

# The Hidden Price of Free Schooling: Private Costs, the RTE Act, and Low-Income Families in India

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## Abstract

India's constitution promises free and compulsory schooling to every child aged 6 to 14, backed by the Right of Children to Free and Compulsory Education (RTE) Act, 2009. This paper asks how much that promise actually costs low-income households in practice, and where the RTE Act's protections run out. Using secondary data from NSSO and MoSPI household surveys, ASER's annual reports, UDISE+ enrolment and dropout records, and the statutory text of the RTE Act alongside existing compliance literature, the paper pulls together what is already known about household education spending and checks it against what the law actually promises. Government-school households spend real money each year, not the zero the word "free" implies, and private tuition now accounts for the largest single share of that spending. This burden falls hardest on rural, low-income, and (within a household) female children, and it varies enormously by state: Bihar's rate of tuition dependence is seven times Himachal Pradesh's, despite both being relatively poor states. The RTE Act's shortfall turns out to be two separate problems. Private tuition, secondary schooling, and the income a family forgoes to keep a child in school sit entirely outside what the Act was ever built to cover. Textbooks, uniforms, and the 25% quota for economically weaker students are costs the Act does promise, yet compliance data shows these are delivered unevenly across states. Dropout rates rise sharply at the exact point the Act's protections lapse, after Class 8, which suggests the hidden costs documented here are not just a fairness problem but a genuine barrier to staying in school. The paper ends with three recommendations: fix delivery of what the Act already promises, extend its protections through secondary school, and treat private tuition as a policy problem in its own right rather than an afterthought.

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## I. Introduction

"Free education" sounds simple until you look at what it actually costs. India's constitution guarantees free and compulsory education to every child aged 6 to 14 under Article 21A, and the Right of Children to Free and Compulsory Education (RTE) Act, 2009 is supposed to make that promise real. On paper, no child should have to pay to attend a government school. In practice, the numbers tell a different story.

The 2025 Comprehensive Modular Survey on Education found that Indian households spend an average of Rs. 22,024 per child every year on schooling, and private coaching alone accounts for over 40% of that amount. Even Scheduled Tribe households, among the poorest groups surveyed, reported spending close to Rs. 7,363 annually on education-related costs, about 5% of everything they spend in a year. These are not families sending their children to expensive private schools. This is the cost of "free" government schooling.

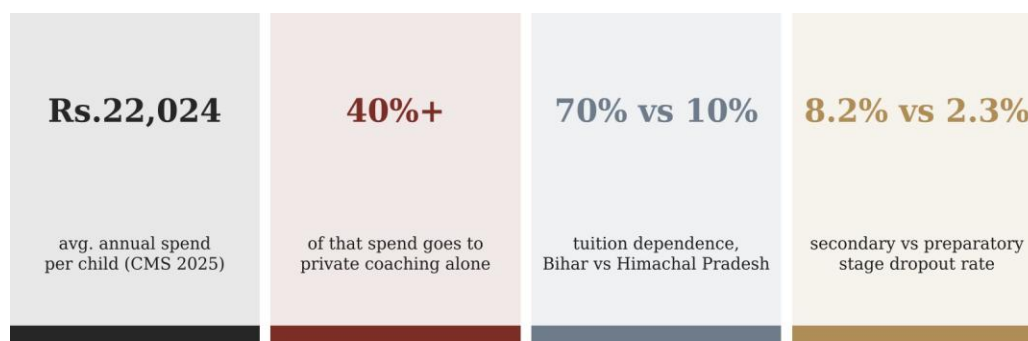


Figure 0. Four numbers that summarize the paper's central problem.

So where does the money go, if tuition itself is waived? Mostly into the gaps the law does not cover: uniforms, textbooks beyond what is officially supplied, transport, exam fees, and, perhaps most overlooked, private tuition, which has quietly become something close to a necessity rather than a luxury. There is also a cost that never shows up on a receipt at all: opportunity cost. Even when a school charges nothing, a family can still lose income if a caregiver has to stay home to look after younger siblings while an older child is at school. That is a real cost. It just does not get counted, because nobody writes an invoice for lost wages.

This is the contradiction this paper sits with. Government schooling in India is free only in the narrowest legal sense (the tuition fee is zero), while a whole set of other costs has simply been shifted from the state's balance sheet onto the household's. The RTE Act was meant to prevent exactly this kind of financial barrier. But its language is narrow. It applies only to children aged 6 to 14, says little about private tuition, is inconsistent across states on uniforms and transport, and does not touch opportunity cost at all. The result is a widening gap between what the law promises and what families actually experience every year. That gap is what this paper is about. The question it asks is:

**What is the magnitude and composition of the private costs borne by low-income households for ostensibly "free" government schooling in India, and to what extent does the RTE Act fail to address these hidden costs?**

To answer this, the paper relies entirely on secondary data and existing scholarship (NSSO surveys, ASER reports, and academic and policy literature on RTE implementation) rather than new fieldwork. It pulls this material together to build a clearer picture of what households actually spend, how that burden is distributed across income, geography, and gender, and how far the RTE Act's legal design accounts for these costs or ignores them. Section 2 does this in depth, organized around the composition of private costs, who bears them most heavily, what the RTE Act actually covers, and where its coverage runs out. Section 3 explains the paper's methodology. Section 4 discusses what this means for how "free education" should be defined and regulated, and Section 5 closes with policy recommendations.

## **II. Literature Review**

### **2.1 Conceptualizing Private Cost, Opportunity Cost, and Hidden Cost**

Before looking at what Indian families actually spend, it helps to be precise about what "cost" means in the economics of education literature. The word gets used loosely in public debate and precisely in scholarship, and that gap is exactly what this paper is interested in.

