

**EDUCATION FOR ALL – MID DECADE ASSESSMENT**

# **THE CHALLENGES OF PUBLIC FINANCE**

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**NATIONAL UNIVERSITY OF EDUCATIONAL PLANNING AND ADMINISTRATION  
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## Preface

The World Education Forum in Dakar, Senegal approved a comprehensive vision of Education for All (EFA) to be achieved by 2015 based on the six goals. The six goals relate to the areas of early childhood care and education, universalising primary education, gender, youth and adolescents, adult education and quality of education. The main focus is on 'reaching the unreached' for ensuring complete coverage of education. With this background the *Mid- Decade Assessment of Education for All* was initiated to take stock of the progress made with respect to EFA Goals. Corresponding to this exercise, a comprehensive review of the progress made with respect to Education for All in India was conducted jointly by Government of India and the National University of Educational Planning and Administration (NUEPA).

The present work which is a sequel to the National Report consists of a series of thematic and state review papers. There are nine thematic review papers covering all the six goals including three additional papers on three other themes, namely, Teacher and Teacher Education, Management Strategies for EFA and Financing of EFA in India. These thematic review papers are further followed by a series of analytical papers covering progress of EFA in twenty seven states of India. State reviews attempt to present a quick picture of the current level of progress in each state of India assessing the magnitude of the task involved in achieving EFA goals and projecting a realistic time frame as well as strategies needed to reach the goals. Each thematic review as well as state-specific analytical review paper has been prepared by an established expert in the respective area/state in close collaboration with national and state governments.

The review papers along with the National Report present a comprehensive and disaggregated picture of the progress made towards EFA goals in the country. The papers are coming out at a very opportune time when the Parliament is engaged in debating the legislation to make education for all children a Fundamental Right. While the thematic papers highlight state of development of education with respect to different goals of EFA, the State papers present the diversity of the situation across the country. The whole series would serve as an invaluable independent documentation on various aspects of EFA ranging from early childhood care and education to universal elementary education and adult literacy programmes using authentic data sources accompanied by a review of relevant empirical research.

The whole Project involving the National Report along with the series of thematic and state analytical review papers were conceived and executed by Prof. R. Govinda, NUEPA who led the entire exercise and would like to thank him profusely

for his leadership. Dr. Mona Sedwal who as a part of the Project Team at NUEPA contributed immensely to the whole exercise also deserves appreciation. The Team immensely benefited by the advice given by the Technical Advisory Group set up under the Chairmanship of Professor A.K. Sharma for guiding the entire exercise. I would like to express my sincere thanks and gratitude to Prof. A. K. Sharma for his invaluable guidance. Finally, I would also like to acknowledge the generous financial support provided by UNICEF and UNESCO.

**Ved Prakash**  
***Vice Chancellor***  
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## Editorial Note

Indian Constitution directs the State to provide free and compulsory education for all children upto the age of 14. This goal has been pursued by the country for nearly six decades through successive development plans. The last two decades have witnessed significant improvements in children's participation in schooling, accompanied by substantial increase in investments. The recent effort to raise resources for the sector through imposition of an education cess is major effort in that direction. Even though school education has traditionally remained a subject for action by State Governments, Government of India has, during the last two decades following the National Policy on Education – 1986, begun to play a leading role. This culminated in the launching of the national programme of Sarva Shiksha Abhiyan in 2001. Despite all these efforts, the final goal of providing quality education for all has eluded the country.

Urgency of reaching the goal has been heightened in recent years due to several national and international developments, including commitments made under the Dakar Framework for Action for providing quality Education for All by 2015, which not only covers primary education but also focus on literacy goals, gender equality and quality concerns. The Dakar Framework of Action listed the following six specific goals to be achieved by all countries.

1. Expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children.
2. Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to and complete free and compulsory primary education of good quality.
3. Ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life skills programmes.
4. Achieving a 50 per cent improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults.
5. Eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to and achievement in basic education of good quality.
6. Improving every aspect of the quality of education, and ensuring their excellence so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills.

The National Plan of Action for Education for All (2002) in India reflects this sense of urgency felt within the country by proposing to reach the targets much ahead of the international dateline. At the national level, the Constitutional Amendment in 2002 declaring education in the age group 6-14 which corresponds to the elementary education stage of schooling a fundamental right has brought the issue of universal

elementary education (UEE) to the centre stage of public discourse. The country is in the process of drawing up the legislation for effective implementation of the right for translating the constitutional provision into reality. With the progress made in recent years the goal seems to be achievable by the international time frame of 2015. But this requires systematic assessment of the various goals the present exercise is one such effort.

UNESCO has been bringing out annual review of the progress made in moving towards the goal of EFA through the Global Monitoring Report. These assessments do not reflect an encouraging picture of the Indian scene. This is an issue of serious concern for the national leadership as one sixth of the world population lives in India. With around 65% adult literacy rate, there are more around 350 million adult illiterates in the country. This should not be taken to imply that no efforts are being made to meet the challenge of EFA. Besides, the national averages do not fully reflect the diverse reality characterizing educational progress in India. In fact, it is paradoxical that while certain pockets of the country are emerging as the international hub for creating a knowledge society, certain other regions and sections of the population continue to be deprived of even basic education. It is clear that in pursuing EFA goals, not all states and regions of the country are in the same league. The variety is too wide to draw any generalization. While some states have made remarkable progress in education, practically eradicating illiteracy and achieving near universal participation of children in elementary education, several other states continue to remain far from the final goal. What is needed to progress faster in moving towards the 2015 EFA deadline in all parts of the country? This obviously demands an analytical exercise - goalwise as well as statewise.

It is with this objective in view that the present exercise was taken up to make an independent assessment of the progress achieved in different states and with respect to different EFA goals. The present series of papers constitute the outcome of such a comprehensive exercise carried out by independent experts, in collaboration with Central and State Governments. The main purpose of the exercise is to place before policy makers, planners and the civil society as a whole an analytical picture of the progress made towards EFA goals and the challenges ahead for reaching the goals in a realistic fashion.

The exercise consisted of three parts. The first part consisted of presenting an overview of progress in the country with respect to six goals highlighted in the Dakar Declaration. This was largely based on the technical guidelines for assessment prepared by UNESCO. A national report entitled "Education for All Mid-Decade Assessment: Reaching the Unreached" has been prepared and published jointly by NUEPA and Government of India.

The Second Part consists of a series of nine thematic review papers dealing with different dimensions of 'Education for All' keeping in view the Indian context and priorities. These include: (i) Early Childhood Care and Education; (ii) Universal

Elementary Education; (iii) Adult Education; (iv) Towards Gender Equality in Education; (v) Education of Adolescents and Young Adults; (vi) Quality of Education; (vii) teacher and teacher education; (viii) Management Strategies for EFA and (ix) Financing of EFA. Each of these papers has been prepared by an expert or experts in the respective area. The papers were reviewed by another independent expert and revised based on the observations.

The third part consists of analytical papers covering all states of India. Each thematic review as well as state-specific analytical review was prepared by an established expert in the respective area/state in close collaboration with national and state governments. The state level reviews are prepared on lines similar to what was followed for preparing the national review. Each of them deals with comprehensively on all six goals of EFA specified in the Dakar Declaration.

The move to make basic education a fundamental right and the accompanying effort to assess the funds required for universalizing elementary education has brought to sharp focus the question of financing elementary education in India. The recent decision to impose a 2% cess exclusively for financing basic education and the proposal to universalize provision of nutritional supplement to all elementary school children has made the issue especially important. Expectation in some quarters that privatization could help mobilize substantial resources for EFA has added a further dimension to the debate. These along with the question of external funding which forms substantial part of SSA is the subject of analysis in the present paper by Praveen Jha and Pooja Parvati with a view to determining the progress achieved and the problems involved in reaching the goals of EFA by 2015.

This elaborate exercise of assessing the progress in EFA should be viewed in the context of repeated assertions by the UNESCO Global Monitoring Report on EFA that Indian is at the risk of not making the global targets with respect to several EFA goals. The findings of the review clearly points out that the situation across the country is very diverse. While some States have registered fast progress on all fronts, some others continue to lag behind. Also in general, access to schooling has improved every where even though much remains to be done with respect to other goals of EFA. It is hoped that the various volumes brought out through the exercise would together present a realistic analysis and a disaggregated picture of the Education for All process and achievements in the country.

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## Abbreviations

AWPB	Annual Work Plan and Budget
BE	Budget Estimates
BRC	Block Resource Centre
CABE	Central Advisory Board on Education
CAG	Comptroller and Auditor General of India
CRC	Cluster Resource Centre
CSS	Centrally Sponsored Schemes
DFID	Department for International Development
DPEP	District Primary Education Programme
ECCE	Early Childhood Care and Education
EFA	Education for All
EGS/AIE	Education Guarantee Scheme/Alternative Innovative Education
FRBM	Fiscal Responsibility and Budget Management Act
GDP	Gross Domestic Product
GOI	Government of India
ICDS	Integrated Child Development Services
MDG	Millennium Development Goals
MDM	Mid-Day Meal
MHRD	Ministry of Human Resource Development
MTR	Mid-Term Review
NSS	National Sample Survey
OB	Operation Blackboard
OECD	Organisation for Economic Cooperation and Development
PAB	Project Approval Board
PPP	Purchasing Power Parity
RE	Revised Estimates
RSS	Rashtriya Swayamsevak Sangh
SC/ST	Scheduled Castes/Scheduled Tribes
SDMC	School Development Management Council
SMC	School Management Committee
SNP	Supplementary Nutrition Programme
SPD	State Project Director
SSA	Sarva Shiksha Abhiyan
TLM	Teaching and Learning Materials
UEE	Universalisation of Elementary Education
UPA	United Progressive Alliance
UT	Union Territories
VEC	Village Education Committee
VSS	Village Shiksha Samiti
WPI	Wholesale Price Index

## INTRODUCTION\*

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It is almost a truism that investments in human capital are extremely important, both for instrumental and intrinsic reasons<sup>i</sup>. In other words, they are desirable goals in themselves, but also facilitators of a whole range of extremely vital processes and outcomes towards economic and social development. In economic theory, for instance, there is a burgeoning literature, from 1950s onwards, that views economic growth as a function, not only of physical resources, such as machines, raw materials, well-defined labour units, etc., but also of skills, knowledge and related factors, in short, human capital<sup>ii</sup>. Studies have tried to show that an increase in investments in people is immensely beneficial to economic development<sup>iii</sup>. Among these too, education forms the crucial component for its multidimensional instrumental roles, including contributions to skill enhancements and health and nutritional improvements<sup>iv</sup>. Paul M Romer, with his pioneering work on the endogenous growth models calls for a novel outlook in terms of economic policy for a country by sustained investment in education<sup>v</sup>.

The recognition of education as the key driver of a nation's well-being, both social and economic<sup>vi</sup>, is growing across the world, spurred by convergence of changing demographic profiles, increased globalization and knowledge driven economies<sup>vii</sup>. Public policy discourses in the recent years have shown increased recognition of the critical importance of education in a nation's well-being. Easy access and affordability of education are the major determinants in the formation of quality human capital and economic growth, and these, in turn, are obviously governed by the robustness of a country's education structure. As already mentioned, investment in education is viewed as a critical component in the formation of human capital and various studies have shown that there are impressive, both private as well as social rates of return to investments in education<sup>viii</sup>. Hence, it benefits both the individual as well as society. This provides for a strong basis for public spending in education.

Herein, a perception usually favored by several mainstream economists, that the scarce resources of a developing

economy are best devoted to improving economic growth, needs to be challenged. In such a view, it is believed that improvements in education, nutrition and health will succeed income growth. Studies, however, seem to suggest that while there may be an element of truth in this perception, it happens only at a modest, often painfully slow, rate<sup>ix</sup>, thereby implying that such concerns need to be addressed directly. Further, as stated at the outset, devoting resources to education, nutrition and health, far from being seen as mere sectoral advocacy, ought to be viewed as 'economically justified' uses of public resources<sup>x</sup>, both for instrumental as well as intrinsic reasons, in a desirable development process.

It is a well known fact that in the developed western world as well as in successful latecomers to industrialization and economic transformation, among the East and South-East Asian countries, investment in education, including at the elementary level, has been a priority concern, almost right since the beginning of their modern economic transformation, and undertaken primarily by the respective governments. This has played a vital role in the economic progress of these countries<sup>xi</sup>. As is well established in the relevant literature<sup>xii</sup>, education cannot be left to private players as not only it is plagued by 'market failures' but also

unjustified from the perspective of equity and rights.

From the point of equity, it is often argued that education expenditure should not be tilted in favor of secondary or tertiary levels. If a country spends more at the secondary or tertiary level, at the expense of primary level, then it tends to favor the relatively better off or the well to do. Thus, between different tiers of education, the first charge on public resources for education should be that of the primary sector. According to Psacharopoulos, rates of return are particularly high for investment in primary education especially for the less developed countries<sup>xiii</sup>. Thus, as per this view, a country having low primary enrolment rate should allocate more resources to the primary level so as to attain universal primary education, and only subsequently should focus on the secondary and tertiary tiers of education. However, it seems to us that such a hierarchy/sequencing is undesirable; instead, what governments ought to strive for is a synergy between different levels. In other words, among the most critical challenges confronting any government is to ensure 'Education for All', and at all levels, on an ongoing basis, of a decent quality.

'Education for All' was the motto adopted by the World Education Forum held in Dakar, Senegal, in April 2000.

The six goals flagged by this Forum, to be attained by 2015, are briefly summed up as follows<sup>xiv</sup>:

- Expand early childhood care and education
- Provide free and compulsory primary education for all
- Promote learning and life skills for young people and adults
- Increase adult literacy by 50 percent
- Achieve gender parity by 2005, gender equality by 2015
- Improve the quality of education

If we choose not to interpret the Dakar goals in a narrow and conventional manner, then these may be used as echoing the philosophy that was envisioned by the Delors Report<sup>xv</sup>. The Delors Report advocates four-pronged approach to lifelong learning and includes: schools, vocational training, universities and adult education, and each one of these ought to be accorded equal importance in any society. Schools cover pre-school/kindergarten to elementary and secondary levels for all children; vocational training broadly includes pre-qualification to in-service training; universities may be taken as a shorthand for the entire tertiary sector, from the college level to other forms of higher education, including technical education; finally, adult education should take into account the diverse learning needs of the younger adults to the elderly, largely outside the regular streams in the university system, and concomitant institutional arrangements.

With respect to pre-school care and education, it is commonly perceived that the family is best placed to look after the children. While parents can take the best care of the children, it does not obviate the need for social intervention, owing to factors that affect parents and, in turn, come in the way of adequate care of the child, factors such as poverty and powerlessness (a phenomenon that can be checked with long-term social interventions such as land reforms, employment programmes and income redistribution), easy access to public facilities, limited knowledge on childcare and nutrition, and social norms<sup>xvi</sup>. For all these, and several other reasons, childcare must be viewed as a social responsibility, in terms of enabling parents to take better care of their children with regard to the provisioning for health, nutrition, pre-school education, related services and the larger societal context conducive to overall nurturing of children. An African proverb translated into English, puts it succinctly: 'It takes a village to raise a child'.

Moving on to elementary education, it is interesting to note that in spite of attaining universal primary education long ago, developed countries, almost without exception, continue to put substantial resources into this sector<sup>xvii</sup>, to sustain quality education at this level<sup>xviii</sup>. It may be of interest to have a profile of the current public spending levels by countries in different groups.

For this, we randomly picked up a few countries in three broad groups (i.e. High, Middle & Low Income), and looked at their public spending per capita on primary education, in terms of US dollars, adjusting for purchasing power parity (Table 1.1). In the high-income group, USA is spending as much as 679.54 dollars per capita which is the highest. Spending per capita for Netherlands and Japan are comparable and in the range of 360-380 dollars. There is a lot of variation in the middle-income group: China spending only 26.5 dollars, whereas the government

expenditure on primary education for South Africa at 311.6 dollars is close to the upper income countries. The relevant figure for China at 26.5 dollars is surprisingly low and our guess is that it may be an underestimate due to methodological differences in the accounting framework. Brazil and the Philippines are also spending relatively less compared to other countries in their group, like Cuba and Costa Rica. In the low-income group, public spending per capita on primary education is very small; for India, in 2000, this figure was only around 43 dollars.

