

Problems Plaguing the Indian Education System

India's Education Paradox

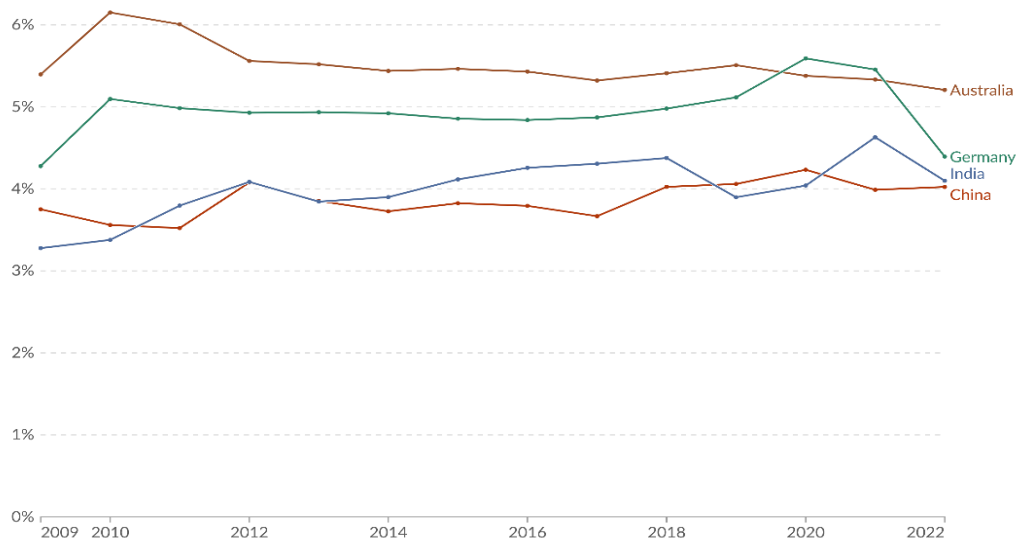
The Indian education system is uniquely positioned. It caters to one of the largest populations in the world, spans a wide geographical distribution, and focuses on the foundational level of education. Despite substantial investment, systemic challenges remain.

The Investment: Substantial but under-performing

India's Union Budget in 2025-26 allocates Rs 1.28 trillion to education.¹ On average, the government spends 3% - 4.1% of its total GDP on education.² This amount is massive. While it lags behind countries such as Germany, which spends up to 9% of its total GDP on education, it exceeds the spending in China and Japan.³ The government spends up to Rs. 85,000 per child in government schools like Kendriya Vidyalayas,⁴ with an average of over Rs 55,000 per

Government spending on education as a share of GDP

Total annual general government¹ spending on all levels of education, expressed as a percentage of GDP².



Data source: UNESCO Institute for Statistics (2025); Tanzi & Schuknecht (2000)

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child in government schools.⁵

There is also a rigorous selection process for teachers in government schools: a teacher in a government school must have passed either the Central Teacher Eligibility Test or the State Teacher Eligibility Test before being appointed. These exams are highly competitive, with only

¹ Standard, Business. "Budget 2025: India's Education Budget Grows, but Lags behind Global Trends." February 6, 2025. https://www.business-standard.com/education/news/union-budget-2025-education-allocation-growth-global-comparison-125020600340_1.html.

² "Economic Survey." Accessed December 2, 2025. <https://www.indiabudget.gov.in/budget2023-24/economicsurvey/index.php>; World Bank Open Data. "World Bank Open Data." Accessed December 2, 2025. <https://data.worldbank.org>.

³ World Bank Open Data.

⁴ "How Have States Designed Their School Education Budgets?" CBGA India, n.d. Accessed December 2, 2025. <https://www.cbgaindia.org/study-report/states-designed-school-education-budgets/>.

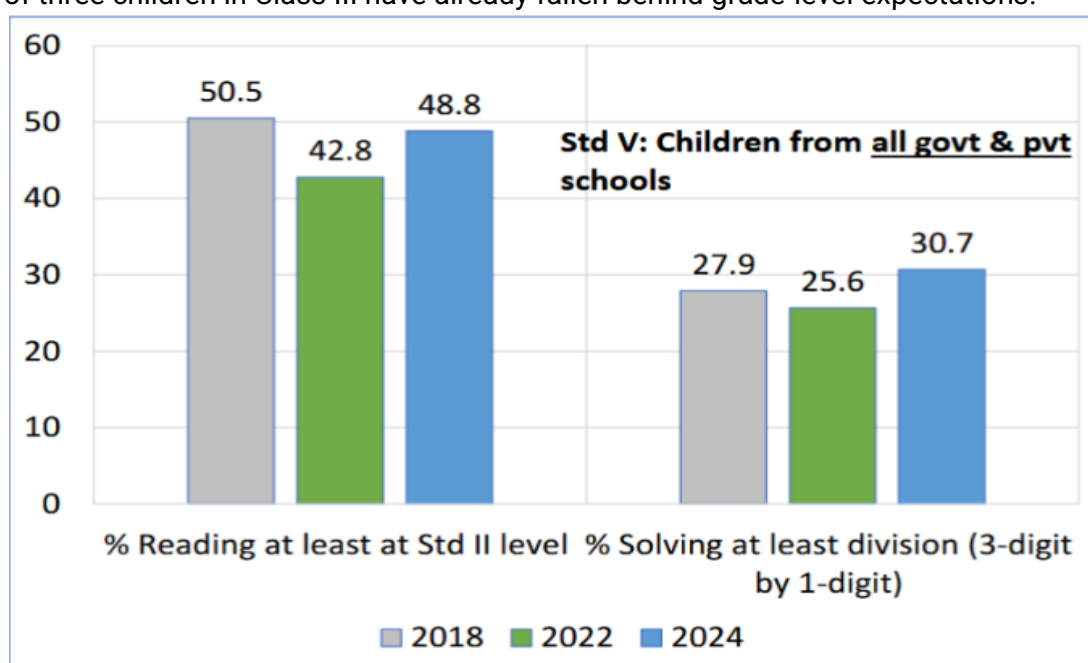
⁵ J, Prashanth Perumal. "Should Govts Give ₹55,000 per Year to Every Student Instead of Running Schools?" Education. *The Hindu*, September 21, 2024. <https://www.thehindu.com/education/55000year-can-govt-give-this-as-cash-to-each-student-instead-of-running-schools/article68667142.ece>.

