EDUCATION

State of India's children in elementary schools

India is one of the few countries where there is no central legislation making elementary education compulsory. Ofcourse, there are States/Union Territories where there is 'some sort' of legislation. But everybody knows what it means. There are a dozen States/Union Territories where no legislation of any kind exists!

DECEMBER 11, 1998. The day chosen for discussion on elementary education in India by UNICEF is of particular significance for three reasons: It is the UNICEF Day. UNICEF is perhaps the only U.N. organisation that, has been vigorously campaigning and working for provision of basic education and for the improvement of the condition of children. Second, just a day before that, one of the best economists of the world, who has been championing the cause of basic education in general and elementary education in India in particular, Prof. A. K. Sen was given world-wide recognition when he was presented the Nobel Prize in Economics in Stockholm, and thirdly it also happened to be the Human Rights Day; it is only now that most agree to the view that education is an important human right, rather than most important one among all human rights.

Education is a fundamental right. The famous 83rd Amendment to the Constitution is still pending before the Parliament. Nobody knows when, if at all, it will be through. But as legal experts like Justice Sachar stated a few months ago (in a seminar at NIEPA) education is already a 'fundamental right'. It is so, not only because of the Article 45 of the Directive Principles of the Constitution, but more importantly because of the judgment of the Supreme Court delivered in 1993. Hence, there is no need to wait on the part of the Government or society at large to initiate any meaningful action towards providing this fundamental right to everyone.

In fact, as Justice Sachar had stated, the government that cannot provide for the fulfilment of the fundamental right has no right to be in power.

Hence it has to be realised that there is no choice for the government or society but to provide elementary education to all. If we do not realise that, there is no choice, we go on looking for alternatives for provision of elementary education, if not avoiding it altogether. Since no alternative per se for universal elementary education exists, we go on looking for inferior methods of fulfilling the obligation — inferior in terms of the desired goal, quality, costs and rather every possible dimension — such as provision of non-formal education of 2-3 years duration, provision of literacy classes for six months or so and treat it as if the obligation is fulfilled. There were also discussions in the country not long ago arguing that we do not need eight years of elementary education, rather we can and should be satisfied with 4 or 5 years of primary education. Incidentally, the National Agenda of Governance of the present ruling coalition also mentions universalisation of only five years of primary education!

It is widely recognised that education is a public good, and elementary education a pure public good, producing an immense magnitude of externalities. The externalities include effects on fertility, population growth, health, infant mortality, etc., and also productivity of workforce. It is also clearly recognised that it is a merit. The Government of India recently in a white paper on Subsidies in India, referred to post-elementary education as a non-merit, which in itself is a controversial issue; but did recognise elementary education as a merit. Economic theory suggests that pure public and merit needs to be financed by the government, not just liberally but 100 per cent.

Further thanks to Prof. A. K. Sen and also Mr. Mahabub Ul Haq, it has been clearly recognised everywhere that education, elementary education in particular, is not just a means for social and economic development or for human development, but it is an end in itself. It is not just for human development, but in itself, it is human development.

Hence from legal, political, and theoretical points of view, it has to be recognised that the government and society have no choice but to provide elementary education to all as a fundamental right. Sooner the government recognises the imperative and the compulsion, better it would be for the country.

India is one of the few countries in the world, where there is no central legislation making elementary education compulsory. Yes, there are a score of states/union territories where there is 'some sort' of a legislation of this kind. But everybody knows what it means. At the same time there are also a dozen States/Union Territories in the country where no legislation of any kind exists!

It is strongly felt that a comprehensive national legislation making education compulsory is necessary, which defines clearly the duration of the phase of the compulsory education at least as eight years (if not longer) of full-time formal schooling of reasonably good quality. This has to be so clearly defined that no scope exists for misinterpreting the duration of the compulsory education, and it is not interpreted to mean non-formal and informal education. It should also be so clearly defined that it does not end in tokenism of providing just a name board that states (like an epitaph) that a primary school lies or exists somewhere here (with no buildings, no teachers, no blackboards.....). The philosophy of 'invisible school' has no place in the system.

A question that is given to me for formal discussion in the Round Table is: "Are financial resources a constraint to the universalisation of elementary education?"

