ANALYSIS OF GOVERNMENT EXPENDITURE ON EDUCATION IN NEPAL

A Thesis

Submitted to theDepartment of Economics,Patan Multiple Campus, Faculty of Humanities and Social Sciences, Tribhuvan University,Nepal, in Partial Fulfillment of the Requirements of the Degree of

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BY

MONIKA SAPKOTA

Roll No. 2074-118

TU Red No: 6-2-22-776-2014

Department of Economics,

Patan Multiple Campus,

Tribhuvan University

Lalitpur, Nepal

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DECLARATION

I hereby declare that this thesis entitled “ANALYSIS OF GOVERNMENT EXPENDITURE ON EDUCATION IN NEPAL” which I have submitted to the Department of Economics, Patan Multiple Campus, in partial fulfilment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS, is entirely my original work prepared under the guidance of my supervisor. I have made due acknowledgements to all ideas and information borrowed from different sources while writing this thesis. The results of this thesis have not been presented or submitted anywhere else for the award of any degree. I shall be solely responsible for any evidence found against my declaration.

MONIKA SAPKOTA

LETTER OF RECOMMENDATION

This thesis entitled ANALYSIS OF GOVERNMENT EXPENDITURE ON EDUCATION IN NEPAL has been prepared by Mr. / Ms. MONIKA SAPKOTA under my guidance and supervision. I, hereby, recommend it in partial fulfilment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS for final examination.

…….

Baikuntha Pandey

Assistant Professor

Date: 10 July 2024

LETTER OF APPROVAL

We certify that this thesis entitled ANALYSIS OF GOVERNMENT EXPENDITURE ON EDUCATION IN NEPAL submitted by MONIKA SAPKOTA to the Department of Economics, Faculty of Humanities and Social Sciences, Patan Multiple Campus, Tribhuvan University, in partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

Thesis Committee

……
Head of Department
Dr. Raghu Bir Bista
Associate Professor

……..
External Examiner
Yogesh Ranjit, Ph. D
Associate Professor

…….
Thesis Supervisor
Baikuntha Pandey
Assistant Professor

Date:10July 2024

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ABSTRACT

Education is an important part of human capital formation. A school is an institution established to provide consideredin formation and teach students under the guidance of teachers and administrators. To improve the quality and human capital government is increasing its investment in education each year. This study aimsto analyse the trend of government expenditure on school education, the contribution of government expenditure on education and the relationship between government expenditure and education in Nepal.The study is based on secondary data. The period taken for the study is 14 years i.e. 2008-2021. Descriptive statistics is done to analyze the data. The data is presented in two segments i.e. before and after the declaration of the constitution. The relationship finding shows a high relationship between government expenditure and education in Nepal, which indicates that if government expenditure increases, the outcomes of education also increase and vice-versa. The impact of government expenditure on education shows that all the indicators are expanding as per the policy implication. The impact shows that every child is getting a quality education and schools are short distances. As population growth is declining the enrollment rate is increasing while comparing with the population growth rate. As the policy changes, the number of studentswho pass out from SEE in community schools also increases.Stable policy, regular monitoring and supervision, facilitation of learning tutorials, regular capacity enhancing training to teachers, educational workers and service providers, involving local communities and parents in the decision-making process, promoting local language, provision of motivational allowances for those teachers who are working in a rural municipality

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ACRONYMS AND ABBREVIATION

ARDL	Autoregressive Distributed Lag
AGR	Annual Growth Rate
CAGR	Compound Annual Growth Rate
CBN	Cost of Basic Need
CEHRD	Center for Education and Human Resource Development
C.V	Coefficient of Variation
GDP	Gross Domestic Product
GER	Gross Enrollment Ratio
GoN	Government of Nepal
GPA	Grade Point Average
GSDP	Gross State Domestic Product
HQED	High-Quality Education Development
MBA	Master's in Business Administration
MoF	Ministry of Finance
MoE	Ministry of Education
NEB	National Examination Board
OECD	The Organization for Economic Development
OLS	Ordinary Least Square
S.D	Standard Deviation
SEE	Secondary Education Examination
SLC	School Leaving Certificate
SSDP	School Sector Development Program
TU	Tribhuvan University
VECM	Vector Error Relationship Method

CHAPTER INTRODUCTION

1.1 Background of the Study

The term government expenditure describes the government's spending on purchasing commodities and providing services like social security, healthcare, education, and defence. Government final consumption spending is the term used in national income accounting to define the government's acquisition of goods and services by the government for immediate use to directly meet the needs and requirements of the community, whether individual or communal. Education is one of the primary and significant social factors closely linked with individuals and is the prime indicator of development.

Nepal’s education system recognizes the broad distinction between two types of schools: community schools and institutional schools, while also recognizing religious schools as a third category. Community schools are those that run on government funding government schools are further divided into three sub-categories: that of being community aided which receives government grants, community managed which also receives government grants but managed by the community, community unaided which is partially supported by the government the institutional ones are those that are run on private funds, supported by parents and trustees where government funds are not allocated it is a profit-making institution. This categorization can be understood simply as the distinction between public and private schools. (MoE, 2008)

As one of the key areas for economic progress, education has drawn the attention of numerous nations throughout the world. Governments spend money on education to improve their human resources, which will promote economic expansion. It is often acknowledged that one of the most effective means of fostering economic development is education. It makes a huge contribution to economic development and can be thought of as a high-level or specialized form of human capital. It is recognized as the "engine of development in new world economy" for good reason. Like any other investment, the idea of the rate of return on education is rather straightforward.(Chandra, 2010)

Government spending on education and law and order significantly contribute to poverty reduction while government spending on budget deficit and economic and community services appears to be responsible for poverty. Government spending in the health sector does not havea significant impact on poverty reduction (Asghar et al., 2012). Education is

indispensable to economic development and poverty eradication. No economic development is possible without education. A balanced education system promotes not only economic development, but productivity, and generates individual income per capita (Omoniyi, 2013). The government expenditure on education has a significant positive effect on the enrollment rate in the primary, secondary and tertiary levels(Hajebi et al., 2023). Public spending on infrastructure and education has a big impact on economic growth. It is recommended that the infrastructure in schools should be well-equipped to meet the needs of the current generation. The government should collaborate with the private corporate sector, and industrial units in constructing infrastructural facilities such as smart class room, computer and Internet facilities, labor atoriesetc. in schools. (Hota and Acharya, 2023)

Education-centred human capital is one of the variables extensively used to model growth equations with the resurgence of growth theories in the 1980s primarily with the publication of Romer's 1986 and Lucas' 1988 seminal paper. Education contributes to growth through its direct benefits to the individuals and positive externality of society(Dahal, 2013). The bidirectional causal relationship between government expenditure and real income. Policymakers should be focused on increasing government expenditure that helps to increase economic growth. Increasing openness of trade also helps to increase the GDP of the country by increasing the income and employment opportunities in the country. It is better to increase the exports than the imports. The government should focus on the building of long-term irrigation projects for the farmers that help to decrease the dependency on rainfall and ultimately increase the agricultural GDP (Chaudhary and Acharya, 2018). Education is argued to be the key determinant of wage rate, and other factors such as the sector of employment, gender of employee, marital status and work industry also(Adhikari et al., 2019). Education expenditure has been found to have a significant and positive impact on the GDP in the long run. This implies the rational decision of the government to prioritize education in its annual fiscal policy(Kharel, 2020). The rate of return to education is considered a measure of profitability. Getting confined to a particular course of study, it is well known that the number of students choosing management asa master's is increasing every year in Nepal (Paudyal and Poudyal, 2022).

Education is a primary need of an individual; the government of Nepal has the role of providing it to the people cheaper and quality. In recent years, the government of Nepal has spent about 16 percent of total budget expenditure in the educational sector in an average. But

there is only 71.15 percent literacy rate, of those who are above 15 years. The average value for Nepal government expenditure and its GDP during the period of 1998 to 2022 was 3.51 percent with a minimum of 2.89 percent in 1998 and a maximum of 4.66 percent in the year 2009. While the recent education spending, percent of GDP in the year 2022 is 3.65 where the literacy rate is 71.15 (women literacy rate- 93.25, male literacy rate is 95.14 and youth literacy rate is 94.18 in the ages 15-24). The school enrollment in preprimary is 93.70 percent, in the primary is 118.80 percent and in the secondary level is 83.92 percent (The Global Economy, 2022). The government has allocated NPR 130315807 for School Sector Development Program (SSDP) in the year 2022 but the total expenditure is only NPR 118654211 which is maximum than the last year this is due to the implementation of the presidential education reform program under SSDP (MoE, 2022)

Government spending on education is a part of discussion among concerned authorities of government, donor agencies and other concerned persons cause education has become a major part of study due to unsatisfactory results of the community schools. The government is spending to make quality education and to make easily accessible and to make equity. Investments in education become investments in the future of the country by growing a culture of learning and critical thinking, which covers the way to a more prosperous Nepal. Essentially, public spending on education is a strategic investment in the human capital and long-term growth of the country, not just a budgetary allotment. By giving people the information and skills necessary for both personal and professional growth, funding for public schools becomes an effective strategy for ending the cycles of poverty. Therefore, this topic to analyze the relationship and relationship between public expenditure and education in Nepal and to know the impact of government spending on education by taking time series data of government expenditure and educational indicators of Nepal. The main part of this thesisis to find out whether the results of government spending on education are relevant or not.

1.2 Statement of the Problem

The government of Nepal is increasing its expenditure on the education system so that the government is providing education freely at primary and secondary levels. The government is expanding its expenditure to make it accessible for all level students and to increase the quality of education in community-based schools. Although this expenditure is made to increase the quality of education due to insufficiently trained teachers and a lack of teachers in rural areas the target cannot be met. This study tries to put forward the government

expenditure made on education and the outcomes of that expanding expenditure. This study is mainly focused on finding the impact of the government expenditure on education in Nepal and to find out the relationship between government expenditure and education in Nepal. To achieve these objectives, our analysis is done in a comprehensive chronological overview of Nepal's economic trajectory from 2008 to 2021.

Education is the foundation for human capital development for any nation.According to the Central Bureau of Statistics, Nepal has a high literacy rate of 76.2 percent from the age of 5 (CBS, 2021). In the context of Nepal government has consistently prioritized building skill and technical human capital by al locatinga large chunk of the budget every fiscal year. The output of education expenditure is not so satisfying. There are various issues related to education that are the cause of low performance. Lack of following of regular calendar is a challenge in university education and the swing political situation disturbing the educational environment. Where the performance of community schools is low also private schools are profitable organizations so they are first oriented in the urban areas. The community schools are based on government funding so theyare found more in rural areas where students have to travel more than hours to attend in school and due to our geographical regions many teachers do not want to work in the rural areas cause they cannot get facility as of urban teachers even though the government provides more allowances and promotion theme for the teacher working in rural areas but teachers first focus in urban areas rather than working in rural areas. The results of the community schools are not so satisfactory in comparison with the results of private schools.

Many literatures suggest the relation between education and total factor productivity in aggregate level of the economy of Nepal in different time series(Dahal, 2013), performance of institutional school is measured in term of passed in school leaving certificate examination (Adhikari and Aryal, 2018), education cost of secondary education using assess per unit cost, net economic cost and opportunity cost(Pandey, 2022), public expenditure and educational productivity(Devkota et al., 2016), government expenditure on health, transportation, agriculture and economic growth in Nepal from 1975-2019(Kharel, 2020), effect of government expenditure on education on the enrollment rate of different educational levels in selected OECD countries from 2010-2019(Hajebi et al., 2023), influences of education and other demographic, economic and social factors on poverty of household in Bangladesh (Majumder and Majumder, 2017), economic growth affects the level of government spending on education, relationship between government expenditure in education and economic

growth in Malaysia during post-crisis recovery regime(Rambeli et al., 2021), linkage between economic development and spending on education for infrastructure development and quality of education (Hota and Acharya, 2023). Besides all this research, there is a lack of research based on the analysis of government expenditure on education in Nepal especially in community schools in the period of 2008 to 2021. Other research was not done in this period. There was no research conducted during the political transition period i.e. before and after the constitution in Nepal. To fill this research gap following are the research questions for this study:-

(i) How did government expenditure contribute to school education in Nepal?

(ii) What is the relationship between government expenditure and education in Nepal?

1.3 Objective of Study

The specific objectives taken for this study are as follows:-

a. To examine the impact and trend of government expenditure on education in Nepal.

b. To examine the relationship between government expenditure and education in Nepal.

1.4 Significance of Study

Nepal is the least developing landlocked country. At present approximately 15.1 percent population are living below the poverty line (MoF, 2023).Government spending on education is a part of the discussion among concerned authorities of government, donor agencies and other concerned persons because education has become a major part of study due to unsatisfactory results of the community schools.The government is spending to make quality education and to make easily accessible and to make equity.In Nepal, public education spending is essential for promoting creativity, research, and technology adaptation. As a result, the country is more equipped to handle modern issues and is better positioned to compete internationally. Investments in education become investments in the country's future by growing a culture of learning and critical thinking, which covers the way to a more prosperous Nepal. Essentially, public spending on education is a strategic investment in the country's human capital and long-term growth, not just a budgetary allotment. By giving people the information and skills necessary for both personal and professional development, funding for public schools becomes an effective strategy for ending the cycles of poverty. Education also emerges as an important factor as the nation works to achieve its developmental goals, as it lays the foundations for equal access to education.

Therefore, this study focuses on analyzing the impact and relationship of public expenditure and education in Nepal. The study interprets the time series data of government expenditure and educational indicators of Nepal. The study is important to know that the government spending on the education is relevant or not.

1.5 Scopes and Limitations of Study

This study only covers the data analysis between the periods from 2008 to 2021. This study only covers the time series data of 14 years of government expenditure on secondary education and different educational indicators. This study does not cover the entire government expenditure on education in the country it only covers the study of community school education status and expenditure of school education. This study only analyze the data of total government spending on education,total government expenditure up to secondary level, number of community schools (primary and secondary), number of teachers in community schools, students enrollment in community schools, rate of dropout, SLC/SEE pass out students from community and institutional schools and total number of students passed in SLC/SEE national. This study is analyses in two scenario i.e. 2008-2014 and 2015-2021 where 2015 is taken as the mean year from when educational policy was changed after

the constitution of Nepal 2015. The chi-square test is done for the result analysis of pass-out students from community and institutional schools.The research only follows explanatory research design and data is only analyzed using descriptive statistics. The study only shows the trend andimpact of government expenditure on education and the relationship of government expenditure and education in Nepal.