Economists usually split the cost of education into private costs, borne by individuals and families, and social costs, borne by society or the state. Private costs generally include tuition, books, transport, and other expenses families pay directly, while social costs cover public funding and the wider economic effects of how education is financed. This paper is concerned almost entirely with the private-cost side.

Private costs themselves are split into direct and indirect categories. Indirect private costs refer to income a learner or their family gives up while the learner is in school, essentially the labor the family loses because the child or a caregiver is not available to work. This is the technical definition of what informal writing simply calls "opportunity cost." It is an awkward concept for a research paper because it never shows up in a receipt or a survey question about spending. It shows up as an absence, as income that would have existed if schooling had not happened.

Older literature treats opportunity cost as one of the largest components of the true cost of education, even when tuition is low or zero. In the context of college attendance, tuition and fees are often not even the dominant cost for most students. The earnings a student gives up by not working full-time make up roughly three-quarters of what the student and their family actually bear. That specific estimate comes from U.S. higher education, but the underlying logic transfers cleanly to Indian primary and secondary schooling: a child attending a "free" government school is still not earning, and depending on the household, a sibling or parent may be pulled out of paid work to make that attendance possible.

More recent applied literature makes the same point in simpler language, describing opportunity cost as the cost of education that never appears on any invoice. This paper borrows that framing directly, since it captures why "free schooling" is a misleading phrase even when it is technically accurate about tuition.

Three terms are used consistently here:

- Direct private cost: money households spend out of pocket on uniforms, textbooks and stationery not covered by the school, transport, exam fees, and private tuition.
- Opportunity cost: income or productive time forgone by the household

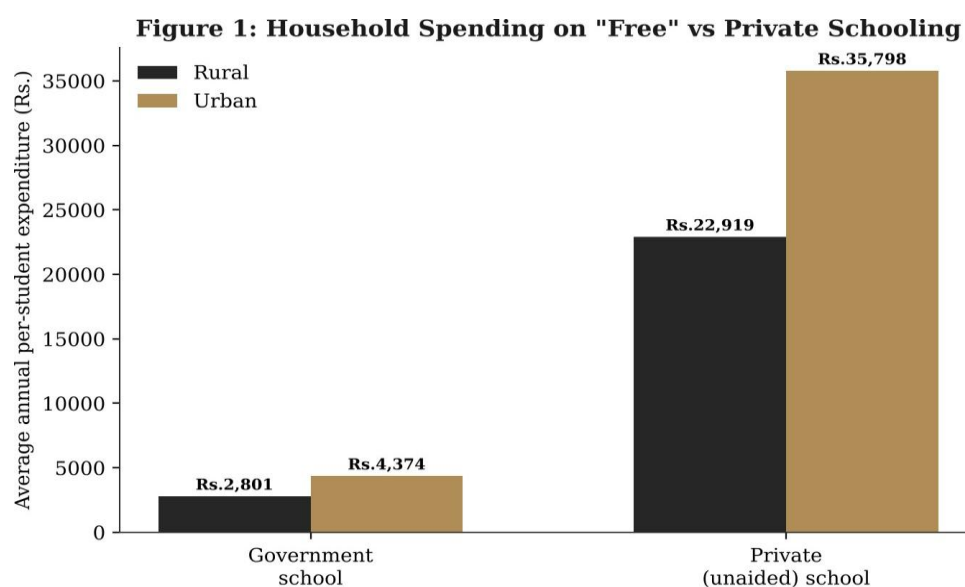
because a child is in school rather than working, or because a caregiver's time is redirected to enable the child's schooling.

- Hidden cost: an umbrella term covering both direct and opportunity costs that are not captured by the word "free" as used in RTE Act discourse or in everyday conversation.

Together, these three categories define what this paper calls the true private cost of "free" schooling, used throughout to distinguish official cost (Rs. 0 tuition) from lived cost (whatever a household actually spends and gives up).

## 2.2 What Do Indian Families Actually Spend on "Free" Schooling?

If the RTE Act's promise were fully realized, government school students would report close to zero annual expenditure. The data does not support that. Government-run schools consistently report the lowest per-student costs of any school type in India, but lowest is not zero: government schools reported average annual per-student expenses of about Rs. 2,801 in rural areas and Rs. 4,374 in urban areas, covering course fees, transport, uniforms, textbooks, stationery, and other incidental costs. Private unaided schools cost families roughly eight times more, around Rs. 22,919 per year in rural areas and Rs. 35,798 in urban areas (Figure 1). That comparison is useful context, but it is not the main point here: even the "free" option carries a real, non-trivial price tag.



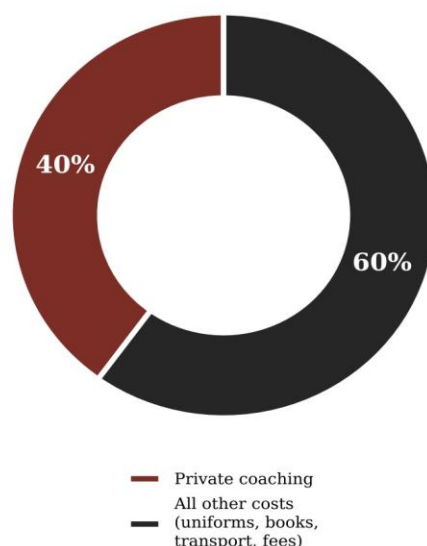
Source: CEDA (2025), based on NSSO/HCES household expenditure data.

Figure 1. Household spending on "free" vs. private schooling. Source: CEDA (2025), based on NSSO/HCES data.