3.7% of 4,60,000 test takers passing the Maharashtra Teacher Eligibility Test in 2021.⁶ Given the difficulty of these examinations, teachers in government schools are well qualified, significantly higher than their private sector counterparts.

There is a vociferous demand to set the expenditure at 6% of total GDP to support the rollout of the New Education Policy (NEP 2020). However, a focus on higher budget allocation for NEP distracts from the more important issue of improving expenditure quality by making existing investments in schools and teachers more efficient.

The Crisis: Learning Outcomes Paint a Bleak Picture

Despite these investments and qualifications, learning outcomes remain dismal. The Annual Status of Education Report (ASER) 2024 revealed that only 33.7% of Class III students in government schools are at least at the Class II level in reading and arithmetic, meaning two out of three children in Class III have already fallen behind grade-level expectations.⁷



By Class V, the situation has not improved by a lot. While the number of children who can read a Class II-level text rises to 48.8%, the percentage of students who can solve a three-digit-by-one-digit problem hovers around 30.7%.⁸

Internationally, India’s performance is also sub-par. The last time India participated in the Program for International Student Assessment, an Organisation for Economic Co-operation and Development study that measures 15-year-old students’ performance in mathematics, science, and reading, was in 2009.⁹ During that time, India ranked 72nd out of 73 participating countries. Comparatively, China came 2nd in the 2022 PISA test, which India opted out of.

⁶ *The Times of India*. “Just 3.7% of 4.6L Candidates in Maharashtra Ace TET 2021.” December 25, 2022. <https://timesofindia.indiatimes.com/city/pune/just-3-7-of-4-6l-candidates-in-maharashtra-ace-tet-2021/articleshow/96488872.cms>.

⁷ “ASER 2024.” *ASER: Annual Status of Education Report*, n.d. Accessed December 2, 2025. <https://asercentre.org/aser-2024/>.

⁸ *Ibid.*

⁹ OECD. “PISA 2009 Results: What Students Know and Can Do: Student Performance in Reading, Mathematics and Science (Volume I).” *PISA*, ahead of print, OECD Publishing, December 7, 2010. <https://doi.org/10.1787/9789264091450-en>.

The education system in India doesn't face the everyday challenges of a developing country. There are approximately 260 million students in the system across about 1.45 million schools. With the government ramping up its spending in the sector year by year, and providing fair compensation to the teachers within the government school system, the problem arises from struggles in policy implementation. There needs to be an intervention from within to drastically improve student learning outcomes.

Enrolment rates in other countries

Across large and middle-income countries, public education remains the backbone of schooling. In OECD countries, an average of 94% of all primary-level children attend public school. Even in countries with a sizeable private sector, such as France, the majority of children attend government-funded schools. Countries with strong learning outcomes, such as Canada, Germany, Poland and Vietnam, also have a majority of their students enrolled in public schools.

Table 1: Percentage of students in Public Schools¹⁰

Country	Total Students(millions)	Public School Share (% of students)	Private School Share (%)
Netherlands	1.14	99.7%	.3%
Japan	6.24	98.7%	1.3%
Vietnam	8.87	98.5%	1.5%
Finland	.36	98.3%	1.7%
Germany	3.24	94.8%	5.2%
Canada	2.43	93.6%	6.6%
China	108.56	92.8%	7.2%
Poland	1.59	92.2%	7.8%
United States	23.83	91.3%	9.7%
France	4.17	84.8%	15.2%
India	138.36	54.9%	45.1%

Conclusion

Despite large and growing investment by the government, the learning outcomes remain poor. Improving public education systems is the most scalable, equitable, and cost-effective way to improve national learning outcomes.

¹⁰ All numbers are in million. Data collected from World Bank Open Data. "Primary education, pupils." Accessed December 16, 2025. <https://data.worldbank.org/indicator/SE.PRM.ENRL> and Our World in Data. "Share Enrolled in Private Institutions at the Primary Education Level." Accessed December 16, 2025. <https://ourworldindata.org/grapher/precentage-enrolled-in-private-institutions-at-the-primary-education-level>.