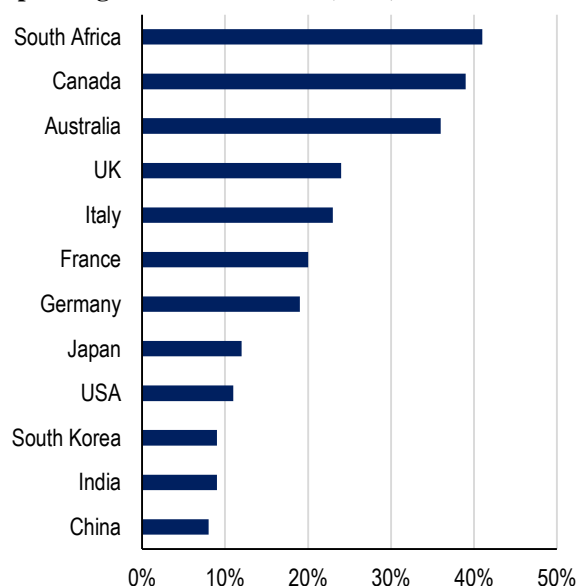
Vocational education refers to training in manual or semi-skilled roles. According to PLFS (2023-24), 26% of Indians aged 15-29 years had received vocational training.<sup>67</sup> The Ministry of Skill Development and Entrepreneurship (2020) observed that in developed economies such as Japan (80%), USA (52%), UK (68%), share of young people with formal vocational training is significantly higher.<sup>68</sup> As per the Labour Ministry (2023), India faces shortage of semi-skilled workers in areas such as electronics, construction, and metal and machinery works.<sup>69</sup>

The NEP (2020) aims to expose at least 50% of all students to vocational education at the school level by 2035.<sup>5</sup> As of 2023-24, 18,610 secondary and higher secondary schools offered vocational education as per national standards (6% of schools).<sup>19</sup>

#### Limited role of HEIs in research

In 2020-21, India spent 0.64% of its GDP on research and development (R&D).<sup>70</sup> This was lower than research expenditure by several countries, such as South Korea (4.8% of GDP), USA (3.5%), and Japan (3.3%).<sup>70</sup> India's expenditure on R&D has reduced since 2009-10 (0.82% of GDP).<sup>70</sup> Universities had 9% share in India's expenditure on R&D.<sup>70</sup> Economic Survey (2017-18) had noted that universities in several countries play a crucial role in generating quality research, while in India they are largely restricted to teaching.<sup>71</sup>

**Figure 14: Share of universities in research spending in select countries (in %)**



Sources: Research and Development Statistics at a glance 2022-23, Ministry of Science and Technology; PRS.

The NITI Aayog (2024) observed that state universities lag behind central and private universities in innovation and commercialisation of research.<sup>72</sup> It stated that factors such as longer project approval periods, inexperienced faculty, and poor infrastructure deter quality research in state universities.<sup>72</sup> In 2021-22, state universities constituted 40% of all Ph.D. enrolments.<sup>3</sup>

To improve R&D in India, the NEP (2020) recommended imparting critical thinking at the school level.<sup>5</sup> In higher education, it recommended multi-disciplinary learning, and building stronger linkages between academia and industry.<sup>5</sup>

In line with recommendations of the NEP, Parliament passed the Anusandhan National Research Foundation (NRF) Bill, 2023.<sup>73</sup> One of NRF's objectives is to facilitate research in HEIs in fields such as technology and medicine.<sup>73</sup>

UGC (2023) has issued guidelines to promote R&D in the country through university-industry linkage.<sup>74</sup> It has also issued guidelines on research internships in undergraduate programmes.<sup>75</sup>

## Annexure

**Table 7: Gross Enrolment Ratio in schools in 2023-24 (in %)**

State	Elementary (1 to 8)	Secondary (9-10)	Higher Secondary (11-12)	State	Elementary (1 to 8)	Secondary (9-10)	Higher Secondary (11-12)
Andhra Pradesh	99	96	65	Manipur	118	76	56
Arunachal Pradesh	104	68	46	Meghalaya	153	85	40
Assam	104	77	38	Mizoram	136	98	53
Bihar	78	46	30	Nagaland	85	60	40
Chhattisgarh	90	76	52	Odisha	96	82	59
Delhi	108	103	83	Puducherry	99	100	91
Goa	119	108	92	Punjab	106	92	79
Gujarat	85	74	44	Rajasthan	94	80	62
Haryana	95	90	66	Sikkim	90	74	57
Himachal Pradesh	105	100	82	Tamil Nadu	98	98	83
Jammu and Kashmir	98	65	43	Telangana	111	97	72
Jharkhand	89	62	41	Tripura	111	79	57
Karnataka	106	101	59	Uttar Pradesh	81	64	53
Kerala	97	99	88	Uttarakhand	110	93	78
Madhya Pradesh	80	67	44	West Bengal	107	101	66
Maharashtra	101	93	69	<b>All-India</b>	<b>92</b>	<b>77</b>	<b>56</b>

Sources: Unified District Information System for Education Plus, 2023-24; PRS.