1.6 Outline of the Study

This study is divided into five chapters. The first chapter includes a general background of the study, a statement of the problem, objectives of the study, significance of the study, scopes and limitations of the study, outline of the study. The second chapter is the review of literature that includes an introduction, international and national literature review and research gap. The third chapter is the research methodology describes the introduction, conceptual framework,research design, nature and source of data, data collection method, tools of analysis and operational definition of the variables. The fourth chapter is the data presentation and analysis which describes the introduction, overview of the study, trend analysis of the relevant variables,the relationship between government expenditure and education in Nepal and discussions.The fifth chapter is summary and conclusion which includes an introduction, summary, and conclusion. In addition, the reference list and data setsare in the appendix.

CHAPTER I REVIEW OF LITERATURE

2.1. Introduction

This chapter is a review of previous research articles, books, and journals, related to the research topic conducted. This provides insight visit to government expenses on education (recurrent and capital), the social and cultural value, and the economic situation, and the institutional arrangement of the country. This chapter gathered the previously conducted analytical research work on the education system and government expenditure.

2.2. Literature Review

2.2.1 International Context

Fu et al. (2024)have focused on the equilibrium impacts of federal policies such as free-college proposals, taking into account that human capital is cumulative and that state governments have resource constraints. The study usea model of a state government that cares about household welfare and aggregate educational attainment. The government chooses income tax rates, per-student expenditures on K-12 and college education, college tuition, and the provision of other public goods. We estimate the model using U.S. data. The study suggest that free college policies would decrease state expenditure on education. More students would obtain college degrees. Most households would pay for the free college policies through negative welfare effects.

Bing (2023) investigated the impact of higher education on high-quality economic development in China. The role of higher education in China's high-quality education development (HQED) strategy from a digital perspective. Using panel data of 30 Chinese provinces collected from 2012-2020, comprehensive evaluation of higher education and HQED are conducted through the entropy method and a regression analysis is carried out with a fixed effect model. The results show that the level of higher education is positively associated with HQED and can achieve this effect through mechanisms that actively promote digital innovation and development. Further, the structure and quality of higher education play a greater part in facilitating digital development than the scale and quantity. The heterogeneity analysis demonstrates that the impact of higher education on HQED is more significant in the eastern region of China than in the western region. An increase in the proportion of fiscal expenditure to GDP diminishes the impact of higher education on HQED, while an improvement in the digital governance level enhances its influence.

Coman and Marcel(2023) focused on analyzing the impact of public education spending on economicgrowth in Central and Eastern Europe by using the ARDL approach with a structural break in 11 former communist EasternEuropean states, and current EU members. The results are consistent with thosepreviously obtained. The public education expenditure-economicgrowth relationship is mixed inthe long term; for five countries,there is no such thing; for six countries, there is one inthe longterm. Inthe short term, also, mixed results manifest for four countries are positive, and for two negative.

Hajebi et al. (2023) explored the effect of government expenditure on education on the enrollment rate of different educational levels in selected OECD countries from 2010 to 2019. The results show that the effect of all coefficients of the variables is expected based on the theoretical foundations, and the government expenditure on education has a significant positive effect on the enrollment rate in the primary, secondary, and tertiary levels.

Hota and Acharya (2023) investigated educational infrastructure, expenditure, enrollment and economic development in Odisha, India. The study intends to explore the linkage between economic development and spending on education for infrastructure development and quality of education. In 2019–20, the ratio of education department spending (revenue and capital account) to the gross state product (GSDP) is 2.84 percent. In 2020–21, the gross enrollment ratios (GER) for primary and secondary education are 97.4 percent and 84.5 percent respectively. As part of the study's methodology, analytical and empirical data from secondary sources were compiled. The multiple regression analysis demonstrates that the GER of primary and secondary education, as well as the expenditure (Revenue and Capital) on education by education departments to GSDP, is significant to economic growth. Here, the economic growth of Odisha as a whole is significantly influenced by the state's educational system. The study's conclusions show that public spending on infrastructure and education has a big impact on economic growth. It is recommended that the infrastructure in schools should be well-equipped to meet the needs of the current generation. The government should collaborate with the private corporate sector, and industrial units in constructing infrastructural facilities such as smart classrooms, computer and inter- net facility, laboratories etc in schools.

Villela and Paredes (2022) assessed the impact of public spending on education and human capital on economic development in Honduras from 1990 to 2020 through the instrumental variable method. The study showed that there was no relationship between both variables. A weak linkage can be found between GDP and education as only a 0.16 increase can be seen in

the rate of GDP per capita as a result of increasing one point of education. This indicated that the government plan and policies were not enough to address the development of the country. There was the requirement of the new policies that would give the output as per the input.

Mohammed et al. (2021) analyzed three models utilizing vector autoregressive and vector error correction modelling to examine the link between government spending and performance at the ordinary and advanced secondary levels in Zanzibar from 1990 to 2019. The results of this study provided support for the notion that public education spending directly improves educational outcomes. The findings are highly significant at the 5 percent level. The study found that government funding had favourable effects at every secondary level, but only Form VI levels had positive effects over the long term.

Rambeli et al. (2021) investigated impact of government expenditure in education on economic growth. The focal aim of the study is to examine the validation of education-led economic growth hypothesis in Malaysia during the recovery period following the 2008 world economic crisis. Specifically, this study implemented the augmented Cobb-Douglas model to observe the dynamic relationship between selected variables including, the industrial production index, gross fixed capital formation, employment, government spending on education and broad money supply. This study adopted the Vector Error Correction Model (VECM) in analyzing the dynamic impact between variables and generally supports the education-led growth hypothesis in the short and long run. Specifically, the study corroborates the bidirectional causality between education spending and economic growth, and vice versa, in the short run. The result also reveals that a long-run equilibrium relationship exists between government expenditure on education and economic growth in Malaysia during the post-crisis recovery regime.

Suwandaru et al. (2021) analyzed the relationship between public expenditure in the education sector and the economic growth in Indonesia for which the time series data from 1988 to 2018 and the Cobb-Douglas production function were used. The long-term relationships were found to be positive and insignificant while the short-term relationship was negative. Thus, the study concluded that an increase in education expenditure would have a positive impact on economic growth.

Kumar (2020) investigated the patterns of public spending increase on education in India using statistical tools like percentage and mean. The central government's spending was found

to be less than 4 percent of GDP, despite trends that were found to be rising. Manipur had the most spending on education among the major Indian states, and Gujarat had the lowest spending. It was discovered that state expenditures exceeded those of the federal government. According to the author, the government needs to spend more on primary and secondary education while private investment is required for higher education.

Shafuda and De(2020) analysed the government expenditure on human capital and growth in Namibiausing time series analysis. The studyaim to examine the impacts of government spending onhuman capital on human development indicators like healthcare outcomes, education achievements and increase in national income in Namibia using time series data from 1980 to 2015. The analysis reveals a significant long-run inverse relationship of government spending on healthcare with fertility rate, infant mortality rate and under-5 mortality rate. No co-integration is observed between government spending on healthcare and life expectancy or adult mortality rate. Also, the findings reveal as ignificant long-run positive relationship of government spending on education with literacy rate, net primary and gross tertiary enrolment rate. No co-integration between government spending on education and gross enrolment rate at primary and secondary levels is observed. The vector auto-regression analysis revealed significan timpacts of expenditure on healthcare and education on GDP growth in the longrun through improved human resources. The study are in favors of continuation of expansionary government expenditure policy to achieve faster economic growth in Namibia. Drastic changes should be adopted to improve basic education and primary healthcare in the country.

Fadlli et al. (2019)evaluated the role of government in education with a logic model framework. The logic model as an evaluation tool provides a logical framework for assessing the role of government. The tools reflected a logical reason for the use of inputs in the form of government expenditure on health toward outcomes in the form of a health index. The author uses quantitative methods with data in the form of unbalanced panels from 10 districts/cities in NTB in 2010-2016. The independent variable is the government expenditure on health and the control variable is household consumption expenditure while the dependent variable is the health index. The analysis was done by panel regression and the estimation method is random effects. The results of this study is that government expenditure on education does not affect the education index.

Ihugba et al.(2019) investigated the impact of government education expenditure on primary school enrolment in Nigeria by applying the bounds testing (ARDL) approach to cointegration from 1970 to 2017. The model was constructed to identify the relationship between the two variables while alsoconsidering the interaction with control variables; per capita income, remittances, investment and population growth. The bounds tests suggest that the variables of interest are bound together in the long run when primary school enrolment is the dependent variable. Interesting observations were made which are explained by the government's low spending on education. The author observed that an insignificant relationship exists between government education expenditure on primary school enrolment while a positive relationship exists between remittances and primary school enrolment. Population growth has a positive relationship in the short run, but a negative relationship in the long run. The speed of adjustment to equilibrium is 88 percent within a year when the variables wander away from their equilibrium values. The author recommends that government policies directed at improving the expenditure towards education should largely increase, and money meant for the education sector should be disbursed with a high degree of transparency.

Suresh and Ramesh (2016) have analysed the growth and development of higher education in an era of globalization. The key discussion of this paper is that higher education in India is being de facto privatized on a massive scale. But this privatization is not a result of changing ideological commitments of the key actors; the state, the judiciary or India’s propertied classes. Rather, this privatization has resulted from a breakdown of the state system. As a result, it is a form of privatization whose ideological and institutional underpinnings remain very weak. Instead of being part of a comprehensive program of education reform, much of the private initiative remains hostage to the discretionary actions of the state.

Obi and Obi (2014) investigated the impact of government expenditure on education in Nigeria. The study focuses on the impact of education expenditure on economic growth as a means of achieving the desired socio-economic change needed in Nigeria. The study uses time series data from 1981 to 2012. Johansen’s co-integration analysis and ordinary least square (OLS) econometric techniques were used to analyze the relationship between gross domestic product (GDP) and recurrent education expenditure. Findings indicate that though a positive relationship subsists between education expenditure and economic growth, a long-run relationship does not exist over the period under study. The study observed that this puzzle is attributable to labour market distortions, redundancy of the workforce, industrial disputes and

job discontinuities as well as leakages in the Nigerian society such as brain drain, among others. The study concluded that the educational sector has not been as productive as expected, which is due to the poor quality of graduates, increasing cases of cultism in schools and high rates of dropouts. The study also suggests the improvement of the educational system through efficient use of public resources through good governance, accountability and transparency.

Muktdair-Al-Mukit (2012) employed an econometric model to analyze time series data from 1995 to 2009 to determine the connection between public spending on education and Bangladesh's economic growth. According to the study findings, 1 percent increase in education spending eventually raised GDP per capita by around 0.34 percent which concluded that long-term economic growth is positively and significantly impacted by public spending on education. As a result, the report recommended that the government of Bangladesh should increase public spending on education.

Chandra(2011) investigated the nexus between government expenditure on education and economic growth in India. Linear and non-linear Granger Causality methods is applied to investigate the relationship between education spending and economic growth in India for the period 1951-2009. The results indicate that economic growth affects the level of government spending on education irrespective of any lag effects, but investments in education also tend to influence economic growth with a time lag. The results are particularly useful in theoretical and empirical research by economists, regulators and policymakers. Also, Chandra (2010)revoked analytical research on government expenditure on education relating to economic growth. The objective was the study is to evaluate the relationship between government expenditure on education and economic growth. An econometric analysis exploreshow government expenditure is reflected in the economy in future rather than in present. Investments in education also tend to influence economic growth after some time lag.

2.2.2 National Context

Bhattarai (2024) employs a descriptive approach to analyze the spending practices of Nepal’s provincial and local governments. Secondary sources of data were used to cover the period from 2018/19 to 2021/22. The study found that the average share of recurrent expenditure at the provincial level of Nepal was 42.5 percent while such share of capital expenditure was 57.5 percent. At the local level, the average share of recurrent and capital expenditure was

60.5 percent and 39.5 percent respectively. Within the capital expenditure of Nepal's provincial governments, the average share of expenditure items having relatively more contribution to capital formation was 70.6 percent while that of local governments, such share was 52.9 percent only. The study also found that Nepal's provincial and local governments spend less on the major subnational service delivery areas. Nepal's subnational government spending practices highlight the need to spend more on capital formation. Within the capital formation, more spending on the areas having a direct impact on their future growth and prosperity is necessary. The subnational governments must also spend more on major subnational service delivery areas.

Puri and Chhetri (2024) examined the School Management Committees (SMCs) and their effectson education in Nepal. SMCs, which include parents, teachers, and local authorities, oversee school activities, encourage community participation, and assure responsibility. SMCs confront many obstacles, including lack of awareness, capacityrestrictions, and political meddling, despite their importance. In response to these problems, School-Based Management (SBM) is being promoted to improve community involvement, autonomy, and accountability in school governance. SBM implementation may face resource restrictions and change resistance despite its potential benefits. Effective leadership at the school and SMC levels drives educational improvement and stakeholder collaboration, according to the paper. It promotes school democratization and community decision-making.

Duwal and Acharya(2023) applied an ARDL approach to investigate education and economic growth in Nepal. This study shows the relationship between education and economic growth in Nepal using time series data from 1986 to 2022 in the ARDL model. This study considered GDP growth as the dependent variable and growth in gross fixed capital formation, change in total population of ages 15 to 64, growth in government expenditure on education, school enrollment in the secondary level, school enrollment in the tertiary level and inflation rate as independent variables. The results show that the existence of a long-run relationship between gross fixed capital formation and GDP positively and significantly. The government expenditure on education, school enrollment atthe secondary level, and inflation have insignificant and negative relations with GDP growth. Total population and school enrollment atthe tertiary level have a positive and insignificant relation with GDP growth. In the short run, the total population dynamic affectsthe Nepalese economy. The author suggests that there should be more studies considering other proxies to support the unavoidable evidence of education as the backbone of any economy.

Joshi (2023)analyzes the trends in budgeting in the education sector of Nepal. Budget allocation trends are essential in the education sector for ensuring equality, improving education quality, enhancing accountability, and guiding policy decisions. This paper argues that investment in education is indispensable for national development. To ful fil this objective, the trends in budget allocation in the education sector support working among the stakeholders to ensure access to quality education. This paper is based on reviews of documents related to the ten-year budget allocation practices of the government of Nepal from 2012–13 to 2022–23. Other documents were collected from archived records and e-resources from Google. The finding reveals that the trends in total budget allocation have been increasing year by year, while the annual budget in the education sector remains at eleven percent of its total budget in these periods. This paper concludes that fifteen percent of the total budget is required to attain Sustainable Development Goal 4. Thus, the government should increase its budget in the education sector to fulfil the commitment of the signatory state in various international forums.

Mishra (2023)examines the situation of school dropout students at a basic level in Nepal. The term dropout refers to a person who has abandoned a course of study. The focus of the analysis has covered one of the most privileged groups of Nepalese society in the community schools of Nepal, which is known as Dalit. In this paper the dropout refers to Dalit students who drop out of school before completing a course of instruction. . For this purpose, quantitative research design was applied to collect data. Both primary and secondary data were used and questionnaire method was applied to collect primary data. Secondary data were collected from the official records of schools. The finding shows that Dalit students are facing the dropout problem before completing basic level. The finding also indicates that Dalits are considered one of the disadvantaged group of Nepalese society as well as backwards in terms of socio-economic status and education. The caste and gender discrimination has also played a significant role to increase dropout of Dalit students. The government of Nepal has declared various lows, policies and program to increase students' participation and to ensure equal access in education of Dalit students. However, the rate of dropout Dalit students are higher than other groups of people. As a result, at the basic level continues to grow, yet its high dropout rates remain a pressing and complex problem in Dalit community.