**Table 1.1: Per Capita Expenditure at Primary Level (in \$ ppp)**

<b>High Income Country</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
France	-	287.88	287.88	287.88	287.88
Korean Rep	241.44	247.48	185.61	-	205.22
Japan	361.87	351.82	351.82	361.87	-
Netherlands	339.86	353.47	-	367.07	380.66
U.S.A.	531.96	-	679.54	679.54	-
<b>Middle Income Country</b>					
Argentina	158.48	203.76	203.76	215.08	158.48
Brazil	121.44	100.096	91.264	88.32	-
China	28.94	26.532	-	-	-
Costa Rica	-	222.31	177.848	203.39	198.66
Cuba	128.846	151.459	165.658	146.73	-
Malaysia	-	-	141.75	196	217
Indonesia	-	102.9	111.72	111.72	108.78
Philippines	61.44	-	-	44.93	39.168
S. Africa	304.83	311.604	248.38	248.38	-
<b>Low Income Country</b>					
Bangladesh	14.168	14.812	-	20.25	20.25
India	-	34.08	43.168	-	-
Kenya	-	39.98	38.81	-	-
Nepal	18.86	21.62	28.82	23.19	22.01

Source: Human Development Report (2005), World Bank Education Statistics.

With the opening up of the Indian economy and the rapid changes witnessed in science and technology, the pressing need to improve quality of life and to reduce poverty, it becomes more urgent than ever before that school leavers acquire higher levels of knowledge and skills than what they are provided in the 8 years of elementary education. The secondary stage has received inadequate attention in public policy discourses in India, almost throughout the post-Independence period<sup>xix</sup>, and the neglect in terms of its provisioning by the State has become even more acute in the last couple of decades in some ways.

The story with the higher levels of education is almost similar. It hardly needs to be emphasised that a vibrant and equitable system of higher education that encourages quality learning as a result of both teaching and research, is fundamental for any kind of success in the emerging knowledge economy. As has already been stressed earlier, education contributes significantly to economic development. The developed world appreciating this fact believes that any amount of investment in higher education is purely legitimate<sup>xx</sup>. As against a meager 0.37 percent share of GDP spending on higher education in India, the USA (1.41 percent), the UK (1.07 percent) and even China (0.5 percent) spend considerably more.<sup>xxi</sup> The National

Knowledge Commission estimates that a minimum of 1.5 percent of the GDP must go towards higher education, out of a total of 6 percent for education as a whole<sup>xxii</sup>.

An increasing trend has been recently observed in terms of privatization of higher education in India. However, it is of interest to note that regardless of considerable presence of the private sector in higher education (in the form of private institutions) in countries like the USA (59.4 percent), Germany (29.5 percent), Israel (14 percent), and China (39.1 percent), students' preference continues to tilt towards public institutions. This is evident from the share of enrolment in private institutions for the aforesaid countries which respectively 23.2 percent, 3.7 percent, 11 percent and 8.9 percent as reported in 2005<sup>xxiii</sup>. The corresponding figures for India are 51.53 percent<sup>xxiv</sup>. This, in large measure, connotes that contrary to the trend in India; higher education is still taken more seriously as a 'public' service in these countries, and compares well, in terms of quality, with private institutions.

In the context of viewing education holistically, as under EFA, it is worth stressing that in most developing countries, a vital segment often ignored is adult education and the provisions for it are neither sufficient in quantity nor in quality. It is obvious that attention must

be paid to increasing and sustaining adult participation rates. Appropriate policies and institutions are obvious areas of core concern in this respect and, needless to add, the situation in developing countries tend to be much worse. As is well known, adult education programmes are critical for several social groups, such as those unsuccessful in school and vocational education and lacking motivation; women owing to their twin roles as care-givers (in family) and workers; and households on account of financial stress<sup>xxv</sup>. Ideally then, adult learning would foster active citizenship, strengthen personal growth, secure social inclusion and thus go far beyond 'employability'. With regard to public financing of adult education, trends across the world, more so in developing countries, reveal inadequate allocations and an approach of ad-hocism<sup>xxvi</sup>. Also, the share of out of pocket expenditure by citizens on adult education has tended to be on the rise and needs to be viewed with caution.

It is also necessary that besides general education up to secondary level, opportunities for improvement of vocational knowledge and skills should be provided at the secondary education level onwards to enable and improve employability<sup>xxvii</sup>. In India, the vocational education stream is quite small, enrolling less than three percent of students at the higher secondary

level<sup>xxviii</sup>. In per capita terms, vocational education is costlier than general education; however public expenditure on vocational education has been extremely low, as compared to general secondary education. Given the demand for skilled manpower in manufacturing and services, the government should aim to spend at least 10–15 percent of its total public expenditure on education, on vocational education, as recommended by the National Knowledge Commission in December 2006.

Vocational education courses are offered in schools (at Classes XI and XII) and are aimed at preparing students for an early entry into the labour market. However, it has been observed that the bulk of students in the vocational stream appear intent on entering higher education.<sup>xxix</sup> Also, international experience suggests that employers mostly want young workers with strong basic academic skills, and not necessarily vocational skills. However, to make the existing vocational education system relevant to market needs, a major restructuring of the system and its management will need to be implemented.

Lastly, most accounts seem to suggest that in several developing countries, including India, considerations of quality education at all levels, including at the elementary stage, which has been at

the centrestage in the recent official discourses, continue to create a huge sense of discomfort. Meeting basic learning needs of children is obviously the foundation of all educational endeavours, but merely expanding the number of schools and getting children into them would translate to nothing if the standard/quality of education is not satisfactory. While several factors are likely to influence quality of education, key aspects include provisioning of resources, curriculum, learning material, pedagogic processes, etc.

This paper provides an overview of public financing at different levels of education in India in the recent years; and examines the case of elementary education in some detail while the trends relating to other levels are touched upon briefly. Our focus here is on the elementary education, mainly because, for all practical purposes, efforts of the governments at different levels have concentrated on this sector even while paying lip service to EFA on a regular basis.

The paper also takes stock of the key educational outcomes and some aspects related to infrastructure, largely with reference to the elementary level. So far as the trends in the financing of elementary education are concerned, we present some key findings for nine states which were selected for two separate studies coordinated by the lead author for detailed examination of the relevant issues. The selected states for the said studies are: Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh. The present paper also highlights some critical issues related to the *Sarva Shiksha Abhiyan*, the flagship scheme of the Central Government, aimed at Universalisation of Elementary Education (UEE). However, before we get into a discussion of the recent trends relating to public provisioning, it may be useful to have a glimpse of the educational outcomes and infrastructure relevant to the elementary level at the current juncture.

## **OUTCOMES AND INFRASTRUCTURE WITH RESPECT TO ELEMENTARY EDUCATION: SOME KEY INDICATORS**

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In almost six decades since Independence, one of the most disappointing aspects of India's development has been its notable failure to rise up to the challenge of universalising primary education. India has the largest number of illiterates compared to any other country, with every third illiterate in the world being an Indian. Despite the rhetoric of according highest priority to universalise elementary education soon after Independence<sup>xxx</sup>, India's record of progress has been a most dismal one. Not only do the literacy levels leave much to be wanted, another worrisome development observed in the recent years is the decrease in the share of

government schools in the country as opposed to private schools (an issue that was sought to be addressed after Independence with some success). Table 2.1 presents the relevant trends. Our hunch is that the share of private schools will increase significantly in the future. It may be worth recalling here that even now, in most of the OECD<sup>xxxii</sup> countries only about 10 percent of students attend private primary schools (a section of which are dependent on government support). There is no historical script that points any other way to ensuring decent quality universal access, apart from the strong public provisioning in this sector<sup>xxxii</sup>.

**Table 2.1: Growth of Private Schools Providing Elementary Education**

Year	Government	Private	Total	Private Schools as percent of Total
1903	107196	38678	145874	26.5
1973	495758	53392	549150	9.7
1979	534260	45780	580040	7.9
1986	705560	113404	818964	13.8
2002	755792	140594	896386	15.7
2003#	794265	125842	920107	13.7
2005#	880545	157268	1037813	15.2

**Note:** Government includes both government and local bodies.

Private includes private aided, private unaided and private unaided unrecognized. It is possible that the number of private schools reported here is an underestimate when almost in every town in the country, many 'education shops' in the name of schools have been set up.

**Source:** 1903 figures - 'Statistical Abstract Relating to British India 1903-1912, Digital South Asia Library; 1973 figures – 'Third All India Education Survey'; 1979 figures – 'Fourth All India Education Survey'; 1986 figures – 'Fifth All India Education Survey'; 2002 Figure 'Seventh All India Education Survey'; 2003 and 2005 figures – 'Elementary Education in India: An Analytical Report'. (The references above correspond to estimates given for the particular year. However, the following source can be used as a substitute. Source: Centre for Budget and Governance Accountability (2007) *Primer on Budget Analysis: Taking the Case of Elementary Education*, New Delhi, 2007)

As per the most recent decadal Census conducted in 2001, the average rate of literacy at the national level is still 65 percent. Female literacy is even lower at around 54 percent for the country as a whole; in rural areas, it is only 47 per cent. Even taking the rural and the urban areas together, female literacy falls short of 50 per cent in at least six states, namely, Arunachal Pradesh, Bihar, Jharkhand, Jammu & Kashmir, Rajasthan and Uttar Pradesh. If female literacy rates in the rural areas alone are considered, another seven states get added to this list. These are: Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Chhattisgarh and Orissa<sup>xxxiii</sup>. However, the simple inescapable point underscored by the above numbers is that the deficit is still a huge one even in terms of crude

quantitative indicators. It is well known that quite a few countries in Asia, such as Sri Lanka, Indonesia or China, among others, who were roughly at comparable levels around the middle of the 20<sup>th</sup> century, have done much better than India. It would seem that India as a nation has paid scant regard for the well being of its children over generations. It is nothing short of a sustained and long-drawn betrayal of its most vulnerable, almost voiceless, constituencies.

Following is a catalogue of a select set of relevant numbers and facts, most of which are well known; in our judgement many of these are extremely worrisome.

1. (a) As per the 61<sup>st</sup> round of the NSS (2004-05), there were approximately 200 million children in the age group

of 6-14 years. Out of these only 177 million were enrolled; the percentage of-out-of school children works out to be 11.5<sup>xxxiv</sup>. National Commission for Enterprises in the Unorganized Sector, using the same data source, estimates that out of a total of 252 million, in the 5-14 years age group, 45.2 million i.e. 17.9 per cent were out of school<sup>xxxv</sup>.

(b) According to another reliable data source<sup>xxxvi</sup>, of the total out-of-school children in rural areas, three-fourths were out of school as against one-fourth in the urban areas in 2005. The proportion of children out of school was relatively higher among those in the age group of 11-13 years (8.56 per cent) compared to those in the 6-10 years age category (6.1 per cent).

(c) According to the report of the Sub-Group for the 11<sup>th</sup> Plan for Sarva Shiksha Abhiyan<sup>xxxvii</sup>, percentages of out-of-school boys and girls in the age group 6-10 years were 5.51 per cent and 6.87 per cent respectively. For the age group 11-13 years, the percentage of out-of-school children was relatively higher among girls (10.03 per cent) than that of boys (6.46 per cent).

(d) Amongst social groups, 9.97 per cent Muslim, 9.54 per cent of ST, 8.17 per cent SC and 6.9 per cent of

OBC children were out of school in 2005. Among all social groups, the estimated percentage of children out of school was higher in rural areas than in urban areas<sup>xxxviii</sup>.

(e) Among those who were reported to be attending school, an overwhelming 84.2 per cent were attending government schools while 13.3 per cent were attending private recognized schools<sup>xxxix</sup>.

2. (a) As per the report by the National Family Health Survey-III for the year 2005-06, the median number of years of schooling in India is 1.9 years for girls (as opposed to 0.6 years in NFHS-II, 1998-99) and 4.9 years for boys (as against 4.5 years in NFHS-II, 1998-99)<sup>xl</sup>.

(b) According to NFHS-III, among all the states, Kerala ranks first with the lowest proportion of females and males with no education (10 and 5 percent, respectively), followed closely by Mizoram. Delhi ranks first in terms of educational attainment. Twenty-eight percent of females and 32 percent of males in Delhi have completed 12 or more years of education. While males in Delhi also have the highest median number of years of education (9 years) among all the states, it is females in Kerala who have the highest median number of years of education (8

- years). Other states with relatively higher educational attainment for both females and males are Manipur, Himachal Pradesh, and Goa, where the median number of years of schooling for females is 5 or more years and for males 8 years. At the other end, Bihar has the highest proportions of both females (60 percent) and males (35 percent) who have no education. Other states in which at least half of females in the age group of 6 years or more, have no education, include Rajasthan, Uttar Pradesh, and Jharkhand. At least one in four males has no education in Nagaland, Rajasthan, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Jharkhand, Arunachal Pradesh and Meghalaya. The lowest level of educational attainment for males is found in Bihar, Meghalaya, and Arunachal Pradesh, where the median number of years of schooling for males is 3 years or less.
3. Pupil teacher ratios for primary and upper primary declined from 24:1 and 20:1 in early 1950s to 46:1 and 35:1 in 2004-05 respectively<sup>xli</sup>. Clearly, the increase in teacher supply has not kept pace with increases in child population and attendance at schools, leading to overcrowded classrooms with pupil-teacher ratios at the primary level being as high as 83:1 in Bihar and 53:1 in West Bengal<sup>xlii</sup>.
  4. In the recent years, there has been an increase in the number of upper primary schools at the all India level. There was one upper primary school for 2.8 primary schools in 2004-05, and in 2005-06 this ratio was 1:2.5. To bring the ratio of upper primary: primary school to 1:2 (as per the SSA norm), the additional need for upper primary schools works out to 1, 40,000<sup>xliii</sup>.
  5. According to the 58<sup>th</sup> Round of the NSS (2003), 27.7 per cent of pupils had to travel more than 2 kms to find a primary school.
  6. (a) The problem of teacher absenteeism in primary schools has been found to be acute. As per the 2006 World Bank-Harvard University study, reported in one of the national dailies<sup>xliv</sup>, 25 per cent of primary school teachers were on a particular day absent from schools, and only about half among those present were teaching. The study also reports that teachers absence was less in schools where a system of daily incentives existed; that had been inspected recently; and that had better infrastructure and were close to a paved road.

(b) Rates of teacher absenteeism varied from under 15 per cent in Maharashtra to 42 per cent in Jharkhand (2006). The rates were found to be higher in 'poorer states'.

7. (a) School-wise information collected through DISE (2006) suggests that the number of primary schools without building declined from 38,158 (6.34 per cent) in 2002-03 to 33,876 (4.59 per cent) in 2005-06. The student-classroom ratio (SCR) was 41:1 at the primary level and 33:1 at the upper primary level in 2005-06.<sup>xlv</sup>

(b) Of the total primary schools without building, 92.11 per cent schools were located in rural areas<sup>xlvi</sup>.

8. In 2005-06, 52.45 per cent of primary schools and 43.75 per cent of upper primary schools did not have any toilet at all. 56.36 per cent of primary and 52.06 per cent of upper primary schools did not have any boundary wall. Drinking water facilities were not available in 18.88 per cent of primary and 16.78 per cent of upper primary schools.<sup>xlvii</sup>

9. Huge gender and caste disparities are visible across states in spite of the avowed commitments of governments to the contrary<sup>xlviii</sup>. The enrolment figures reveal sharp

gender variations across the states (Table 2.2). States such as Bihar and Rajasthan continue to fare poorly as compared to relatively better-off states in the North-Eastern region (Assam). The overall social climate plays a critical role in this respect. For instance, the attitude towards the students from low caste families by their teachers and fellow students sometimes forces them to drop out.

It is well known, that since the late 1980s, a number of initiatives have been launched by the Central Government to improve the provisioning of infrastructure, among these the prominent one in recent years is the Sarva Shiksha Abhiyan (SSA), launched in 2001 to put universalisation of elementary education on the fast track. However, as per some of the government's own norms<sup>xlix</sup>, the progress has been slow and gaps quite significant.

Further, a variety of undesirable features are gaining ground. Among these, growing informalisation of elementary education service delivery should be considered a major cause of concern. In an effort to cut down costs, concerns of quality have been given a short shrift with even the formal institutions getting informalised in a

variety of ways. One of the most obvious manifestations of this growing malaise is the adoption of the para teacher schemes almost all over the country<sup>1</sup>. Such schemes rely for education delivery on contract teachers

whose recruitment procedures, remuneration, service conditions, etc, are entirely different from regular teachers. We will look at some other aspects of this disturbing trend later in this paper.

