

Cheaper pencils, costlier classes: Why GST cuts barely dent rising education expenses

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Recently, the government announced a Goods and Services Tax (GST) cut on school essentials, effective from September 22. Several stationery items, including maps, charts, globes, pencils, sharpeners, crayons, exercise books, and erasers—previously taxed at 12 percent (erasers at 5 percent)—have now been made tax-free. Geometry boxes and school cartons, once taxed at 12 percent, will now fall under the 5 percent slab. The reforms were described as steps towards affordable education. But the GST relief covers items that constitute less than 20% of education expenses in rural areas and 13% in urban areas

The Comprehensive Modular Survey: Education, 2025, held during April–June, shows that families are spending far more on schooling, particularly on private and again separately on private coaching, in both rural and urban areas. Economists and education activists say that GST reforms leave large concerns unaddressed. As core educational services provided by schools remain tax-free, yet private tuition, coaching centres, online platforms, and ancillary expenses continue to attract GST between 5 and 18 percent.

In rural India, about two-thirds of students attend government schools, while about one-third attend private schools (including aided, unaided, and others). In urban India, the trend is the opposite, with about one-third of students studying in government schools and about two-thirds in private schools.

The difference in costs is striking, as the average expenditure on a student in private schooling is almost eight to ten times higher than in government schools. In rural India, families spend a little over ₹2,600 per student in government schools, compared to nearly ₹20,000 in private schools. In urban areas, the gap is even wider, with government schooling costing around ₹4,100 per student, while private schooling crosses ₹31,000.

The survey breaks down spending into categories, showing that course fees, which include admission, tuition, examination, development, and other compulsory payments, account for the lion's share of education expenditure. In rural schools, course fees make up nearly half of total spending (48%), followed by textbooks and stationery (20%), transport (16%), uniforms (11%), and other expenses (6%). In urban areas, the dominance of fees is even more pronounced, with course fees swallowing up almost two-thirds of total expenditure (65%), while transport (13%), textbooks and stationery (12%), uniforms (7%), and other expenses (4%) make up the rest.

Besides regular schooling expenses, the survey also pointed to the supplementary learning, i.e., private coaching. This refers to academic support outside school, covering both regular studies and competitive exam preparation. In rural India, about one in four students takes private coaching, while in urban areas it rises to one in three. And, the average cost per student comes to a little under ₹1,800 in rural areas and almost twice that, close to ₹4,000, in urban areas, making it the highest expense after course fees.

Interestingly, the survey shows that private coaching begins as early as the pre-primary stage, with about 11% of students in rural areas and about 14% in urban areas taking or

having taken coaching during the current academic year. Families, on average, spend a little over ₹400 in rural areas and close to ₹800 in urban areas at this level. The share of students taking coaching rises steadily through the years, reaching about one-third in higher secondary schools in rural areas and some 45% in urban areas. At this stage, the average expenditure climbs sharply to around ₹4,500 in rural areas and almost ₹10,000 in urban areas.

Arun C. Mehta, former professor and Head of the Department of Educational Management Information System (EMIS) at National University of Educational Planning & Administration (NIEPA), said that while exemptions on supplies ease little pressure on families, the 18 percent GST on coaching for exams like JEE and NEET continues to weigh heavily on middle-class households. “These costs are ultimately passed on to parents,” he observed.

Prof. Mehta notes that while government schools contribute more than private ones in rural areas, as the survey suggests, underfunding may be one of the reasons behind the growing shift toward private education. He adds that this underfunding could also be linked to dropouts among students in government schools as they move to higher levels of education.

Prof. Mehta, referring to the Unified District Information System for Education Plus (UDISE+) 2024-25, said that government schools have been shrinking in number, with over 81,000 closing between 2017–18 and 2024–25, while private schools have grown by more than 13,000 in the same period. He further noted that enrolment is strong at the primary level, but it falls sharply as students move up, dropping from about 91 percent in primary classes to 79 percent in secondary and only 58 percent in higher secondary, showing that many students are unable to continue their education beyond the basics. He called for a full exemption on education services and higher public spending on education, up to 6 percent of gross domestic product (GDP), as recommended by the National Education Policy.

Arun Kumar, an Economist and retired Professor at Jawaharlal Nehru University (JNU), sees the survey as an indication of deep-rooted inequality: families who can afford private schooling move ahead, while those who cannot are left to rely on underfunded government schools, as the pattern seen in urban schools.

Prof. Kumar also noted the growing dependence on private education and coaching. “Even children in private schools end up needing tuition, which should not be the case

when fees are already so high,” he said. With limited seats in competitive exams and shrinking job opportunities, Prof. Kumar pointed out that low and middle-income families are spending a disproportionate share of their earnings on their children’s education—often in the hope that it will secure them a seat in an institute and eventually a job.

(This is written by Bhaskar Basava, an independent journalist based in Hyderabad, covering politics, human rights, and environmental issues, primarily from Andhra Pradesh and Telangana. He is now expanding his work to include education across all States.)

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