Gautam (2022) explored the empirical relationship between the government’s expenditure on education, health and social sector and the economic growth of Nepal. Cobb-Douglas

production function had been applied to measure the economic growth of the Nepalese economy. The author concluded that there was no strong association between economic growth and government expenditure on education, health and the social sector. The econometric results of this study explained that the government's expenditure on the education and health sector negatively affected economic growth, and the social sector and gross capital formation positively impacted Nepal's economic development.

Pandey (2022) conducted a study focused on the education cost of secondary-level education in Nepal. The specific objective of the study is to assess per unit cost, to estimate the opportunity cost and evaluate the net economic cost of secondary education in Nepal. The finding of the study is per unit cost assessed NRs 30,000/- which comprises unit cost average drop-out cost direct cost of guardians. Opportunity cost is assessed NRs. 58,333/- and total education cost is assessed NRs 88,333/- i.e., $803. The net return from education must exceed NRs 88,333.

Paudyal and Poudyal (2022) investigated about the returns to education of management graduates in development banks of Nepal. This study attempts to estimate the private rate of return to MBA for individuals employed in development banks in Kathmandu Metropolitan City (KMC). A questionnaire survey was done to collect data from 164 MBA graduates working in development banks. Using the linear regression method, it is found that the rate of return to MBA for individuals employed at development banks in KMC is 23 percent. Further, male MBA graduates have been receiving 28 percent return to education and female MBA graduates have been receiving 22 percent. Hence, the findings suggest that undergraduates irrespective of their gender should pursue an MBA to receivea higher return on investment in education.

Chapagain(2021)analyze the academic performance of grade 10 students in terms of their overall performance and its relationship with socio-demographic factors through the use of a quantitative research method. A total of 541 students (341 community and 200 private students) from seven local governments in the Dhankuta district were randomly selected to collect the data related to their socio-demographic characteristics and subject-wise scores using a data collection template. The data were descriptively and inferentially analyzed in support of SPSS. The key findings of the study revealed that the performance of most of all community school students (66 percent) is under a satisfactory level than private and they (85

percent) are very poor in Mathematics subjects than others. This study also concluded that there is a wider gap in student performance between theory and practical subjects. Students from municipal government and Brahmin/Chhetri ethnic groups are doing better performance than others. The study finally, found that school type, local government type, nature of examination, and age & ethnicity of students make a significant difference in student achievement whereas gender does not.

Khadka (2021) examined the effect of Worldwide Governance Indicators (WGIs) produced by Kaufmann et al. (1999) on Educational Performance (EP) of Nepal during the years from 1996 to 2018. The six indicators of WGIs: political stability and absence of violence, government effectiveness, voice and accountability, regulatory quality, control of corruption and rule of law are used as independent variables, and the educational performance (student learning achievement and education index) as a dependent variable. The results, based on the data collected from the secondary sources, derived from multiple-line graphs and the regression model shows that the majority of WGIs insignificantly explained the educational performance across the years. One indicator namely government effectiveness is found as a negative significant predictor of EP. The findings of this study suggest to reform in the existing level of WGIs for better educational performance.

Aryal (2020) investigated the Technical and Vocational Education and Training (TVET) sector as an enabler for the socio-economic transformation of the nation, preparing competitive, skilled human resources has become a global priority, which has ushered increased financing in TVET. Of late, TVET governance has become a greater policy concern in Nepal mainly to address the constitutionally designated functions between the three tiers of government as well as to establish a sustainable financing mechanism for better TVET service delivery. A mixed methods approach was applied using a survey, questionnaire and focused group discussion, including secondary information to capture the current TVET financing domain from the federal line ministries. The study found that TVET financing has been influenced mainly by the national economy, equity and inclusion, inter-governmental coordination, global political context, external funding, private sector engagement, and youth mobilisation. This study reveals that though the trend of budget allocation for TVET is highly correlated to the total national budget and total education budget, the actual allocation still seems significantly low to achieve the Sustainable Development Goal 4 targets and the government policy of quality expansion of TVET. The study explores specific models of TVET financing and indicates the viability of integrating funds so that TEVT can serve as an avenue for national prosperity.

Paudel (2020) pointed out the cost analysis in higher education at Tribhuvan University. The study analyzes the direct private and social cost of higher education at Tribhuvan University (TU) in Nepal. Post-positivist approach and survey methods with descriptive and explanatory design were used and both qualitative and quantitative data were collected from closed and semi-closed questionnaires. Simple random, stratified and purposive sampling techniques have been used.

Upadhyaya and Khanal (2020) studied the impact of public expenditure on primary education through secondary data with the main objective of stating the significance of public expenditure in the primary sector in Gorkha. A simple regression equation was used to show the relation between the budget for primary education and income at current prices being the dependent and the independent variables respectively. The study showed that there was a positive relationship between public expenditure on primary education and income. Whenever the income increased more spending was found to be spent on education and vice versa. The result showed that there exists a positive relationship between the dependent and independent variables because the public expenditure on primary education and income is the inverse relationship between these two. It was found that a hundred Rs. 100 increases in income brought a Rs.-0.008272 reduction in the primary educational budget of Nepal. Thus, the study concluded that government spending on education is necessary for the development of the country.

Adhikari et al. (2019) investigated whether education and experience matter in the distribution of wages in Nepal by using a quantile regression approach. Where author explains that labor market returns depend on the level of education as well as experience of the labor. The author also explained that education is not only the factors that determine wage rate there are also other factors such as the sector of employment, gender of the employee, marital status and work industry. The objective of the paper is to investigate the returns from years of schooling and experience by examining the wage structure in the formal, informal and agricultural sectors of Nepal. Quantile regression technique and the minimum wage education are used to analyze the impact of the recent labor force. The author shows that wage returns are positively associated with schooling in all three sectors. This study also shows that return to experience has negative associates in the case of the agricultural sector and return to schooling has a higher impact at higher quantile along with the distribution of wages in the formal sector and informal sector.

Neupane(2019)elaborates a conceptual framework for education development in a diverse society. As Nepal is a highly diverse, caste-based, multi-ethnic, and multi-linguistic society with very low development indicators, the article focuses on barriers to education and related issues across different socioeconomic groups. A systematic review of the relevant literature forms the basis for the design of a practical approach to education development for this diverse society in light of education policy trends in Nepal since 1950. The five proposed steps for education policy formulation and implementation include an in-depth analysis of the existing situation and outcome assessments. The proposed approach will enable local governance institutions to design and implement pragmatic provisions for education development at local level in the context of a new constitution that mandates local government management of school education.

Adhikari and Aryal (2018) investigated factors determining the performance of institutional schools in Chitwan, Nepal. The main aim of the author is to show factors that affect the performance of institutional schools. The author use structured questionnaires and interviews with 90 respondents of the Chitwan district. The performance of the schools is measured in terms of the percentage of students who passed in school leaving certificate examination. A regression model is used to analyze the data by the author. The author concluded that policymakers should focus on improving library and laboratory facilities, parents-teacher interactions, drinking water and toilet facilities to increase the percentage of students in SLC/SEE.

Chaudhary and Acharya (2018) pointed out the government expending, real interest rate, and economic growth in Nepal. This paper aims to obtain a linear and causal relationship between government expenditure and real interest rate to the economic growth of Nepal from 1975 to 2015. The applied ARDL cointegration technique yields a long-run association among the variables. Furthermore, the variables: government expenditure, real interest rate, and other control variables average rainfall and trade openness are established as long-run elements to the national income. The real interest rate has a substitution effect on the Nepalese household sector, hence it hurts the real income. However, trade openness, public expenditure, and average rainfall are recorded as the short-run determinants. Similarly, the study also explores the existence of abidirectional causal relationship between government expenditure.

Devkota et al. (2016) analyzed about the public expenditure in the education sector of Nepal. The general understanding of this study is that there is a close relationship between public expenditure and educational productivity. If the productivity of education contrasts with its expenditure, it is the misuse of scarce resources. The basic requirements are more preferred priority rather than education. The study also tries to explore the issue of rational utilization of public expenditure in education on one side and the ways to make it more productive and result-oriented in another. For that, some policies and literature and reviewed and compared with some achievements. The study tries to explore the issues and encourage us to rethink the education policy, practices and procedures for the utilization of public expenditure.

Dahal (2013)analyzed the effect of higher education and total factor productivity in Nepal. Which was explored through the lens of the ARDL bounds test. The objective of the paper is to examine the effect of higher education on total factor productivity in the aggregate level of the economy of Nepal employing in different time series. The author also claims that education enhances economic growth by working as an input of production and by being an agent of technological innovation, dissemination and imitation.The author concluded that export trade should be promoted by introducing and implementing a series of measures.

Parajuli and Das (2013) examined the formal and community school was started after the establishment of democracy in1951 AD. Out of the total budget, almost 17 percent is invested in the educational sector and more than 85 percent in community schools. But the educational performance of the community schools is very low in comparison to the private schools where only 15 percent of the students study. After a thorough review of secondary literature, and analysis through a macro perspective under the influence of critical pedagogy we found lack of physical and infra structures,textbooks, centralized curriculum, monolingual instruction, lack of constructive and critical pedagogical strategies, poverty and social exclusion are themaj or factors contributing for the poor performance in community schools.

Sharma and Acharya (2012) reviewed about the economic contribution of education in Nepal. The literacy rate was increased from 30 percent in 1980 to 85 percent in 2009. This helped in reducing the poverty rate from 41.2 percent to 25.2 percent from 1995/96 to 2010/11. Education helped increase the labor growth rate of Nepal where skilled, efficient and productive human resources were available. The government of Nepal announced free education up to the secondary level in the year 2007 but the focus was mainly on primary education. Productivity lag was seen in the education sector. The study concluded that though

several plans and policies were formed, the education system could not be developed because of the mismatch between the demand and supply of labor.

2.3 Research Gap

Based on reviewed literature there are appreciable research have been conducted relating with government expenditure and education.The reviewed literatures were suggesting education and total factor productivity in aggregate level of the economy of Nepal in different time series(Dahal, 2013), performance of institutional school is measured in term of passed in school leaving certificate examination(Adhikari & Aryal, 2018),education cost of secondary education using assess per unit cost, net economic cost and opportunity cost(Pandey, 2022),public expenditure and educational productivity(Devkota et al., 2016),estimate the private rate of return to MBA for individuals employed in development banks in Kathmandu Metropolitan City(Paudyal & Poudyal, 2022), government expenditure on health, transportation, agriculture and economic growth in Nepal from 1975-2019(Kharel, 2020), effect of government expenditure on education on the enrollment rate of different educational levels in selected OECD countries from 2010-2019(Hajebi et al., 2023),economic growth affects the level of government spending on education, relationship between government expenditure in education and economic growth in Malaysia during post-crisis recovery regime(Rambeli et al., 2021), linkage between economic development and spending on education for infrastructure development and quality of education(Hota and Acharya, 2023) .

In the main time it has been observed that there is lack of research on relation of overall lgovernment expenditure on education and government expenditure made up to secondary level education and other educational indicators of community schools (numbers of school, number of teachers, student’s enrollment, rate of dropout and SLC/SEE pass out from community and institutional schools and total number of student passed in SLC/SEE national). Also, the study shows the relation actual government expenditure upto secondary level of education in community schools and passout from the community schools.

CHAPTER BIORESEARCH METHODOLOGY

3.1 Introduction

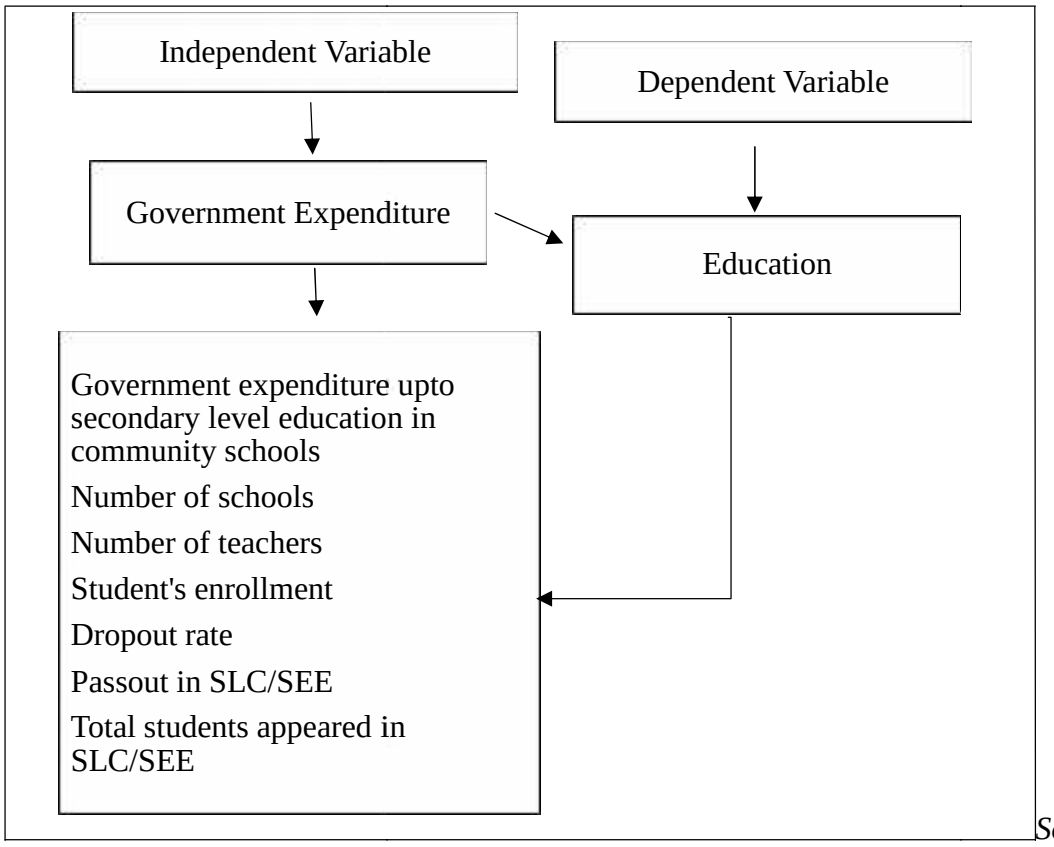
Education has a significant contribute onto people's lives and financial status in Nepal. Government spending on education has an impact on people's learning outcomes, which in turn determines how wealthy or impoverished they are. This section of the study outlines the relationship between the government's spending on education.