**Table 8: Share of students in class one with pre-primary education (in %)**

State	% share	State	% share
Andhra Pradesh	94%	Manipur	89%
Arunachal Pradesh	82%	Meghalaya	97%
Assam	88%	Mizoram	92%
Bihar	60%	Nagaland	98%
Chhattisgarh	84%	Odisha	91%
Delhi	64%	Puducherry	94%
Goa	80%	Punjab	91%
Gujarat	72%	Rajasthan	44%
Haryana	70%	Sikkim	98%
Himachal Pradesh	84%	Tamil Nadu	61%
Jammu and Kashmir	88%	Telangana	90%
Jharkhand	69%	Tripura	86%
Karnataka	86%	Uttar Pradesh	59%
Kerala	94%	Uttarakhand	72%
Madhya Pradesh	82%	West Bengal	82%
Maharashtra	77%	<b>All-India</b>	<b>73%</b>

Sources: Unified District Information System for Education Plus, 2023-24; PRS.

**Table 9: Pupil Teacher Ratio in school education across states in 2023-24**

State	Primary (1-5)	Upper Primary (6-8)	Secondary (9-10)	Higher Secondary (11-12)
Andhra Pradesh	22	16	11	29
Arunachal Pradesh	10	7	9	15
Assam	19	13	11	18
Bihar	32	19	30	31
Chhattisgarh	18	15	14	12
Delhi	30	28	18	20
Goa	25	14	8	16
Gujarat	24	24	27	24
Haryana	21	18	10	11
Himachal Pradesh	15	8	6	9
Jammu and Kashmir	13	9	12	21
Jharkhand	26	24	27	47
Karnataka	22	18	18	28
Kerala	23	19	13	20
Madhya Pradesh	17	16	18	20
Maharashtra	24	25	20	37
Manipur	13	9	9	13
Meghalaya	19	12	10	16
Mizoram	15	7	9	12
Nagaland	9	7	8	16
Odisha	17	15	16	39
Puducherry	15	13	9	15
Punjab	21	15	9	16
Rajasthan	20	12	11	15
Sikkim	6	6	5	8
Tamil Nadu	20	18	11	33
Telangana	19	12	9	25
Tripura	17	15	11	15
Uttar Pradesh	22	22	23	35
Uttarakhand	16	14	10	14
West Bengal	23	28	18	28
<b>All India</b>	<b>21</b>	<b>18</b>	<b>16</b>	<b>24</b>

Sources: Unified District Information System for Education Plus 2023-24; PRS.

**Table 10: Gross Enrolment Ratio in higher education in 2021-22 (in %)**

State	All Categories			Scheduled Castes	Scheduled Tribes
	Male	Female	Total		
Andhra Pradesh	38	35	37	35	34
Arunachal Pradesh	38	35	37	-	40
Assam	16	18	17	19	26
Bihar	18	16	17	16	35
Delhi	48	50	49	36	-
Goa	36	36	36	40	28
Gujarat	25	23	24	32	20
Haryana	30	37	33	27	-
Himachal Pradesh	37	50	43	34	45
Jammu and Kashmir	23	27	25	20	19
Jharkhand	19	19	19	15	14
Karnataka	36	36	36	28	26
Kerala	34	49	41	28	29
Madhya Pradesh	30	28	29	27	18
Maharashtra	37	33	35	36	17
Manipur	35	36	35	61	23
Meghalaya	23	28	25	110	23
Mizoram	31	33	32	241	33
Nagaland	17	21	19	-	19
Odisha	24	21	22	23	16
Puducherry	61	62	62	43	-
Punjab	25	30	27	19	-
Rajasthan	29	28	29	27	28
Sikkim	35	43	39	43	36
Tamil Nadu	47	47	47	39	44
Telangana	39	42	40	39	38
Tripura	22	20	21	20	16
Uttar Pradesh	24	24	24	22	39
Uttarakhand	40	44	42	32	42
West Bengal	26	27	26	23	15
<b>All-India</b>	<b>28</b>	<b>29</b>	<b>28</b>	<b>26</b>	<b>21</b>

Sources: All India Survey of Higher Education 2021-22; PRS.



