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Humanizing Education in India: Legal and Economic Pathways to Holistic Development

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ABSTRACT

The rise to dominance of standardisation, commodification, and market-oriented outcomes in education the humanistic and transformational essence and role of education have been affected, highlighting the necessity for rehumanization in the learning process. Against this backdrop, this paper aims to investigate and articulate the need for rehumanization in learning through an integrated framework of law and economics, specifically within the Indian context. The paper will demonstrate how and why the constitutional values and provisions, along with the legislative and legal framework, intersect and align to foster holistic and qualitative development and transformation. From a legal and conceptual perspective, the Indian Constitution, particularly through Articles 14, 15, 21, and 21A, acknowledges and affirms that the education is a fundamental right that is intrinsically linked to dignity and encompasses the pursuit and enjoyment of equality and justice within society. The enactment of the Right to Education Act in 2009 has provided a concrete and mandated expression of the constitutional vision and ideals, establishing a legal and binding framework that designates education as a public good rather than merely a market outcome or instrument. In addition to this rights-based framework, the National Education Policy 2020 is a significant step to promote normative transition towards a comprehensive, multidisciplinary, learner-centric education and is based on constitutional morality. From economics standpoint, the paper considers the RTE Act 2009 and NEP 2020 as two key measures of public investment in human capital and social capital. The RTE framework, through public financing, regulation of private participation, and focus on basic learning outcomes, solves issues of the market such as exclusion, inequality, and information asymmetry which are the causes of this market failure while NEP 2020, NEP 2020 through its emphasis on flexibility, skill integration, and lifelong learning in line with the changes in the labour market, promotes economic efficiency. The paper states that education systems can achieve equity through efficiency if laws that guarantee the right to education are supported by economically sound education policies. By incorporating human values into institutional design and resource distribution, RTE Act, and NEP 2020 collectively

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substantiate the demand to rehumanize education, thereby making it a tool for the all-round development of the human being, inclusive growth

Keywords: *Holistic development, Humanizing Education, Law and Economics, National Education Policy 2020, Right to Education (RTE) Act 2009*

I. INTRODUCTION

The path education has taken in the twenty-first century has been deeply influenced by standardization, commodification, and a focus on market-driven results. While these changes aim to boost efficiency and provide measurable outcomes, they have unintentionally and inadvertently eroded the humanistic and transformative core of education. By reducing learning to quantifiable metrics like rankings, employability metrics, and performance benchmarks and market instruments risks the undermining its role as a vehicle for dignity, justice, and holistic development². The increasing emphasis on standardization and market-oriented outcomes in education calls for a thoughtful rehumanization of the learning experience³.

This growing imbalance has created an urgent need to bring the human touch back into education by reinstating its ethical, normative, and constitutional aspects. Rehumanization means reintroducing core values like empathy, creativity, and social responsibility into the learning experience, emphasizing that education should be viewed as a public good rather than just a private commodity. In India, we have a unique constitutional and policy framework that recognizes education not just as a personal investment or market product, but as a fundamental right and a public good vital for democratic engagement and inclusive growth. The constitutional vision positions education as a powerful tool for social mobility, equality, and human dignity. Legally and conceptually, the Constitution of India, especially Articles 14, 15, 21, and notably 21A, links education to dignity, equality, and justice.⁴ Courts have consistently broadened the interpretation of Article 21 to encompass the right to live with dignity, where the right to education plays a crucial role. Article 14 ensures equality before the law, Article 15 prohibits discrimination, Article 21 affirms the right to life and personal liberty, and Article 21A specifically mandates free and compulsory education for children aged six to fourteen⁵. Together, these provisions outline a vision of education that goes beyond market demands and is rooted in justice and social equity. The Right of Children to Free and Compulsory Education

² Martha C. Nussbaum, *Not for Profit: Why Democracy Needs the Humanities* 18–25 (Princeton Univ. Press 2010).

³ Amartya Sen, *Development as Freedom* 293-95 (Oxford Univ. Press 1999).

⁴ Francis Coralie Mullin v. Adm'r, Union Territory of Delhi, (1981) 1 S.C.C. 608.

⁵ *India Const.* arts. 14, 15, 21, 21A.