3.2. Theoretical/ Conceptual Framework

The education is a primary need of an individual, the government of Nepal has the role to provide it to the people cheaper and quality, Education is one of the primary and significant social factors which is closely linked with the individuals and is the prime indicator of development.(Devkota et al., 2016) The variable use for the study is government expenditure and performance of school education i.e. passout in SLC/SEE.

Figure 3.1

Conceptual framework



Source: Devkota et al. (2016)

Figure 3.1 shows the conceptual framework of the study. Based on the reviewed literature the variables included for this study is total government expenditure upto the secondary level in community schools, student enrollment in community schools, number of community schools (basic and secondary), number of teachers in community schools, dropout rate, performance of community and institutional schools.

3.3. Research design

The research design for studying government expenditure on education in Nepal, using an explanatory research design and secondary data, involves a systematic analysis of existing quantitative and qualitative datasets to uncover the underlying causes and impacts of expenditure patterns. This study primarily depend on secondary data sources such as government budgets, expenditure reports and educational performance. The data is analyzed by using the descriptive statistics method.Data were gathered from the appropriate sources and then evaluated using statistical methods. This study's data analysis prepared the path for its datainterpretation, making it an essential component. To draw the inferences, the data were presented in tables and graphs like trend lines and annual growth rates, compound annual growth rates, mean, standard deviation, and coefficient of variation were utilized to get a complete and deep understanding of the trend and composition of public educational expenditure.

3.4. Nature and Sources of Data

This study is based on a secondary source of data. In reviewing the different sources like journals, articles, study reports and books published by various national and international academic institutions. The data is collected from the Ministry of Education Science and Technology, the National Examination Board (NEB), the Ministry of Finance (MoF) and the Nepal Economic Survey. The study only covers the data from 2008 to 2021.

3.5. Data Collection Method

This study is based on secondary data which follows an explanatory research design. The annual growth rate (AGR) and compound annual growth rate (CAGR) are calculated for the study.The descriptive statistic method is used to analyze the data. The data from 2008 to 2021 is taken for the analysis, the data is analyzed in two scenarios i.e. 2008-2014 and 2015-2021, where 2015 is taken as the mean year. The data is taken from the Nepal Economic Survey, Ministry of Finance (MoF), National Examination Board (NEB), Ministry of Education Science and Technology. This study attempts to cover relation between government

expenditure on education,total government expenditure upto secondary level,student enrollment in community schools, number of community schools (basic and secondary), number of teachers in community schools, dropout rate, number of students pass out in SLC/SEE from community and institutional schools and total number of student pass out in SLC/SEE national.

3.6. Tools and Method of Analysis

This study is based on secondary data in which explanatory research design is used and analysis is done by descriptive statistic method for all the variables taken for the study. Microsoft Excel is used for the data analysis.

CHAPTER I DATA PRESENTATION AND ANALYSIS

4.1 Introduction

In this chapter, the data related to government expenditure on education and the output of community schools in school-level education. Secondary data is collected from different government agencies such as the National Examination Board (NEB) and Center for Education and Human Resources Development (CEHRD) for school-level education details/data. The budgetary expenditures on education from Economic Surveys and Status Report. This research work covers the data period from 2008-2015 BS.

4.2 Overview of Study

Total government expenditure on education includes all capital and recurrent expenditure. Expenditure made to operate daily education administration is recurrent expenditure and for development expenditure made capital expenditure. The government expenditure and school-level education performance data were collected from different government agencies to reveal the impact of government expenditure on education between 2008 to 2021, considered a political transition period. Within this period, the country experimented with different constitutions, the political situation was fragile, and the republic political system was introduced,a new practice in Nepal. A peace agreement and abolition of a 250-year-long monarchial political regime shifted to the federal republican system within this period.And new education policies,acts and regulations were also introduced within the mentioned period.

The expenditure made upto school education is 1692975 in the year 2008 due to which the enrollment of students is 6277785 while looking at the number of community schools which is 30225, the number of teacher is 151056, the rate of drop out is 7.8 and the number of passout from community schools is 171202. The expenditure upto secondary level of education in community school increases to 118654211 in the year 2021 due to which enrollment of students decreases to 4712909, the number of schools increases to 33291, the number of teachers also increases to 288569 so that the rate of dropout also decreases to 3.96 due to which the pass out from the community schools also increases to 326233 due to the rising government expenditure number of total appeared also increases each year of the study period.

Government expenditure on education has been rising annually, leading to increased funding for community schools and subsequently boosting student enrollment. As more students enroll, the number of schools expands to accommodate this growth, necessitating the hiring of additional teachers. This flow in the teaching workforce contributes to a decline in student dropout rates from community schools. Furthermore, the increase in qualified teachers enhances the quality of education, resulting in a higher rate of successful graduates from these institutions. Therefore, the consistent investment in education not only fosters greater enrollment but also ensures improved educational outcomes and lower dropout rates.

4.3 The Impact and Trend of Government Expenditure on School Education in Nepal

The government's commitment to supporting the education sector can be seen by the data, which indicates a notable growth in overall education spending over time. The building of new schools, the remodelling of existing ones, and the provision of instructional resources like textbooks and teaching materials are examples of how this additional financing is likely to have improved the infrastructure of education.Expanding access to education may have been facilitated by more government spending, as evidenced by the rise in community school enrollment and overall student body size. If there are more schools, then children can have easier access to education, especially in rural areas where community schools are frequently established to close the achievement gap.During the time of analyzing period, there have also been more teachers working in community schools. This suggests that government spending has aided in the recruitment and employment of additional teachers, which is necessary to uphold appropriate student-teacher ratios and provide high-quality instruction. To provide each student individualized attention and uphold academic standards, there must be a sufficient number of teachers.It appears that government spending on education has improved student retention, as evidenced by the declining dropout rates. The government has probably helped lower dropout rates and encourage more students to finish their education by providing the free education, and equipment they need, enhancing the facilities of the schools, and placing policies in effect to help at-risk of children. While observing the data of total number of student’s pass out and appeared in examination it indicates that many more students are capable and are progressive for the further higher education they need. This progressive report of pass out and appeared students of analyzing period are increasing which leads to better educational outcomes and improved projection of their further study and to get employment easily. The data taken for the study of specific periods of all the variables shows that the data fluctuated before and after the declaration of the Constitution 2072.

4.3.1Trend Analysis of the Relevant Variables

The comprehensive temporal overview covering from 2008 to 2021 revealsa distinct trend in the educational indicators for Nepal. Government expenditure demonstrates a persistent upward curve, scattered by contracts in 2014 and 2015 which raises a question of further investigation, while the peak value is measured in 2011, 2012 and 2013. Expenditure upto secondary level is continually growing. The number of schools is also increasing each year. The number of teachers is also continuously increasing. The rate of dropout is ona positive trend. The number of student's pass out in SLC/SEE oscillates moderately with a notable change in 2015, which highlighted that the policy is effectively implemented.

4.3.1.1 Overall Government Expenditure and Expenditure up to Secondary-Level Education

Table 4.1 and Figure 4.1 below present datasets of overall government expenditure on education and expenditure upto the secondary level of education in community schools from 2008 to 2021. Which shows the analysis of the mean, standard deviation and coefficient of variables.

Table 4.1

Overall education expenditure and expenditure up to the secondary level in community school

Years	Overall expenditure on education	Expenditure upto secondary level in community school	Years	Overall expenditure on education	Expenditure upto secondary level in community school
Before 2015			After 2015		
2008	3531300000	1692975	2015	9068950000	23479066
2009	4639400000	10244427	2016	10885901000	81163211
2010	5765200000	15753273	2017	451900000	86787550
2011	6205300000	16201207	2018	260700000	92563640
2012	6242980000	14372694	2019	394010000	93581309
2013	7782570000	17830633	2020	3714570000	111559239
2014	7984080000	16140282	2021	4261660000	118654211
Mean	**6021547143**	**13177313**	**Mean**	**4654825857**	**86826889**
SD	**1592320621**	**5600109.48**	**SD**	**4017321054**	**30952182**
CV	**26.44**	**42.5**	**CV**	**86.3**	**35.65**

Source: Ministry of Finance and Ministry of Education (2008-2021). The overall expenditure in education and total expenditure up to the secondary level in community schools is measured in NPR "000". SD = standard deviation and C.V = coefficient of variation.

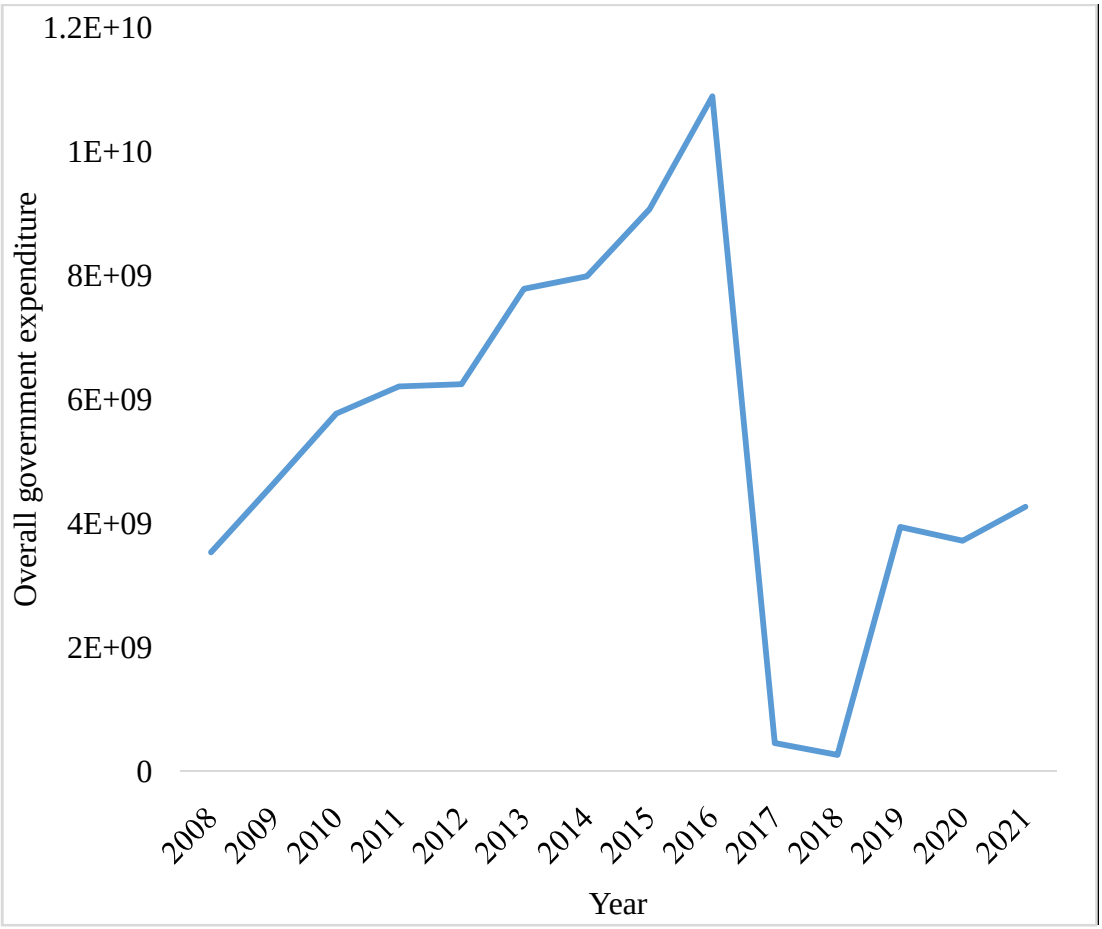
While analyzing the first segment of the overall expenditure on education it was found that the values of mean, standard deviation and coefficient of variation is 6021547143, 1592320621 and 26.44 respectively. After 2015 the values of mean, standard deviation and coefficient of variation are 4654825857, 4017321054 and 86.30. The mean value is decreased by 1366721286 but the value of standard deviation is increased by 2425000433 and the value of coefficient of variation is increases by 59.86.

In the first segment study (i.e. before 2015) of the expenditure up to the secondary level in community schools the values of mean, standard deviation and coefficient of variation are 13177313, 5600109.484 and 42.50 respectively. After 2015 the value of mean, standard deviation and coefficient of variation are 86826889.43, 30952182.31 and 35.65. The value of

mean and standard deviation increases by 73649576.43 and 25352015.83 respectively and the value of the coefficient of variation decreases by 6.85.

Figure 4.1

The trend of overall government expenditure on education



Source: MoF (2008-2021)

Figure 4.1 presents the total government expenditure on education between the periods 2008-2021 BS.The total government expenditure on education means the certain amount of money spent in a certain period/ fiscal year to improve the education status of Nepal. This government expenditure includes both current and recurrent expenditures of the government in education of Nepal. The data is taken from the table 4.3 above. The data shows that the overall trend line of the government expenditure on education is slanting downward.

Before 2015:

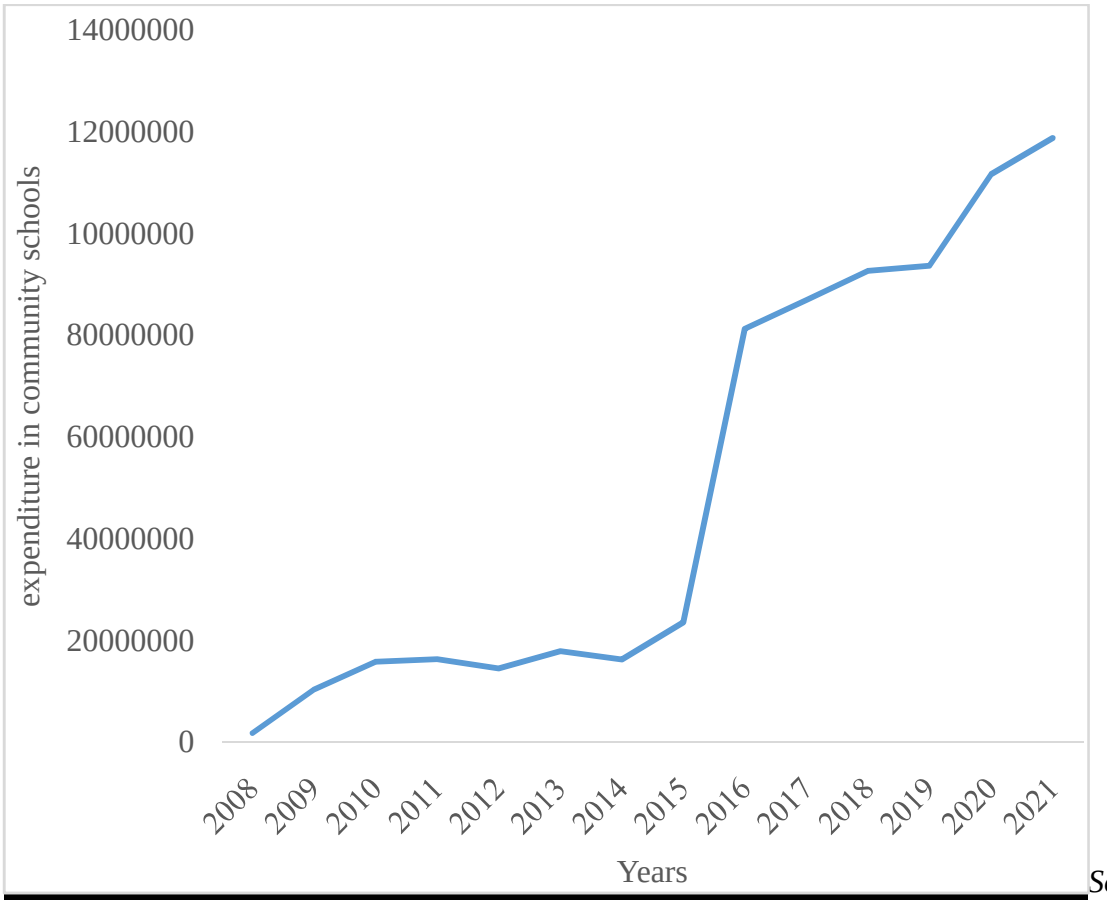
While analyzing the trend from 2008-2014 it has been seen that there is an increasing trend in government expenditure from 2008-2014. The government expenditure in the year 2008wasRs.3531300000 which increased to the Rs.7984080000 in 2014 these value is also the highest and lowest expenditure in this period which shows that the expenditure on education is increasing each year. The expenditure in 2009 was Rs. 4639400000 which increased to Rs.5765200000 in 2010 which again increased to Rs.6205300000 in 2011. The growth in government expenditure appears to be relatively stable in this period. There are no significant fluctuations in the expenditure. The records also show that there is a progressive trend of growing government expenditure on education during this period.

