GYANBODH
An International Multidisciplinary Peer Reviewed Journal

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

A Comparative Study of Public Expenditure on Education and Health in Maharashtra

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Abstract

Education and health are the two most important sectors for the socio-economic development of any state. Adequate public expenditure on these sectors improves human capital, enhances the quality of life and supports long-term economic growth. This study presents a comparative analysis of public expenditure on education and health in Maharashtra during the period 2020–21 to 2024–25. It examines the trends in government budget allocation, growth in expenditure and the relative priority given to these two sectors. The study also indicates that increased investment in these sectors has contributed to improvements in literacy, educational enrolment, healthcare services, life expectancy and reduction in mortality rates. However, challenges such as regional disparities, infrastructure gaps, shortage of skilled manpower and efficient utilisation of public funds continue to affect the overall effectiveness of public expenditure. The study concludes that balanced and sustained investment in education and health, supported by effective implementation and transparent financial management, is essential for achieving inclusive and sustainable development in Maharashtra.

Keywords: Public Expenditure, Education, Health, Maharashtra, Human Development, Budget Allocation, Comparative Study, Social Infrastructure, Economic Development, Public Finance etc.

Introduction:

Public expenditure on education and health plays an important role in human capital development, economic growth and social progress. Investment in these sectors helps improve the quality of education, healthcare services, workforce productivity and the overall standard

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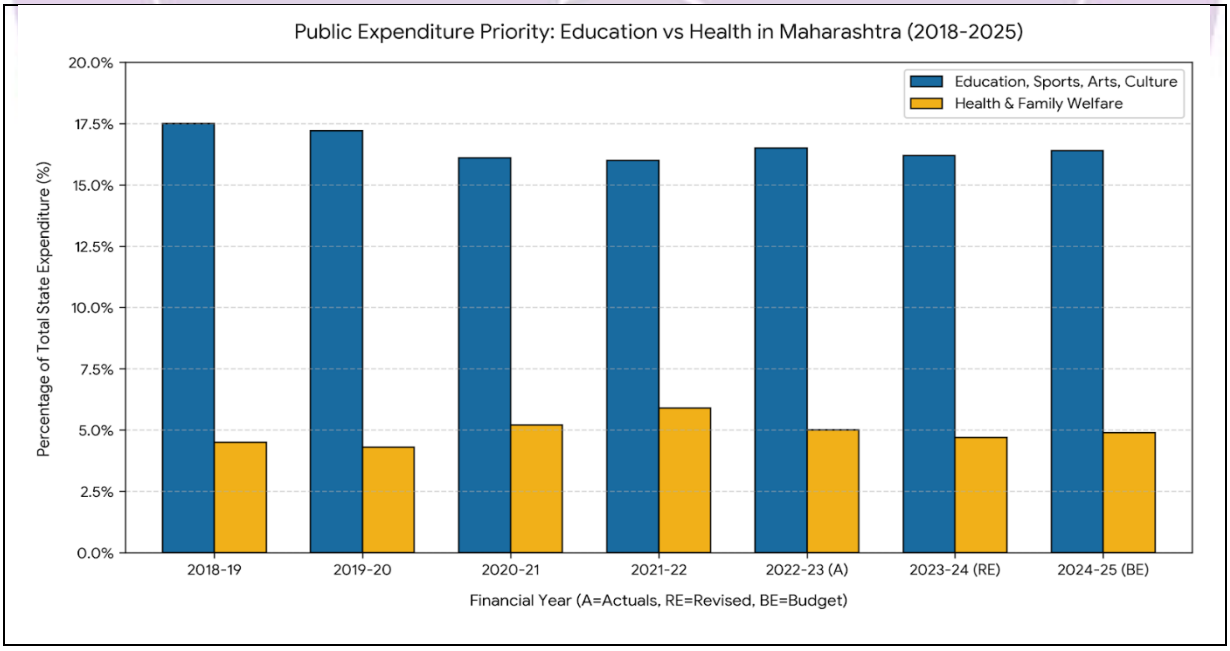
of living. Maharashtra, one of India's most economically developed states, contributes significantly to the country's Gross Domestic Product (GDP). However, despite its strong economic performance, the state continues to face challenges such as regional disparities, rapid urbanization and unequal access to quality education and healthcare between urban and rural areas. Education is essential for improving literacy, developing skills and creating employment opportunities, while health expenditure helps improve life expectancy, reduce mortality rates and enhance the well-being of the population. Therefore, adequate public investment in both sectors is necessary for balanced and sustainable development. In India, public expenditure on education and health has often remained below the recommended levels. As a result, it is important to examine how financial resources are allocated between education and health and whether these investments are sufficient to meet the growing needs of the population. Against this background, the present study compares public expenditure on education and health in Maharashtra during the study period. It analyses expenditure trends, budget priorities and the relative growth of both sectors to understand their contribution to human development.