**Table 2.2: Disparities in Elementary Education**

State	PTR (Primary)	Primary: Upper Primary School Ratio	Out-of-School (6-14 year age group), in percent	Gender Gap (Upper Primary) in percent
Andhra Pradesh	28	2.5	3.6	5.3
Assam	32	3.3	11.3	3.1
Bihar	78	3.6	10.5	24.6
Gujarat	41	1.5	3.1	12.9
Karnataka	46	1.9	2.1	4.5
Madhya Pradesh	37	2.8	3.0	15.0
Orissa	40	2.9	3.0	8.5
Rajasthan	40	2.8	2.0	26.4
Uttar Pradesh	73	3.6	6.4	11.2

Note: Selected states are part of two studies on financing of elementary education, as mentioned earlier, by lead author in 2006-07. All estimates are reported averages in the respective states.

Source: DISE, 2004-05

It is a telling comment on our successive governments that after so many years after Independence, a substantial section of children continue to be still out of school, in spite of repeated claims all these years of according top priority to the universalisation of primary education.

As already noted, the biggest contributors towards this dismal state are the poorer and more populous states. Therefore, not surprisingly the school dropout rates, (see Table 2.3), are also very high in India, mainly because of the dismal conditions of schools, especially in the rural areas.

**Table 2.3: School Dropout Rates in India**

Class I to VIII	1990-91	2000-01	2001-02	2002-03	2003-04	2004-05
Boys	59.1	50.3	52.9	52.28	51.8	50.10
Girls	65.1	57.7	56.9	53.45	52.9	50.76
Total	60.9	53.7	54.6	52.79	52.3	50.39

Source: Selected Education Statistics (for different years), MHRD

Table 2.4 provides information on one such constraint, namely, the distance of schools from a village. It is well acknowledged by now that even with small incentives, such as a meal, attendance at school tends to improve substantially<sup>li</sup>.

**Table 2.4: Distance of Pre-primary and Primary Schools from Village**

	Within Village	<2 km	2-5 km	5-10 km	>10 km	Not recorded
Pre-primary	66.5	14.3	4.7	1.4	11.5	1.6
Primary	72.3	16.2	6.2	1.5	2.5	1.3

Source: National Sample Survey Organisation, Report on Village Facilities, July-December 2002, NSS Report 487, Ministry of Statistics and Programme Implementation, December 2003

On the question of retention of children in school, it is worrisome to note that a large number of single teacher schools, overcrowded classrooms, delays in providing learning materials, inadequate staffing of academic resource institutions at Cluster and Block levels<sup>lii</sup>, among others, continue to be serious bottlenecks in retaining children who enrol in Class I.

CAG<sup>liii</sup> reports that the primary reason for non-enrolment is that the schools are expensive, a fact contrary to the common rhetoric of the state government of making education free

and accessible (Table 2.5). Further, of all the varied reasons cited for non-attendance as per the above-cited CAG report<sup>liv</sup>, the most common one is, again, of school being unaffordable and expensive (Table 2.6). Another critical issue highlighted by the same report<sup>lv</sup> is related to coverage of habitations by schools. Table 2.7 gives in a nutshell the number and percentage of habitations that remain uncovered by schools in the various states<sup>lvi</sup>. As is evident from the table, the problem of inadequate coverage is quite serious in several states.

**Table 2.5: Reasons for Non-Enrolment**

Reasons	Males	Females	Total
Cannot afford school	32.7	39	36.1
Child does not like to go to school	19	15.1	16.9
Too young to go to school	14.3	13.9	14.1
Have to go to work	3.4	3.7	2.9
Other reasons	30.5	28.3	30

Source: Comptroller and Auditor General of India, Performance Audit Report on Sarva Shiksha Abhiyan, Ministry of Human Resource Development, Report No 15, 2006, 2004-05

**Table 2.6: Reasons for Non-Attendance**

Reasons	Male	Female	Total
Do not like to go to school	27.8	20.9	24.4
Can not afford school	23.8	24.1	23.9
Have to go to work	7.5	5.5	6.5
Not good at studies	3.1	--	3.1
Household chores and related works	3.1	7.4	5.2
Other reasons	34.7	42.1	38.4

Source: Comptroller and Auditor General of India, Performance Audit Report on Sarva Shiksha Abhiyan, Ministry of Human Resource Development, Report No 15, 2006, 2004-05

**Table 2.7: Habitations without Schools**

Name of State/UT	Total No of Habitations	Habitations Without Schools	Habitations Without Schools, %
Andhra Pradesh	72372	1559	2.66
Arunachal Pradesh	4261	1484	34.83
Assam	7124	2354	33.04
Bihar	5488	833	15.18
Chhattisgarh	39683	3364	8.48
Manipur	4834	1812	37.48
Mizoram	910	62	6.81
Nagaland	1429	192	13.44
Orissa	73148	12829	17.54
Tamil Nadu	64846	380	0.59
Tripura	7556	1114	14.74
Uttaranchal	25206	4013	15.92
West Bengal	3794	1617	42.62
Pondicherry	379	35	9.23

Source: Comptroller and Auditor General of India, Performance Audit Report on Sarva Shiksha Abhiyan, Ministry of Human Resource Development, Report No 15, 2006, 2004-05

Education as a right, in principle, has already received the approval of the country's parliament.<sup>lvii</sup> With this enactment, education is to be made free and made compulsory for all and restructured as a Fundamental Right, thus making it enforceable through suitable statutory measures. However, it is also a matter of serious concern that the requisite measures are yet to be put

in place making it justiciable and enforceable. Given the dithering on the part of the central government for more than five years now, it seems that this 'Right' may not be realized at all or it may get diluted considerably. In any case, the central government is trying to put the onus of appropriate enactment on the state governments. In this regard, we may recall the so-called

'model' Right to Education Bill, a diluted version of what was proposed to be enacted. It was sent to the states in July 2006, asking the state governments to draft their own laws. It is also of interest to note that, along with this, the states were 'advised' that drafting such a Bill would entitle them to receive 75 per cent of funding from the centre under the Sarva Shiksha Abhiyan (SSA), a scheme meant to ensure universalisation of elementary education, while the others were to get only 50 per cent. In this context, the Chairperson of UPA, Sonia Gandhi<sup>lviii</sup> reiterated the urgency of having the enactment in place, and of the need for greater cooperation from the state governments. This clearly points toward shifting the financial burden to the states.

It may be pertinent to touch on some of the constraints impinging on the quality of education before we examine the details of spending patterns. Low quality education implies that even those children who have completed five years of primary schooling may not be functionally literate and numerate. Thus, while an increase in literacy rates is of significance, we cannot overlook the fact that the numbers may be misleading as to what such literacy rates actually mean about effective literacy (and numeracy) in the population. In India, there has been a lot of emphasis on increasing the number

of 'literate' and the provision of more schools with little attention to even basic requirements of what a decent school means. As regards the sensibilities relating to the activities that actually take place inside classrooms, the less said the better. In terms of number, there has been a reasonable increase; recent information suggests that 84 percent of the habitations in India have a primary school located within a distance of one kilometre and there has been a three-fold increase in the number of primary schools between 1950 to 2002 (Ministry of Human Resource Development, GOI, 2002). While this increase is welcome, the inadequacy of school facilities, like drinking water and separate toilets (the latter aspect acting as a deterrant to girl child participation) etc, are major issues in a very large number of schools. Sure enough, setting up more schools is crucial, especially in those areas that have a greater concentration of tribals and other backward castes, i.e. groups for whom not only physical access but social access is also problematic, but quality considerations are equally and simultaneously important.

Educational outcomes depend on the number of teachers and their qualifications, prevailing pedagogy, availability of teaching and learning materials (TLM) in schools such as textbooks and blackboards, and the use made by teachers of these facilities in

actual classroom activities, among other factors. Available evidence suggests that on several of these counts, ground reality in India is very unsatisfactory. For instance, as already noted in the foregoing, there are states in India where pupil-teacher ratio is almost abysmal. Additionally, given the large presence of single and two-teacher schools, there is multi-grade teaching practice, a fact that detracts from the quality of teaching even further. These different elements influencing educational outcomes can be considered as basic components compromising the 'quality' of education.

With regard to teacher qualifications, arguably one of the most disturbing recent policy trends is the recruitment of para-teachers. The term 'para-teacher' is a generic term applied to characterize all teachers appointed on contract basis, often under varying service conditions in terms of emoluments and qualification requirements. Official documents of different state governments refer to them variously, such as *Shiksha Karmi*, *Shiksha Mitra*, *Guruji* and so on. When these schemes started, there was a perception that it was only a passing phase and would soon disappear. However, at present, it is an expanding phenomenon and the policy pronouncements clearly favor its continuance. The cadre of para-teachers, however fuzzy its definition, has witnessed enormous expansion in

many states even in its short period of existence<sup>lix</sup>. The number across the country possibly runs to more than 500,000 and is steadily increasing<sup>lx</sup>, in spite of considerable amount of public outcry on the issue.

Moving on to the issue of pedagogy, it is a matter of great distress that inadequate engagement, even retreat of the state in important ways, (as elaborated earlier, one manifestation of it is increase in the share of private-run schools in the country), from its social responsibility of provisioning for education, may have added to retrogressive tendencies, such as communalization, in significant ways. Increase in the number of private-run schools that impart the so-called 'value-based' education, be it the Saraswati Shishu Mandirs run by Rashtriya Swayamsevak Sangh (RSS) or the madarasas in almost every Muslim neighborhood, is a disturbing phenomenon worth taking note of. The RSS proudly proclaims of its educational initiative, the Vidya Bharati (the parent body controlling Saraswati Shishu Mandirs across the country) as the largest such venture by any non-governmental organization<sup>lxi</sup>. Covering almost the entire length and breadth of the country, except Mizoram and Lakshadweep, there are a total of 13006 such institutions in operation today. Vidya Bharati institutions function under a variety of names like Shishu Vatika,

Shishu Mandir, Vidya Mandir, Saraswati Vidyalaya Higher Secondary Schools, Training Centres and Research Institutions. Similarly, based on data from the Ministry of Home Affairs and the state governments, it is estimated that there are 27,518 madarasas in India<sup>lxii</sup>.

Given the inadequate support to the government schools, it is hardly surprising that there is growing acceptance of the private option to the government-run schools. As recent rounds of NSS data suggest, out of pocket expenditure on education has been rising at a very significant pace.

This is interpreted as a 'voluntary' move out of government schools which, in turn, may have become an alibi for further inadequate policy attention to such schools. It is our contention that a network of state-administered schools must be treated as one of the most cost-effective, secular and democratic system of schooling available in the country, and that the relevant issues of efficiency and quality must be addressed<sup>lxiii</sup>. In our judgment, one of the most important issues to ensure quality education for all is the strategic increase in public spending in the sector. The next section examines this aspect in greater detail.

## ELEMENTARY EDUCATION IN INDIA: TRENDS IN PUBLIC SPENDING

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Before proceeding to look into the problems and gaps in the provisioning of elementary education in India in some detail<sup>lxiv</sup>, a brief overview of financing of pre-school or early childcare and education, adult and tertiary education may be in order. As in other areas of economic and social development, the progress on the education front is also characterised by tremendous heterogeneity at the sub-national levels, i.e., there are significant inter-state as well as intra-state differences. As per the Constitution of India, public provisioning of education has primarily been the responsibility of

state governments, although the central government does play an important role as education is on the 'concurrent list'. A look at the education expenditure in India presents dismal trends (Tables 3.1 a, b & c) and an overall decline in public spending in the recent years. While Table 3.1(a) & 3.1(b) highlight education spending as under revenue account, Table 3.1(c) presents the detailed sectoral break-up in the years 2003-2006 including both revenue and capital account. Table 3.1(a) has been shown graphically in Figure 3.1 to get a clearer picture.

**Table 3.1(a): Public Expenditure on Education as a Percentage of GDP in India  
– (1961 – 2005)**

Year	Education Expenditure to Expenditure on all Sectors, %	Education Expenditure to GDP, %
1961-62	11.70	1.52
1962-63	9.47	1.52
1963-64	9.00	1.50
1964-65	9.60	1.51
1965-66	9.82	1.69
1966-67	9.56	1.68
1967-68	10.55	1.73
1968-69	9.38	1.80

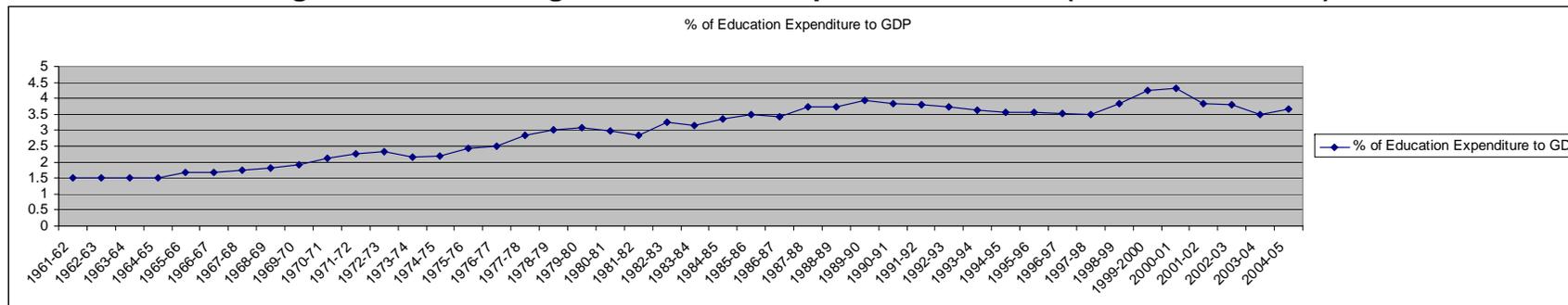
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1969-70	9.61	1.92
1970-71	10.16	2.11
1971-72	9.53	2.25
1972-73	9.70	2.33
1973-74	10.10	2.15
1974-75	10.74	2.20
1975-76	10.30	2.44
1976-77	9.96	2.51
1977-78	11.61	2.83
1978-79	11.46	3.00
1979-80	10.83	3.07
1980-81	10.67	2.98
1981-82	10.30	2.83
1982-83	12.52	3.25
1983-84	10.07	3.14
1984-85	10.80	3.35
1985-86	12.52	3.49
1986-87	10.07	3.41
1987-88	10.80	3.73
1988-89	12.99	3.72
1989-90	11.78	3.93
1990-91	12.75	3.84
1991-92	13.08	3.80
1992-93	13.64	3.72
1993-94	13.37	3.62
1994-95	13.14	3.56
1995-96	13.34	3.56
1996-97	13.33	3.53
1997-98	12.75	3.49
1998-99	14.00	3.85
1999-2000	14.60	4.25
2000-01	14.42	4.33
2001-02	12.89	3.84
2002-03	12.60	3.79
2003-04	11.98	3.50
2004-05	12.76	3.68

Source: Selected Educational Statistics 2004-05

Note: Capital account expenditure is not included in order to maintain consistency. Available sources provide information on capital expenditure towards Education, Sports, Art and Culture together.

**Figure 3.1: Percentage of Education Expenditure to GDP (1961-62 – 2004-05)**



Source: Selected Educational Statistics, 2004-05

Note: Capital account expenditure is not included in order to maintain consistency. Available sources provide information on capital expenditure towards Education, Sports, Art and Culture together.

**Table 3.1(b): Public Expenditure on Education as a Percentage of GDP in India (1981 – 2001)**

Items	1981-82	1985-86	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Total Education</b>	2.49	3.00	3.84	3.80	3.72	3.62	3.56	3.56	3.53	3.49	3.85	4.25	4.33	3.82	3.80	3.50	3.68
<b>Elementary</b>	1.09	1.39	1.78	1.76	1.68	1.67	1.65	1.72	1.73	1.73	1.89	1.93	2.06	1.91	1.86	1.74	1.89
<b>Secondary</b>	0.81	0.92	1.24	1.26	1.27	1.20	1.18	1.17	1.14	1.13	1.26	1.44	1.37	1.20	1.22	1.12	1.11
<b>Higher</b>	0.38	0.42	0.77	0.75	0.73	0.71	0.69	0.65	0.64	0.62	0.69	0.86	0.89	0.69	0.70	0.62	0.66
<b>Adult</b>	-	-	0.05	0.04	0.03	0.04	0.04	0.02	0.02	0.02	0.01	0.01	0.01	0.02	0.02	0.02	0.02

Source: MHRD – Analysis of Budgeted Expenditure on Education, various years.

Note: In any case it is worth noting that these numbers may be over-estimates. Due to inclusion of Sports, Arts and Culture in the Capital Account expenditure and also due to double counting on account of state transfers.

