Funding Teaching Adequately

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India's spending on education is often discussed in terms of headline numbers: public expenditure hovering around 3 to 3.5 percent of GDP, well below the long-standing national commitment of 6 percent. The consequences of this fiscal choice materialises inside classrooms, schools, and labour markets. When we look closely at teacher data—who is hired, on what terms, where they are deployed, and in what numbers—the consequences of persistent underspend become unavoidably clear.

Teachers are the single most important recurring input in school education. Internationally, teacher salaries and related costs typically account for 70–85 percent of public school education expenditure. If a system systematically underfunds education, it will almost inevitably economise on teachers: by hiring fewer of them, paying them less securely, concentrating them unevenly across regions, or some combination of the three. India exhibits all these patterns.

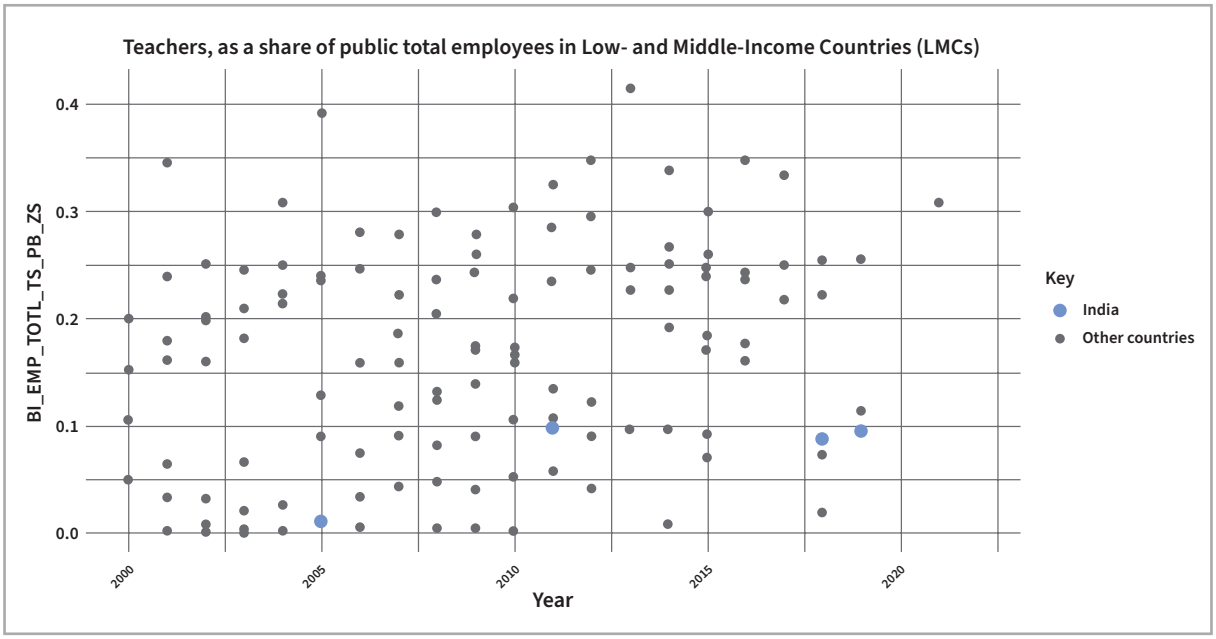
This has direct effects on learning. Pupil Teacher Ratios (PTRs) remain high. High PTRs affect the quality of teaching and strain on teachers. Multi-grade teaching and single teacher schools remain an issue.

High pupil–teacher ratios affect learning outcomes, stretch teachers thin and normalise multi-grade classrooms.

In India, it is reported that there is a shortage of more than one million school teachers. There are not enough sanctioned, funded teaching positions relative to enrolment and even among sanctioned positions huge vacancies exist. Vacancies as a proportion of sanctioned posts at the elementary level have improved from around 21 percent in 2021-22 to 16 percent in 2023-24. However, this is more a reflection of reduction in the number of sanctioned positions from 49.8 lakh to 46.6 lakh rather than an increase in recruitments, with the number of teachers in elementary schools remaining around 39.4 lakhs. Regional variations persist with vacancy rates reaching up to 40 percent in some States.

States cannot deploy teachers they do not employ. Creating posts, recruiting into

Figure 1 below shows that India has a relatively low fraction of teachers as a share of public employees and public formal employment–consistently in the lowest quintile across all lower middle income countries.



them, and paying salaries over decades requires predictable, adequate public financing. Chronic underspend makes such commitments fiscally and politically difficult, pushing States toward short-term fixes. These fixes—multi-grade classrooms, ad hoc subject allocation, or informal increases in teaching load—may keep schools running on paper, but they erode instructional quality.