After 2015:

After the declaration of the constitution the expenditure subsequently increased in the years2015 and 2016 this is due to the reason that the government focused on the relief rescue and reconstruction activities that caused by the earthquake occurred in 2015. After the change in expenditure in 2016, there is fluctuation in the expenditure from 2017-2021. Where the expenditure dropped sharply in 2017 (Rs.4501900000) and 2018 (Rs.260700000) due to the unstable government and also due to election the expenditure decreased in those years. The expenditurestarts increasing in 2019 (394010000), 2020 (Rs.3714570000), and 2021 (Rs.4261660000). The highest expenditure in this period is Rs.4261660000 in the year 2021 and the lowest expenditure is Rs.260700000 in the year 2018. Despite these fluctuations in the data range the trend of government expenditure on education from 2015-2021 seems moving upward.

Figure 4.2

Trend of total expenditure up to the secondary level of education in community schools



Source: MoE (2008-2021)

Figure 4.2 presents the total government expenditure up to secondary level education. The data includes capital and recurrent expenditures made in secondary education. The graph value is taken from the table 4.1. The overall graph shows that the expenditure on education up to the secondary level is increasing. So that the trend line is upward-sloping.

Before 2015:

While analyzing the Data from the years 2008-2014. The government expenditure fluctuates up to secondary level education of community schools in those years, with significant increase and decrease trend.In the year 2008, the expenditure was Rs.1692975 which increased to Rs.10244427 in 2009. The data is increasing in each year except in 2012 (Rs.14372694) and 2014 (Rs.16140282). The highest expenditure on secondary level education was Rs.17890633 in the year 2013 and the lowest expenditure made was Rs.1692975 in the year 2008. The reasons behind these fluctuations are changes in government policies, economic conditions and educational priorities.

After 2015:

While analyzing the data from 2015-2021 I have found that the government expenditure is high in the year 2016 (Rs.81163211) this is due to the reason that the government start to reconstruct the building and other damages made by an earthquake in the year 2015. And government also start focusing on the policy direction as equity, quality, efficiency and achievement on the ECED, primary level education (1-8) and secondary level education (9&10). Also, the government started technical and vocational education in the schools and also focused on the health and sanitation of the students. After the initial point in 2016, government expenditure continued to increase from the year 2017-2021. The data also shows that there has been consistent growth in government expenditure over the years, with significant increases in funding.

4.3.2 Number of Community Schools

Table 4.2 and Figure 4.3 describe the progressive data sets of several community schools within the territory of Nepal. This analysis is done to know the increasing/decreasing rate of schools for which AGR and CAGR are calculated and the trend of community schools in Nepal is shown in the figure.

Table 4.2

Number of community schools (Basic and Secondary)

Years	Basic Schools (1-8)	AGR (B)	Secondary Schools (9-10)	AGR (S)	Years	Basic Schools (1-8)	AGR(B)	Secondary Schools (9-10)	AGR (S)
Before 2015					After 2015				
2008	25832	_	4393		2015	29012	_	6163	_
2009	27159	5.14	4715	7.33	2016	28810	-0.7	6170	0.11
2010	28008	3.13	4960	5.2	2017	27974	-2.9	6230	0.97
2011	29063	3.77	5539	11.6	2018	27690	-1.02	6587	5.73
2012	29971	3.12	5615	1.37	2019	27588	-0.37	7105	7.86
2013	29515	-1.52	5890	4.9	2020	27845	0.93	7193	1.24
2014	29131	-1.3	6011	2.05	2021	26429	-5.09	6862	-4.6
Mean	**28382.7**		**5303.39**			**27906.9**		**6615.71**	
SD	**1470.34**		**617.84**			**854.22**		**444.7**	
CAGR		**12.3**		**32.5**			**-9.14**		**11.3**

Source: MoE(2008-2021), AGR= Annual Growth Rate; CAGR= Compound Annual Growth Rate and SD= Standard Deviation.

For the first segment (before the constitution) of basic schools the number of basic schools is generally increased over the years2008-2012 which decreased in 2013 and 2014.The mean value for basic schools is 28382.71 and the value of standard deviation is 1470.34. The number of basic schools increased from 25832 in 2008 to 29971 in 2012. The value started decreasing by 29515 in 2013 to 29131 in 2014. The value of the annual growth rate was positive sign except in the years2013 and 2014. The compound annual growth rate is also positive. The highest number of school increase is by 3.77 percent in the first segment of the study.

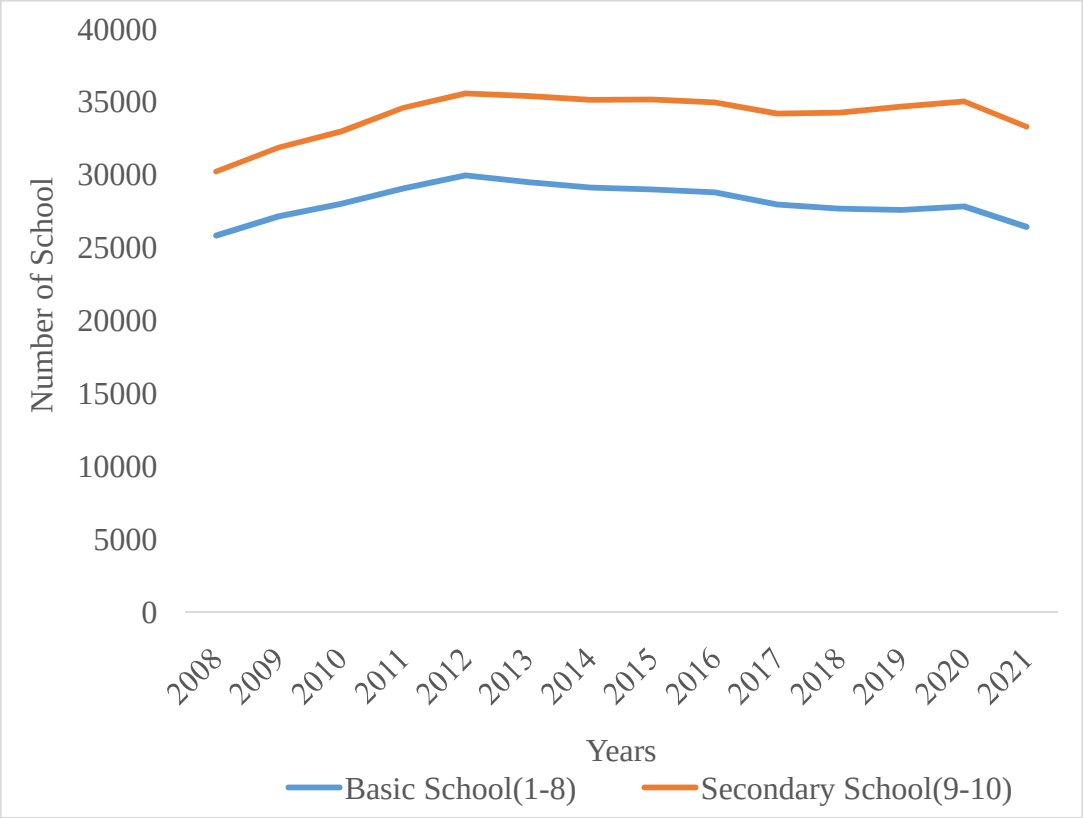
For first segment (before 2015) of secondary schools the number of schools is in increasing status. The mean value for secondary schools is 5303.39 and the value of standard deviation is 617.84.The number of school is 4393 in 2008 and 6011 in 2014. The annual growth rate (AGR) is in the positive sign. The compound annual growth rate (CAGR) is also in the positive sign which is 35.52 percent before the constitution. The value is highest in 2014 i.e. 6011 and the annual growth rate (AGR) is highest by 11.67 percent in the year 2011.

And for the second segment (after 2015) of basic school is generally decreasing except in the year 2020. The mean value for basic school is 27906.86 and the value of standard deviation is 854.22 which decreases by 616.13 while comparing with the first segment value. The annual growth rate (AGR) is in negative sign except in the year 2020. So the value of compound annual growth rate is -9.14 percent which shows the decrease in the number of basic schools. The positive value of the annual growth rate (AGR) is 0.93 percent in the year 2020.

Also, the second segment (after 2015) of secondary schools is gradually increasing except in the year 2021. The mean value for secondary school is 6615.71 and the value of standard deviation is 444.70 which is decreased by 173.15 when compared with the first segment value. The number of secondary schools is 6163 in the year 2008 and 6862 in the year 2021. The highest number of secondary schools is 7193 in the year 2020. The annual growth rate is also in positive sign except in the year 2021 which is -4.60 percent. The compound annual growth rate is 11.32 percent after the constitution. The highest annual growth rate is 7.86 percent in the year 2019.

Figure 4

Trend of number of community schools (Basic and Secondary)



Source: MoE(2008-2021)

Figure 4.3 presents the number of community schools (Basic and Secondary). The graph value is taken from the table 4.2.The trend line for basic school and secondary is slightly decreasing and increasing respectively. This is due to the merger of the schools.Also due to the natural disaster that happened in 2015.

Before 2015:

While analyzing the data on the number of basic schools. The data revealed that the number of schools goes on increasing trend in the years 2008-2012 which start to fall in the years 2013 and 2014. Due to the different influential factors such as government education policies, a low number of student schools are merged.Also while analyzing the data of the number of secondary schools the data revealed that there is an increase in the trend of secondary schools from 2008-2014 when compared with the basic schools data.

After 2015

In analyzing the trends from 2015 to 2021 in the number of basic and secondary schools, significant contrasts emerge that reflect underlying socio-economic factors shaping educational landscapes.

The decline in basic schools can be attributed to multiple interrelated factors. Firstly, geographical consolidation due to the merging of schools in less densely populated areas indicates a response to the challenge of maintaining viable educational institutions. Secondly, a decreasing rate of population growth directly impacts the demand for basic education facilities, leading to closures or mergers as student enrollment declines. Additionally, a shift in parental preferences towards institutional schools over community-based alternatives further contributes to the reduction in basic schools. These factors collectively underscore a changing educational environment where traditional community-based schooling is giving way to centralized, possibly more resource-rich educational options.

Conversely, the observed increase in secondary schools indicates a contrasting trend. This growth likely stems from several factors. As more students complete their basic education, there is a natural increase in demand for secondary education facilities. Urbanization trends may also play a role, concentrating secondary schools in urban centers where population growth and economic opportunities attract families. Moreover, governmental and private sector investments in secondary education may be expanding accessibility and enhancing educational opportunities.

Comparatively, the trends in basic and secondary schools reveal dynamic shifts in educational pathways and infrastructure demands. While the decline in basic schools highlights challenges in maintaining community-based educational structures, the rise in secondary schools suggests progress towards broader educational access and attainment. These contrasting trends necessitate nuanced policy responses to ensure equitable educational opportunities and address the evolving needs of diverse communities.

4.3.3 Number of Teachers

Table 4.3 and Figure 4.3 below present the data and the trend of number of teachers in community schools. For the analysis mean value, standard deviation, AGR and CAGR is calculated. The number of schools in the community schools is increasing continuously.