Nobody would argue that provision of financial resources would solve the whole problem of universalisation of elementary education in India. But nobody would also agree that universalisation of elementary education is possible without any financial resources. Provision of financial resources is a necessary condition, but

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[Based on the talk delivered in the Round Table on the *State of the World's Children 1999: Education* (UNICEF House, New Delhi, 11 December 1998)]

not a sufficient condition for universalisation of elementary education.

Why does elementary education require more financial resources? One can get the answer clearly by looking at the current education situation. Let us quickly note some facts and figures (as figures are more poetic than poetry, as stated by an eminent economist Prof. Raj Krishna) on the status of elementary education in India.

Out of school children

Whatever the official claims with regard to enrolment and enrolment ratios, the NSSO (52nd round) has reported that in 1995-96 the net attendance rate in primary schools was only 66 per cent, and in upper primary schools 43 per cent in the relevant age groups. i.e., one-third of the children of the age-group 6-10 and more than half the children in the age-group 10-13 are outside the school system.

About a decade ago, in 1986-87 it was found that there were 70 million children outside the school system in India (NSSO — 42nd round). Quite surprisingly, quick calculations based on the 52nd round of the NSSO suggest that even after a decade, 70 million, if not marginally more, are never enrolled in the school system. These children have to be brought into schools.

Schools

According to the NCERT *Sixth All India Education Survey*, as high as 50 per cent of the habitations in the rural India do not have a primary school (or even a section) within their own habitations (in 1993). Interestingly, the ratio increased to 51.2 per cent in 1993 from 49.8 per cent in 1986.

Similarly 22.2 per cent of the population have no schools in the habitations that they live in (1993); the corresponding ratio was 19.6 per cent in 1986.

In all, 35 per cent of the children have to walk more than half a kilometre one-way to go to a primary school.

That is, after the *National Policy on Education* 1986 was formulated, the situation in terms of access to schools, seems to have worsened.

Jandhyala B. G. Tilak

(To be concluded)

EDUCATION

Importance of elementary learning

While many 'incentives' are said to have been provided to all students, NSSO reports that only 35 per cent of the children in primary schools receive free/subsidised books, 5 per cent receive free/subsidised stationery and mid-day meal is available only to 25.9 per cent of the students. Only 3.9 per cent of the students get financial incentives — scholarships.

IT is amazing to note that there are 4000 primary schools in rural India (in 1993) where there are no teachers at all.

As many as 1.12 lakh primary schools in rural areas are single-teacher schools. A single teacher school was regarded as a stigma, and the stigma continues even after the 1986 policy was formulated and after it was decided to convert every single teacher primary school into at least a two-teacher school.

On an average, for every teacher there are 50 students in primary schools in India, while many advanced countries have a ratio of one teacher per about 20 students.

Further, as many as 25 thousand primary school teachers are voluntary/contractual/ para teachers, who are not qualified to teach the primary school children.

Quality of school buildings

Of the five lakh schools in rural areas, 17 per cent, i.e., 87 thousand primary schools do not have buildings that can be used in all seasons.

As many as 26 thousand primary schools have no rooms at all; and 1.21 lakh schools have only one room each.

Facilities

As many as 60 per cent of the primary schools — three lakh primary schools do not have even the basic facilities for drinking water...

'Free' education

According to the Constitution of India, elementary education is 'free'. But the NSSO data disproves this claim. The 52nd Round reports of the NSSO report that only 77 per cent of the primary school children in India get free primary education — meaning no tuition fee is paid to the schools by the students. Others pay the fee, in addition to spending on many other related items.

Surveys by NCERT and others, including some of the publications of the MHRD, clearly report that in as many as 11 states fee and other charges are charged to the students (ranging from Re. 1 to Rs. 60 per student) in primary schools including in government primary schools. There are half a dozen types of fee charged in primary schools.

Families have to spend considerable amounts to acquire the basic minimum need of elementary education — a fundamental right. Children in government schools have to spend Rs. 257 per student and those in local body schools Rs. 338. The expenditure of the families on primary schooling of their children in private aided and unaided schools is much more than Rs. 1000 a year per student.

While many 'incentives' are said to have been provided to all students, NSSO reports that only 35 per cent of the children in primary schools receive free/ subsidised books, 5 per cent receive free/subsidised stationery and mid-day meal is available only to 25.9 per cent of the students. Only 3.9 per cent of the students get financial incentives — scholarships.

Provision of good quality free and compulsory formal education requires huge resources — financial and real. The absence of financial resources certainly forms a formidable constraint in achieving universalisation of elementary education in India.