**Table 11: Pupil Teacher Ratio in higher education in 2021-22**

State	Regular and Distance Mode	Regular Mode	State	Regular and Distance Mode	Regular Mode
Andhra Pradesh	18	16	Manipur	20	19
Arunachal Pradesh	28	23	Meghalaya	24	22
Assam	28	25	Mizoram	21	17
Bihar	69	64	Nagaland	20	18
Chhattisgarh	27	26	Odisha	25	23
Delhi	49	21	Puducherry	13	11
Goa	17	15	Punjab	17	15
Gujarat	28	27	Rajasthan	29	26
Haryana	26	22	Sikkim	22	17
Himachal Pradesh	29	24	Tamil Nadu	16	14
Jammu and Kashmir	35	24	Telangana	16	14
Jharkhand	58	54	Tripura	40	36
Karnataka	16	15	Uttar Pradesh	36	35
Kerala	19	15	Uttarakhand	27	22
Madhya Pradesh	31	30	West Bengal	37	29
Maharashtra	27	23	<b>All-India</b>	<b>26</b>	<b>23</b>

Sources: All India Survey of Higher Education 2021-22; PRS.

**Table 12: Expenditure on Student Financial Aid (in Rs crore)**

Year	Interest Subsidy	Scholarships	PM Research Fellowship	PM-USP	Total
2017-18	1,950	268	-	-	2,218
2018-19	1,575	306	16	-	1,897
2019-20	1,675	369	26	-	2,070
2020-21	1,477	294	63	-	1,834
2021-22	1,385	376	111	-	1,872
2022-23	873	429	300	-	1,603
2023-24	-	-	300	1,098	1,398
2024-25 (RE)	-	-	282	1,000	1,282
2025-26 (BE)	-	-	600	1,550	2,160

Note: RE is revised estimates and BE is budget estimates.

Sources: Union Budget documents from 2019-20 to 2025-26; PRS.

<sup>1</sup> Entry No. 25, Seventh Schedule, the Constitution of India, <https://www.mea.gov.in/Images/pdf1/S7.pdf>.

<sup>2</sup> Unified District Information System for School Education 2023-24, Ministry of Education, [https://api.udiseplus.gov.in/udise-fms/api/fileUpload/getDocument/DCF2021/UDISE\\_Report\\_2023\\_24\\_Existing\\_Structure.pdf](https://api.udiseplus.gov.in/udise-fms/api/fileUpload/getDocument/DCF2021/UDISE_Report_2023_24_Existing_Structure.pdf).

<sup>3</sup> All India Survey of Higher Education 2021-22, Ministry of Education, <https://aishe.gov.in/aishe/viewDocument.action;jsessionid=E4C7F4ECBC1FAFD795DC097403DF746F.n9?documentId=353>

<sup>4</sup> Analysis of Budgeted Expenditure on Education 2018-19 and 2020-21, Ministry of Education, 2022, [https://www.education.gov.in/sites/upload\\_files/mhrd/files/statistics-new/budget\\_exp.pdf](https://www.education.gov.in/sites/upload_files/mhrd/files/statistics-new/budget_exp.pdf).

<sup>5</sup> "National Education Policy 2020", Ministry of Education, as accessed on May 27, 2024, [https://www.education.gov.in/sites/upload\\_files/mhrd/files/NEP\\_Final\\_English\\_0.pdf](https://www.education.gov.in/sites/upload_files/mhrd/files/NEP_Final_English_0.pdf).

<sup>6</sup> Expenditure Budget 2025-26, Ministry of Finance, February 2025, <https://www.indiabudget.gov.in/doc/eb/allsbef.pdf>.

<sup>7</sup> Report No. 31 of 2022, Comptroller and Auditor General of India, December 21, 2022, [https://cag.gov.in/uploads/download\\_audit\\_report/2022/DSC-Report-No.-31-of-2022\\_UGFA-English-PDF-A-063a2f3ee1c14a7.01369268.pdf](https://cag.gov.in/uploads/download_audit_report/2022/DSC-Report-No.-31-of-2022_UGFA-English-PDF-A-063a2f3ee1c14a7.01369268.pdf).

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- <sup>11</sup> “PM Schools for Rising India”, Department of School Education and Literacy, <https://dsel.education.gov.in/pm-shri-schools>.
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