



**CAN PUBLIC EXPENDITURE ON EDUCATION REDUCE  
INCOME INEQUALITY IN RURAL INDIA?  
A STUDY IN 15 MAJOR STATES OF INDIA FOR THE PERIOD  
1983 TO 2012**

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**ABSTRACT**

*Using panel data for 15 major states of India for the period 1983 to 2012, this paper empirically examines whether devoting more expenditure on education by various state governments and central government taken together can positively affect the distribution of income/expenditure in rural sector of India. From the findings it is observed that public expenditure on education helps reducing income inequality whether we use the rightist view of inequality or relative inequality as measured by Gini coefficient or, the leftist view of inequality or absolute inequality as measured by Standard Deviation of income in rural sector of India. These findings are robust to the inclusion of various socio-economic and demographic variables. The findings, therefore, suggest that devoting more public expenditure on education may be one way to reduce income inequality in India.*

**KEY WORDS:** *Relative Inequality, Absolute Inequality, Education Expenditure.*