Government survey data at the national level tells a similar story from a different angle. The most recent MoSPI household survey found that parents spend an average of Rs. 12,616 per child annually on school education, including course fees, transportation, stationery, and uniforms, across all school types and enrolment levels. Rural households spent about Rs. 8,382 annually per student compared to Rs. 23,470 in urban households, nearly a threefold gap driven mostly by course fees rather than incidental items.

Private coaching is where the "free schooling" framing falls apart most visibly. National-level ASER data shows the share of children taking private tuition rising from under 30% in 2018 to almost 40% by 2021, a trend holding across both sexes and all grades and school types. This is not confined to families who chose private schooling. A large share of it happens alongside "free" government schooling. The most recent Comprehensive Modular Survey on Education (2025) found 27% of all students enrolled in private coaching that year, rising to over a third at the higher secondary level (Figure 6), with urban households spending nearly Rs. 3,988 per student annually on coaching, more than double the Rs. 1,793 spent by rural families.

**Figure 6: Where the Rs.22,024 Average Annual Spend Goes**



Source: Comprehensive Modular Survey on Education (2025), MoSPI.

*Figure 6. Where the average annual spend actually goes. Source: Comprehensive Modular Survey on Education (2025), MoSPI.*

Paid tuition is also sharply uneven across states, which matters for a paper focused on low-income households, since some of the highest-tuition states are also among India's poorer ones. Bihar and Jharkhand stand out, with about 70% of children in Bihar and 45% in Jharkhand taking paid tuition in 2022, compared to only around 10% in Himachal Pradesh and 15% in Maharashtra. Older ASER rounds show this is not new: more than half the children in rural parts of Bihar, West Bengal, and Odisha were already taking paid tuition as far back as 2013. The households least able to absorb an extra expense are often the ones paying it most consistently.

One methodological point is worth flagging here, since it matters later in the discussion. Several of these surveys likely understate the true figure. Practitioners working directly with these numbers have noted that households often report only tuition or coaching fees and leave out allied costs like transport to coaching centers, which these surveys do not capture. The Rs. 2,801 to Rs. 22,919 range above is probably closer to a floor than a ceiling on what families actually spend to keep a child in "free" schooling. Put simply, expenditure on "free" government schooling is real, measurable, unevenly distributed, and rising, driven overwhelmingly by private tuition rather than anything the RTE Act was designed to regulate.

### **2.3 Who Bears the Heaviest Burden?**

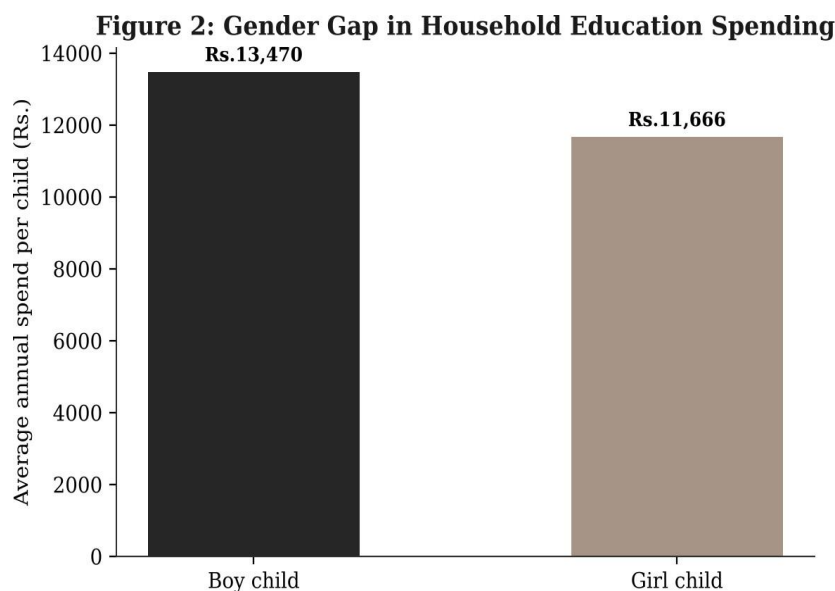
The averages in Section 2.2 already hint at inequality, but averages flatten differences that matter a great deal for a paper about low-income households specifically. The literature is fairly consistent on four axes of disparity: rural versus urban, income tier, gender, and state.

Rural-urban divide. Urban households consistently spend more in absolute terms than rural ones, even within the same school type. Figure 1 shows the rural-urban spending gap is not just a private-school phenomenon. It persists even for "free" government schooling, where urban families still spend roughly 1.5 times what rural families spend. This holds even though rural households depend more on government schools in the first place, meaning the families with fewer alternative resources are still not spared meaningful spending.

Income tier. Longitudinal NSSO analysis shows household education spending in the bottom expenditure category rose roughly eleven-fold between 1995-96 and 2014, faster than the middle or top expenditure categories over the same period. More recent NSSO consumption survey analysis confirms this is not a one-off finding: private expenditure on education among the bottom economic strata is rising faster, both in absolute terms and as a share of total household spending, even though the gap between top-decile and bottom-decile spending remains large. Poorer households are catching up to richer ones not because they have gained resources, but because "free" schooling has quietly gotten more expensive for everyone, and the poorest have the least room to absorb it.