**Table 3.1(c): Public Expenditure on Education as a Percentage of GDP in India  
- (2003 – 2006)**

Items	2003-04	2004-05	2005-06
Total	3.51	3.69	3.70
Elementary	1.43	1.55	1.57
Secondary	0.92	0.91	0.86
Adult	0.013	0.014	0.013
University & Other Higher	0.36	0.35	0.33
Technical	0.11	0.12	0.12
Physical	0.0017	0.0016	0.0015
General	0.02	0.05	0.07
Language Development	0.015	0.016	0.014

Source: Estimates for expenditure on education have been collated from Analysis of Budgeted Expenditure on Education 2003-06, Government of India, Ministry of Human Resource Development, (Department of Higher Education), Planning & Monitoring Unit, New Delhi, 2006.

Estimates of GDP for the years have been collated from the Indian Public Finance Statistics 2004-05, Ministry of Finance, Department of Economic Affairs, June 2006.

A recent estimate<sup>lxv</sup> suggests that out of every rupee spent by the central government, less than five paise go to child-related programmes. Of this tiny amount, only a small proportion of this is allocated to children under six. ICDS, being the only major programme catering specifically to this age group, (of the basic services offered under ICDS, pre-school education is one of the three, the other two being nutrition and health-related), it had been allocated Rs 1600 crore in 2004-05 which worked out to less than one-hundredth of India's GDP. Budget allocations for ICDS have since recorded an upward trend<sup>lxvi</sup>, although it is still very low, especially in relation to the goals of 'universalisation of

education'. Allocations to ICDS in 2006-07 at Rs 6000 crore<sup>lxvii</sup>, worked out to be much less than a rupee per child per day. The picture becomes worse when data is disaggregated further. In 2004-05, Anganwadis in rural areas received Rs 150 a month for 'rent', making it impossible to get a proper space within this meagre amount. Another area severely hit by inadequate provisioning is the Supplementary Nutrition Programme (SNP) under ICDS with wide inter-state differences. For instance, the government of Bihar was spending about Rs 0.15 per child per day while the corresponding figure for Tamil Nadu was Rs 1.20 per child below six years<sup>lxviii</sup>.

For the children in the 0-6 age group, public interventions are largely made under the rubric of the programme referred to as Early Childhood Care and Education (ECCE), which is supposed to play a critical role. It has been estimated by UNESCO that every dollar spent on ECCE generates four dollars in benefits<sup>lxi</sup>. The 2001 Census estimates this demographic group to be 16 per cent of the total population. Recognizing the importance of giving special attention to the three sub-groups within 0-6 years, viz. infants, toddlers, and pre-schoolers, the government in the 10<sup>th</sup> Five Year Plan mentioned its intent to focus spending on these three sub-groups. However, adequate allocations have been missing as revealed by the budgetary commitments. Presently, there are seven schemes dedicated to young children<sup>lxx</sup> and in 2004-05, the government had spent only Rs. 288 per child on these programmes<sup>lxxi</sup>. The low priority accorded to the children in this age group comes out quite starkly when spending is seen as a proportion of Union Budget; in 2006-07, a mere 1.66 per cent of the funds were made available to this crucial population segment.

As regards public provisioning for pre-school education under ICDS, the FOCUS survey<sup>lxxii</sup> shows that demand for it is proportionate to awareness and education levels of parents. Further, it also notes that the development needs

of children are not properly understood by communities, making it difficult to appreciate the importance of pre-school education. Social barriers (of caste, gender and physical disabilities) and special needs (children of migrant families and women employed in the informal sector) also compound the problem of assessing progress made by schemes, such as ICDS, as discrimination and inequity continue to be critical issues in many parts of the country. Several field reports have expressed deep concern about the functioning of pre-school education in many *Anganwadis*. Physical constraints of space and other basic facilities, combined with lack of trained *Anganwadi* workers, lead to low quality results. Here again, substantial inter-state divergences are observed<sup>lxxiii</sup>.

Regarding trends in financing of secondary education sector, as per the report of the "Committee on National Common Minimum Programme's Commitment of 6 per cent GDP to Education" under the Chairmanship of Professor Tapas Majumdar, secondary education received 0.82 percent of GDP in 2004-05<sup>lxxiv</sup>, whereas, as per the recommendation of the CAFE Committee on Financing Education, out of 6 per cent GDP to be devoted to education, 1.5 per cent should be on secondary education. Thus, to the extent of which secondary education can be said to be 'under-funded' by 62

per cent of GDP in absolute terms, in the year 2004-05; this amounted to an under-funding by Rs.17,600 crore. If universal access to secondary education has to be provided in the near future, the major initiative and requisite additional funding may have to come from the central government. Given that the quantum of additional investment is only a small fraction of the total Budget of the Government of India, it would be in the interest of the future of the Indian economy and society to adequately fund this sector.

With regard to higher education as well, public provisioning has been inadequate and fluctuating. For instance, in the recent years, the share of total expenditure on higher education by Government of India fell to 16.7 per cent in 1996-97 from 20.6 per cent in 1990-91, climbing to 26 per cent in 1998-99 to fall again to 19 per cent in 2003-04.<sup>lxxv</sup> As a percentage of GDP, the share of higher education has been declining as noted in Table 3.1 above.

In this regard, it is interesting to observe that the Union Minister for Human Resource Development Arjun Singh, while inaugurating a two-day national conference on "Development of Higher Education: Expansion, Inclusion and Excellence", termed higher education to be the 'sick child' of education and called for academics to "come to terms with reality"<sup>lxxvi</sup>. The

Minister also called upon the Vice Chancellors to define the parameters of higher education — the content, the extent of higher education, the methodology of teaching and the basic ingredients of the syllabus.

With reference to adult education, it would hardly be an overstatement to say that the problem is really grim. As is well-known, at the elementary school level, enrolment rates have gone up significantly during the last couple of decades but one does not observe similar improvements in the completion rates. Consequently, a large section of young persons do not complete the full cycle of basic education, adding to the huge mass of semi-literates, barely literate and illiterate adults. It would not be far-fetched to say that we probably do not even have a proper inventory of this mass. With regard to attaining adult literacy targets of up to 50 per cent by 2015, as per the EFA Dakar goals or the National Literacy Mission's ambitious target of 75 per cent, supposed to be achieved by 2007, adult literacy obviously reveal an extremely inadequate provision.

Having touched briefly on pre-school, secondary, tertiary and adult education, let us turn to some critical issues related to the financing of the elementary sector. Before getting into a discussion of budgetary trends, a few words on the norms concerning adequate financial

provisioning may be in order. Norms for public provisioning of basic education usually deal with the schooling inputs that need to be supplied by the government. The three most essential schooling inputs are: the supply of teachers, infrastructural inputs and the supply of teaching aids. Any evaluation of the adequacy of a certain set of norms is bound to be subjective to some extent, which needs to be located in a particular context. This is because the desirability as well as feasibility of a set of norms depends significantly on the overall level of development of a region, (or lower levels of administrative units) state etc., their specific needs and the availability of resources with the government.

As is well-known, the central government has prescribed a set of norms under SSA. While these norms are certainly an improvement over the DPEP norms<sup>lxxvii</sup> on many counts, inherent rigidities of the financial norms, that create difficulties for the state governments to address local needs, persist. One may even argue that the

norms as determined, and recently modified (11<sup>th</sup> Plan Working Group on SSA, Report), negate the very idea of institutional autonomy and decentralization that the SSA programme set out to achieve. These only establish greater control and centralized framework that proves to be counter-productive at the district and levels below.

As mentioned earlier, expenditure on education in India is undertaken both by the central government and the state governments. At both these levels, the major share of such spending is undertaken by the respective education departments. However, at both these levels, other departments too incur expenditures on education in sizable amounts. This aspect is presented in Table 3.2. As is evident from the data<sup>lxxviii</sup>, 'Other Departments' at the centre spend significant amounts on education, whereas in the case of the states, the spending on education by other departments is proportionately smaller.

**Table 3.2: Centre and States: Budget Expenditure on Education by Education**

Year	Centre/States	Department and Other Departments			
		Education Department (in Rs Crore)	Other Departments (in Rs. Crore)	Total (in Rs Crore)	Total Expenditure on Education as % of Total Budget of All Sectors
1995-96	Centre	3317.53	2233.49	5551.02	3.05
	States	28789.66	4428.01	33217.67	19.15
	Centre + States	32107.19	6661.5	38768.69	10.9
1996-97	Centre	3672.61	2642.22	6314.83	3.1
	States	33018.69	4882.62	37901.31	18.52
	Centre + States	36691.3	7524.84	44216.14	-
1997-98	Centre	4623.15	2498.86	7122.01	2.99
	States	36888.96	4943.96	41832.92	18.8
	Centre + States	41512.11	7442.82	48954.93	10.63
1998-99	Centre	6324.3	3352.22	9676.52	3.46
	States	45341.55	7001.43	52342.98	19.45
	Centre + States	51665.85	10353.65	62019.5	11.31
2000-01	Centre	7925.36	2270.7	10196.06	3.13
	States	54965.41	17717.69	72683.1	20.73
	Centre + States	62890.77	19988.39	82879.16	12.25
2001-02	Centre	8053.2	6082.54	14135.74	3.9
	States	57434.77	8935.46	66370.23	17.41
	Centre + States	65487.97	15018	80505.97	10.83
2002-03	Centre	9089.23	7067.38	16156.61	3.9
	States	59854.37	9878.41	69732.78	16.42
	Centre + States	68943.6	16945.79	85889.39	10.24
2003-04 RE	Centre	10287.01	7158.19	17445.2	3.68
	States	66983.33	11106.97	78090.3	13.98
	Centre + States	77270.34	18265.16	95535.5	9.25
2004-05 BE	Centre	11062.08	8079.35	19141.43	4.01
	States	70107.34	10688.41	80795.75	13.34
	Centre + States	81169.42	18767.76	99937.18	9.23
2004-05 RE	Centre	13228.74	7910.30	21139.04	4.18
	States	73350.84	10969.00	84319.84	6.83
	Centre + States	85686.70	18879.30	104566.00	12.76
2005-06 BE	Centre	18337.04	10591.73	28928.77	5.62
	States	79210.62	12207.44	91418.06	7.88
	Centre + States	96230.71	22799.17	119029.88	13.13

Source: Compiled from "Analysis of Budgeted Expenditure on Education", Ministry of HRD, Gol - various issues.

The most significant features of budgetary provisions for education is that an overwhelming proportion is for revenue expenditure, i.e., basically to meet the running expenses (and it may be worthwhile to note here that the significant increase in revenue expenditure in the year 1997-98 over that of the previous year was mainly due to the Fifth Pay Commission awards). In the union budget documents of India, capital expenditure on education is inclusive of the (capital) expenditure on sports, art and culture. Thus, if we

exclude the capital expenditure on the latter activities, the figures under this head would be even smaller. This indicates the fact that budgetary support from the union government for expanding educational infrastructure (or the physical resources for provision of public education) in the country has been at a very low level (Table 3.3). Also in the recent years, especially since 1999-2000, the per capita real expenditure on education has been stagnant, around Rs 420 per annum<sup>lxxix</sup>.

**Table 3.3: Shares of Revenue and Capital Expenditures in Total Budget Expenditure on Education in India (Including Expenditures by all Departments)**

	1995-96 (Actual)	1996-97 (Actual)	1997-98 (Actual)	1998-99 (Actual)	2000-01 (Actual)	2001-02 (Actual)	2002-03 (Actual)	2003-04 (R E)	2004-05 (B E)*
<b>Centre</b>									
Share of Revenue Exp (in per cent)	99.99	99.99	100.00	99.99	100.00	99.99	100.00	100.00	100.00
Share of Capital Exp. (in per cent)	0.00	0.00	0.00	0.01	0.00	0.11	0.00	0.00	0.00
Share of Loans and Advances (in per cent)	0.009	0.008	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Budget Expenditure (in Rs. Crore)	5551.02	6314.83	7122.01	9676.52	10196.1	14135.7	16156.6	17445.2	19141.4
<b>All States &amp; UTs</b>									
Share of Revenue Exp (in per cent)	98.22	99.16	99.04	99.16	99.46	99.06	99.45	98.87	98.91
Share of Capital Exp. (in per cent)	1.14	0.83	0.92	0.83	0.54	0.94	0.54	1.11	1.07
Share of Loans and Advances (in per cent)	0.64	0.02	0.04	0.01	0.00	0.00	0.01	0.02	0.02
Total Budget Expenditure (in Rs Crore)	33217.7	37901.3	41832.9	52343	72683.1	66370.2	69732.8	78090.3	80795.8
<b>Total (Centre + States/UTs)</b>									
Share of Revenue Exp (in per cent)	98.48	99.28	99.18	99.29	99.53	99.20	99.56	99.08	99.12
Share of Capital Exp. (in per cent)	0.98	0.71	0.78	0.70	0.47	0.80	0.44	0.91	0.87
Share of Loans and Advances (in per cent)	0.55	0.01	0.04	0.01	0.00	0.00	0.01	0.02	0.02
Total Budget Expenditure (in Rs. Crore)	38768.7	44216.1	48954.9	62019.5	82879.2	80506	85889.4	95535.5	99937.2

Source: Compiled from "Analysis of Budgeted Expenditure on Education", Ministry of HRD, GoI, various years.

As already mentioned, many of the social sector activities, like provision of education and healthcare facilities, etc, in India, are primarily the responsibility of the state governments, although the central government has an important role to play. However, given the overall fiscal architecture in the country, the States are largely dependent on the flow of funds from the centre for taking new initiatives and for implementing the ongoing programmes. In such a scenario, the decline in devolution of funds from the centre to the states means that social sector expenditure by the states may get undermined and the overall public expenditure may get constrained (Table 3.4). As is well-known, during the period of economic

reforms since the early 1990s, Indian economy has been subjected to contractionary macroeconomic policies, and as usually happens in the context of 'structural adjustment' scenario, public investment in general and social sector expenditure in particular tend to get hit adversely. Furthermore, with the Fiscal Responsibility and Budget Management (FRBM) Act in place, there is little scope for much needed reversal of the contractionary policies. The Act<sup>lxxx</sup> slams the door for such a possibility and it is difficult to see, in spite of all the good intentions of the central government as well as several well-meaning governments at the state level, any significant upscaling of expenditure on education.

**Table 3.4: Budget Expenditure on Education as a Proportion of Total Budget Expenditure on all Sectors-Centre, All States, and Total**  
(in per cent)

Year	Centre	All States and UTs	Centre and All States/UTs
1995-96	3.05	19.15	10.9
1997-98	2.99	18.8	10.63
2000-01	3.13	20.73	12.25
2002-03	3.90	16.42	10.24
2003-04	4.75	16.89	11.36
2004-05 (RE)	5.13	16.71	11.50
2005-06 (BE)	5.74	17.02	11.56

Source: Compiled from "Analysis of Budgeted Expenditure on Education", Ministry of Human Resource Development, GoI, various years.

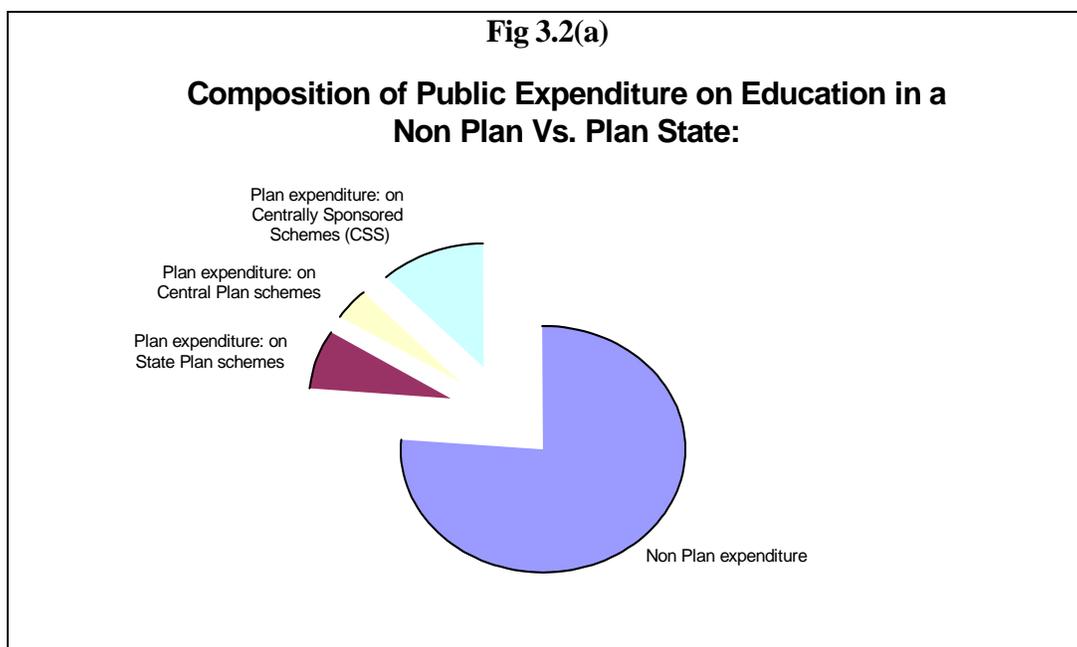
Note: The figures for all years, except 2004-05 and 2005-06, are actuals.