Act, 2009 (RTE Act) is a concrete manifestation of this constitutional vision and puts this vision into action, ensuring free education as a public good instead of a market commodity. By requiring a 25% reservation in private schools for underprivileged children, regulating fees, and enforcing infrastructure standards, the RTE Act addresses market failures like exclusion and inequality⁶. From a legal standpoint, the RTE Act operationalizes constitutional morality by embedding human values into institutional design and resource distribution. By prioritising universal access, equity, and basic learning outcomes, the Act directly addresses market failures such as exclusion, inequality, and information asymmetry that characterise education systems governed solely by market forces.⁷

However, to complement this rights-oriented approach, the National Education Policy (NEP) 2020 represents a major normative shift. Unlike previous policies that were focused on standardization and memorization, NEP 2020 recommends a multidisciplinary and student-centered approach. It promotes flexibility, skill integration, and lifelong learning, making education more aligned with the ever-changing demands of the labor market while maintaining its humanistic focus. Through the promotion of creativity, critical thinking, and overall development, NEP 2020 aims to balance constitutional aspirations with economic rationality⁸.

From an economic perspective both the RTE Act and the NEP 2020 can be conceptualized as public expenditures in human and social capital. While the RTE Act corrects market failures by providing equal access and remedying exclusionary behavior, NEP 2020 improves efficiency by preparing students with flexible skills to meet the challenges of a rapidly changing economy. In this manner, both policies prove that equity and efficiency can be simultaneously realized through the strategic complementarity of legal guarantees and economically informed policies. Embedding human values within institutional frameworks and public expenditure policies, the RTE Act and the NEP 2020 collectively validate the need to rehumanize education, reinstating it as a powerful instrument for overall human development and inclusive growth.⁹

Objectives and Research Methodology

To analyze how the Indian constitutional provisions, the Right to Education Act of 2009 and the National Education Policy of 2020 combine the legal rights-based approach with the economic principles of human and social capital to facilitate the rehumanization of education and by stating that education is a public good that focuses on the holistic development of human

⁶ Right of Children to Free & Compulsory Educ. Act No. 35, § 12 (India 2009).

⁷ Joseph E. Stiglitz, Markets, Market Failures, and Development, 79 *Am. Econ. Rev.* 197 (1989).

⁸ Ministry of Education, Gov't of India, *National Education Policy 2020* (2020).

⁹ Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis* (Univ. of Chi. Press 1964)

beings rather than a market-based outcome.

This study adopts a descriptive and analytical research method based entirely on secondary data sources and it integrates the insights from law and economics to articulate pathways for rehumanizing education, highlighting the intersection of equity, efficiency, and holistic development.

II. CONSTITUTIONAL AND STATUTORY FOUNDATIONS FOR HUMANIZING EDUCATION IN INDIA

India's constitutional and statutory framework weaves humanistic values into the education system, pushing back against the over-commercialization of learning. The Constitution views education not just as a service, but as a fundamental element of human dignity and social justice. Articles 14 and 15 ensure equality and non-discrimination in accessing education, while Article 21 places education within the broader right to live with dignity.¹⁰ The introduction of Article 21A through the 86th Amendment in 2002 marked a significant transition from a welfare-based approach to a rights-based framework, creating a binding obligation for the State to provide free and compulsory elementary education for children aged six to fourteen¹¹. These provisions collectively reject the commodification driven by the market, emphasizing education's vital role in promoting holistic development.

The Right of Children to Free and Compulsory Education Act, 2009 (RTE Act), brings this constitutional vision to life by setting minimum standards for infrastructure, teacher-student ratios, and teacher qualifications, while ensuring free education for all, regardless of socio-economic background. The Act's regulation of private unaided schools, especially through the 25% reservation for children from economically weaker sections, represents a legal effort to address market-driven exclusion. From an economic standpoint, this intervention makes sense because education markets often suffer from information asymmetry, unequal starting points, and positive externalities. By striking a balance between private autonomy and the public good, the RTE Act directs market resources towards inclusion, ensuring that private institutions play a role in promoting societal equity without compromising their ability to operate effectively.

The data on public expenditure also bears out this legal basis. The total Union and State expenditure on education in India has remained at approximately 4-4.5% of GDP in the last few years, with the largest share being in elementary education. This public expenditure over the

¹⁰ *India Const.* arts. 14, 15, 21.

¹¹ *Id.* art. 21A (inserted by Constitution (Eighty-Sixth Amendment) Act, 2002).

years bears out the legal basis of education being both a merit good and a public good.

Based on this rights-based approach, the National Education Policy 2020 (NEP 2020) proposes a paradigm that is learner-focused and highlights multidisciplinary education, critical thinking, and values like equity and sustainability. NEP 2020, which is based on constitutional morality, advocates flexibility in the entire education chain, from basic literacy to vocational training, to overcome the dehumanizing impact of standardization. NEP 2020 strikes a balance between the constitutional vision and economic efficiency by integrating education with the ever-changing needs of the job market while maintaining its humanistic focus. Collectively, these foundational legal tenets—the constitutional provisions, the RTE Act, and the NEP 2020—thus work together to rehumanize education by emphasizing inclusion over profit. They enshrine education as a public good, infuse human values into the institutional framework, and lay the groundwork for economic analysis. In this manner, the Indian constitutional and statutory framework unequivocally asserts that education is more than a labor market utility tool and is, instead, a development instrument.