Gender. The most recent MoSPI household survey found a measurable gender gap in what families spend per child (Figure 2): Rs. 13,470 a year on a boy's schooling versus Rs. 11,666 on a girl's, a gap of

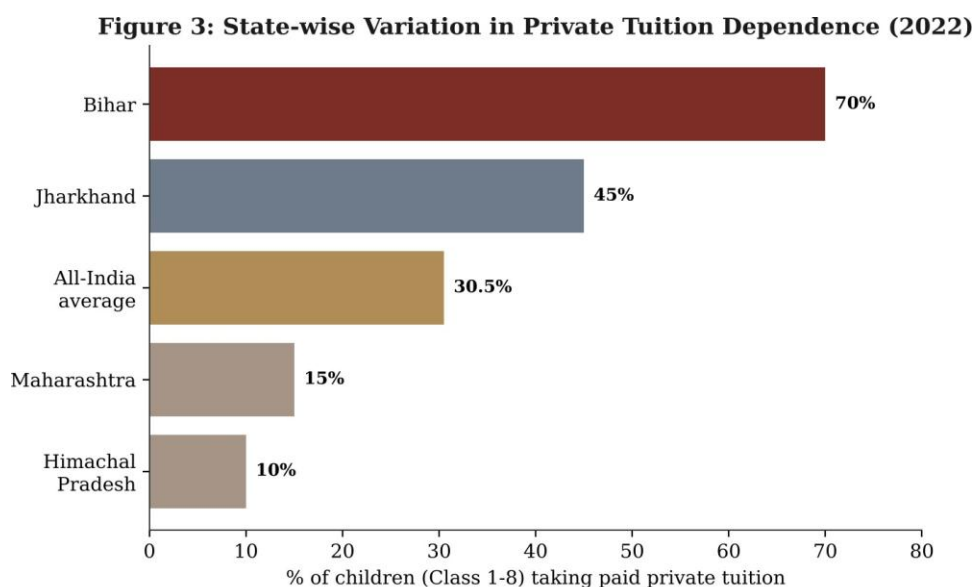
roughly 13%. When household budgets are tight, spending on discretionary items like private tuition appears to skew toward boys, with real implications for girls' learning outcomes and retention, discussed in Section 2.6.



Source: MoSPI 80th Round NSS Household Social Consumption Survey.

Figure 2. Gender gap in household education spending. Source: MoSPI 80th Round NSS Household Social Consumption Survey.

State-level variation. This is where the disparities get sharpest, and most policy-relevant, since private tuition dependence varies enormously by state and tracks only loosely with state wealth (Figure 3). Bihar's 70% tuition-dependence rate stands in sharp contrast to Himachal Pradesh's 10%, a sevenfold difference that income alone cannot explain, since Bihar and Jharkhand are both low-income states where families should, in principle, have less to spend, not more.



Source: ASER 2022 (Pratham).

Figure 3. State-wise variation in private tuition dependence, 2022. Source: ASER 2022 (Pratham).

Existing analysis points to a mix of factors behind this: state-level differences in how government schooling is perceived, different thresholds for what counts as an "acceptable" outcome, and possibly the availability of low-cost tuition markets that make coaching easier to access in some regions than others. Kerala stands out as the one major state where paid tuition has not tracked the national rise, a possible counter-example the discussion section returns to.

The national trend over time matters too (Figure 4).

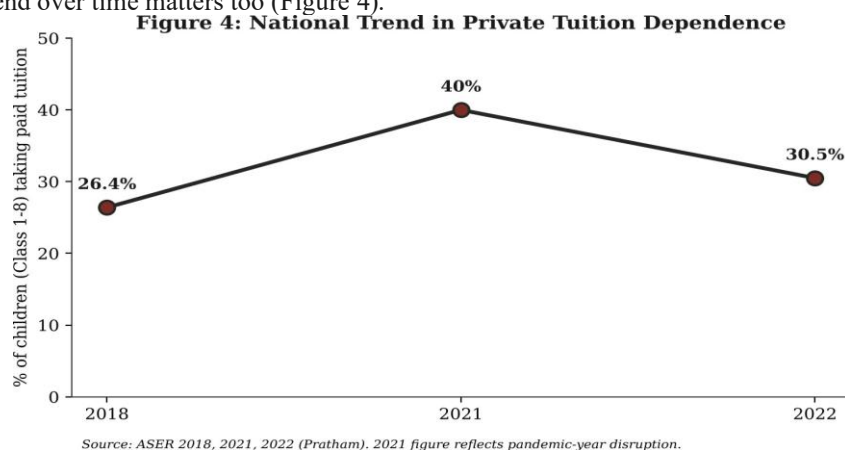


Figure 4. National trend in private tuition dependence. Source: ASER 2018, 2021, 2022 (Pratham).

Private tuition dependence has climbed steadily at the national level. The 2021 spike reflects pandemic-era school closures rather than a lasting shift, and the rate has since settled at a higher post-pandemic baseline than in 2018. Reliance on paid tuition alongside "free" schooling is not a temporary anomaly. It looks like a structural feature of how Indian families now experience government education.

Across these four dimensions, geography, income, gender, and state, the private cost of "free" schooling is not evenly absorbed. It falls hardest on exactly the households this paper is concerned with: rural, low-income, and, within a family, female children, with the added twist that some of the poorest states show the highest, not lowest, dependence on private cost-bearing coping mechanisms like tuition.

## 2.4 What Does the RTE Act Actually Say?

Before criticizing the RTE Act's coverage, it helps to be precise about what the Act actually promises, since much of the public "free education" framing conflates aspiration with statute, and those are not the same thing. Constitutional basis. The RTE Act operationalizes Article 21A of the Constitution, inserted by the 86th Amendment in 2002, which made free and compulsory education a fundamental right for children aged 6 to 14. Parliament passed the Act in 2009, and it came into force on 1 April 2010.

Core entitlement. At its center, the Act guarantees every child aged 6 to 14 the right to free and compulsory elementary education, through Class 8, at a neighbourhood school, with the government required to ensure a school exists within a prescribed distance of the child's home. "Free" has a specific legal meaning here: no child can be made liable to pay any fee, charge, or expense that would prevent them from pursuing or completing elementary education.