Table 4.3

Number of teachers in community schools

Year	Number of Teacher in Community Schools	AGR	Year	Number of Teacher in Community Schools	AGR
Before 2015			After 2015		
2008	151056	_	2015	203392	_
2009	162593	0.08	2016	210781	0.04
2010	180645	0.11	2017	219926	0.04
2011	188896	0.05	2018	211450	-0.04
2012	196980	0.04	2019	214024	0.01
2013	199693	0.01	2020	216133	0.01
2014	200818	0.01	2021	288569	0.34
Mean	**182954.43**		**Mean**	**223467.86**	
SD	**19445.38**		**SD**	**29160.81**	
CAGR		**0.30**	**CAGR**		**0.41**

*Source:*MoE (2008-2021)

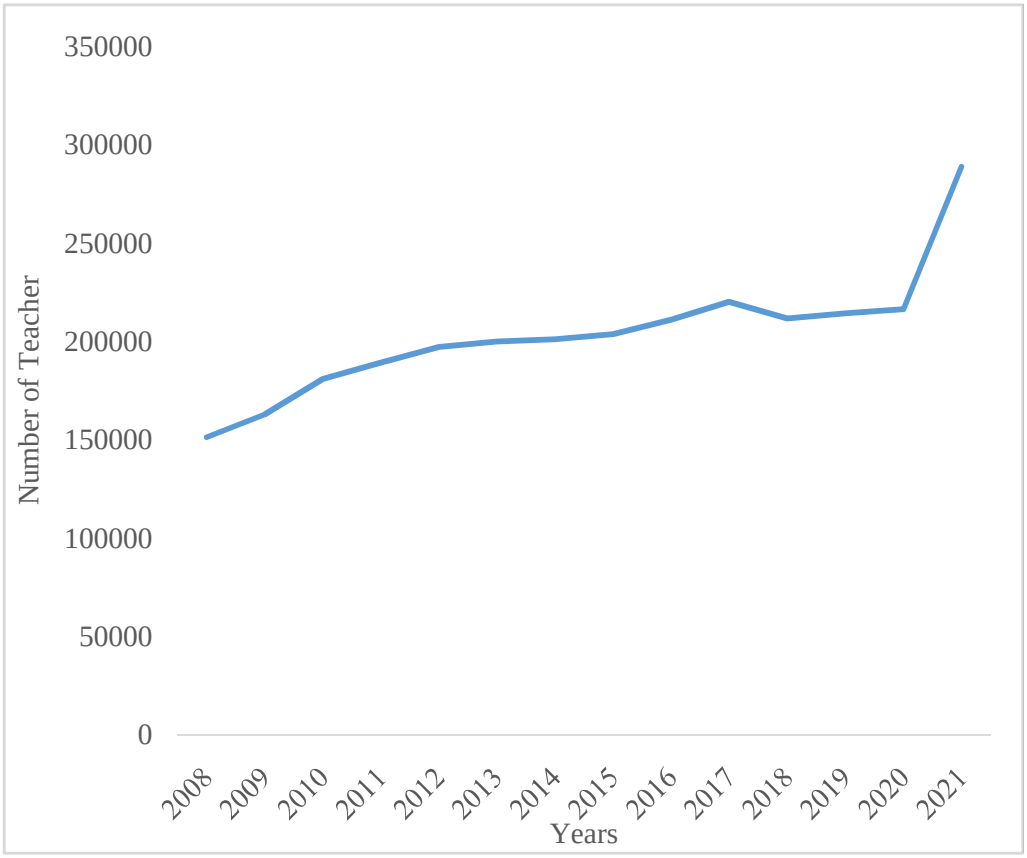
Table 4.3 shows the number of teachers in Community Schools. While analyzing the first segment the mean value is 182954.43 and the value of standard deviation is 19445.38. Also, the value of the compound annual growth rate is 0.30. The data shows that the number of teachers is gradually increasing each year. The number of teacherswas 151056 in 2008 which increased to 200818 in 2014. While looking at the annual growth rate the highest increment is by 0.11 in the year 2010 and the increasing rate is the same in 2013 and 2014 which is by 0.01. The compound annual growth rate is 0.30.

While analyzing the second segment of the study the mean value is 223467.86 which increases than before and the value of standard deviation is also increases which is 29160.81. The number of teachers is also increasing after the constitution too. The highest increment is

by 0.34 in the year 2014 also the in 2011 the rate decreases by 0.04. The compound annual growth rate is 0.41 which is increases by 0.11 than before.

Figure 4.4

Trend of number of teachers in community schools



Source: MoE (2008-2021)

Figure 4.4 presents the number of teachers in the community schools. The data also include permanent and temporary (Rahat) teachers in community schools. The trend of the number of teaches in community schools is sloping upward. The data is taken from the table 4.3 above.

Before 2015:

The number of teachers is continuously increasing each year, indicating potential growth in the educational sector. The number of teachers was 151056 in 2008 which increased to 200818 in 2014. The number of teachers in community schools is generally increasing during the period of analysis. The number of teachers increased which is 162593, 180645, 188896, 196980 and 199693 in 2009, 2010, 2011, 2012 and 2013 respectively. This increment is significantly essential to develop the education system of community schools.

After 2015:

The data on the number of teachers is increasing each year from 2015-2021. The number of teachers is 203392 in 2015 which increases to 210781 in 2016. In 2017 the number of teachers was 219926 which started decreasing i.e. 211450 in 2018 this number again started increasing in 2019 i.e. 214024. The number of teachers in community schools is generally increasing except in the year 2018. In 2020 the number of teachers in community schools is 216133 which rises to 288569 in 2021. The data shows that the overall trend is positive which indicates a positive impact in the educational sector. Also, the teachers in the community schools are appointed by the Loksewa only a person with specified age and educational qualifications is selected as a teacher in ECED, primary and secondary level.

4.3.4 Students enrollment

Table 4.4 and Figure 4.5 represents the dataset and trend pattern of student enrollment in the community schools. For further analysis mean value, standard deviation AGR and CAGR are calculated. The data and trend is presented in the tabulated and figure below:

Table 4.4

Student's enrollment in community schools

Year	Students Enrollment in Community Schools	AGR	Year	Students Enrollment in Community Schools	AGR
Before 2015			After 2015		
2008	6277785	_	2015	5930762	_
2009	6278782	0.0002	2016	5798994	-0.02
2010	6512430	0.04	2017	5635545	-0.03
2011	6366480	-0.02	2018	4995336	-0.11
2012	6277380	-0.01	2019	4600824	-0.08
2013	6026370	-0.04	2020	4848728	0.05
2014	5938354	-0.01	2021	4712909	-0.03
MEAN	**6239654.43**			**5217585.43**	
SD	**196287.02**			**554059.34**	
CAGR		**-0.05**			**-0.22**

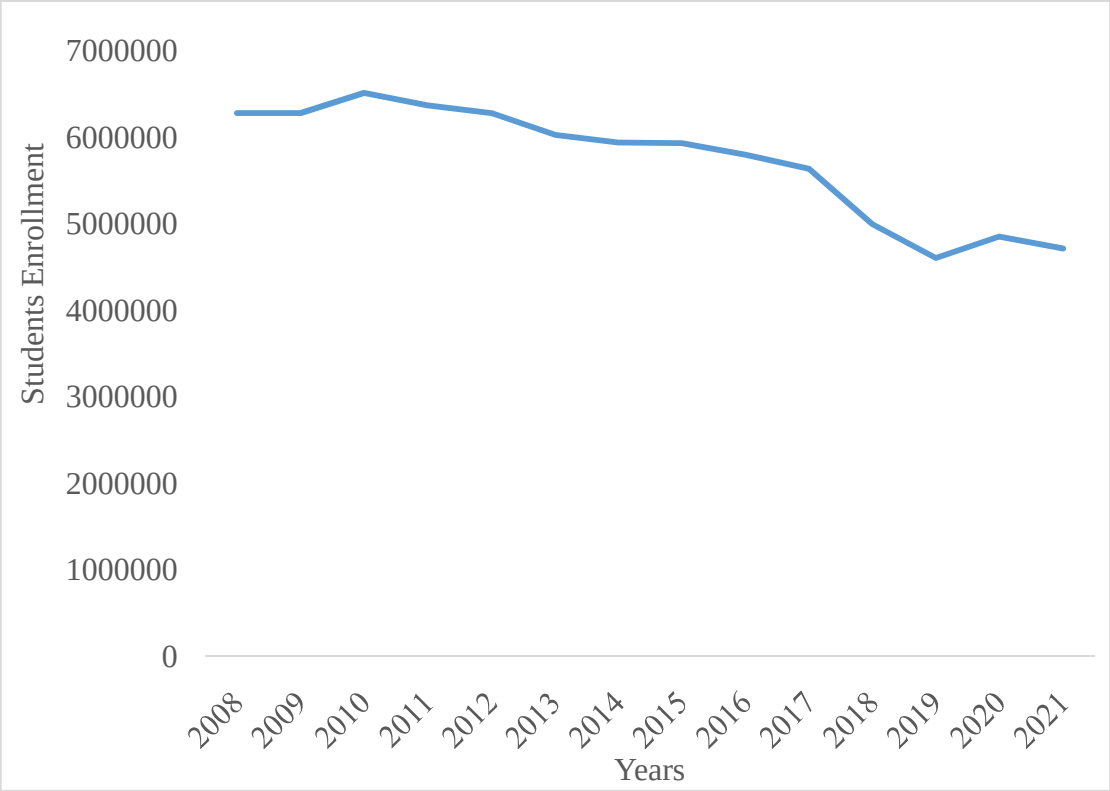
Source: MoE (2008-2021), SD= Standard Deviation, AGR= Annual Growth Rate and CAGR= compound annual growth rate.

Table 4.4 shows the student's enrollment in Community Schools. While analyzing the first segment of the data it is seen that the value of mean and standard deviation is 6239654.43 and 196287.02 respectively. The value of compound annual growth is -0.05. The number of students enrolled in 2008 is 6277785 which changes to 5938354 in the year 2014. The number and rate of enrolled students is increasing in 2009 and 2010 by 0.0002 and 0.04 respectively.

While looking at the second segment of the data it is seen that the value of mean and standard deviation is 5217585.43 and 554059.34 respectively. Where the mean value decreases by 1022012 and the value of standard deviation increases by 357772.32. The value of the compound annual growth rate is -0.22. While the rate is declining the enrollment rate increases in 2020 by 0.05.

Figure 4.5

Trend of student'senrollment in community schools



Source: MoE (2008-2021)

Figure 4.5 shows the data of student's enrollment in community schools in the year 2008-2021. The overall trend of school enrollment is slanting downward. The data is taken from the table 4.4.The data is analyzed in the two segments as below:

Before 2015:

The data shows that there is fluctuations in student enrollment in those years. The overall data shows that the trend of school enrollment is relatively stable or slightly decreasing. The number of student's enrollments in community schools is 6277785 in 2008 which decreases to 5938354 in 2014. In 2009 the number increases to 6278782 which again increases in 2010 i.e.6512430. The number of student's enrollment starts decreasing by 6366480 in 2011 which again decrease in 2012 and 2013 by 6277380 and 6026370 respectively. The decreasing trend is due to the various factor as decrease in birth rate, change in population demography, economic conditions affecting school attendance, changes in government policies impacting education and shifts in educational preferences among parents and students from community schools to institutional schools.

After 2015:

The data indicates a concerning trend of decreasing school enrollment in community schools in the years 2015-2021. The number of students enrolled is 5930762 in 2008 which decreased to 4712909 in 2021. The student's enrollment is decreasing i.e. 5798994, 5635545, 4995336 and 4600824 in the years 2009, 2010, 2011 and 2012. The student's increases in the year 2020 by 4848728. This shows that the number of student enrollment generally decreases in community schools except in the year 2020. The decreasing trend is due to the reason of decreasing birth rate, economic activeness and sending students to institutional schools, due to the geographical location of our country people have started to migrate there is less number of children in the society and external factors in the decrease in enrollment is a different natural disaster and due to the effect of COVID-19 students rate decrease.

4.3.5 Rate of Dropout

Table 4.5 and Figure 4.6 presents the data table and trend analysis of rate of dropout from the community school from 2008 to 2021. The annual increasing/ decreasing rate in dropout and compound annual growth is calculated, also the value of mean and standard deviation is calculated.

Table 4.5

Rate of dropout from community school

Years	Rate of Dropouts	AGR	Years	Rate of Dropouts	AGR
Before 2015			After 2015		
2008	7.80	_	2015	4.40	_
2009	7.20	-7.69	2016	4.10	-6.82
2010	7.03	-2.36	2017	3.80	-7.32
2011	6.26	-10.95	2018	3.50	-7.89
2012	5.84	-6.71	2019	3.33	-4.86
2013	5.33	-8.73	2020	3.16	-5.11
2014	4.93	-7.50	2021	3.96	25.32
Mean	**6.34**		**Mean**	**3.75**	
SD	**1.05**		**SD**	**0.44**	
CAGR		**-43.95**	**CAGR**		**-6.68**

Source: MoE (2008-2021), AGR= Annual Growth Rate, CAGR= Compound Annual Growth rate. SD= Standard Deviation.

Before 2015 the rate of dropout of students was 7.8 in 2008 which decreased to 4.93 in the year 2014.The highest drop is in the year 2011 by 6.26 which is 7.03 in the previous year 2010. The mean value is 6.34 and the value of the standard deviation is 1.05. While looking at the annual growth rate the value is declining in each year the highest decline rate is 10.95

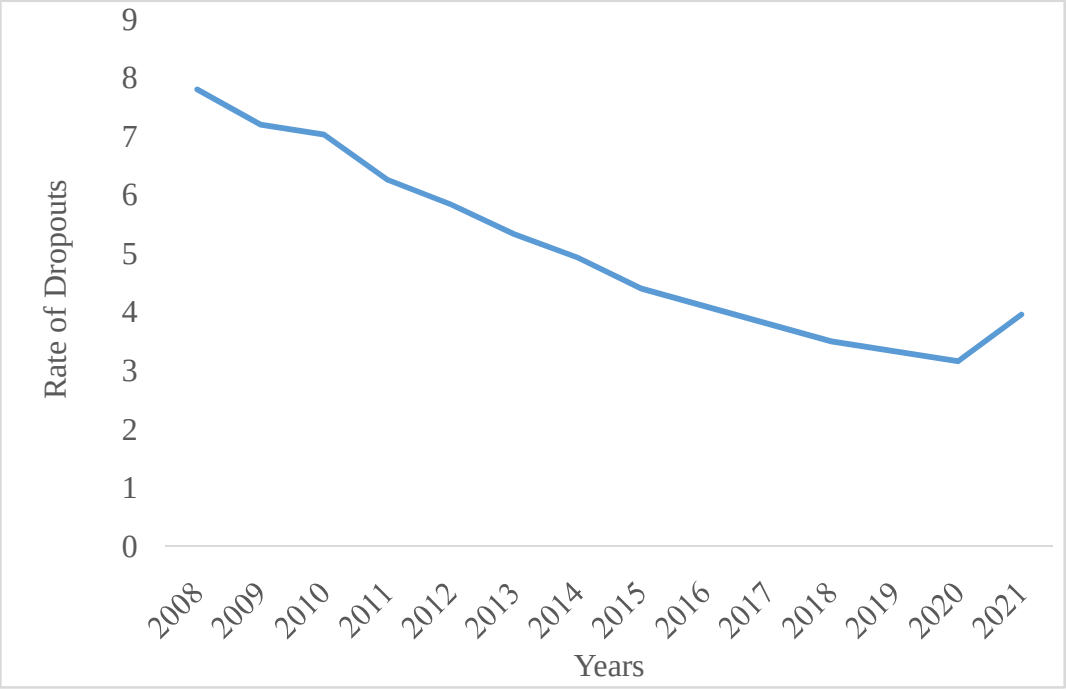
percent. The compound annual growth rate is -43.95 percent which means that there are positive changes in the rate of dropout i.e. the dropout rate is decreasing in each year.

After 2015 the rate of dropout of students is 4.4 in 2015 which decreases to 3.96 in 2021.However, the dropout rate increased by 3.96 in 2021 which was 3.16 in the previous year 2020. The mean value of the dropout student is 3.75 and the value of the standard deviation is 0.44 which shows the rate of dropout decreases by 0.61 than before. While analyzing the annual growth rate the generally decreases except in the year 2021.

The mean value is decreased by 2.591429 after 2015. Also, the annual growth rate is decreases to -6.68 percent. These changes show that the rate of dropout students is generally decreasing in each year of analysis.

Figure 4.6

Trend of rate of dropout



Source: MoE (2008-2021)

Figure 4.6 presents the data present of the rate of dropout from the schools in each year which shows the rate of dropout decreasing, which also shows that the trend is slanting downward. The graph value is taken from Table 4.7.