III. ECONOMIC PERSPECTIVE OF HUMANIZING EDUCATION THROUGH MARKET FAILURE CORRECTION

Market dynamics in education often lead to significant systemic issues. Information gaps leave the underprivileged behind, while adverse selection tends to benefit the elite. Additionally, external factors like inequality hinder inclusive growth. If these trends continue unchecked, they risk turning education into a commodity, stripping away its essential humanistic qualities. In India, the government has made notable efforts to address these challenges through constitutional and statutory measures, particularly with the Right of Children to Free and Compulsory Education Act, 2009 (RTE Act) and the National Education Policy 2020 (NEP 2020). These initiatives are strategic public investments in human capital, echoing Gary Becker's idea of education as a key driver of productivity and long-term economic growth.

The RTE Act is a prime example of such intervention. Between 2014 and 2020, public funding under this Act averaged around ₹45,000 crore each year, which helped expand access and rectify market failures. Consequently, India's primary Gross Enrolment Ratio (GER) jumped from 96% in 2009 to 115.1% in 2021–22, while dropout rates plummeted from 14% to just 1.5%. These results highlight the transformative potential of rights-based legislation. The economic benefits are equally impressive: World Bank models suggest that for every ₹1 invested in education, India could see a return of ₹10–15 in GDP growth, while the exclusion prior to the RTE was costing the country 2–3% of its annual GDP. By embedding equity into

its framework, the RTE Act reinforces the economic argument for a more humane approach to education. Building on this groundwork, NEP 2020 aims to boost efficiency in response to evolving labor market needs. This policy promotes multidisciplinary learning, vocational training, and skills development in emerging areas like artificial intelligence and sustainability, pushing back against the dehumanizing effects of rote learning. India's Human Capital Index rose from 0.44 in 2017 to 0.49 in 2020, which aligns with projected growth rates of 7–8%.

IV. INDIAN BUDGETARY COMMITMENTS TOWARDS EDUCATION

The Indian Union Budget and State budgets work collectively to fulfill the constitutional and policy commitment to making education more humane. The allocation of funds in these budgets serves as a crucial indicator of State priorities, reflecting how constitutional rights and policy objectives are translated into tangible economic actions. In the context of education, public spending is not merely a financial commitment but an instrument for addressing market failures, reducing inequality, and advancing inclusive human development.

Historically, several expert committees have underscored the importance of sustained public investment in education. The Kothari Commission (1964–66) was the first to recommend that public expenditure on education should reach 6% of GDP to ensure universal access and quality learning opportunities.¹² Despite this longstanding benchmark, India's actual public spending on education has consistently remained below target, averaging around 4–4.5% of GDP in recent years, even when combining Union and State expenditures.¹³ This persistent gap highlights structural fiscal limitations and competing budgetary priorities. Nonetheless, the steady increase in absolute allocations demonstrates a growing recognition of education as a long-term investment in human capital rather than a mere short-term expenditure.¹⁴

In the Interim Union Budget for 2024–25, the Department of School Education and Literacy received its highest-ever allocation of ₹73,000 crore, representing a notable rise compared to previous fiscal years and reflecting sustained emphasis on foundational education.¹⁵ Of particular significance, funding for the PM SHRI (PM Schools for Rising India) initiative increased from ₹2,800 crore to ₹6,050 crore in 2024–25, a move aimed at improving school infrastructure, pedagogical quality, and learning outcomes.¹⁶ According to the Economic Survey 2024–25, India's school system currently serves approximately 24.8 crore students across 14.72

¹² Government of India, *Report of the Education Commission (1964–66)*, Ministry of Education, 1966.

¹³ Reserve Bank of India (RBI), *State Finances: A Study of Budgets of 2023–24*, RBI Publications, 2023.

¹⁴ Ministry of Finance, *Economic Survey 2023–24*, Government of India, 2024.

¹⁵ Ministry of Finance, *Union Budget 2024–25: Budget at a Glance*, Government of India, 2024.