**Figure 7: What the RTE Act Actually Covers**

|                                |             |
|--------------------------------|-------------|
| Tuition fee                    | COVERED     |
| Textbooks (Class 1-8)          | COVERED     |
| Uniforms (Class 1-8)           | COVERED     |
| Private tuition / coaching     | NOT COVERED |
| Secondary schooling (Class 9+) | NOT COVERED |
| Transport                      | NOT COVERED |
| Opportunity cost / lost wages  | NOT COVERED |

Based on the statutory text of the RTE Act, 2009 (Sections 2.4-2.5).

*Figure 7. What the RTE Act actually covers, and what it leaves out.*

What "free" is defined to include. Unlike a narrow reading of "tuition-free," the Act's own definition of free education extends beyond tuition to include textbooks, uniforms, stationery, and special educational material for children with disabilities, items meant to reduce the burden of school-related expenses on families. Some accounts describe the Act as prohibiting both direct costs (school fees) and indirect costs like uniforms, textbooks, mid-day meals, and transportation from falling on the child or parent, with distance from school, not financial capacity, meant to be the only real constraint on access.

Procedural protections. The Act bans capitation fees and any donation-based or interview-based admission process, so schools cannot financially or procedurally screen out poorer applicants at the point of entry. It guarantees that a child who has never enrolled or has dropped out must be admitted to an age-appropriate class, with special training to close learning gaps, and it prohibits detention, expulsion, or mandatory board exams before the completion of Class 8.

Quality and infrastructure norms. The Act also lays down enforceable standards: pupil-teacher ratios, infrastructure requirements (all-weather buildings, separate toilets for boys and girls, drinking water, playgrounds), and minimum teacher qualifications, meant to guarantee a baseline quality of "free" schooling and not just its existence.

The 25% EWS provision. The Act requires private unaided schools to reserve 25% of entry-level seats for children from economically weaker sections and disadvantaged groups, with the state reimbursing the school at either the government per-child cost or the private school's actual fee, whichever is lower. This is the one mechanism through which the Act explicitly touches private schooling costs, though its implementation is uneven, as later sections discuss, and it does not extend to the ongoing ancillary costs that keep accruing even for EWS-quota students.

Read strictly, the RTE Act's text is more expansive than the popular shorthand "tuition-free education" suggests. It explicitly names uniforms, textbooks, and stationery as part of what "free" should cover. That makes the finding in Section 2.2, that households still report substantial spending on exactly these categories, especially notable. It is not simply that the Act was drafted narrowly and families are filling a gap the law never claimed to cover. In several cost categories, the law promises more than what is actually delivered, a distinction Section 2.5 examines closely.

## **2.5 Where Are the Gaps?**

Section 2.4 showed that the RTE Act's text is more expansive than the common "tuition-free" shorthand suggests. It explicitly promises textbooks, uniforms, and stationery, not just a zero tuition bill. That means the gap between the law and lived household experience actually splits into two categories, and conflating them weakens the analysis. This section keeps them separate: designed gaps, where the Act was never meant to cover a cost category in the first place, and implementation gaps, where the Act promises coverage on paper but families still pay because the promise is not delivered in practice.

### **Designed gaps: costs the Act was never meant to cover**

- 2.5.1 Private tuition. Nothing in the RTE Act addresses supplementary coaching. As Sections 2.2 and 2.3 showed, this is now the single largest and fastest-growing component of household education spending, meaning the Act is silent on precisely the cost category driving the "free schooling isn't free" pattern.
- 2.5.2 Secondary and higher secondary schooling. The Act's core entitlement covers Classes 1 through 8 (ages 6-14) only. Costs from Class 9 onward, where exam fees, board registration, and coaching costs typically intensify, sit entirely outside its ambit.
- 2.5.3 Opportunity cost. As established in Section 2.1, the time and income a family forgoes to enable a child's schooling is conceptually invisible to a law framed around fees and charges. The Act can mandate that no fee be charged; it cannot mandate that a family's lost wages be reimbursed.

### **Implementation gaps: costs the Act promises but doesn't deliver**

Textbooks and uniforms. A national compliance audit found that during 2010 to 2014, out of roughly 57.8 crore textbooks meant for distribution, about 17.09 crore, nearly 30%, were not delivered, alongside procurement and disbursement irregularities that led to avoidable extra expenditure. Where states do budget for these entitlements, the amounts are often inadequate. Some jurisdictions have set per-student stipends for textbooks and uniforms as low as Rs. 2,000, which practitioners say falls well short of what families actually need, pushing the shortfall back onto households despite the legal entitlement.

Infrastructure compliance. Even 14 years after enactment, roughly three-quarters of government and private schools remained not fully RTE-compliant on infrastructure norms, and a 2024 stocktaking found about

34.4% of schools nationally still lacked the required number of teachers under RTE norms. Infrastructure is not a direct household cost, but non-compliant schools often push ancillary burdens onto families trying to compensate for poor school quality, whether through extra tuition or other arrangements.

The 25% EWS quota. This is the most cost-relevant implementation failure, since it is the one provision explicitly designed to give low-income children access to costlier private schooling at public expense. In practice, the quota has been undermined by delayed government reimbursements to private schools, which discourages schools from admitting EWS students, non-transparent selection processes, and inconsistent enforcement that works properly in some states and barely at all in others. Even where a child gains admission under the quota, reimbursement only covers tuition-equivalent costs. Transport, uniforms beyond the initial provision, and supplementary materials remain the family's responsibility.