But what have been the trends in allocating financial resources?

While in the First Five Year Plan, 7.9 per cent of the total Five Year Plan expenditure was allocated for elementary education, it has come down in the successive plans to 4.9 per cent in the eighth Five Year Plan (it was a low as 2.7 per cent in the sixth five year plan).

According to the Constitution of India, elementary education is 'free'. But the NSSO data disprove this claim. The 52nd Round reports of the NSSO say that only 77 per cent of the primary school children in India get free primary education.

Similarly in the First Five Year Plan, of the total education expenditure, 56 per cent was allocated to elementary education, which came down in the later plans to touch a low level of 30 per cent in the sixth plan. Despite several claims of according high priority to EFA ('Education for All') in the recent years etc., the corresponding proportion in the eighth plan was 49 per cent — still less than the proportion allocated in the first plan.

It was covincingly argued earlier by many that had we continued in the later period to accord the same priority that was given to education and to elementary education in the first five year plan, the situation today would not have been so bad as it is now in terms of any indicator of education development. Perhaps universalisation of elementary education would have been accomplished, or at least would have been a near achievement.

Thus, there is no doubt, that elementary education requires huge additional resources.

To make elementary education a fundamental right, it was estimated by the Muhi Ram Saikia Committee that at least Rs. 40,000 crores would be additionally required to be spent from the government exchequer in the ninth Five Year Plan period. Many feel that this is an underestimate, and the actual requirements would be more than double this figure. Assuming that it is about Rs. 100 thousand crores in a ten-year period, it works out to be Rs. 10 thousand crores per annum. It works out to be only 0.7 per cent of GDP at the current level, and if GDP increases at a fast rate of growth, it could mean less — say only 0.5 per cent of GDP additionally in the following years. Is this not affordable?

All this means that compared to the present level of 1.6 per cent of GDP allocated to elementary education, we have to allocate 2.3 per cent of GDP. We can easily afford it. This will not bea difficult task, if we are serious about the promise of allocating six per cent of GDP to education, a promise repeatedly made by successive governments and in the various Policy statements ever since the Kothari Commission recommended it.

Currently government expenditure on education forms less than four per cent of GDP, while the target set was six per cent. Instead of aiming at reaching the goal of six per cent, the government seems to be claiming, as mentioned in the National Agenda for Governance, that the goal has already been achieved, as it is argued that the six per cent should compose of not only government expenditure, but also household and private sector, including household expenditures on education.

Let me end by exploding two myths:

First, about the role of the private sector. Much hope has been expressed by many that the country can rely upon the private sector and community's financial support for financing universalisation of elementary education. It has to be noted that no civilised society seems to be depending upon the private sector to any significant extent for financing basic education.

If we consider enrolments in private aided, recognised but unaided private schools, and private unrecognised institutions in India, they amount, according to the Sixth All-India Educational Survey of the NCERT, to 12.6 per cent of the total enrolments in primary education (in 1993). This figure is already higher than the figure in many better off countries. It may not be practically feasible and socially desirable, even if it is feasible, to rely upon private sector any more.

Lastly, people argue that demand for elementary education has to be generated in the country. I strongly feel that there is a huge unmet demand for education. People began to realise the importance of education. But the demand is for good quality education. Again according to the NSSO reports (1995-96), 46 per cent of the children do not enrol or do drop out after enrolling because of school related factors, such as 'lack of interest in schooling' and 'inability to cope with the school system'. The lesson is clear: Improve the quality and supply of education, demand is automatically generated. Yet there may be some demand that has to be generated, as all people are not necessarily aware of all the benefits of education. But such people may form only a very small fraction. Significant improvement in the access to quality education would reduce this fraction further down.

Jandhyala B. G. Tilak

(Concluded)

Ministerial Level Meeting

of the

South Asia EFA Forum

A Study on

FINANCING OF EDUCATION IN INDIA WITH A FOCUS ON ELEMENTARY EDUCATION

by

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FINANCING OF EDUCATION IN INDIA
WITH A FOCUS ON ELEMENTARY EDUCATION

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> The deleterious consequences of non-investment or inadequate investment in education are indeed serious.
>
> *National Policy on Education (1986)*

1. WHY INVEST IN ELEMENTARY EDUCATION?

The *Post-War Plan of Educational Development* Plan of India (CABE, 1944) recommended a speedy introduction of a system of ***universal***, ***compulsory*** and ***free*** education for all boys and girls between the *ages 6 and 14*. Following this, the Directive Principle of the Constitution of independent India (*Article 45*) stated in 1950:

> the State shall endeavor 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.