¹⁶ Ministry of Education, *PM SHRI Scheme Progress Report*, Government of India, 2025.

lakh schools, supported by nearly 98 lakh teachers, illustrating the vast scale of the State's responsibility in ensuring equitable education.¹⁷

Further reinforcing this trajectory, the Union Budget 2025–26 allocated approximately ₹1.28 lakh crore to the education sector, marking an estimated 6.65% increase over the previous fiscal year. This expansion of funding underscores the government's recognition of education as both a public good and a driver of human capital formation, aligning fiscal policy with the objectives outlined in the National Education Policy (NEP) 2020 and constitutional guarantees such as Article 21A. By progressively embedding humanistic and inclusive values into budgetary priorities, India's fiscal policy framework continues to advance the vision of education as a transformative force for equity, dignity, and sustainable development.

V. CONNECTION OF LAW AND ECONOMICS IN HUMANIZING EDUCATION

Education, as a public good being non-excludable and non-rivalrous in its societal benefits, demands universal accessibility to counter the exclusionary thrust of commodification. Legal rights without economic viability risk ineffectiveness; conversely, economics without justice risks commodifying human development. The Right of Children to Free and Compulsory Education Act, 2009 ("RTE Act") and the National Education Policy, 2020 ("NEP 2020") operate in synergy to rehumanize this public good, embedding constitutional guarantees of dignity (Art. 21) and equality (Arts. 14–15) into frameworks of resource allocation and market regulation.

The RTE Act's no-detention policy through Class 8, coupled with NEP 2020's outcome-based assessment model, shifts the focus from rote learning metrics to transformative, competency-based growth. Together, they secure accessibility for marginalized groups through the 25% reservation mandate for disadvantaged students in private schools under Section 12(1)(c) of the RTE Act.

From a fiscal perspective, India's public expenditure on education reached approximately ₹1.13 lakh crore in FY 2023–24, reflecting a 13% year-over-year increase, and further rose to ₹1.20 lakh crore in the Interim Budget 2024–25. The PM SHRI (PM Schools for Rising India) scheme alone received over ₹3,000 crore in FY 2023–24 which shows an increase of nearly 900%, supporting the modernization of more than 14,500 schools aligned with NEP 2020 standards and directly benefiting over 2 million students. Empirical research reinforces the long-term impact of early education that every ₹1 invested yields ₹8.5 in social return, according to James

¹⁷ Ministry of Finance, *Economic Survey 2024–25*, Government of India, 2025

Heckman's human capital model. In aggregate, India's total education expenditure stood at approximately ₹2.9 lakh crore in FY 2023–24, signaling a steady prioritization of human capital formation.

Empirical trends further illustrate these gains. Learning poverty has continued to decline, with ASER 2023–24 data indicating post-pandemic recovery in foundational literacy and numeracy, especially in Uttar Pradesh, Bihar, and Madhya Pradesh, despite a moderate dip in government school enrollment to 66.8% in 2024.¹⁸ The Gross Enrolment Ratio (GER) has improved significantly—90.3% at the middle level, 68.5% at the secondary level (2024–25), and 56.2% at the higher secondary level (2023–24).¹⁹ Simultaneously, the e-Shram portal registered 12.3 crore workers in 2024, integrating with the Skill India Digital Platform to facilitate NEP-aligned upskilling for nearly 300 million unorganized sector workers, particularly in AI and data analytics, bridging persistent skill mismatches²⁰.

This fusion of law and economics thus drives a redefinition of inclusive growth where efficiency emerges through equity, affirming education's role as a transformative, human-centered catalyst for holistic national development.

VI. FINDINGS AND CONCLUSION

The education system in India is characterized by a high degree of convergence between legal entitlements and economic imperatives, reiterating the importance of education as a public good that supports both equity and efficiency in rights-based access and human capital development. Both the RTE Act of 2009 and the NEP 2020 in India are a realization of this approach through policies that support universal access, equity, and human dignity under Articles 14, 15, and 21 of the Indian Constitution. The RTE Act supports inclusivity through free and compulsory education and 25% reservations in private schools, while the NEP 2020 supports flexibility, skill synergy, and lifelong learning, aligning education with the labor market without undermining the humanistic foundation of education. Public expenditure increased to ₹1.20 lakh crore in 2024-25, with schemes such as PM SHRI upgrading over 14,500 schools across the country. The increasing GERs, female literacy rates, and improvements in the Human Capital Index indicate tangible progress. The RTE Act supports institutionalized equity in education, while the NEP 2020 supports adaptive efficiency, together building a paradigm where education is both a legal right and an economic driver for inclusive national development.

¹⁸ *Annual Status of Education Report (ASER) 2023–24*, Pratham Foundation (2024).

¹⁹ *Ministry of Education, Unified District Information System for Education Plus 2023-24*

²⁰ *Ministry of Labour & Employment, e-Shram Dashboard Report 2024*, Gov't of India (2024).

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