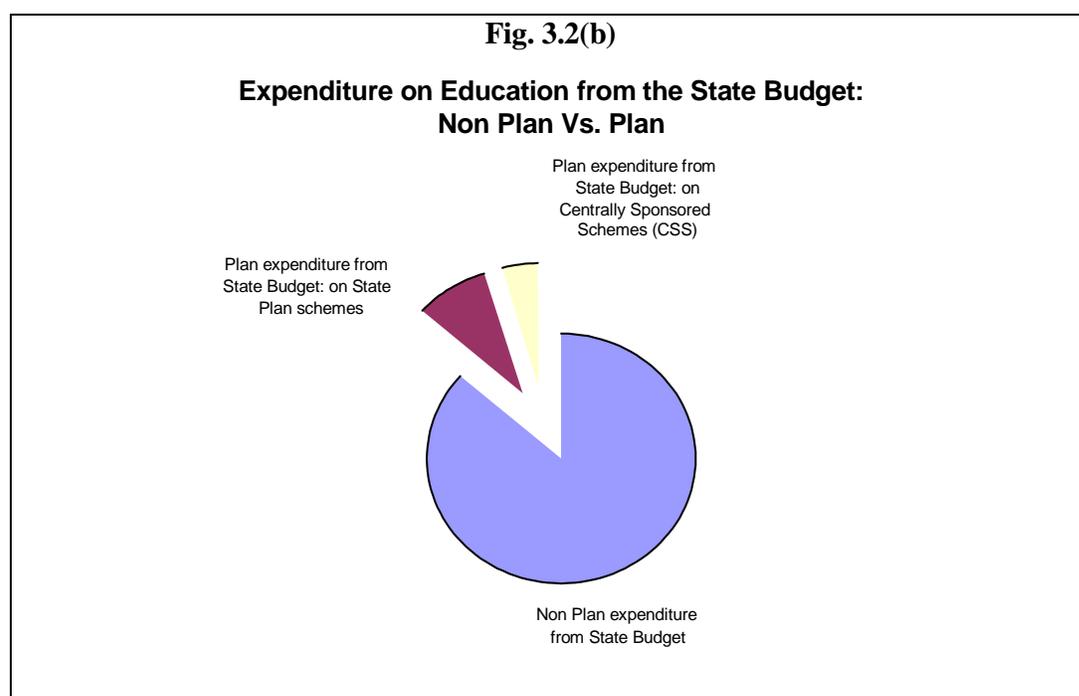
It is worth noting that the total figures shown as increasing could prove to be misleading as the total volume of the government's budget has shrunk over this period.

**Budget Expenditure on Elementary Education in Select States<sup>lxxxix</sup>**

Public expenditure on education sector in a state has two broad segments, viz. Non Plan and Plan (Figure 3.2 below depicts the situation in 2004-05). The former can be further categorised into

expenditure on State Plan Schemes<sup>lxxxii</sup>, expenditure on Centrally Sponsored Schemes<sup>lxxxiii</sup> and expenditure on Central Plan Schemes<sup>lxxxiv</sup>. Funds for State Plan Schemes are provided entirely by the State from its Budget, though in some cases External Aid also funds such Schemes<sup>lxxxv</sup>.





**Source:** Compiled from “Analysis of Budgeted Expenditure on Education”, Ministry of Human Resource Development, Government of India, various issues

As already noted, within the total budget expenditure on education in a State, Non Plan expenditure typically accounts for a very high share. To illustrate the kind of proportions under different segments, Table 3.5 examines the case of Rajasthan which provides a picture similar to most of the other states in this respect. In 2004-05, Non Plan expenditure on elementary education by the Education Department in Rajasthan was Rs 1932.4 crore as against a Plan

expenditure of only Rs 293 crore, a feature commonly noticed in almost all the other states as well. We find that within the overall budget expenditure on elementary education by the Education Department in Rajasthan, the proportion of Plan expenditure shows a noticeable rise in the years 2005-06 (RE) and 2006-07 (BE), mostly attributable to higher spending in Rajasthan under SSA.

**Table 3.5: Non-Plan and Plan Expenditure on Elementary Education by the Education Department in Rajasthan (Rs in crore)**

<b>Revenue Account</b>			
<b>Year</b>	<b>Non Plan</b>	<b>Plan</b>	<b>Total</b>
2004-05 Actuals	1932.4	291.1	2223.5
2005-06 Revised Estimates	2306.5	482	2788.5
2006-07 Budget Estimates	2500.3	413.7	2914.0
<b>Capital Account</b>			
	<b>Non Plan</b>	<b>Plan</b>	<b>Total</b>
2004-05 Actuals	0.0	1.9	1.9
2005-06 Revised Estimates	0.0	3.5	3.5
2006-07 Budget Estimates	0.0	7.1	7.1

Source: Compiled from **Rajasthan Finance Accounts**, various years

As has already been noted previously, nine states were selected for two above noted studies<sup>lxxxvi</sup>; the selection was based on the criteria of having a representative sample of the country as a whole as also to assess the status in BIMARU states. Some of the key aspects related to financing of elementary education in the select states are as follows:

- A major chunk of total government spending is on non-plan expenditure. Distribution of education expenditure into broad sectors, such as elementary, secondary, physical education, etc, reveals that a major share of this expenditure accrues to elementary education under revenue account.
- The share of revenue expenditure has been close to 99 per cent while the Non Plan

component has ranged between 70-98 per cent of the total for all the selected study states. For instance, in Karnataka, the share of revenue expenditure is close to 100 per cent.

- Salary alone accounts for between 90-95 per cent of elementary education spending of the Education Department in the study states.
- Spending on critical aspects determining quality education, such as teachers' training, textbooks and scholarships, are very small. For instance, in Andhra Pradesh, less than one percent of the total budget of Education Department for elementary education is on teachers' training. Similarly, in Karnataka, while salary comprises more than 94 per cent

of the elementary education spending, teachers' training gets a negligible share. There has also been no expenditure on textbooks in the study period.

Several authors have argued that the transition to the neoliberal macroeconomic policy regime since the early 1990s is reflected in the expenditure patterns, including for education, of the governments at different levels. Even though the rhetoric of prioritizing education has often been made by the government spokespersons during this period, the ground reality is in sharp contrast. Over the same period, we have also witnessed a stagnation/compression of budget expenditure on elementary education (as a proportion of the Net State Domestic Product) by most of the states. The last decade, i.e. the decade from mid 1990s onwards, has been witness to many states in India confronting a serious crisis in their fiscal health. In this context, some critical aspects that emerge are as follows<sup>lxxxvii</sup>:

- The fiscal crisis was not restricted to the poorer states only; it had also affected the economically better off states, like Gujarat. Major causes for the fiscal crisis in the 1990s and later were not rooted in the state-specific factors but in the overall economic policies being pursued in the country, led by the successive Central Governments.
- Adoption of deflationary economic policies by the Centre, reduced transfer of resources from Centre to States, a steep increase in the interest rates charged on loans to the States, implementation of Fifth Pay Commission recommendations, and the Centre's use of the Finance Commission to expand its discretionary powers in transferring resources to States, have all resulted in subjecting the finances of the States into crisis in the 1990s.
- Net transfers from Centre to States as a proportion of the total receipts of the Central Government fell from 34.3 per cent in 1985-86 to 25.5 per cent in 2003-04. On the one hand, overall transfer of resources from Centre to States showed a decline over the decade of 1990s, and on the other, within these (i.e. Central transfers) the share of discretionary transfers increased sharply. Grants for Centrally Sponsored Schemes represent the discretionary grants from the Centre. These Schemes are designed by the Central Ministries, and they are governed by the provisions and guidelines attached to them, leaving almost no flexibility for the States.
- The total magnitude of grants-in-aid for Bihar declined from Rs 1480.3 crore in 1993-94 to Rs 1397.3 crore in 2002-03. Given that these figures

are in current prices, in real terms, the decline would be quite sharp.

- By 2001-02, grants for Centrally Sponsored Schemes as a proportion of the total Central grants to the State had reached 22.7 per cent for Andhra Pradesh, 23.9 per cent for Bihar, 23.3 per cent for Gujarat and 32.9 per cent for Rajasthan.
- With regard to Centrally Sponsored Schemes (CSS) in general, it is obvious that the design of a CSS could fail to address some problems that may be specific to a State. And States, while implementing the CSS, are rarely permitted to amend the norms/ guidelines for expenditure. CSS by design favor economically better off States, since they find it less difficult to contribute matching grants for the schemes and also have better institutional capacity to implement the schemes and utilize allocations in time. In a CSS, the poorer States, because of their inability to provide matching grants, as also due to their relatively lower capacity to utilize resources in time, might suffer from non-release or delayed release of Centre's share.
- Also, the Central Ministries in the past have strongly resisted the attempts from Planning Commission for shifting a major chunk of the CSS to the States, as this would drastically reduce the Budgets for these Ministries.
- However, States have continued to accept the growth of CSS in several sectors, including education. In fact, most of the major interventions in the field of elementary education in the recent past as well as at present have been through CSS, such as, DPEP, Mid Day Meal scheme, and SSA. As it happens, between Central Assistance for State Plan Schemes and CSS, the States have preferred the latter. This is because the 70:30 loan and grants arrangement (i.e. 70 per cent of the assistance as loan and only 30 per cent as grants) for the general category States had discouraged many of them from depending significantly on Central Assistance for State Plan schemes.
- As several authors have argued, in the field of elementary education, the response of the States to their fiscal crisis has been a growing reliance on Centrally Sponsored Schemes for Plan expenditure and the expansion of schooling facilities through low-cost, non-formal arrangements, such as appointment of para-teachers.
- In the most recent years, the crisis in State finances is expected to have reduced to some extent. However, the consequences of the fiscal crisis of States on elementary education,

noted above, seem to have further aggravated in case of most States.

In sum, given the fiscal crisis afflicting most states in the country, resource allocations are woefully inadequate from the point of view of ensuring a decent infrastructure to support and sustain the objective of universal education. All the states show very high allocations for non-plan expenditure, which is an obvious cause for concern. The difficulties created for the state governments by the Fifth Pay Commission recommendations is there for all to see, as all the states account for a sizeable chunk of their budget towards salary disbursements. Lastly, it is distressing to note that several items which are potentially very important in creating and nurturing quality education, such as teachers' training as a component under elementary education, receives hardly any attention by the states; obviously it is likely to erode the quality of education imparted over the long term.

To contextualize the problem of inadequacy of public spending, it may be useful here to recall the Tapas Majumdar Committee Report<sup>lxxxviii</sup> that had estimated the total magnitude of funds required, in addition to the prevailing magnitude of public expenditure on elementary education, over a ten-year period (from 1998-99 to 2007-08) for universalising elementary education in the country by 2007-08. It also suggested a plan in which this additional public spending could be phased over this ten-year period. The Committee estimated that the additional expenditure for achieving UEE, based on the norm of 2 classrooms and 2 teachers per school and reaching gradually to a 30:1 pupil- teacher ratio by the 10<sup>th</sup> year, and calculating teachers' salary at the rates revised after Fifth Central Pay Commission, would be Rs 1,36,922 crore over the 10 years from 1998-99 to 2007-08. The recommendation of the Committee as regards the phasing of the additional expenditure is shown in Table 3.6.

**Table 3.6: Additional Financial Requirement for UEE by 2007-08 - Estimated by the Tapas Majumdar Committee, 1999 (at Constant 1996-97 Prices)**  
Phasing of Additional Expenditure at 1996-97 Prices (in Rs. crore)

S. No.	Year	Recurring	Non-Recurring	Total
1	1998-99	100	0	100
2	1999-00	1500	2000	3500
3	2000-01	4000	3000	7000
4	2001-02	6000	4000	10,000
5	2002-03	8500	4000	12,500

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6	2003-04	10,000	4000	14,000
7	2004-05	13,000	4000	17,000
8	2005-06	16,000	4000	20,000
9	2006-07	20,000	4000	24,000
10	2007-08	27,250	1572	28,822
	<b>Total</b>	<b>1,06,350</b>	<b>30,572</b>	<b>1,36,922</b>

Source: Government of India (1999): *Expert Group Report on Financial Requirements for Making Elementary Education a Fundamental Right*. [Also known as Tapas Majumdar Committee Report of 1999]. New Delhi: Department of Education, Ministry of Human Resource Development.

This figure of Rs 1,36,922 crore expressed the total additional requirement at 1996-97 constant prices. Table 3.7 gives the additional resource requirement at current (or nominal) prices, adjusting for the inflation that has taken place since 1996-97. The Wholesale Price Index number (WPI) - all commodities, all India, has been used for the purpose of converting the figures in (1996-97) constant prices into current prices. We find that at current prices, the magnitude of total additional expenditure on elementary education sector over the period from 1998-99 to 2007-08, which was recommended by the Tapas Majumdar Committee, would

come to around Rs 2,04,342 crore. This means that if the total government expenditure on elementary education in 1997-98 was Rs X crore (at 1997-98 prices), then for achieving UEE (following the norms suggested by the Tapas Majumdar Committee) the total government expenditure on elementary education needed to be raised would be Rs (X + 2,04,342) crore (at 2007-08 prices) by the year 2007-08. And, this increase of Rs 2,04,342 crore in the total magnitude of financial resources was to be phased out over the years 1998-99 to 2007-08, roughly in the manner suggested in Table 3.7.

**Table 3.7: Additional Financial Requirement for UEE by 2007-08 - Estimated by the Tapas Majumdar Committee, 1999 (at Current Prices)\***  
**Phasing of Additional Expenditure at Current Prices (in Rs. crore)**

S. No.	Year	Recurring	Non-Recurring	Total
1	1998-99	110.6	0	110.6
2	1999-00	1713	2284	3997
3	2000-01	4896	3672	8568
4	2001-02	7608	5072	12,680
5	2002-03	11,143.5	5244	16,387.5
6	2003-04	13,820	5528	19,348
7	2004-05	19,136	5888	25,024

8	2005-06	24,576	6144	30,720
9	2006-07	32,260	6452	38,712
10	2007-08	46,134.3	2661.4	48,795.6
	Total	<b>1,61,397.4</b>	<b>42,945.4</b>	<b>2,04,342.7</b>

\* The figures given in this Table are not directly from the Tapas Majumdar Committee Report. Calculation of figures at current prices is based on the observed rates of inflation from 1996-97 to 2005-06, as shown in the Table in Annexure.

Whether the total government expenditure on elementary education was increased according to these recommendations, and what has been the gap between the required increase and the actual increase in expenditure (on elementary education) over the years from 1998-99 to 2005-06, are pertinent questions.

However, it may be worthwhile to note here that the recommendations of the Tapas Majumdar Committee did have a number of limitations. One limitation was the narrow sense in which it visualized 'free' elementary education. It recommended for the provision of free uniforms and mid-day meal only for 50 per cent of all children enrolled. Another limitation was their adoption of a uniform unit cost method for estimating the additional resources required for UEE. The unit costs corresponding to the schooling inputs, as suggested in the norms, were uniform/ rigid for all states. The Committee had taken into account the varying degrees of shortages in schooling facilities, like number of schools, number of classrooms and number of teachers, both at the primary and upper primary levels, and also the projected child population in the age

group of 6-14 years in each of the states, while calculating the physical quantities of required schooling inputs for UEE. However, it assumed the same unit costs across all states while translating the physical requirement into financial requirement for UEE, which might seem unrealistic if we recognize the possibility of divergence in unit costs of physical as well as human resources for elementary education across different states. The Committee, however, was well aware of this limitation and observed in its report "no national estimation can fully appreciate the local contexts as there is great diversity within the country. Given the federal framework, the states would have to develop their own strategies and earmark resources as per region-specific norms". It also observed that "resource estimation cannot be a one-time exercise and it would require to be situated in state and region-specific contexts. The diversity that is India, rules out possibilities of a one-time centralized assessment that could be valid for all times".<sup>lxxxix</sup>

Nonetheless, the estimation provided by Tapas Majumdar Committee report happens to be the most acceptable and

comprehensive effort in this direction. According to the figures estimated by this Committee, beginning with 1998-99 until the end of the financial year 2005-06, the sum total of the additional public expenditure over the previous year's public expenditure on elementary education, i.e. sum total of the yearly increases in public expenditure on elementary education over the last 8 years, should have been Rs 1,16,835 crore or more at current prices (see Table 3.7). However, the actual scenario has been vastly different, as shown in Tables 3.8 and 3.9.