Comparative Trend of Public Expenditure on Education and Health in Maharashtra: The comparative analysis shows that education consistently received a much higher share of Maharashtra's total state expenditure than the health sector during 2018-19 to 2024-25.



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National Health Accounts & NITI Aayog Reports.

The analysis shows that education consistently received a higher budget allocation than health in Maharashtra throughout the study period. Health expenditure increased significantly during the COVID-19 pandemic (2020–21 and 2021–22) but declined slightly in the following years. Overall, the findings indicate that while education remained the government's long-term priority, the pandemic emphasized the importance of increasing investment in the health sector.

Objectives of the Study:

1. To examine the trends in public expenditure on education and health in Maharashtra.
2. To compare the budget allocation and growth of public expenditure on education and health in Maharashtra.
3. To suggest policy measures for improving the efficiency and effectiveness of public expenditure on education and health in Maharashtra.

Hypotheses of the Study:

"There is a significant difference between public expenditure on education and health in Maharashtra."

Research Methodology:

The present study is based on secondary data collected from reliable sources such as the Maharashtra State Budget Documents, Economic Survey of Maharashtra, Reserve Bank of India (RBI) - State Finances: A Study of Budgets, Ministry of Education, Ministry of Health and Family Welfare and other government publications. The study covers the period 2020-21 to 2024-25.

Trends of Public Outlays on Education and Healthcare in Maharashtra:

1. **Pronounced Sectoral Spending Asymmetry:** Maharashtra consistently maintains a major structural imbalance in its social sector outlays, prioritizing education significantly higher than healthcare. Education routinely absorbs around 16% to 17.5% of the Total State Expenditure (TSE), whereas health spending generally struggles to

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exceed 5% of TSE. Relative to the Gross State Domestic Product (GSDP), public health allocations hover around 0.6% to 0.76%, trailing well behind national benchmarks (which recommend 2.5% of GDP).

2. **Post-COVID Temporal Reversion:** Prior to 2020, health expenditures exhibited flat, stagnant growth as a percentage of GSDP. During the COVID-19 pandemic (2020-2022), public health outlays surged dramatically to nearly 6% of total state spending to fund emergency medical facilities, oxygen plants and critical care infrastructure. However, post-pandemic budget estimates demonstrate a reversion toward pre-crisis baselines, highlighting that the spike was an emergency intervention rather than a permanent structural expansion of the public health budget.

3. **Revenue Dominance over Capital Formation:** A recurring trend in both sectors is the heavy skew toward revenue expenditure (recurring operational costs) over capital expenditure (asset creation). Over 85% of budget outlays in education and healthcare are consumed by salaries, administrative overhead and maintenance. Consequently, capital investments in new medical colleges, state-of-the-art diagnostic facilities and modernized rural school infrastructure receive a disproportionately small fraction of public funds.

4. **Out-of-Pocket Expenditure (OOPE) & Household Strain:** The relative underfunding of public healthcare directly inflates the financial burden on private citizens. Out-of-pocket expenditure (OOPE) constitutes roughly 46% to 67% of Current Health Expenditure in Maharashtra, driven primarily by reliance on private hospitals, outpatient diagnostics and medicines. In contrast, public spending on education has helped stabilize basic literacy, though private costs in technical and higher education remain high.

5. **Sub-Sector Allocation Imbalances:** Within the education budget, elementary and secondary education receive the overwhelming majority of funding, ensuring universal access under schemes like RTE, while technical and higher education increasingly rely on self-financed models. Within the health budget, funds are heavily skewed toward

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secondary and tertiary municipal/district hospitals rather than primary health centers (PHCs) and preventive care, leaving rural primary healthcare under-resourced.

6. **Administrative Bottlenecks & Budget Utilization Gaps:** While nominal budgetary outlays show steady annual growth, actual spending (Actuals) consistently falls short of Budget Estimates (BE). These utilization deficits stem from administrative delays, procedural procurement bottlenecks and severe staffing vacancies, such as unfilled posts for doctors, nurses and lab technicians. This absorptive capacity deficit hinders the efficient transformation of sanctioned funds into quality public services.

7. **Regional Disparities & Intra-State Inequities:** Aggregate state-level statistics mask sharp regional variations in social spending impact. Industrialized districts in Western Maharashtra and the Konkan belt boast better private and public infrastructure networks, whereas backward regions in Vidarbha and Marathwada face systemic shortages of functional healthcare facilities and quality educational institutions. This creates a spatial divide where budgetary allocations fail to fully equalize human development outcomes across the state.