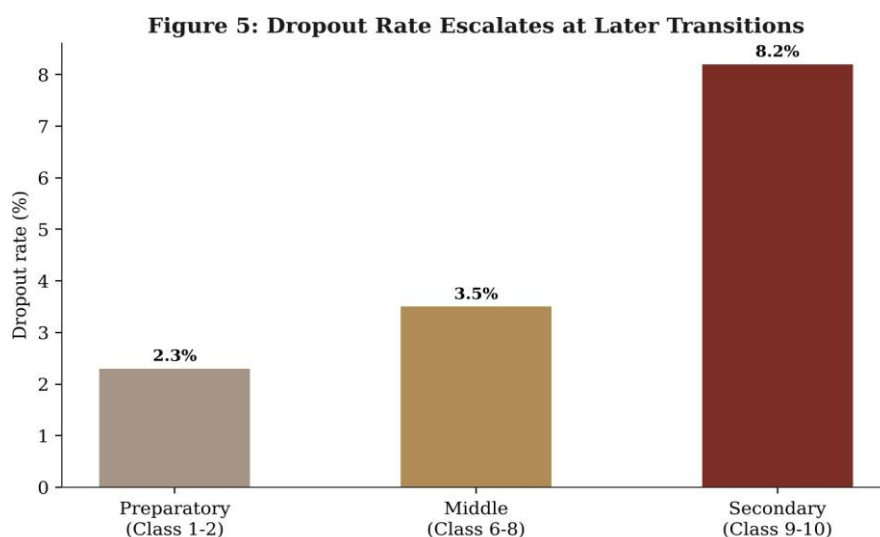
Enforcement asymmetry. Compliance capacity varies sharply by state, and there is no uniform national deadline or enforcement mechanism. That is a structural feature, not a bug, since states were deliberately given discretion over implementation timelines. This directly explains the state-level cost variation shown in Figure 3: a family's actual experience of "free schooling" depends less on what the RTE Act says nationally than on which state they happen to live in.

Framing every hidden cost as an "RTE failure" overstates the Act's original ambition and lets a more precise critique slip away. The Act was never designed to eliminate opportunity cost or private tuition dependence, so a fair critique on those grounds is a critique of its scope, not its execution. But on textbooks, uniforms, and the EWS quota, the Act made specific, textual promises that data shows are routinely unmet. That is a critique of implementation, and arguably a more damning one, since it means even the costs the law claims to have solved have not actually gone away for many families.

## 2.6 What Are the Consequences?

Sections 2.2 through 2.5 showed that "free" schooling carries a real, unevenly distributed, and only partially regulated cost. This section asks what happens when families cannot, or choose not to, absorb that cost. The clearest answer in the literature is that children leave school.

Dropout rises exactly where cost pressure rises. National UDISE+ data shows a clear escalation pattern rather than a flat dropout rate across stages of schooling (Figure 5).



Source: UDISE+ 2024-25 (Ministry of Education).

Figure 5. Dropout rate escalates at later transitions. Source: UDISE+ 2024-25 (Ministry of Education).

Dropout is lowest at the preparatory stage (2.3%) and climbs sharply by secondary school (8.2%), more than triple the early-stage rate. This lines up with the cost data already discussed: private tuition dependence and exam-related costs also intensify in the later years, and the RTE Act's core protections legally lapse after Class 8, right around where dropout accelerates most. This is not proof of a single causal chain, but the coincidence between where the Act's protections end and where dropout begins rising fastest is hard to read as unrelated.

The primary-to-upper-primary transition is a documented pressure point. Age-specific enrolment data shows enrolment holding close to universal through the early primary years, then falling noticeably by the 11-13 age bracket, the period spanning the move out of elementary schooling. Transitions often bring new expenses, new uniforms, admission processes, sometimes a new school, at exactly the point a

family has to decide whether continuing is worth the cost.

Girls and marginalized groups are not uniformly worse off, but the picture is more complicated than it looks. Recent national data actually shows girls with somewhat lower dropout rates than boys at the secondary level, and doing comparatively better on transition rates. That complicates any simple narrative that girls are always the most disadvantaged by cost pressure nationally. But this national convergence hides real sub-group and regional disparities. Studies focused specifically on Scheduled Caste and Scheduled Tribe populations continue to document markedly higher dropout among these groups than the national average, with girls inside these communities facing compounding disadvantage from both caste or tribal status and gender. National averages can hide where the real burden falls; a family's income, caste, region, and gender combine to decide whether cost pressure turns into dropout, rather than any one factor acting alone.

State variation reinforces the earlier findings. The same states with the highest private tuition dependence in Figure 3, Bihar and other northern and central states, are also the states furthest from universal retention, while southern states with lower tuition dependence, Kerala and Tamil Nadu, are close to universal retention.

None of this proves causation on its own, but it fits the broader argument this paper is making: hidden private costs are not merely a household budgeting inconvenience. They look like a contributing factor behind the dropout and transition failures the RTE Act was designed to prevent, which sets up the tension the Discussion section needs to resolve. A law aimed at keeping children in school may be undermined less by what it explicitly permits than by what it never had the scope to address.

## **2.7 A Comparative Note: Sri Lanka's "Free Education" Model**

It is worth stepping outside India briefly to ask whether a more generous statutory design actually closes the private-cost gap documented here. Sri Lanka is the most commonly cited comparison in South Asian education literature, precisely because its "free education" policy is considerably broader than India's RTE Act. Sri Lanka's free education package has been in place since 1945 and runs from Grade

1 through university. It explicitly includes tuition, textbooks, an annual school uniform allowance, meals for some primary students, and scholarship-linked financial assistance for low-income students who clear the Grade 5 scholarship exam. Government-funded textbook distribution alone reaches roughly 4 million students across more than 10,000 government schools, with over 20 million textbooks distributed each year. In design terms, this is a considerably wider net than the RTE Act casts.