As against the above-mentioned magnitude of additional public spending on elementary education required for UEE, the sum total of the yearly increases in public expenditure on elementary education over the last 8 years (from 1998-99 to 2005-06) has been only Rs 29147.8 crore at current prices. Thus, in the past eight years (from 1998-99 to 2005-06), India has accumulated a huge deficit of Rs 87687 crore and this situation would further deteriorate in the absence of immediate steps by the government at different levels to increase public spending on elementary education.

**Table 3.8: Total Revenue Expenditure on Elementary Education (in Rs. crore)**

Year	All States and UTs.	Centre	All India	Additional Expenditure Over Previous Year (beginning 1998-99)
1995-96 (Actual)	14014.871	1202.8857	15217.7567	....
1996-97 (Actual)	16288.7706	1561.67	17850.4406	....
1997-98 (Actual)	18155.1474	2236.38	20391.5274	....
1998-99 (Actual)	22363.1133	2751.57	25114.6833	4723.1559
1999-00 (RE)	28232.83	2854.24	31087.07	5972.3867
2000-01 (Actual)	26639.8338	3118.2949	29758.1287	-1328.9413
2001-02 (Actual)	28922.489	3571.36	32493.849	2735.7203
2002-03 (Actual)	29214.4622	4259.8713	33474.3335	980.4845
2003-04 (RE)	33041.0215	5219.47	38260.4915	4786.158
2004-05 (BE)	34833.6612	5752.53	40586.1912	2325.6997
2005-06 (BE)*			49539.365*	8953.1738
<b>Total</b>				<b>29147.8</b>

\* - Expenditure figures have been estimated from RBI Data for Total Expenditure on *Education, Sports, Art and Culture*.

**Table 3.9: Gaps in Additional Expenditure on Elementary Education (1998-99 to 2005-06) vis-à-vis the Requirement Estimated by Tapas Majumdar Committee (in Rs. crore)**

Year	Required Additional Expenditure on Elementary Education	Additional Expenditure Incurred on Elementary Education	Gap
1998-99	1.10	47.23	-46.12
1999-00	39.97	59.72	-19.75
2000-01	85.68	-13.28	98.96
2001-02	126.80	27.35	99.44
2002-03	163.87	9.80	154.07
2003-04	193.48	47.86	145.61
2004-05	250.24	23.25	226.98
2005-06	307.20	89.53	217.66
<b>Total up to 2005-06</b>	<b>1168.35</b>	<b>291.47</b>	<b>876.87</b>
2006-07	387.12		
2007-08	487.95		

Source: Government of India (1999): *Expert Group Report on Financial Requirements for Making Elementary Education a Fundamental Right. [Also known as Tapas Majumdar Committee Report of 1999]*. New Delhi: Department of Education, Ministry of Human Resource Development

In sum, it is evident that under provisioning of elementary education by the Central as well as the State governments over the years, coupled with increased fiscal difficulties for State governments<sup>xc</sup> has led to vital gaps, a point also noted by the Central Advisory Board of Education (CABE) Committee's Report on Free and Compulsory Education Bill 2005, submitted to the Government of India. The main reason cited by this report for huge financial requirements in the near future is that the persistent under-provisioning for Elementary Education in the past has resulted in a large cumulative gap. Given the precarious fiscal condition of most of the state governments (for details, see Jha and

Das), the CABE report also recommends that in the foreseeable future, financial responsibility should be borne almost entirely by the Central government. As noted earlier, to address the key deficits in elementary education, SSA was launched in 1999.

### **Sarva Shiksha Abhiyan: Key Concerns**

While several schemes prior to SSA, such as Operation Blackboard, Teacher Education, Non Formal Education, District Primary Education Programme (DPEP), and the Mid-Day Meal Programme, were specific-intervention programmes, SSA is the first-ever nationwide CSS that aims to achieve

the objective of Universalisation of Elementary Education (UEE)<sup>xci</sup> within a stipulated timeframe. Table 3.10 presents an overview of the Centre's spending on SSA from 2002-03 to 2007-

08. The trend reveals that with the recent decision to reduce the Central share to the programme, a decline in spending is evident.

**Table 3.10: Centre's Spending on Sarva Shiksha Abhiyan (Rs. in Crores)**

Item	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
SSA	1512	1951.25	3057.08	7800	11000	10671

Source: Secondary information accessed from highly placed official in MHRD, 2007.

According to a recent response of the MHRD<sup>xcii</sup>, functioning of SSA has been found to be faulty in several respects. A few of them are:

- *Civil Works* - As regards progress in civil works under SSA, the performance of West Bengal, Bihar, Orissa and several North Eastern States was found to be unsatisfactory until 2004-05.
- *Recruitment of Teachers* - States like Bihar, Chhattisgarh, Madhya Pradesh and West Bengal had a huge backlog of teacher recruitment under SSA.
- *Overall Expenditure* - During 2004-05, Bihar, West Bengal and Arunachal Pradesh had the lowest rates of expenditure.
- Quantum of resources made available was substantially below requirement as per the AWP&Bs approved for the districts.

MHRD acknowledges that SSA did not receive adequate funding through usual budgetary provisions in its early years and subsequently other sources of funding were explored. In 2003-04, a commitment of external aid for SSA was obtained for 2004-05 to 2006-07 from the World Bank, DFID and the European Commission. The total amount of aid committed by these agencies was around Rs 4700 crore, which was to be given in the form of reimbursement of expenditures and without any added conditionality. Further, the imposition of the 2 per cent Education Cess on all Central taxes by the UPA Government in 2004-05 played a crucial role in augmenting funds for SSA. The collection from this Cess was about Rs. 5000 crore in 2004-05, and subsequently the amount has increased. Accordingly, the funding for SSA got stepped up since 2004-05.

Including the Budget Estimate in 2006-07,<sup>xciii</sup> the total outlay by the Centre for SSA in the 10<sup>th</sup> Plan period stood at around Rs. 2688 crore, which still falls significantly short of even the conservative figure of Rs. 3460 crore arrived at by the Working Group on the Tenth Plan (with a number of questionable assumptions)<sup>xciv</sup>.

The Planning Commission in its Mid Term Review (MTR) of the 10<sup>th</sup> Plan<sup>xcv</sup>, conducted in the latter half of 2004-05, evaluated the performance of SSA and also highlighted several key issues to be addressed with regard to implementation of the programme. The MTR acknowledged that the start of SSA was delayed by almost 2 years mostly because several States took much longer time to prepare themselves with the necessary institutional arrangements for SSA than what was initially projected. This clearly points out that the MHRD, Gol, while launching SSA, had actually overestimated the institutional preparedness of the States to implement a large programme like SSA along with all its requisite processes of planning, even though the framework had drawn heavily from that of DPEP.

The MTR highlighted the lack of ownership over SSA in case of several States, which did not contribute their

mandated shares of funds fully. These States were Gujarat, Maharashtra, Karnataka, West Bengal, Assam, Tripura and Orissa. The MTR pointed out that inadequate release of funds by the States holds up infrastructure projects and leads to delays in payment of salaries to teachers. These States included economically better off States like, Karnataka, Gujarat and Maharashtra, which according to the MTR lacked a strong sense of ownership over SSA. However, as per recent information from the Ministry of HRD, the situation regarding release of States' share for SSA has witnessed a significant improvement in 2005-06.

As regards the low expenditures in SSA, the MTR stressed that several states like UP, Bihar, Jharkhand, Orissa, West Bengal and Punjab showed a low resource absorption capacity under SSA. These states needed to build up such capacity by strengthening institutional arrangements. However, the MTR did not probe the role of the norms and financial guidelines under SSA, or that of the flat 75:25 ratio of funding for all States, in constraining the capacity of the (poorer) states to spend the entire amount of funds released under SSA. In fact the problem of low resource absorption capacity of the states, especially of the poorer states that also happen to be educationally backward in

the country, has been often acknowledged in the official circles, such as the Planning Commission and the Central Government. In a programme like SSA, the magnitude of both the first and second installments to be released by the Centre actually depends on the extent to which the states were able to spend the previously released funds, and if the expenditure reported by a state falls short with respect to the utilization benchmark, the Centre either does not release its next installment, or releases only a fraction of it. Such an arrangement, which gives the Central Ministry an overriding control over the availability of funds to different states, may put some pressure on the states to step up utilization of the available funds. However, it also enables the Central Government to avoid confronting the acute problem of scarcity of funds for a programme like SSA.

The MTR did take into account the financial distress of several states and recommended the continuation of 75:25 arrangement between Centre and States for funding SSA until the completion of the programme, i.e. until 2010<sup>xvii</sup>. However, while it did recognize that many lines of expenditure under SSA are actually of a non-plan nature, and hence would turn into non-plan expenditure commitments for the states

after 2010, it did not suggest any remedy for this serious problem. Also, the MTR did not address the problem of inadequacy of funds for SSA during the 10<sup>th</sup> Plan years. To sum up this section, we recapitulate a couple of key findings relating to the bottlenecks in the implementation of SSA in selected states mentioned earlier.

### ***Implementation of SSA: Examination of Bottlenecks in Select States***

We may highlight, chiefly, the bottlenecks in the process of flow of funds in SSA and other relevant factors that may have hampered the implementation of this programme in the selected states.

As regards flow of funds, we observed two major bottlenecks in the selected States. The first bottleneck was inordinate delays in the process of submission of AWP&B by the State, its approval by the PAB, sanction of funds by the Centre, release of Central share to the SPD, release of state's share to the SPD, and release of funds from the SPD to sub-district levels. As a result officials implementing SSA were left with very little time to utilize the funds in each of the year from 2001-02 to 2004-05. Second bottleneck observed was that funds were not released to sub-district/ local level staff in two

installments (i.e. as per the norm) in a year, but in several installments. Such a process of releasing funds in a piecemeal manner creates a lot of uncertainty among the local officials as regards availability of funds. Consequently, it affects their planning as well as implementation of the programme.

A few other relevant factors also emerge, specifically, in the context of the select states under scrutiny. One such factor is the composition of the Village Education Committee in the state, in particular the role assigned to the Gram Panchayat in implementation of SSA. In Rajasthan and Andhra Pradesh, several NGO activists pointed out that under the prevailing setup in the state, the VEC/ SDMC bypassed the Sarpanch and the Gram Panchayat, and hence the local community could not have any control over the utilization of that part of SSA funds which is spent directly by VEC/ SDMC. This has also

affected the sense of ownership of the local community over SSA in these states. On the other hand, the Village Shiksha Samiti (VSS), in Bihar, is headed by Panchayat Mukhia and also has the school Head Master as a member. Likewise, in Gujarat, Sarpanch is the Chairman of the VEC while Head Master of the primary school is the Member Secretary. In these states, the performance of VEC/ VSS was reported to be relatively satisfactory in terms of utilization of funds as well as the involvement of the local community in the programme. We may also note that several of our respondents, including government officials, expressed inability to address the local needs from SSA funds due to some of the rigidities in the financial norms under SSA. It would be useful, in our judgment, to revisit the design of the programme itself and introduce the necessary correctives based on the lessons learnt in the last few years.

## A CONCLUDING REMARK

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With elementary education becoming a fundamental right, the growing realization of the importance of education in overall development of a country has brought to the centrestage of all recent public policy discourses, the question of financing of education in India. However, in official discourses in this context, the focus has largely been on elementary education, although India has committed itself to the realisation of EFA goals.<sup>xcvii</sup> Expectation in some quarters that the private sector could be given greater role to facilitate utilization of substantial resources for EFA had added a further dimension to the debate. These, along with the question of external funding, need to be put under close scrutiny on a regular basis to track the progress achieved and the problems involved in reaching the goals of EFA by 2015.

Looking at the entire spectrum of education sector, we find that public spending in India on all the three tiers of education: primary, secondary and tertiary, have been inadequate. While the wisdom to focus largely on elementary education is relevant to

some extent, care must be taken to maintain a synergy between different levels of education and ensure that it is not carried out at the cost of financing the other two tiers.

It is indeed a positive development that pre-school education has come under public notice recently, and it must be nurtured and be taken care of.

The following is a brief summary recalling some of the central concerns discussed in the paper:

- The causes of fiscal crisis at the level of states in 1990s can be traced to the overall economic policies being pursued at the central level. Some of the major causes include adoption of deflationary economic policies by the Centre, reduced transfer of resources from centre to states, a steep increase in interest rates on loans to states, implementation of the Fifth Pay Commission recommendations and Centre's use of Finance Commission to expand its discretionary powers regarding

transfer of resources to states. More specifically, the neoliberal policies continue to impact the quality of elementary education by way of creating an environment favoring low cost alternatives, such as para-teacher schemes.

- With regard to Centrally Sponsored Schemes (CSS) in general, it is observed that the design of a CSS could fail to address some problems that may be specific to a state, and states, while implementing the CSS, are rarely permitted to amend the norms/ guidelines for expenditure. CSS by design favor economically better off states, since such states find it less difficult to contribute matching grants (typically, 25 per cent state share in case of many CSS in the past, and in *Sarva Shiksha Abhiyan* at present) and also have better institutional capacity to implement the schemes and utilize allocations in time. On the other hand, the poorer states, because of their inability to provide matching grants as also their relatively lower capacity to utilize resources in time, might suffer from non-release or delayed release of Centre's share. Also, the Central Ministries in the past have strongly resisted the efforts of the Planning Commission for shifting

a major chunk of the CSS to the states, as this would have drastically reduced the budgets for these ministries. However, states have continued to accept the growth of CSS in several sectors, including education. In fact, most of the major interventions in the field of elementary education in the recent past as well as at present have been through CSS, such as DPEP, Mid-Day Meal scheme, and SSA.

- As several authors have argued, in the field of elementary education, the response of the states to their fiscal crisis has been a growing reliance on Centrally Sponsored Schemes for Plan expenditure and the expansion of schooling facilities through low-cost, non-formal arrangements, such as appointment of para teachers. In recent years, the crisis in states finances has reduced to some extent. However, as observed earlier, the impact of the fiscal crisis of states on elementary education seem to have further consolidated in case of most states.
- With regard to the budget expenditures on elementary education in the country, it is observed that at the levels of Central government and the State governments, the major

share of spending is undertaken by their education Departments. However, other departments too incur expenditure in sizable amounts on elementary education. Other departments at the Centre administer significant amount of spending on elementary education whereas, in case of the states, the spending on education by other departments has a lower share in total budget expenditure.

- A closer look at the expenditure problems in education reveals predominance of spending under revenue account as opposed to negligible spending on capital account. The states, as a proportion of the total budget for all the sectors, have been spending about 19 to 20 per cent on education, while the Centre is spending close to 3 per cent. Also the states are spending more than 85 per cent of the total budget expenditure on education. All the selected states are spending a considerable proportion of their budget for elementary education on salaries, as in almost every other state. In fact, expenditure on salaries is more than 90 per cent of elementary education spending by the education department. It has been brought to the fore that public expenditure needs to be increased in right earnest to achieve UEE. With the government reluctance to fund this crucial sector, and the reduction in the aggregate amount available to education (through CSS like SSA – with modifications in the funding shares of the Centre and states), it seems an uphill task to attain the goal of UEE. As has already been pointed out, expenditures are mostly non-plan in nature with little impact on either achieving physical target or enhancing the quality of education.
- Finally, the total quantum of expenditure on elementary education in the country over the last decade is substantially lower than the projected resource requirement for universalisation of elementary education (within a stipulated timeframe), as estimated by the Tapas Majumdar Committee. However, the achievements, as per the standard indicators (such as enrolment, infrastructure), seem to be significant. This is obviously puzzling. Either the norms used by the Committee to arrive at expenditure requirements were substantially off-the-mark, or the achievement figures fail to bring out the real picture. In particular, it is possible that quality considerations relating to various 'numbers' are seriously unspent.

Should that be the case, then the claim of progress made by the governments is on slippery grounds.

- In this context, it is pertinent to note that according to the CAGE Report (2005), persistent under-provisioning for elementary education in the past has resulted in a large cumulative gap. Substantial financial implications of UEE, therefore, should be borne almost entirely by the Central government, as financial condition of all the state governments is precarious. In essence, there is an urgent need to revive the fiscal health of the poorer states, without causing any deficiency in public investments by the states in the social sectors such as education. A thorough review of the federal fiscal architecture of the country in an attempt to redefine the existing Centre-State fiscal relations is also needed.
- Apart from income, caste, gender and geography continue to determine access to education. The poor, girls, rural inhabitants and members of scheduled castes and tribes still face formidable barriers in acquiring basic education. In recent years, the situation has improved for female schooling, especially in the younger age groups. However, the discrepancies

between rural and urban areas continue to be large and the educational attainment of Scheduled Castes and Tribes lags considerably behind the rest of the population. Dreze and Sen (2002) note that there may have actually been an increase in educational inequality in recent years, especially if the quality of education is taken into account. This is due to expansion of private education sector which is accessible only to children from privileged backgrounds as also because of decline in the quality of schooling provided by the public school system.