Public Expenditure on Education and Health in Maharashtra: Public expenditure on education and health is essential for improving human development and ensuring sustainable economic growth. Government investment in these sectors helps enhance the quality of education, strengthen healthcare services, improve literacy, reduce mortality rates and increase the overall well-being of the population. Therefore, analysing the trends in public expenditure on education and health provides a clear understanding of the government's priorities and its commitment to social development in Maharashtra. The following tables present a comparative overview of public expenditure on education and health in Maharashtra over the study period.

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TABLE NO. 1

PUBLIC EXPENDITURE ON EDUCATION IN MAHARASHTRA

Financial Year	Revenue Expenditure (Rs. Crore)	Capital Expenditure (Rs. Crore)	Total Education Budget (Rs. Crore)	Share of Total Budget (%)	Education Spending as % of GSDP
2021-22	Rs. 71,240	Rs. 1,120	Rs. 72,360	16.6%	2.3%
2022-23	Rs. 80,110	Rs. 1,450	Rs. 81,560	17.2%	2.2%
2023-24	Rs. 95,680	Rs. 1,520	Rs. 97,200	16.2%	2.4%
2024-25	Rs. 97,420	Rs. 1,565	Rs. 98,985	16.2%	2.3%
2025-26	Rs. 104,510	Rs. 1,828	Rs. 1,06,338	15.2%	2.2%

Source: Directorate of Economics and Statistics (DES), Maharashtra Directorate of Economics and Statistics (DES), Maharashtra.

The table shows that public expenditure on education in Maharashtra increased steadily from Rs. 72,360 crore in 2021-22 to Rs. 1,06,338 crore in 2025-26. Revenue expenditure accounted for the major share of the education budget, while capital expenditure remained comparatively low. The share of education in the total budget remained around 15-17%, indicating continued government priority towards education. However, education spending as a percentage of GSDP remained almost stable between 2.2% and 2.4% during the study period.

TABLE NO. 2

PUBLIC EXPENDITURE ON HEALTH IN MAHARASHTRA

Financial Year	Revenue Expenditure on Health (Rs. Crore)	Capital Expenditure on Health (Rs. Crore)	Total Health Budget (Rs. Crore)	Share of Health in Total Budget (%)	Health Expenditure as % of GSDP
2021-22	Rs. 17,840	Rs. 2,547	Rs. 20,387	4.3%	0.65%

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2022-23	Rs. 20,910	Rs. 3,229	Rs. 24,139	4.7%	0.58%
2023-24	Rs. 26,120	Rs. 4,510	Rs. 30,630	5.1%	0.68%
2024-25	Rs. 23,890	Rs. 3,858	Rs. 27,748	4.5%	0.62%
2025-26	Rs. 27,143	Rs. 3,777	Rs. 30,920	4.4%	0.63%

Source: Socio-Economic Survey of Maharashtra.

The table indicates that public expenditure on health in Maharashtra increased from Rs. 20,387 crore in 2021-22 to Rs. 30,920 crore in 2025-26, despite a slight decline in 2024-25. Revenue expenditure constituted the largest share of the health budget, while capital expenditure also increased over the years. The share of health in the total budget remained between 4.3% and 5.1% and health expenditure as a percentage of GSDP remained relatively stable at around 0.58% to 0.68% during the study period.

TABLE NO. 3

MAHARASHTRA MACRO-BUDGETARY INDICATORS

Financial Year	Total Budget Expenditure (Rs. Crore)	Gross State Domestic Product (GSDP) (Rs. Crore)
2021-22	Rs. 4,34,825	Rs. 31,00,000
2022-23	Rs. 5,18,717	Rs. 35,27,081
2023-24	Rs. 6,00,498	Rs. 40,44,251
2024-25	Rs. 6,12,293	Rs. 42,67,771
2025-26	Rs. 7,00,020	Rs. 49,39,355

Sources: Note: Total Budget Expenditure represents Net State Expenditure excluding principal debt repayment.

GSDP estimates reflect current prices as published by the Directorate of Economics and Statistics.

The table shows that Maharashtra's Total Budget Expenditure increased steadily from Rs. 4,34,825 crore in 2021-22 to Rs. 7,00,020 crore in 2025-26. Similarly, the Gross State Domestic Product (GSDP) increased from Rs. 31,00,000 crore to Rs. 49,39,355 crore during the same period. The continuous growth in both budget expenditure and GSDP indicates the state's

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strong economic performance and its increasing fiscal capacity to invest in key sectors such as education and health.