Thus long before the formulation of the UNESCO resolutions and the emergence of interest by international agencies like the World Bank, UNICEF, UNDP etc., which finally culminated in the EFA programme in the Jomtien Conference in 1990 and later in Dakar in 2000, the Government of India had recognised the importance of elementary education. The *National Policy on Education 1968,* the *Draft National Policy on Education 1978,* and the *National Policy on Education 1986* have laid special emphasis on the fulfillment of the Constitutional Directive of universalisation of elementary education. The *National Policy on Education 1968*, the first national policy on education in the independent India, has emphatically stated, "strenuous efforts should be made for the early fulfillment of the Directive Principle under Article 45 of the Constitution seeking to provide free and compulsory education for all children up to the age of 14." The *National Policy on Education 1986* (revised 1992) also reiterated the resolve that "by 1995, all children will be provided

free and compulsory education up to 14 years of age" (Government of India, 1986, p. 12). More over both resolved to increase the public funding of education to at least six per cent of national income, so that education, elementary education in particular, does not suffer from paucity of financial resources. Five Year Plans repeatedly promised to take the nation towards achieving this goal. Elementary education is given a high priority in national development strategies and it is regarded as an important component of minimum needs programme in the Five Year Plans and it was also included in the 'National Programme of Minimum Needs' in the Five Year Plans, and this inclusion has significant implications for allocation of resources. This was expected to ensure favourable treatment in the allocation of resources, and to protect it from reallocation of approved outlays away from elementary education. Education is also made an important component of the 'national human development initiative' in the union budget 1999-2000 (see Tilak, 1999a). Very recently the 86th amendment to the national Constitution has been made to make elementary education a fundamental right and to provide it free and compulsorily to all children of the age group 6-14, to be followed by a Central legislation to operationalise the fundamental right. A major programme called Sarva Shiksha Abhiyan has also been launched as a holistic convergent approach to achieve universalisation of elementary education by 2010.

By resolving to provide elementary education 'free' to all, the Constitution and the Government of India have implicitly recognised the 'public good' nature of elementary education. Elementary education is, in fact, recognised by many as a 'pure public good', as the benefits from elementary education are immense; they are not confined to the individuals who go to the school; and the rest of the society also benefits considerably. In fact, the neighbourhood or externality benefits of elementary education are believed to outweigh the direct private benefits. Besides, it is a 'social merit want'. In such cases, public financing out of general tax revenues is regarded to be superior to any method of financing, according to which the recipients, viz., the students pay even partially for the same.

The Constitutional Directive in India received further boost with increasing research evidence that establishes that the contribution of elementary education to development -- in all socioeconomic development spheres -- is very significant. Education, particularly elementary education, is regarded as a very valuable unique investment, serving as a major effective instrument of various facets of development. First, it has its own intrinsic value, enhancing the human capabilities to enjoy life, inculcating better habits and approaches to life, and

thereby enhancing the quality of life. For the same reason, elementary education is regarded in many countries, as in India, as a fundamental right, and literacy and enrolment ratios in school education have become an integral part of measurement of quality of life, well-being of the people (Dasgupta, 1990) and human development (UNDP, 1991). Secondly, as a valuable component of human capital, it is an important instrument of economic development at personal level, as it enhances the productivity of the labour force in the labour market, and thereby increases the earnings. Labour force with primary education more than double their earnings compared to illiterates, and compared to mere literacy, primary education enhances individual earnings by 20 per cent (Tilak, 1987a). The economic returns to primary education are estimated to be not only positive and high, but also that they are higher than alternative rates of return on the one hand, and higher than returns to secondary and higher education on the other. Not only monetary returns, the additional effects of primary education on labour productivity are found to be very significant. It changes the habits of the people, makes people ready for change and to adopt new methods of farm practices and production (Raza and Ramachandran, 1990). As Jamison and Lau (1982) concluded, four years of primary education results in 7.4-8.7 per cent increase in agricultural productivity. On national economic front, primary education is found to contribute to miracles in transforming nations from poor undeveloped societies to rapidly developing or industrialising tigers (World Bank, 1993).