Before 2015:

The decreasing trend in the dropout rate from 2008-2014 is a positive sign in the field of education. It indicates a potential improvement of government to keep students in the school. The dropout rate is declining each year because the government is providing free education in community schools so that enrollment increases also all the parents are conscious of the importance of education so they started sending their children to school.

After 2015:

The data shows that the dropout rates are not constantly decreasing or increasing. The data seem to vary around a certain range, with some years showing lower rates and others showing higher rates.

4.3.6 SLC/SEE Pass out Students from Community and Institutional Schools

Table 4.6 and Figure 4.7 represent the SLC/SEE pass out students from the community and institutional schools from 2008 to 2021. For analysis mean, standard deviation, AGR and CAGR are calculated as in the table below. The trend is also analyzed in the figure below.

Table 4.6

Year	Passout from Community Schools	AGR	Passout from Institutional Schools	AGR	Year	Passout from Community Schools	AGR	Passout from Institutional Schools	AGR
Before 2015					After 2015				
2008	171202	_	60751	_	2015	251416	_	108299	_
2009	176905	3.33	70428	15.9	2016	254552	1.25	112538	3.91
2010	144680	-18	76214	8.22	2017	333021	30.8	123661	9.88
2011	120461	-17	79253	3.99	2018	318509	-4.36	132297	6.98
2012	87238	-28	81506	2.84	2019	329147	3.34	130778	-1.15
2013	88694	1.67	86357	5.95	2020	349671	6.24	133982	2.45
2014	101368	14.3	92464	7.07	2021	326233	-6.7	124239	-7.27
Mean	**127221**		**78139**		**Mean**	**308936**		**123685**	
SD	**37649**		**10414.95**		**SD**	**39380**		**9331.41**	
CAGR		**-43**		**44**	**CAGR**		**30.5**		**14.8**

SLC/SEE pass out from community and institutional schools

Source: NEB (STATISTICS 2008-2021), SD= Standard Deviation, AGR= Annual growth rate and CAGR= Compound Annual Growth Rate

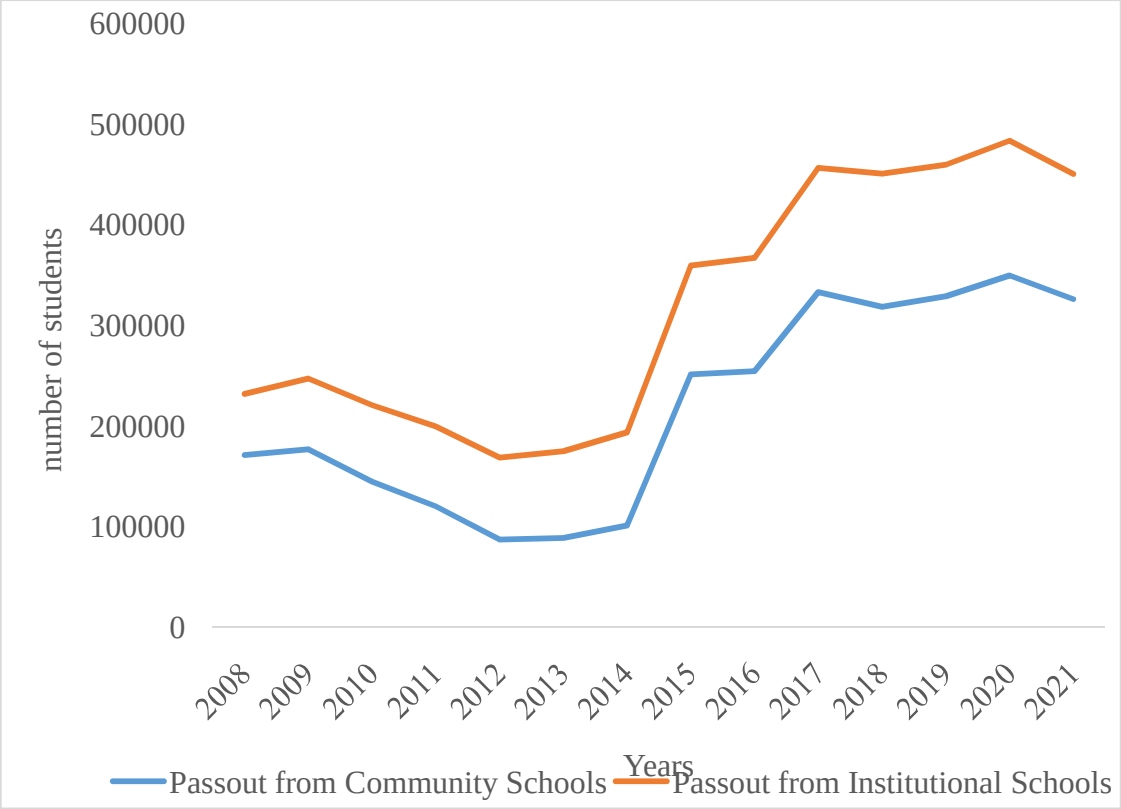
Before 2015 the number of student's pass out from the community schools is 171202 in 2008 which decreases to 101368 in 2014. The number of pass out rate is increasing in 2009, 2013 and 2014 which shows the number of pass out students is decreasing in the year 2010, 2011 and 2012. The highest rate of decreasing is 27.58 percent in the year 2010 while highest increasing rate is 14.29 percent in 2014. The mean value of number of student's pass out from community school is 127221.14. And the compound annual growth rate is -43.25 percent which shows that the number of pass out from community schools is low. After 2015, the number of pass out student's from community schools is 251416 in 2015 which increases to 349671 in 2020. The number of pass out students is generally increasing except in the years 2018 (318509) and 2021 (326233). The highest increase is by 333021 in 2017 in comparison with the previous year 2016 i.e. 254552. The annual growth rate is high in 2017 by 30.83 percent and the compound annual growth rate is 30.59 percent which is high after

2015 in comparison to the compound annual growth rate before 2015. The mean value after the constitution is 308935.57 which increases by 181714.4.

Before the constitution, the number of pass out students from the institutional schools is 60751 in 2008 which increases to 92464 in 2014. The number of student's pass out is continuously increasing in each year of analysis. The mean value of pass out students from institutional schools is 78139 and the compound annual growth rate is 44.0 percent. The highest growth rate is 15.93 percent in the year 2008. After the constitution, the number of pass out students from the institutional schools is 108299 which increases up to 133982 in 2020. The number of pass out students is generally increasing except in the years 2019(130778) and 2021 (124239). The annual growth rate is highest in 2017 by 9.88 percent. The mean value of several pass out from institutional school s after 2015 is 123684.86 which increases by 45545.9 after the constitution. The compound growth rate is 14.81 percent which indicates that the pass out students are increasing in the years of the analysis period.

Figure 4.7

Trend of SLC/SEE pass out from community and institutional schools



*Source:*NEB (STATISTICS- 2008-2021)

Figure 4.7 represents the pass-out students from the community and institutional school in the SLC/SEE examination. Before 2015 the students who appeared in the final exam of 10 were called SLC and after 2015 the students who appeared in the final exam of 10 were called SEE. Before 2015 there is a percentage system in school leaving examinations after 2015 grading system is implemented. After the new education reform, the SLC was changed to the SEE examination where the grading system started from the year 2015. Where policy declares that the students who appeared in the SEE are declared as students who get A+ regarded as outstanding, A as excellent, B+ as very good, B as good, C+ as above average, C as average, D as below average and NG as non-graded. The graph value is taken from Table 4.6.

Before 2015:

The data of community schools shows that the number of pass-out students fluctuates from 2008-2014. Even though the government is expanding education in community schools the number of pass out is fluctuating each year this is because of low-quality education in the

community schools, the teachers in the community schools are well qualified but they are not giving priority to the education of the children's, the students in the community schools are mainly from the middle-class family so that they help their families before and after school time also this is because of lack of vocational and technical education.

The data from institutional schools shows that the number of pass-out students is increasing from 2008-2014. Where the number of students pass out is 60751 in the year 2008 and 92464 in the year 2014. Because the institutional schools mainly focus on the students' quality education and good pass-outnumbers from the secondary level.

After 2015:

The data of community schools shows the number of pass-out students is increasing from 2015-2021. This is due to the new educational policy reform in 2015 when students appeared in the students were given different grades and they were not regarded as failed but they were regarded as non-graded students. Local government is directly involved in the operational management of community schools. So the number of pass-out students increases from 101368 (2014) to 251416 (2015).

The data from institutional schools shows that the number of pass-out students is increasing from the year 2015-2021. This is due to the new education policy. The pass-out students range from 2015 to 2021 is 108299 to 124239 respectively.

4.3.7 Total number of students appeared in SLC/SEE examination national

Table 4.7 and Figure 4.8 present the data and the trend of the total number of students appeared in SLC/SEE examination nationally. The analysis is done by using the descriptive statistic method, increasing rate of each year is calculated by AGR and CARG is also calculated. The trend of the number of students appearing is shown in the figure below.

Table 4.7

Total number of student's appeared in SLC/SEE national

Years	Total Student's Appeared In SLC/SEE	AGR	Years	Total Student's Appeared In SLC/SEE	AGR
Before 2015			After 2015		
2008	342632	_	2015	436330	_
2009	385146	12.4	2016	442967	1.52
2010	397759	3.27	2017	478845	8.1
2011	419121	5.37	2018	459275	-4.1
2012	403936	-3.6	2019	478050	4.09
2013	394933	-2.2	2020	484278	1.3
2014	405450	2.66	2021	495653	2.35
Mean	**392711**		**Mean**	**467914**	
SD	**24431.38**		**SD**	**22188.56**	
CAGR		**17.9**	**CAGR**		**13.3**

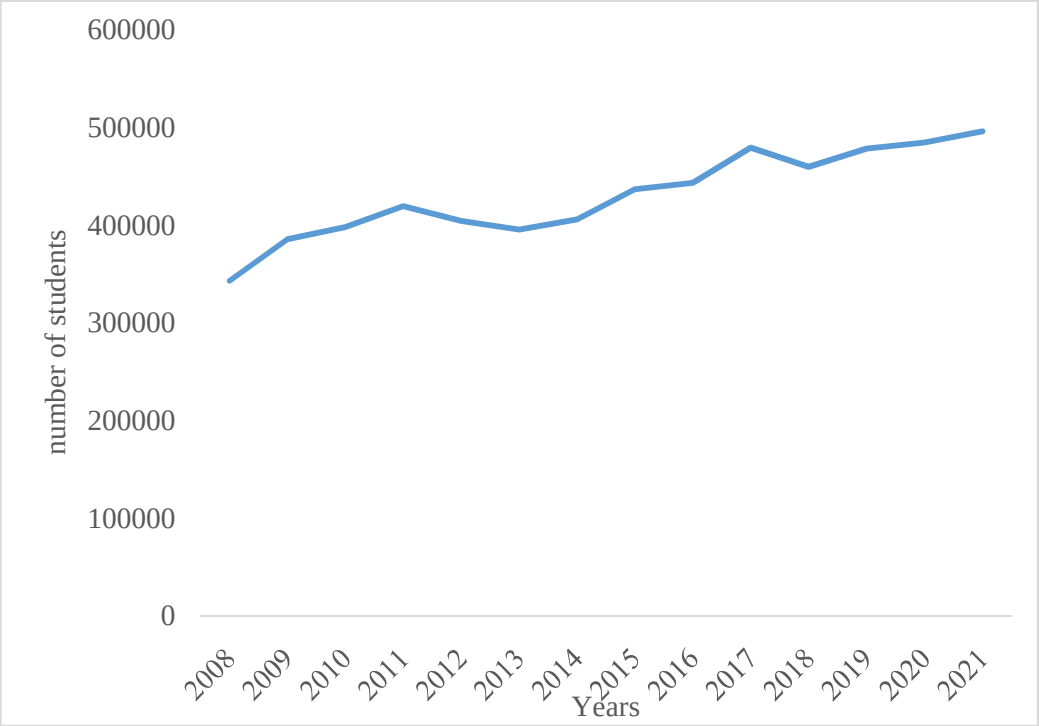
Source: NEB (PARIKSHYA 2080)SD= Standard Deviation, AGR= Annual growth rate and CAGR= Compound Annual Growth Rate.

Table 4.7 before 2015 the number of students who appeared in SLC/SEE was 342632 in 2008 which increased to 419121 in 2011. The highest increment is seen in 2009 (385146) witha 12.41 annual growth rate. The number of students who appeared is generally increasing except in 2012 and 2013. The number of students decreases by 403936 and 394933 in 2012 and 2013 respectively in comparison to the previous year 2011 which is 419121. The value again increased in 2014 by 405450. The mean value of students who appeared in SLC/SEE is 392711 and the value of the standard deviation is 24431.38. And the compound annual growth rate is 17.9.

After 2015, the number of students who appeared in SLC/SEE was 436330 in 2015 which increased to 495653 in 2021. The highest increment is seen in the year 2017 with an 8.10 annual growth rate. The number of appeared students is generally increasing except in the year 2018 which decreases by 459275 with a -4.09 annual growth rate. The mean value after 2015 is 467914 which increases by 75203 and the value of standard deviation is 22188.56 which also increases by 2242.82. And the annual growth rate is 13.27 which shows positive aspects in the number of students appeared in the SLC/SEE in national level.

Figure 4.8

Trend of total number of student appeared in SLC/SEE examination national



Source: NEB (PARIKSHYA 2080)

Figure 4.8 represents the total number of students who appeared in SLC/SEE national. The data includes both pass out of community and institutional schools.The trend of the number of students appearing in examinations is slanting upward. The value of variables is taken from Table 4.7.

Before 2015:

While analyzing the data from 2008-2014 the number of students passing out is increasing each year in both community and institutional schools. The data shows that the education system is in positive status and the parents and students are more concerned about education and their future.

After 2015:

While analyzing the data from 2015-2021 the data shows that the number of students passing out is increasing gradually in comparison to previous years. After the new education reform, the SLC was changed to the SEE examination where the grading system started in the year 2015. So every student 'sattempt in the SEE examination is declared as pass students even if they get a low GPA.