The comparison is not a clean counter-example, though, and it would be misleading to present it as one. Even under this more generous model, Sri Lankan households have historically spent significant amounts on education despite the "free" framing. Parliamentary estimates cite spending in the hundreds of millions of dollars by families nationally, and researchers describe this as families making genuine financial sacrifices despite the formal absence of fees. Private tuition has become deeply embedded in Sri Lankan schooling culture. For many households it is now the largest single component of education-related spending, with low-income households reportedly spending several thousand rupees a month and wealthier households considerably more.

What this comparison actually shows is more useful for this paper's argument than a simple success story would be. Even a statutory framework that formally covers far more cost categories than India's RTE Act, textbooks, uniforms, meals, and secondary schooling, has not eliminated private tuition dependence or household spending. Hidden costs in education do not seem to be purely a function of how narrowly or broadly a law is written. They also reflect deeper dynamics: perceived school quality, academic competition, and social norms around supplementary coaching, that legal entitlements alone do not fully address. For India's RTE Act, this is a useful caution against assuming that simply expanding its coverage, to secondary schooling, say, or to uniforms nationally, would, on its own, close the gap this paper has documented. It might narrow the designed gaps from Section 2.5, but the tuition-culture problem seems to persist even in more generously funded systems.

## **III. Research Methodology**

This paper is a secondary-source synthesis rather than a primary-data study. That is appropriate at this stage of academic work, and it is stated here upfront rather than left as a limitation to be discovered later.

Type of study. This is a qualitative and secondary-quantitative analysis, structured as a literature review with an embedded policy and gap analysis. No primary data, surveys, interviews, or fieldwork, was collected for this paper. All quantitative figures cited (household expenditure, tuition incidence, dropout rates) come from existing government and non-government survey instruments.

Data sources. Three categories of secondary sources were used. Household survey data: NSSO/MoSPI Household Social Consumption Survey on Education (multiple rounds) and the Comprehensive Modular

Survey on Education (2025), for expenditure figures. Annual tracking data: ASER reports (Pratham) from 2013 to 2023, for private tuition incidence, state-wise variation, and enrolment trends, plus UDISE+ data (Ministry of Education) for dropout rates by schooling stage. Legal and policy documents: the bare text of the RTE Act, 2009, alongside compliance audits, academic commentary, and policy analyses (CAG-style compliance reviews, CEDA, Accountability Initiative) examining implementation gaps.

**Analytical approach.** The paper uses two methods together. Cost categorization breaks private costs into direct costs (uniforms, books, transport, tuition, fees) and opportunity costs (forgone income or time), following the framework in Section 2.1, to organize otherwise scattered survey findings into one coherent cost structure. Gap analysis compares the RTE Act's textual provisions against the cost categories the literature shows families actually incur, and against documented compliance data, to separate costs the Act was never designed to cover from costs it promises but fails to deliver, the distinction set up in Section 2.5.

**Limitations.** Several limitations follow directly from relying on existing data instead of original fieldwork. National and state-level averages can mask hyperlocal variation, since a district or even a single school's actual cost burden may differ from state or national figures. Survey self-reporting on education expenditure may understate true costs, since households often leave out allied expenses, transport to tuition centers, for instance, that survey instruments do not explicitly ask about, as flagged in Section 2.2. Correlational evidence linking cost burden to dropout (Section 2.6) cannot establish causation on its own, since dropout has many causes and this paper does not attempt to isolate cost as an independent variable through statistical modelling. Sources also vary in vintage; some ASER and NSSO rounds are several years apart, so trend claims here should be read as directional rather than precise.

These limitations match what a review-based paper at this level can realistically achieve, and they are flagged here so the Discussion and Conclusion sections can make appropriately bounded claims rather than overstating what secondary data alone can prove.

## **IV. Discussion**

This paper set out to ask what the magnitude and composition of private costs borne by low-income households for "free" government schooling in India actually looks like, and how far the RTE Act fails to address them. The evidence reviewed gives a fairly clear answer on both counts.

On magnitude and composition, the cost is real, not trivial, and shifting in the wrong direction. Even at the low end, government-schooling families report thousands of rupees in annual expenditure (Section 2.2), made up overwhelmingly of private tuition rather than the tuition, transport, or fee categories the RTE Act was built to eliminate (Section 2.3). The trajectory matters as much as the level: tuition dependence has roughly doubled nationally since 2018, and the poorest expenditure bracket has seen its education spending rise faster than richer brackets over the past two decades (Section 2.3). "Free schooling" is not becoming more free over time. If anything, the opposite is happening.

On the RTE Act's adequacy, the answer is more nuanced than a blanket "the Act fails," and the paper's own gap analysis (Section 2.5) explains why. Part of the shortfall is a scope problem the Act was never designed to solve: private tuition, secondary schooling, and opportunity cost sit entirely outside its statutory language, so no amount of better enforcement would close that gap on its own. But part of the shortfall is a genuine implementation failure on the Act's own terms. Textbook and uniform entitlements the law explicitly promises are delivered inconsistently, EWS quota reimbursements are delayed enough to discourage schools from participating, and enforcement varies so widely by state that a family's actual experience of "free" schooling depends more on geography than on the national law (Sections 2.4 and 2.5). This paper's position is that the "free schooling" framing does real political work here. It lets the state claim credit for a right it has only partially delivered, while collapsing the categories it has not delivered on and the categories it never intended to cover into one public narrative, as if neither mattered as much as they do.