Education is also found to contribute significantly towards improvement of health (Cochrane et al., 1980). The effects are more significant in case of education of women. Further, primary education contributes to reduction in fertility rates, indirectly by increasing the rates of participation of women in labour force and increasing the minimum age at marriage and directly through adoption of better approaches to family planning and development (e.g., see Nair, 1981), thereby reducing population growth. Primary education is also found to improve significantly the rates of child survival and life expectancy.

Elementary education also helps in socialisation of the young children and in their effective functioning in the modern societies (Inkeles and Smith, 1974). It contributes significantly to transformation of traditional societies into modern ones. It also helps in formation of national culture. It helps people in their effective participation in socio political and economic spheres of development of the societies. In short, education is a major instrument of social change. As the Education Commission in India (1966, p. 8) noted, "if

this 'change on a grand scale' is to be achieved without violent revolution (and even for that it would be necessary), there is one instrument, and one instrument only, that can be used: EDUCATION."

Effective elementary education also contributes to evening out some of the ills of the society, such as child labour and exploitation of children, and even phenomena like child marriage and correspondingly early teen-age pregnancies. Elementary education is also considered rightly as a basic need fulfillment of which helps in fulfilling other basic needs. Effective provision of elementary education might reduce the level of public expenditure required on other basic needs. It might even obviate the need for spending on certain other basic needs (Tilak, 1989b; Panchamukhi et al., 1995; Minhas, 1992). Lastly, it improves not only efficiency of the system through increased labour productivity, and personal and social development, but it is also found to be an effective instrument of reduction of poverty, upward social and occupational mobility, empowerment of people, redistribution of resources and thereby of improvement of equity in the system, besides itself reducing educational inequalities. As Carnoy (1992, p. 35) argued, education is a more effective instrument than several direct measures of income redistribution. In fact, elementary education is one of the few sectors where equity-efficiency trade-offs do not seem to exist. It is both an equitable and at the same time an efficient investment for development.

Thus the significant effects of elementary education on reduction in poverty and on improvement in income distribution, improvement in health and nutritional status of the population, its negative relationship with fertility and population growth, and positive association with adoption of family planning methods and its positive relationship with general social, political and economic development and overall quality of life are well recognised (see Lockheed et al., 1991; Tilak, 1989a, 1994a; Carnoy, 1992; Psacharopoulos and Woodhall, 1985; Drèze and Sen, 1995).

Universal elementary education is, thus, one of the greatest values enshrined in the Constitution of India and in several declarations of the UNESCO and other United Nations organisations. In short, universal access to education can reduce class and social status barriers to individual advancement; it can help to equalise earned incomes by educating people and leading to mobility of people from out of historically low paid jobs to historically higher paid positions; it can help people to be better decision makers in many aspects of their lives (e.g., health and consumer expenditure), and thus help to equalise individual

maximisation of life chances; it can lead to greater participation in the political process, and thus to wider distribution of power; it can lead to greater tolerance for and consideration of one's fellow persons, and thus to more voluntary concern for their welfare; and it can lead to greater emphasis on the rights to and the availability of free choice for all individuals (Rawls, 1971, p. 83).

All these factors stress the need for provision of basic education free to all. Hence it should be applauded that Government of India, like several other developed and developing countries, had decided to fully finance elementary education, and provide it free to all.

But even after five decades of development planning, and four decades after the deadline stipulated by the Constitution, and despite several strategies adopted, programmes and schemes launched, this goal is still elusive. As the Tenth Five Year Plan noted, "despite significant improvement ... the achievement is short of target." It has been strongly felt by many that elementary education suffered in India, due to, apart from several factors, insufficient allocation of financial resources. At the same time, it be noted that while finances are an important constraint, they are however not the *only* constraint, but one among many. In other words, financial resources provide a necessary, but not a sufficient condition in achieving universal elementary education.

2 SIZE AND STRUCTURE OF ELEMENTARY EDUCATION

Elementary education in India refers to eight years of schooling (Grade I to Grade VIII) for the children of the age group 6-14. It comprises of primary education of five years (Grades I to V for the children of the age group 6-11) and upper primary education of three years (Grades VI to VIII for the children of the age group 11-14). (Table 1) The Constitutional Directive refers to universalisation of elementary education. Primary education is also compulsory in many states in India, and efforts are being made to make elementary education a fundamental right in the Constitution.