TABLE NO. 4

A STUDY OF EDUCATION INDICATORS (MAHARASHTRA)

Education Indicator	2021-22	2022-23	2023-24	2024-25	2025-26 (Proj.)
Overall Literacy Rate	82.3%	83.1%	83.9%	84.8%	85.2%
Male Literacy Rate	88.4%	88.9%	89.4%	89.8%	90.1%
Female Literacy Rate	75.5%	76.8%	78.1%	79.2%	80.0%
Gross Enrolment Ratio (Elementary: Std I–VIII)	102.8%	103.5%	104.3%	105.3%	105.5%
Gross Enrolment Ratio (Higher Education: 18–23 Yrs)	33.1%	33.8%	34.2%	34.9%	35.4%
School Dropout Rate (Elementary: Std I–VIII)	0.8%	0.5%	0.3%	0.1%	0.0%
School Dropout Rate (Secondary: Std IX–X)	11.2%	9.8%	8.5%	7.0%	6.5%
Pupil–Teacher Ratio (Elementary Level)	26 : 1	25 : 1	25 : 1	24 : 1	24 : 1

Source: Economic Survey of Maharashtra, the UDISE+ Portal (Ministry of Education).

The table indicates a steady improvement in Maharashtra's education indicators during the study period. Overall, male and female literacy rates increased continuously, while the gross enrolment ratio at both elementary and higher education levels also showed positive growth. At the same time, school dropout rates at the elementary and secondary levels declined significantly, reflecting better student retention. The pupil-teacher ratio also improved slightly, indicating enhanced access to quality education.

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TABLE NO. 5

A STUDY OF HEALTH INDICATORS (MAHARASHTRA)

Health Indicator	2021-22	2022-23	2023-24	2024-25	2025-26 (Proj.)
Infant Mortality Rate (IMR)	16	16	15	15	14
Maternal Mortality Ratio (MMR)	36	36	37	37	33
Under-5 Mortality Rate (U5MR)	18	17	16	16	15
Life Expectancy at Birth	72.5	72.7	72.9	73.1	73.3
Crude Birth Rate (CBR)	14.8	14.5	14.0	13.8	13.5
Crude Death Rate (CDR)	5.5	5.4	5.4	5.3	5.2

Source: Economic Survey of Maharashtra, National Family Health Survey (NFHS-5) and NITI Aayog National MPI Repo SRS Special Bulletins on Maternal Mortality, the National Family Health Survey (NFHS-5).

The table shows gradual improvement in Maharashtra's health indicators during the study period. The Infant Mortality Rate (IMR), Under-5 Mortality Rate (U5MR), Crude Birth Rate (CBR) and Crude Death Rate (CDR) declined over the years, indicating better healthcare services. Life expectancy at birth increased steadily from 72.5 years in 2021-22 to 73.3 years in 2025-26 (Projected). Although the Maternal Mortality Ratio (MMR) remained almost stable during most of the period, it is projected to decline in 2025-26.

Comparison of Public Expenditure on Education and Health in Maharashtra:

1. Education expenditure remained consistently higher than health expenditure throughout the study period, indicating that the government gave greater budgetary priority to the education sector.

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2. Both education and health budgets showed an increasing trend, reflecting the state's commitment to strengthening human development.
3. Revenue expenditure accounted for the major share of the budget in both sectors, while capital expenditure remained comparatively lower.
4. Education expenditure accounted for around 15–17% of the total budget, whereas health expenditure remained between 4–5%, showing a significant difference in budget allocation.
5. Education expenditure as a percentage of GSDP remained above health expenditure, indicating greater public investment in education relative to the state's economy.

Measures for Improving the Efficiency and Effectiveness of Public Expenditure on Education and Health in Maharashtra:

1. The government should increase investment in education and health to meet the growing needs of the population.
2. Budget allocations should be utilised efficiently through proper planning, monitoring and timely implementation of schemes.
3. Greater priority should be given to improving educational and healthcare infrastructure in rural, tribal and backward regions.
4. Adequate recruitment and regular training of teachers, doctors, nurses and other frontline staff should be ensured to improve service quality.
5. Digital technologies should be widely adopted to strengthen governance, monitoring and service delivery in both sectors.
6. Regular evaluation of education and health programmes should be conducted to assess their outcomes and improve accountability.
7. Public-private partnerships may be encouraged to enhance the quality and accessibility of education and healthcare services.
8. The government should focus on reducing regional disparities by ensuring equitable distribution of financial resources.

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9. Transparency and accountability in public expenditure should be strengthened through effective financial management and audit systems.

Conclusion:

The study concludes that public expenditure on education and health has increased steadily in Maharashtra over the study period, reflecting the government's continued focus on strengthening human development. While education consistently received a larger share of the budget, health expenditure also recorded significant growth, particularly in response to the increasing demand for quality healthcare services. The improvement in literacy rates, enrolment levels, life expectancy and reduction in mortality rates indicates that public investment in these sectors has contributed positively to the state's social development. However, challenges such as regional disparities, infrastructure gaps and the need for efficient utilisation of public funds still remain. Therefore, sustained investment, effective implementation of programmes and transparent financial management are essential to enhance the quality of education and healthcare and to achieve inclusive and sustainable development in Maharashtra.

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