It would be inaccurate to treat every state-level effort as a failure. Midday meal schemes, several state-level free uniform and textbook distribution programs, and scholarship schemes for SC/ST and EWS students measurably reduce specific cost categories in the states that implement them well, which is exactly why the state-level variation in Figure 3 is so wide. Kerala's comparatively low tuition dependence, mentioned in Section 2.3, fits a state that has historically invested more consistently in school quality and welfare provisioning. That suggests the RTE Act's floor is not the ceiling on what is achievable; better state-level execution within the existing legal framework already produces meaningfully different outcomes for families. This matters for the paper's argument because it shows the problem is not solely the law's text. Uneven political will and administrative capacity across states does real, independent damage on top of the Act's scope limitations.

Section 2.7 showed that even a considerably more generous statutory model, one covering uniforms, meals, and secondary schooling nationally, has not eliminated household spending or tuition-culture dependence in Sri Lanka. That tempers any easy conclusion that simply expanding the RTE Act's coverage, extending it to Class 12, say, or nationalizing uniform provision, would fully resolve the problem this paper documents. It would likely close the designed gaps from Section 2.5 meaningfully, following Sri Lanka's example on textbooks and meals. But the persistence of large-scale private tuition spending in Sri Lanka, despite decades of a much broader "free education" guarantee, suggests that some portion of what families spend on "free" schooling in India reflects competitive and social pressures around academic performance that a purely legal fix cannot fully address. This is a genuinely open question in the literature, and this paper does not try to resolve it, but it should shape how policymakers set expectations for what legal reform to the RTE Act can and cannot achieve.

Section 2.6's dropout data gives this discussion its stakes. The jump in dropout right around the point where RTE protections lapse, Class 8, is the paper's strongest piece of circumstantial evidence that hidden costs are not merely a fairness issue but an access issue. Families appear to absorb cost pressure only up to a point, after which withdrawal becomes the way out. The finding that marginalized sub-groups, SC/ST populations specifically, show disproportionately higher dropout, even where national-level gender gaps have narrowed, is a reminder that averages can hide exactly the households this paper is most concerned with.

"Free education" in India is best understood not as a false promise but as an incomplete one. It is legally narrower than public rhetoric suggests, inconsistently delivered even within its own stated scope, and operating inside a broader social and economic context, competitive academic pressure, wage-earning opportunity cost, that legal reform alone cannot fully resolve. The next section turns this into concrete policy recommendations.

## **V. Conclusion**

This paper asked what the magnitude and composition of the private costs borne by low-income households for ostensibly "free" government schooling in India actually are, and how far the RTE Act fails to address these hidden costs. Having gone through the available survey data, legal text, and implementation literature, the answer is direct: the private cost is substantial, rising, and concentrated among the households least able to absorb it, and the RTE Act addresses only part of it, both by original design and by inconsistent execution.

### **Key Findings**

- "Free" schooling is not zero-cost, and the gap is widening. Even government-school households report meaningful annual expenditure, driven mostly by private tuition rather than the fee categories the RTE Act targets. National tuition dependence has risen substantially since 2018, and spending among the poorest households has grown faster than among wealthier ones over the past two decades. The burden is not just present; it is intensifying for the families this paper cares about most.
- The RTE Act's shortfall is really two different problems wearing one name. Private tuition, secondary schooling costs, and opportunity cost sit entirely outside the Act's designed scope, so no enforcement effort can fix a gap the law never claimed to close. Separately, textbooks, uniforms, and the EWS quota are costs the Act explicitly promises to cover but often fails to deliver in practice, because of funding shortfalls, delayed reimbursements, and uneven state-level enforcement. Treating both as the same failure understates how differently each one needs to be fixed.
- Cost pressure and dropout move together, especially at transition points. Dropout accelerates sharply once RTE's core protections lapse after Class 8, and marginalized groups, particularly SC/ST students, continue to show disproportionately higher dropout even where national gender gaps have narrowed. Hidden costs are not simply a fairness concern; they look like a genuine access barrier for some of the households the RTE Act was written to protect.

### **Policy Recommendations**

- Close the implementation gap first, since it is the cheaper and more tractable fix. Making sure textbook and uniform entitlements are actually delivered on time, and reforming the EWS reimbursement process so private schools get paid promptly, would recover ground the Act already promises on paper without needing new legislation.
- Extend statutory protection to secondary schooling. Since dropout rises sharply in exactly the years the RTE Act stops applying, extending core protections, no-fee guarantees, textbook and uniform

provision, through secondary school would directly address one of the clearest designed gaps in this paper.

- Treat private tuition as a policy problem in its own right, not an RTE afterthought. The Sri Lanka comparison suggests tuition culture persists even under far more generous statutory models, so addressing it will likely take improving perceived government school quality and possibly regulating or subsidizing low-cost tuition access directly, rather than assuming it disappears once other costs are covered.

### Limitations

As stated in Section 3, this paper relies entirely on secondary data and cannot establish causation between cost burden and dropout, only a strong correlational pattern. National and state averages used throughout may also hide district- or school-level variation that a family experiences directly.

### Future Research

A useful next step would be primary household-level fieldwork in a small number of contrasting states, Bihar and Kerala for instance, to test directly whether the state-level cost variation documented here translates into different household decisions around dropout, rather than relying on the correlational, aggregate-level evidence used here. Longitudinal tracking of individual households across a schooling transition, Class 5 to 6, or Class 8 to 9, would also help establish more directly whether cost pressure causes dropout or simply co-occurs with it for other reasons.

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*Note: Several web and government-report sources above were accessed in 2026 and should be re-verified with full publication details (author, exact date, page numbers) before final submission.*