One of the clearest fingerprints of underfunding is the large and persistent use of contract teachers. According to UDISE+ 2024-25, 16 percent of government school teachers nationally are employed in non-regular contracts (18% female teachers and 14% male teachers).

Contract teachers are cheaper. They are typically paid a fraction of regular teachers' salaries, receive limited or no pensions, and can be hired and dismissed with minimal long-term fiscal liability. For cash-strapped governments, they are an attractive response to the pressure to expand schooling without expanding budgets. Furthermore, the geography of contractualisation is revealing. Around 90 percent of contractual appointments are in rural schools, and are concentrated at the primary level. Some States have a high proportion of contract teachers in the range of 25 to 50 percent. Already under-resourced systems are stretched further. These are unfortunately, also the contexts where stable, experienced teaching matters most: early grades and socially disadvantaged regions. Instead, these schools receive the least secure, least supported segment of the teaching workforce.

Nearly 90% of contract teachers are posted in rural schools often in the primary grades, where stability matters most.

In the recent past, some States appear, at first glance, to have reduced their reliance on contract teachers. However this change largely reflects reclassification rather than genuine regularisation. Teachers were no longer counted as "contractual" in UDISE+, but they continue not to be treated as full state employees. Regularising teachers in a meaningful sense—bringing them onto standard pay scales, pensions, and service protections—requires sustained public spending. Where such spending is politically or fiscally constrained, States resort to definitional shifts. The result is a system that looks healthier on paper than it is in practice.

The distribution of teachers across school types further underscores the role of funding. Government schools educate the majority of India's children, particularly from poorer households, yet they face the greatest staffing stress. Private schools, especially low-fee private schools, often operate with lower PTRs by charging fees and employing young, underpaid teachers. Government schools, constrained by budgets and formal pay scales, cannot easily replicate this model without either raising expenditure or undermining job quality.

The outcome is a bifurcated system. Middle-class families increasingly exit government schools, while government schools themselves operate under tight staffing constraints. This, in turn, weakens political pressure for higher public spending: those with the loudest voices are less directly affected by deteriorating public provision. Underspending thus becomes self-reinforcing.

The teacher data shows that the system has adapted to low spending not by doing "more with less" in any benign sense, but by doing less with less: fewer teachers per child, more insecure employment, and sharper inequalities across regions and social groups.

This also has long-run consequences. Teaching is not a plug-and-play occupation. Quality depends on training, experience, and institutional commitment. A system built on contractualisation and chronic understaffing struggles to attract and retain talented educators, particularly in rural and disadvantaged areas. Over time, this erodes state capacity in education, making future improvements more expensive and harder to implement.

A teaching system built on insecurity struggles to attract experience, retain talent, or build state capacity.

Administrators often frame these constraints in terms of fiscal pressures—limited untied resources, high committed expenditure, and intergovernmental fiscal arrangements. These constraints, while real, mask an underlying issue of prioritisation. Even within tight fiscal envelopes, governments retain choices over what is treated as essential, protected expenditure and what is allowed to adjust at the margin. Education (like health) is a domain where underinvestment is damaging in the long term. The costs of weaker learning outcomes, greater in equality, and diminished state capacity far exceed the short-term savings achieved through post reductions or contractualisation. Making room for medium-term planning for teachers within fiscal frameworks can help,

One reason these patterns persist is the mismatch between the long-term nature of education systems and the short time horizons within which public administration typically operates. Decisions about teacher recruitment, career progression, and

regularisation unfold over many years, while budgets, postings, and political incentives are often annual or episodic. Addressing this mismatch may require institutional design that explicitly aligns fiscal planning with the temporal realities of education: for instance, treating teacher posts as protected committed expenditure, requiring medium-term workforce plans that outlast individual tenures, and explicitly costing the long-term implications of contractual staffing against regular appointments. Without such mechanisms, even well-intentioned administrators remain structurally constrained to prioritise the present over the future, with several costs.

India's underspend on education is a political choice with concrete consequences. High PTRs, widespread contractualisation, rural concentration of insecure teachers, and cosmetic administrative fixes are all rational responses to a system that has decided, implicitly, not to fund education at the level it publicly claims to value.

Without sustained investment in teachers, the promises of the National Education Policy remain structurally out of reach.

Reversing this trajectory requires more than exhortations about efficiency or governance. It requires sustained increases in public spending, specifically targeted at expanding and stabilising the teaching workforce. Without this, ambitions articulated in the National Education Policy—about foundational learning, equity, and quality—will remain structurally unattainable.

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