- As already noted, it has been seen that quantity-wise, there has been a substantial increase in the spread of education in India, especially at the primary school level. In terms of quality of education provided, the system underperforms critically. In terms of learning outcomes, even the graduates of the primary school system lack basic functional literacy and numerical skills. Weak teacher motivations, their apathy towards teaching and high teacher truancy, plague the educational system.

In conclusion, we may take the view that India has taken some steps forward in the spread of primary education, as evidenced by the increasing enrolment

rates for both boys and girls, as well as literacy rates. The limited achievements have been the result both of inadequate increase in resources allocated to education and also due to programmes and schemes that focus on some of the specific lacunae in the educational infrastructure and the educational system. However, at the risk of being repetitive and clichéd, we must emphasize that a lot remains to be done. India cannot allow itself complacency in the field of education by showcasing better 'numbers' alone. Average statistics hide the unevenness of achievements. Moreover, higher

quantitative achievements by no means imply adequacy of quality. Our worry is that quality issues have taken a back seat in the era of economic reforms, as evident in the phenomenon of growth in the number of para-teacher recruitments, etc. It remains to be seen how the successive governments and policy makers address the challenges of implementing and organizing many of the 'well-meaning' and 'normative' initiatives to promote the three key principles of equity, quantity and quality in the context of ensuring education for all in the country.

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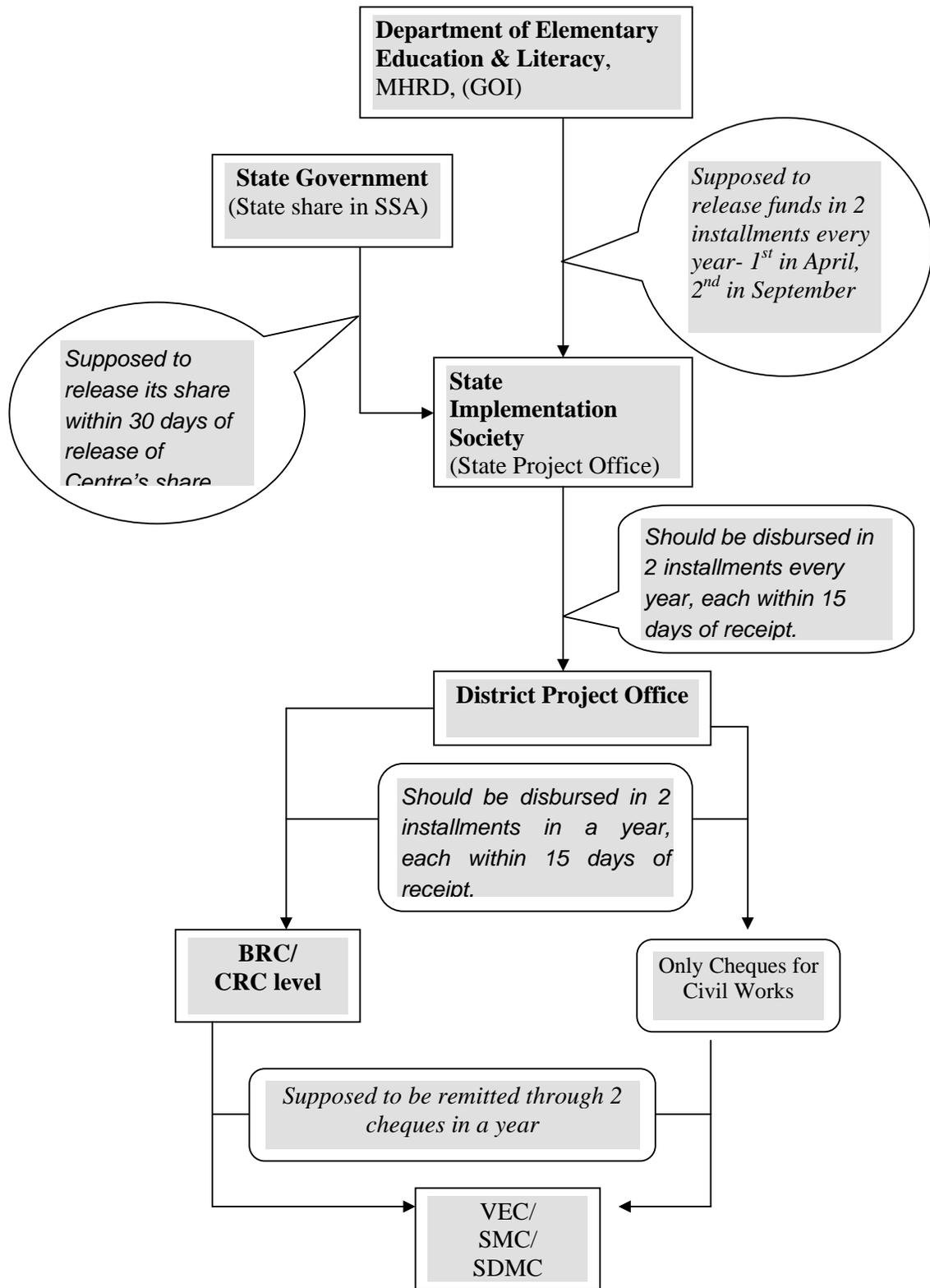
## ANNEXURE

### A Timeline to the Key Policy Initiatives

1948	<b>B.G. Kher Committee Report</b> <sup>xcviii</sup> recommended that a fixed percentage of central and provincial revenues, about 10 per cent of the Central and 20 per cent of the Provincial revenues be earmarked for education by the respective Governments, and also suggested that in aggregate about 70 per cent of the expenditure on education be borne by the local bodies and provinces and the remaining 30 per cent by the Centre.
1964-1966	<b>Dr D.S. Kothari Education Commission</b> suggested that total public expenditure on education be raised to 6 percent of the Gross National Product (GNP) in the next 20 years, i.e. by 1985-86. It also suggested that during the decade of 1975-1985, programmes should include the provision of seven years of effective primary education. It argued for a larger financial responsibility for the Central Government in the domain of education, while also suggesting raising of contributions from local communities, voluntary organisations and the local authorities (although most of the responsibility for financing education was placed on Government funds). <sup>xcix</sup>
1968	<b>National Policy on Education</b> , although a 'watered-down' version of the Kothari Commission Report <sup>c</sup> , had its implications, such as a considerable expansion in education facilities at all levels in the country, and adoption of the 10+2+3 model of education up to the undergraduate level by all States. It reiterated investment on education be gradually increased to reach a level of 6 per cent of the national income as early as possible.
1976	<b>Forty-Second Amendment of the Constitution</b> , reassigned education from the State List to the Concurrent List and institutionalized the leadership of the Centre in the sphere of policy making on education in the country.
1986	<b>National Policy on Education</b> , laid significant emphasis on developing a strategy of implementation of the policy goals, accompanied by the assignment of specific responsibilities for financial and organizational support.
1987-88	<b>Operation Blackboard</b> scheme introduced bringing all existing primary schools in the country to a 'minimum standard' of infrastructural facilities. The norms set under Operation Blackboard (OB) covered the infrastructural aspects of primary schools, the supply of teaching aids as well as the supply of teachers.

1992	<b>Programme of Action</b> , adopted in the form of a revised national policy document, titled “National Policy on Education, 1986 - Revised Policy Formulations” <sup>ci</sup> by the Parliament. This articulated that “the new thrust in elementary education will emphasize three aspects: (i) universal access and enrolment, (ii) universal retention of children up to 14 years of age; and (iii) a substantial improvement in the quality of education to enable all children to achieve essential levels of learning”. <sup>cii</sup> Further, the outlay on education to be stepped up to ensure that during the Eighth Five Year Plan and onwards it will uniformly exceed 6 percent of the national income”. <sup>ciii</sup>
1994	<b>District Primary Education Programme (DPEP)</b> launched in 42 districts in 7 states, and expanded in a phased manner to 242 (273 bifurcated districts) in 18 states with an aim to operationalize the strategies for achieving Universalisation of Elementary Education (UEE) through district-specific planning and disaggregated target setting in low female literacy districts.
1995	National Programme of Nutritional Support to Primary Education also known as <b>Mid-Day Meal Scheme</b> launched to boost ‘universalisation of primary education by increasing enrolment, retention and attendance and simultaneously impacting on nutrition of students in primary classes’. Started in 2408 blocks in the first year, originally children studying in government, local body and government-aided schools were covered but in October 2002, it was extended to cover children studying in Education Guarantee Scheme and Alternative and Innovative Education Centres.
1996	<b>Saikia Committee</b> estimated the requirement of additional financial resources for universalizing elementary education by the year 2000, taking the OB norms as benchmark for school infrastructure and teachers to be provided across the country.
1999	<b>Tapas Majumdar Committee</b> estimated the total magnitude of funds required, in addition to the prevailing magnitude of public expenditure on elementary education over a 10-year period (from 1998-99 to 2007-08) for universalisation of elementary education in the country by 2007-08.
2001	<b>Sarva Shiksha Abhiyan (SSA)</b> launched as the first ever-nationwide programme for achieving UEE within a prescribed timeframe.
2002	<b>The Constitution (86th Amendment) Act, 2002</b> makes <b>Right to Education</b> for children between 6 and 14 years as a Fundamental Right within the meaning of Chapter III of the Constitution of India. Accordingly, Article 21 providing for Fundamental Right to Life and Personal Liberty has been amended to make education up to high school as a Fundamental Right for all citizens of India.

### Flow of Funds in SSA



### **Performance Appraisal of SSA**

The recent AWP&B Appraisal Team<sup>civ</sup> reports the following observations, which may be worthwhile to present here.

- All the plans have been prepared by sound planning and utilization of data made available through house-to-house survey of educational facilities. (page 3)

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- The State is taking certain measures and evolved a number of strategies but until effective measures in confidence building in children and parents are taken, it will be difficult to bring such children into streamline. (page 10)

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- Since almost all the major interventions of SSA have been proposed for lower primary level, the upper primary level also needs to be given urgent attention. (page 12)

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- The major intervention to bring 13 lakh out-of-school children into school has so far been restricted to conducting bridge courses of different durations for the children in different age groups. However, interaction of the appraisal team with the mainstreamed children and the teachers during the field visits indicates that much effort would be required to retain those children in school, as these children face the problem of mixing up with the regular stream children. The results indicate that, so far, success rate is about 50 percent. (page 12)

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- The trend in the teacher-pupil ratio indicates fluctuating picture across the districts. The State has not been able to do the rationalization of teachers because of administrative and other reasons. (page 12)

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- The State is following age-old design for school building, a traditional hall having all the four classes being run under the same roof. There is no pedagogic input, no child friendly element seen in any of the schools. Children and teachers are not happy with such design, as the environment is not congenial for learning. (page 13)

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- Some refresher type training course is required for teachers already trained. It is necessary to examine the applicability of the training in the real teaching learning situations. (page 14)

**Table: Data for Conversion of Figures from Constant (1996-97) Prices into Current Prices**

**(To substantiate Table 3.6 in text)**

<b>Year</b>	<b>WPI # (1993-94=100)</b>	<b>(1/ Price Deflator)</b>
1996-97	127.2	1
1997-98	132.8	1.044
1998-99	140.7	1.106
1999-00	145.3	1.142
2000-01	155.7	1.224
2001-02	161.3	1.268
2002-03	166.8	1.311
2003-04	175.9	1.382
2004-05	187.3	1.472
2005-06*	195.3	1.536
2006-07**	205.1	1.613
2007-08**	215.4	1.693

Note: # All commodities, All India.

\* The WPI value for 2005-06 is the average of the monthly WPI values for the first ten months of the financial year 2005-06.

\*\* Assuming 5 % inflation over previous year.

Source: Compiled from the Website of the Economic Advisor to the Ministry of Industry and Commerce, Gol ([www.eaindustry.nic.in](http://www.eaindustry.nic.in)).

ENDNOTES

- \* This paper draws substantially on two studies coordinated by the lead author. These are: (a). Government Financing of Elementary Education in India, 2007, by Praveen Jha, Nidhi Verma, V Lakshmi Narayanan, Pooja Parvati under support by ActionAid India; and (b). Financing of Elementary Education by the Centre and States in India, 2006, by Praveen Jha, Subrat Das, Siba Sankar Mohanty, Nandan K Jha under support by Aga Khan Foundation, India. We are grateful to our co-authors of these studies for their very valuable contributions.
- <sup>i</sup> Sen, A. (1993): Capability and Well-Being. In: Nussbaum, M. and Sen, A. (eds.): 'The Quality of Life'. Oxford: Clarendon Press
- <sup>ii</sup> Solow, R. (1956): A Contribution to the Theory of Economic Growth. *Quarterly Journal of Economics*; 70; 65-94. Arrow, K. J., (1962): The Economic Implications of Learning by Doing. *The Review of Economic Studies*, V.29, N.3, pp.155-173; among others
- <sup>iii</sup> Vaizey, (1962), in Sweetland, Scott R: Human Capital Theory – Foundations of a Field of Inquiry; *Review of Educational Research*, 1996.
- <sup>iv</sup> Shultz, (1961): Investment in Human Capital. *American Economic Review*, 51; 1-17; and (1981), In: Sweetland, Scott R.: Human Capital Theory – Foundations of a Field of Inquiry; *Review of Educational Research*; 66(3); 1996.
- <sup>v</sup> Romer, P.M. (1990): Endogenous Technical Change. *Journal of Political Economy*, 98 (5) pp. S71-S102.
- <sup>vi</sup> Lucas, R.E. (1988): On the Mechanics of Economic Development. *Journal of Monetary Economics*; 22; 3-42.
- <sup>vii</sup> With the emphasis shifting from physical to human capital within mainstream tradition itself, several economists have contributed to strengthening the theoretical basis of this argument. In particular, in the recent years, Lucas, (1988), using endogenous growth model has made a strong case for the argument that investment in education is vital to determining the long term growth and development of a country.
- <sup>viii</sup> Psacharopoulos, George (1994): Returns on Investment in Education: A Global Update. *World Development*, 22 (9) pp. 1325 - 43.
- <sup>ix</sup> Haddad, L; H. Alderman; S. Appleton; L. Song and Y. Yohannes (2002): Reducing Child Undernutrition – How Far Does Income Growth Take Us? *Discussion Paper 137*. International Food Policy Research Institute, Washington D.C., 2002.
- <sup>x</sup> Alderman, Harold (2004): Linkages between Poverty Reduction Strategies and Child Nutrition – An Asian Perspective. Mimeo, World Bank, Washington D.C., 2004.
- <sup>xi</sup> Comparison across countries is somewhat tricky because of the definitional and measurement issues. Nevertheless, there is enough evidence to suggest that good economic performance has often been linked to increased expenditure on education.
- <sup>xii</sup> For details, see Jha, (2003); Jha, (2005); Jha et al., (2006); Jha et al (2007).
- <sup>xiii</sup> Psacharopoulos, George (1989): Time Trends of the Returns to Education - Cross-National Evidence.
- <sup>xiv</sup> World Education Forum (2000): *The Dakar Framework for Action – Education For All: Meeting Our Collective Commitments*, Dakar, Senegal, April 26-28, 2000.
- <sup>xv</sup> Delors Report to UNESCO in 1995 found 'learning throughout life' as the key to a better future. It was noted that learning must be associated with all dimensions of life and could happen at all times, levels and forms, be they formal, nonformal and informal.  
<http://www.icae.org.uy/eng/worldassembly07/heribert.html>
- <sup>xvi</sup> Citizen's Initiative for the Rights of Children Under Six: Focus on Children Under Six, 2006.
- <sup>xvii</sup> For instance, amongst the high-income countries, France, the Netherlands and USA have been very consistent in their spending on education over the time period 1970-2000 (close to 6 percent of GDP).
- <sup>xviii</sup> The World Bank Education Statistics, 2005.
- <sup>xix</sup> Union Budget Speech by the Finance Minister, 2007-08, and the Prime Minister's Independence Speech, August 15, 2007.
- <sup>xx</sup> Prakash, Ved; Trends in Growth and Financing of Higher Education in India. *Economic and Political Weekly*; Aug. 4-10, 2007; Vol XLII No 31.
- <sup>xxi</sup> Future of Indian Higher Education. Press Release by ASSOCHAM, dated January 5, 2007.
- <sup>xxii</sup> Letter from National Knowledge Commission Chairman Sam Pitroda to the Prime Minister Dr. Manmohan Singh, dated November 29, 2006, available at [www.knowledgecommission.gov.in](http://www.knowledgecommission.gov.in)
- <sup>xxiii</sup> Programme on Research on Private Higher Education. State University of New York at Albany, 2005, available at [www.albany.edu/dept/eaps/prophed/data/PHOPHEDatasummary.doc](http://www.albany.edu/dept/eaps/prophed/data/PHOPHEDatasummary.doc)