4.3.8 Descriptive Statistics

Table 4.8

Descriptive statistics of variables under concern

Variables	Mean	SD	Median	C.V	Observation
Overall expenditure in education	5338186500	3020237704	5202300000	56.58	14
Total GoN expenditure upto secondary level in community schools	50002101.21	43783824.97	20654849.5	87.56	14
Number of community schools	34104.29	1528.17	34647.5	4.48	14
Number of teachers in community schools	203211.14	31763	202105	15.63	14
Student enrollment in community schools	5728619.93	663861.07	5934558	11.59	14
Rate of Dropouts	5.05	1.55	4.665	30.75	14
Passout from community schools	218078.36	101291.68	214160.5	46.45	14
Passout from institutional schools	100911.93	25575.1	100381.5	25.34	14
The total number of students appeared in SLC/SEE	430312.5	45003.88	427725.5	10.46	14

Source: Calculation based on Annex

The overall expenditure in education has a mean of 5338186500 which is deviated by 3020237704 with a median of 5202300000 showing a coefficient of variation (C.V) of 56.58 across 14 observations. For total Government of Nepal (GoN) expenditure up to the secondary level, the mean is 50002101.21 is deviated by 43783824.97 with a median of 20654849.5, resulting in a higher C.V of 87.56. The number of community schools averages 34104.29 is deviated by 1528.17 with a median of 34647.5, showing low variability with a C.V of 4.48. The number of teachers in community schools averages 203211.14 is deviated by 31763 with a median of 202105 indicating a moderate C.V of 15.63. Student enrollment in community schools averages 5728619.93 is deviated by 663861.07 with a median of 5934558 resulting in a C.V of 11.59. The rate of dropouts has a mean of 5.05 is deviated by 1.55 with a median of 4.665 showing high variability with a C.V of 30.75. The pass-out from community schools has a mean of 218078.36 is deviated by 101291.68 with a median of 214160.5, showing a C.V of 46.45. In contrast, the pass out from institutional schools has a mean of 100911.93 is deviated by 25575.1 with a median of 100381.5, resulting in a C.V of 25.34. Finally, the total number of students appearing in SLC/SEE exams averages 430312.5 is deviated by 45003.88 with a median of 427725.5 showing a C.V of 10.46.

4.4 The Relationship between Government Expenditure and Education in Nepal.

There is a strong positive correlation between government spending and education in Nepal, which is shown in a cascade of effects on different educational characteristics. The government is investing more money in education each year, with a large portion of that money going toward community schools. This increase in funding results in better facilities, supplies, and the general atmosphere of the schools, which increases public interest in and accessibility to education. As a result, enrolment in schools has significantly increased as more kids and their families realize the advantages of having a better-supported educational system. The increase in enrollment forces new schools to be established in addition to the expansion of current ones in order to serve the burgeoning student body. The need for more teachers is subsequently created by this expansion, increasing job opportunities in the education sector.

The influx of teachers and the ongoing investment in their professional development result in a more qualified teaching workforce. This improvement in teacher quality has a significant impact on students' educational experiences and leads to better learning outcomes. Students benefit from higher quality instruction from more skilled teachers, which helps students stay interested in learning and lowers the dropout rate from community schools. Moreover, having a large teaching workforce guarantees that students are better prepared for exams and future academic endeavours, which raises the graduation rate. Finally, the government's consistent and strategic investment in education fosters greater enrollment and ensures improved learning outcomes.

4.5 Discussions

While looking at the general objectives of the study the government expenditure on education fluctuates and government expenditure upto the secondary level of education in community schools increases in the study period. The government expenditure on education and spending upto the secondary level is increased by 1.35 and 35.47 per cent respectively from 2008 to 2021. The government expenditure on education is in a downward trend and the trend of the expenditure upto the secondary level is in an upward trend. While looking at the total government expenditure on education over the study period is Rs.74734611000 and government expenditure upto secondary level education is Rs.700029417.

The result of the other literature reviewed suggests that an increase in education expenditure hasa positive impact on its outcomes, the need to spend more on primary and secondary education, new policies should be required which would give the output as per the output, the improvement of the educational system through efficient use of public resources through good governance, accountability and transparency, the government spending on education is necessary for the development of the country like Nepal, the policymakers should focus on improving library and laboratory facilities, parents-teacher interactions, drinking water and toilet facilities to increase the percentage of students in SLC/SEE. Comparing these various results with the study also shows that there is a high dependency between the government expenditure and the educational indicators taken for the study. There is a positive impact of the government expenditure on education and government expenditure on education shows that there is a positive relation between the variables.

The effort made by the government to develop human capital and develop the labor market is satisfactory. The government is expanding its expenditure on education each year. Number of schools is increasing each year. So the number of schools trend is upward sloping. The government is increasing the number of community schools with the motive of giving quality education to children from rural to urban areas, if the number of students in some schools is less the government is appealing to the merging of schools according to the geographical track. Also, the number of schools will increase by 0.69 percent from 2008 to 2021. While the number of schools is increasing the number of student enrollment is decreasing each year. The number of student enrollment decreased by 2.03 percent. The number of students enrolled in community schools is slanting downward. Which is not satisfactory while looking at the educational expenditure made by the government.

The number of teachers in the community schools is increasing each year. The government is expanding its educational expenditure for the teacher salaries, allowance and many more. The number of teachers increased by 4.73 percent from 2008 to 2021. Due to all government activities to increase the quality of education the rate of dropout is decreasing simultaneously in each year of the study period. The rate of dropout decreases by 4.73 percent from 2008 to 2021. So the trend line of the dropout is slanting downward.

While we look at the number of students who pass from community and institutional schools in the SLC/SEE examination is satisfactory. The result of community schools is less in comparison to the institutional schools. Although the community schools are funded by the government and the institutional schools are funded by the parents themselves. While

comparing the pass out student with the government expenditure and enrollment rate the pass out in SLC/SEE from community schools is low. It is observed that the pass out from community schools increased after the constitution which is also due to the new educational reform and policy implemented after democracy i.e. GPA system. Where students pass the exams with low GPAs also students are not declared as failed so the pass out number of students in SLC/SEE increases in community schools. It has also been seen that there is a drastic change in the number of pass out from 2015 to 2021. While the number of pass-out students from institutional schools is constantly increasing. The pass outof students from institutional schools increases by 5.24 percent from 2008 to 2021. The trend line of institutional schools is upward-sloping.

The number of students who appeared in the SLC/SEE examination is increasing in each year of our study period. The number of students who appeared in examinations increased by 2.67 per cent from 2008 to 2021. The trend of the number of students who appeared in SLC/SEE is sloping upward.

By analyzing the overall data of the study period the government expenditure on education indicates the positive changes in the educational system in the Nepalese society. The educational outcomes help in human capital formation, labor market placement,social and economic flexibility, equality of education to all children and the development of professional and qualified adults.

CHAPTER SUMMARY AND CONCLUSION

5.1 Introduction

The main focus of this study is to find the government expenditure on education of the community schools in Nepal. This chapter includes the summary and conclusion of the study as we discuss general objectives and methodology the introduction is in Chapter I, the literature review in Chapter II, the research methodology in Chapter III and the data presentation in Chapter IV.

5.2 Summary

The objectives of the study are to examine the impact of government expenditure on education in Nepal and to examine the relationship between government expenditure and education in Nepal. The method used for this study is descriptive statistic method and a chi-square test has been conducted while analyzing the data. The data is taken from the Ministry of Education Science and Technology [Center for Education and Human Resource Development (CEHRD)], National Examination Board (NEB), Ministry of Finance (MoF) and Nepal Economic Survey.

The literature review suggests that increased education expenditure positively impacts educational outcomes, highlighting the need for greater investment in primary and secondary education. New policies should be implemented to ensure the efficient use of public resources through good governance, accountability, and transparency. Government spending on education is crucial for the development of a country like Nepal. Policymakers should focus on improving library and laboratory facilities, enhancing parent-teacher interactions, and ensuring access to drinking water and toilet facilities to increase the percentage of students passing the SLC/SEE exams. Comparing these findings with the study reveals a strong and high relationship between government expenditure and educational indicators, and the government expenditure on education shows a positive impact on the education and other variables, demonstrating a positive relationship between the variables.

As regards the finding of the first objective,

- The rise in government spending has led to the establishment of more community schools and an increase in the number of teachers, resulting in decreased dropout rates.
- The opening of schools near homes reduces travel time for students. Incentives for parents to send their daughters to school, along with the provision of sanitary pads, have contributed to higher attendance rates, especially for girls.
- The implementation of snack programs and pre-primary schools, along with seasonal study programs for students whose parents work in seasonal industries, has helped maintain educational continuity.
- Improved educational infrastructure and support have led to more students appearing in and passing the class-10 examination (SLE/SEE). This increase in educational attainment boosts human resources across various fields.
- Enhanced social awareness, vocational power, and increased women's participation in various sectors have resulted from these improvements. This progress supports the implementation of new policy reforms, further increasing student enrollment in community schools.

As for the finding of the second objective,

- The relationship between government expenditure and education in Nepal is positive: as government expenditure increases, other educational variables also increase.
- Annual rises in government expenditure on education have led to increased funding for community schools, boosting student enrollment.
- With more students enrolling, the number of schools expands to accommodate this growth, necessitating the hiring of additional teachers.
- The increased teaching workforce contributes to a decline in student dropout rates from community schools. Additionally, more qualified teachers enhance the quality of education, resulting in a higher rate of successful graduates.
- Consistent investment in education fosters greater enrollment and ensures improved educational outcomes and lower dropout rates, demonstrating a high relationship between these variables: if one variable increases, the other also increases, and vice-versa

The amount allocated for public school education in Nepal for the overall public education budget has fluctuated and has been trending downward in the last few years. This implies that the government's budgetary allocations do not give school education priority. As such, this may have a detrimental effect on the standard of education and make it more difficult for Nepalese citizens to receive free education.

5.3 Conclusions

There is a dependency between the variables i.e. because in society people choose different schools as per their capability. Where some choose community and some choose institutional schools. Outside viewers see that there is a high competition between these schools but while analyzing the data we see there is high interconnection between the schools. Where students of different institutions share knowledge and information and also the internal result of their schools also helps to motivate each other.

The result ofthe relationship between government expenditure and education in Nepal is positive; when government expenditure increases, other educational variables also improve. Annual increases in education spending have led to more funding for community schools, boosting student enrollment. As enrollment rises, the number of schools expands, requiring more teachers, which helps reduce student dropout rates. The influx of qualified teachers enhances the quality of education, leading to higher graduation rates. Consistent investment in education fosters greater enrollment, better educational outcomes, and lower dropout rates. Increased funding improves education. So, all variables are responsible for its breakdown and improvement.

Government of Nepal allocates more funds to community schools, resulting in the establishment of more schools and the hiring of additional teachers. These developments have contributed to a decrease in student dropout rates, as schools are now more accessible, reducing travel time for students. Additionally, government initiatives such as providing incentives for girls' education, sanitary pads in schools, snack programs, and pre-primary education have further enhanced attendance rates and the overall education landscape. Seasonal study programs also help maintain educational continuity for students with parents working in seasonal industries. As a result, there has been a notable increase in the number of students taking and passing the class-10 examination (SLE/SEE), leading to improved human resources and greater social awareness and vocational power in society.

The allocation for public school education within Nepal's overall public education budget has fluctuated and trended downward in recent years, suggesting that school education is not being prioritized. This downward trend could negatively impact the quality of education and hinder the provision of free education for Nepalese citizens. However, the consistent investment in education has so far led to greater enrollment, improved educational outcomes, and lower dropout rates, indicating a strong positive relationship between government expenditure and educational variables in Nepal. The increase in qualified teachers has enhanced the quality of education, resulting in higher graduation rates and overall better educational achievements.The government expenditure on education is increasing each year. This increasing government expenditure on education shows that the government is prioritizing quality education and human capital formation. The impact of government expenditure is seen in the rate of dropout which is decreasing and in the number of passout students. Where the number of pass-out students highly increased after the constitution of 2015, new policies and reforms were implemented this year. Where students had to takethe SEE examination instead of the SLC examination after this implementation the system of GPA started and the students who appeared in the exam were not regarded as failing but were viewed as non-graded students. The expenditure on education upto the secondary level is seen and allocated by the government of Nepal but after the policy implication, the funding is distributed district-wise, province and local-level-wise. Whereas the recent education policy reform declares that all community schools are governed under the surveillance of the local government.

5.4 Recommendation

Based on the findings and conclusion, the following recommendations have been made which are:

1. The government should focus on technical and vocational education. Improve the school environment and management in community schools and create responsible management.
2. There is a dependency between community schools and institutional schools the number of passes from community schools is increasing ata low rate while compared to institutional schools, the government should focus on the motivational program for knowledge exchange between these institutions.

3. The government should focus on capital expenditure for the better infrastructural development of the schools. Also, the government should focus on the teachers working in rural areas by providing motivational allowances and other facilities.

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ANNEX I: Data Sets

Government Expenditure on Education

Year	Overall Expenditure in Education (Rs. In NPR "000")	Total GoN Expenditure upto Secondary Level in Cmmunity Schools (Rs. In NPR "000")
2008	3531300000	1692975
2009	4639400000	10244427
2010	5765200000	15753273
2011	6205300000	16206907
2012	6242980000	14372694
2013	7782570000	17830633
2014	7984080000	16140282
2015	9068950000	23479066
2016	10885901000	81163211
2017	451900000	86787550
2018	260700000	92563640
2019	3940100000	93581309
2020	3714570000	111559239
2021	4261660000	118654211

Source: MoF (Economic Survey 2008-2021), MoE(Flash Report I & II 2008-2021)

ANNEX II: Data Sets

Number of Schools, Teachers, Students Enrollment and Rate of Dropout in Community Schools

Year	Number of School(Community Schools)			Number of Teacher	Students Enrollment	Rate of Dropouts
	Basic School(1-8)	Secondary School(9-10)	Total			
2008	25832	4393	30225	151056	6277785	7.8
2009	27159	4715	31874	162593	6278782	7.2
2010	28008	4960	32968	180645	6512430	7.03
2011	29063	5539	34602	188896	6366480	6.26
2012	29971	5615	35586	196980	6277380	5.84
2013	29515	5890	35405	199693	6026370	5.33
2014	29131	6011	35142	200818	5938354	4.93
2015	29012	6163	35175	203392	5930762	4.4
2016	28810	6170	34980	210781	5798994	4.1
2017	27974	6230	34204	219926	5635545	3.8
2018	27690	6587	34277	211450	4995336	3.5
2019	27588	7105	34693	214024	4600824	3.33
2020	27845	7193	35038	216133	4848728	3.16
2021	26429	6862	33291	288569	4712909	3.96

Source: MoE(Flash Report I & II 2008-2021)

ANNEX III: Data Sets

Passout from community and institutional schools and total appeared student in SLC/SEE

Year	SLC/SEE		
	Passout from Community Schools	**Passout from Institutional Schools**	**Total Students Appeared**
2008	171202	60751	342632
2009	176905	70428	385146
2010	144680	76214	397759
2011	120461	79253	419121
2012	87238	81506	403936
2013	88694	86357	394933
2014	101368	92464	405450
2015	251416	108299	436330
2016	254552	112538	442967
2017	333021	123661	478845
2018	318509	132297	459275
2019	329147	130778	478050
2020	349671	133982	484278
2021	326233	124239	495653

Source: NEB (STATISTICS 2008-2021), NEB (PARIKSHYA 2021)