- <sup>xxiv</sup> Anandkrishnan, M: 'Higher Education in Regional Development- Some Key Pointers'. Indo-UK Seminar on Regional Development, organized by UGC, 2004.
- <sup>xxv</sup> Heribert Hinzen (2007): Adult Education- Organisation and Financing. ICEA 7<sup>th</sup> World Assembly, 2007.
- <sup>xxvi</sup> Ibid.
- <sup>xxvii</sup> In this respect again, India's record is quite dissatisfying. Even three years after graduation, over 60 percent of all graduates remain unemployed. Although a significant proportion of apprentices find employment, close to two-thirds of this population is not employed in the trade for which they were trained, a third of these is trained in obsolete trades. There appear to be three reasons for this: (a) limited growth in labour demand in the manufacturing sector, (b) mismatch between the skills attained and those actually in demand, and (c) mismatch between the skills taught and the graduates' own labour market objectives (World Bank, 2006).
- <sup>xxviii</sup> World Bank (2006): Skill Development in India- The Vocational Education and Training System. January, Human Development Unit, South Asia Region.
- <sup>xxix</sup> Ibid
- <sup>xxx</sup> As per Article 45, Directive Principles of State Policy, the Constitution of India (that was adopted in 1950), 'The State shall endeavour to provide within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of fourteen years' (emphasis added) (GoI, 2000, Constitution of India, p17).
- <sup>xxxi</sup> Organisation for Economic Co-operation and Development.
- <sup>xxxii</sup> Jha, Praveen K. (2005): Withering Commitments and Weakening Progress: State and Education in the Era of Neoliberal Reforms in India. *Economic and Political Weekly*, August 13, 40(33) pp. 3677-3684.
- <sup>xxxiii</sup> Government of India (2001): *Census of India*. New Delhi: Office of the Registrar General & Census Commissioner.
- <sup>xxxiv</sup> GoI. (2007): *The XIth Plan Working Group Report*. Chapter on Elementary Education (SSA and Girls' Education), New Delhi: Ministry of Human Resource Development, Department of School Education and Literacy. Available from: [planningcommission.nic.in](http://planningcommission.nic.in) .
- <sup>xxxv</sup> National Commission for Enterprises in the Unorganised Sector (2007): Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector. August 2007.
- <sup>xxxvi</sup> An independent national sample survey conducted by the Social and Research Institute, a unit of International Marketing Research Bureau (SRI-IMRB) in 2005 is cited in the Report of the Sub-Group for 11<sup>th</sup> Plan Sarva Shiksha Abhiyan, Planning Commission, 2006.
- <sup>xxxvii</sup> SRI-IMRB, All India Survey of Out-Of-School Children in the 6-13 Years Age Group. New Delhi: SRI-IMRB.
- <sup>xxxviii</sup> Ibid
- <sup>xxxix</sup> Ibid
- <sup>xl</sup> IIPS. and Macro International (2007): National Family Health Survey (NFHS-3), 2005-06, Mumbai: IIPS.
- <sup>xli</sup> Tenth Five Year Plan, 2002-07 and SES, MHRD.
- <sup>xlii</sup> NCERT (2005): 7<sup>th</sup> All India School Education Survey.
- <sup>xliii</sup> Ibid
- <sup>xliv</sup> The Hindu, 05 April, 2006 reported a study titled: *Teacher Incentives in Developing Countries: Experimental Evidence from India*, based on paper by Harvard University and World Bank, prepared by Karthik Muralidharan and Venkatesh Sundararaman, 2006. A World Bank research project carried out surveys of random samples between 2002 and 2003 of primary schools in Bangladesh, Ecuador, India, Indonesia, Peru, and Uganda. Findings include: (a) Highest average absence rates in Uganda (27 percent); India (25 percent nationally, reaching roughly 40 percent in Bihar and Jharkhand). These are far higher than normally expected, reasons being sick leave and training. (b) Teacher absence rates are much higher in poorer areas. Doubling a region's per-capita income, reduces the absence rates by 8 percentage points (for example, from 25 to 17 percent). (c) Better-paid teachers were absent as often as other teachers. Teachers have little reason to fear losing their salaries for poor performance. In India for instance, only 1 in 3000 head teachers has ever dismissed a teacher for absenteeism. (d) Schools offering incentives to attend work — such as more frequent school inspections and better infrastructure and equipment — have lower absence rates. e) In India, private-school teacher absence rates are about a quarter less than public-school teachers' in the same villages.
- <sup>xliv</sup> Mehta, Arun C., (2007): Elementary Education in India: Progress Towards UEE. Analytical Report 2005-06, NUEPA.
- <sup>xlvi</sup> Ibid.
- <sup>xlvi</sup> Ibid.

<sup>xlviii</sup> A critical goal listed under SSA is to ‘bridge all gender and social category gaps at primary stage by 2007 and at elementary education level by 2010’. Other initiatives include National Programme for Girls Education (*Mahila Samakhya*), etc.

<sup>xlix</sup> SSA spelt out a clear timeframe for universal elementary education through a partnership between the central, state and the local governments. It laid down a well-articulated framework while simultaneously also detailing a programme for action, with budgetary provisions based on quite an elaborate set of norms. The ultimate aim of the scheme is: ‘to provide useful and relevant elementary education for all children in the 6-14 age group by 2010. Another goal to bridge is social, regional and gender gaps, with the active participation of the community in the management of schools’. Ref: Government of India (2001): Ministry of Human Resource Development, *Sarva Shiksha Abhiyan*.

<sup>i</sup> For details, refer to Jha, Praveen K. and others, (2006): *A Study on Financing of Elementary Education by the Centre and States in India*. New Delhi: Aga Khan Foundation.

<sup>ii</sup> op. cit., Mehrotra S. Ed. (2006), “The Economics of Elementary Education in India: The Challenge of Public Finance, Private Provision and Household Costs”, Sage, New Delhi and Public Report on Basic Education in India. Delhi: Oxford University Press, 1999.

<sup>iii</sup> As per SSA implementation arrangements, a Cluster Resource Centre normally has 20 Education Guarantee Schools (EGS) or Alternative and Innovative Education (AIE) centre and is responsible for monitoring and coordinating with Education Volunteers (discussed later) and the Village-level Elected Body. Similarly, there is Block Resource Centre at the Block level (for further details, see the document on SSA, GoI, MHRD, 2001).

<sup>liii</sup> Comptroller and Auditor General of India, Performance Audit Report on Sarva Shiksha Abhiyan, Ministry of Human Resource Development, Report No 15, 2006, 2004-05. The report conducts a performance audit of the Sarva Shiksha Abhiyan programme.

<sup>liv</sup> Ibid.

<sup>lv</sup> Ibid.

<sup>lvi</sup> The CAG report is limited in its scope of selection of states, thus, leaving out some of the key study states chosen for the present study, such as Gujarat, Karnataka, Madhya Pradesh, Rajasthan, Uttar Pradesh.

<sup>lvii</sup> Refer to the Annexure for a timeline to key policy initiatives in education in the recent years.

<sup>lviii</sup> ‘Sonia to states: Hasten process to ensure right to education’; Times of India, November 21, 2007.

<sup>lix</sup> For details, refer to Jha, Praveen and Others (2007): *Government Financing of Elementary Education in India*. ActionAid India, 2007.

<sup>lx</sup> [http://www.unicef.org/india/education\\_1551.htm](http://www.unicef.org/india/education_1551.htm)

<sup>lxi</sup> [http://www.vskgujarat.com/like\\_minded\\_organization/vidya\\_bharti.htm](http://www.vskgujarat.com/like_minded_organization/vidya_bharti.htm)

<sup>lxii</sup> <http://pib.nic.in/release/release.asp?relid=15064&kwd=>

<sup>lxiii</sup> Leaving education, which is one of the most important ‘public goods’, to the mercy of the market is fraught with incalculable dangers, for social as well as economic reasons. As Franklin D. Roosevelt said several decades ago, stressing the role of public provisioning in what is fashionably called ‘social sectors’ these days: “We have always known that heedless self interest was bad morals; we know now that it is bad economics.”

<sup>lxiv</sup> It may be noted that there are quite a few excellent accounts on this subject which include Govinda, R. (Ed.) (2002): *India Education Report – A Profile of Basic Education*. New Delhi: OUP. PROBE (1999): *Public Report on Primary Education in India*. New Delhi: OUP. Tilak, J. B. G. (2000): *Financing Elementary Education in India*. New Delhi: Ministry of Human Resource Development; and National Institute of Planning and Administration.

<sup>lxv</sup> HAQ: Centre for Child Rights: Union Budget 2006-07 and Children, 2006.

<sup>lxvi</sup> Citizen’s Initiative for the Rights of Children Under Six: Focus on Children Under Six, 2006.

<sup>lxvii</sup> Ibid.

<sup>lxviii</sup> Ibid.

<sup>lxix</sup> UNESCO – The Fifth E-9 Ministerial Meeting (2003): *Early Childhood Care and Education in E-9 Countries: Status and Outlook*. Cairo, Egypt, 2003.

<sup>lxx</sup> The schemes are: ICDS, Early Childhood Education, Rajiv Gandhi National Creche Scheme, National Nutrition Mission, Reproductive and Child Health, National Immunisation Programme and Polio Eradication, Child Adoption.

<sup>lxxi</sup> An analysis by HAQ, Centre for Child Rights in 2006 estimates the total government spending on the seven child-specific schemes to be around Rs 4724 crore. For details, see *Focus on Children Under Six, Citizen’s Initiative for the Rights of Children Under Six, 2006*.

<sup>lxxii</sup> Citizen's Initiative for the Rights of Children Under Six conducted a field survey on ICDS, 'Focus on Children Under Six' in 2004 in six states: Chhattisgarh, Himachal Pradesh, Maharashtra, Rajasthan, Tamil Nadu and Uttar Pradesh.

<sup>lxxiii</sup> Ibid.

<sup>lxxiv</sup> Government of India (2007): Report of the Working Group on Secondary and Vocational Education for 11<sup>th</sup> Five Year Plan (2007-2012), New Delhi: Planning Commission.

<sup>lxxv</sup> Chattopadhyay, Saumen: Exploring Alternative Sources of Financing Higher Education. *Economic and Political Weekly*, October 20, 2007.

<sup>lxxvi</sup> Higher Education a 'sick child': Arjun Singh to VCs, Government, October 11, 2007.

<sup>lxxvii</sup> For details, refer to Jha, Praveen K. and others, (2006): *A Study on the Financing of Elementary Education by the Centre and States in India*. New Delhi: Aga Khan Foundation.

<sup>lxxviii</sup> "Analysis of Budgeted Expenditure on Education". Ministry of HRD, Govt of India

<sup>lxxix</sup> Jha, Praveen K. (2005): Withering Commitments and Weakening Progress: State and Education in the Era of Neoliberal Reforms in India. *Economic and Political Weekly*; August 13, 2005.

\* In the Budgets of Centre and States, we find figures of three different kinds, viz. **Budget Estimates** (BE), **Revised Estimates** (RE) and **Actuals** (or Accounts). In India, a fiscal year starts on 1<sup>st</sup> of April and ends on the 31<sup>st</sup> of March in the following year. In the Central/ State Budget for 2006-07, all figures pertaining to the approaching fiscal year, i.e. 2006-07, would be Budget Estimates; figures pertaining to the ongoing fiscal year (2005-06) would be given both as Budget Estimates (which gives the amount projected in the Budget for 2005-06) and Revised Estimates (which the government has prepared based on the trends in receipts and expenditures over the first six to seven months of the financial year 2005-06); and most of the figures for the last fiscal year, i.e. 2004-05, would be Actuals, not estimates.

<sup>lxxx</sup> The Fiscal Responsibility Bill was initially tabled in Parliament by the government in 2000. It was finally enacted and notified in 2004. This irrational and unwarranted legal ceiling on government deficits is particularly inappropriate for a country like India that is burdened with pervasive and deep deficits on various development fronts, including education.

<sup>lxxxi</sup> Two studies on financing of elementary education were undertaken in select states (AP, Assam, Bihar, Gujarat, Karnataka, MP, Orissa, Raj, UP) in 2006-07 with findings based on primary and secondary data analysis.

<sup>lxxxii</sup> E.g. Shiksha Aapke Dwar (2001), Rajiv Gandhi Swarn Jayanti. Pathshala Scheme (1999-2000) in Rajasthan

<sup>lxxxiii</sup> E.g. DPEP, SSA, Teachers' Education, Mid-Day Meal Scheme

<sup>lxxxiv</sup> E.g. Jan Shikshan Sansthan, Janshala Programme, Mahila Samakhya

<sup>lxxxv</sup> Externally Aided Projects, like, Shiksha Karmi Project and Lok Jumbish Project in Rajasthan, also figure in the Budget of Central Government's Education Department. This is because external aid gets routed to states as Additional Central Assistance (ACA) for State Plans through the Central Government Budget.

<sup>lxxxvi</sup> Two studies on the financing aspects of education were coordinated by the lead author in 2006-07.

<sup>lxxxvii</sup> The findings are drawn from specific aspects related to public finance dealt with in an earlier study coordinated by the lead author in 2006. Jha, Praveen, Subrat Das, Siba Sankar Mohanty, Nandan Kumar Jha, (2006): *A study on the Study on Financing of Elementary Education by the Centre and States in India*, August 2006, New Delhi: Aga Khan Foundation.

<sup>lxxxviii</sup> A Group of Experts was constituted in 1997 to assess the financial resource requirements for operationalising the then proposed Constitutional amendment for making the right to free and compulsory elementary education for children up to 14 years age a justiciable Fundamental Right. This Group of Experts submitted its report to the Central Government in January 1999. This report is popularly known as the Tapas Majumdar Committee report, as Prof Tapas Majumdar was the Chairman of the said Group of Experts.

<sup>lxxxix</sup> Government of India (1999): Expert Group Report on Financial Requirements for Making Elementary Education a Fundamental Right [Also known as Tapas Majumdar Committee Report of 1999]. New Delhi: Department of Education, Ministry of Human Resource Development (Page No. 32).

<sup>xc</sup> While the Centre wants the states to double their contribution in SSA from 25 to 50 per cent, states disagree as they feel the burden would increase substantially and become unsustainable, putting an extra burden of Rs7500 crore. On the other hand, the Planning Commission wants the states to share more responsibility. (CNN-IBN (2007): Education 'too costly' for states, , April 10, New Delhi: CNN-IBN).

<sup>xci</sup> For details, refer to Jha, Praveen & others, (2007): *Government Financing of Elementary Education in India*. ActionAid India.

<sup>xcii</sup> MHRD's response to the *Rajya Sabha Starred Question No 2, Answered on 25.07.2005* – Note for Supplementaries.

<sup>xciii</sup> Central Govt's total allocations for SSA in 2006-07 BE is Rs 11000 crore.

<sup>xciv</sup> This makes a heavy reliance on the low cost, alternative channels of education for achieving UEE.

<sup>xcv</sup> Government of India (2005), Mid Term Review of the Tenth Five Year Plan (2002-07). New Delhi: Planning Commission.

<sup>xcvi</sup> The present share of Centre: State funding of SSA has been fixed for 65:35 for two years, after which it would be 60:40 for the third year (2009-10).

<sup>xcvii</sup> The decision to impose a 2 + 1 per cent cess exclusively for financing basic education (of which 1 per cent will finance higher education) and the proposal to universalize provision of nutritional supplement to all elementary school children, are well known initiatives towards early realization of UEE.

<sup>xcviii</sup> Government of India (1999): Expert Group Report on Financial Requirements for Making Elementary Education a Fundamental Right. Department of Education, Ministry of Human Resource Development. [Also known as Tapas Majumdar Committee Report of 1999].

<sup>xcix</sup> Ibid.

<sup>c</sup> Ibid.

<sup>ci</sup> Government of India (1998): *National Policy on Education 1986 (As modified in 1992)*. New Delhi: Department of Education, Ministry of Human Resource Development.

<sup>cii</sup> Ibid.

<sup>ciii</sup> Ibid.

<sup>civ</sup> SSA, Report on Appraisal of AWP&B 2003-04 and Perspective Plans for 2003-04 to 2006-07, Assam.