There has been phenomenal growth in enrolments in elementary education after independence. As per the latest statistics, there are nearly 640 thousand primary schools and another 200 thousand upper primary schools in the country in 2000-01. Elementary education is also offered in secondary and higher secondary schools in several states. About 11.4 crore children are enrolled in primary level and another 4.3 crore in upper primary level of education. According to official statistics, while the gross enrolment ratio in primary education was 96 per cent, the corresponding ratio in upper primary education was

only 59 per cent in 2000-01. The net enrolment ratios could be much lower. It was estimated to be 75 per cent in primary education in 1997-98. While the growth in enrolments over the period has been impressive, still about four crore children, who should be in school, are estimated to be out of school in 200-01, as per the estimated reported in the *Economic Survey 2002-03* (p.223). Further, 40 per cent of the children enrolled in Class I drop out before reaching Grade V. The dropout rate in elementary education as a whole is as high as 54 per cent. Along with increase in number of pupils, number of teachers also increased during the period, but not at the same rate of growth of enrolments. As a result, the pupil-teacher ratios have 'worsened,' as the government of India (*Economic Survey 2002-03,* p.225) observed. The pupil teacher ratio was one teacher for 23 children in primary schools in 1950-51, which has increased to 1 teacher for 43 children in 2000-01; during the same period, the increase was from 1:20 to 1:38 at upper primary level. A few important details on the size of elementary education are given in Table 2.

3. TRENDS IN EXPENDITURE ON EDUCATION IN INDIA

Sources of Funds for Education in India

Education is financed in India, like in many developing countries by the government and non-governmental sources.

- Government
  - Union (central) government
  - state (provincial) governments, and
  - local bodies (district and below district level bodies such as block and village level political/administrative bodies), and by
- Non-governmental sources
  - student fees, and
  - voluntary contributions from the community.

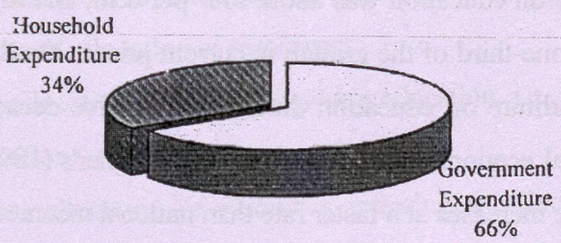
The union government spends considerable amounts on education on its own, and also devolves resources to the states to spend on education. Resources flow from the central government to states through the Planning Commission (plan grants) and Finance Commission (non-plan assistance), in addition to discretionary grants.[1] States also spend education directly and also devolve resources to local bodies for spending on education.

[1] See Tilak (1989c) for an elaborate discussion on the mechanism of transfer of resources from the centre to the states.

Recent amendments to the Constitution provide elaborate mechanisms of strengthening local bodies and for devolution of resources from state governments to local bodies.

In relative terms, the contribution of non-governmental sources has declined steeply in India over the years. Student fee is still an important source of funds for secondary and higher education. But elementary education is mostly financed by the government – central, state and local bodies, though students also pay a small amount of fees in primary and upper primary schools. No recent data are available on the contribution of various sources listed above to financing education in India. Some details are, however available on family expenditures on education. According to household surveys, students and their parents, incur considerable levels of expenditure on a variety of items related to elementary education, such as on purchase of textbooks and stationery, uniforms, transport etc. As shown in Table 3, household expenditures on elementary education are sizeable. On average, households spent Rs. 500 per student per annum on elementary education, while government spent about Rs. 915 (in 1995-96).

Figure 1
Government and Household Expenditure on Elementary Education, 1995-96



Rough estimates indicate that household expenditures amount to one-third and government expenditure the remaining two-thirds of the total –government and household – expenditure on elementary education. (Figure 1)

Government Expenditure on Education

In absolute terms, the increase in expenditure on education at national level during the post independence period is very impressive: the educational expenditure increased by about 900 times from Rs. 55 crores in 1947 to Rs. 62 thousand crores in 1998-99, the latest year for which such data are available. According to the budget estimates, it would be of the order of Rs. 78 thousand crores in 2000-01. But this impressive growth is belittled by

(a) rapid growth in population,

(b) phenomenal increase in student numbers, and above all,

(c) escalation in prices,

As a result of growth in population, while the total expenditure on education increased more than 500 times, in per capita terms the increase between 1950-51 to 1998-99 had been by about 200 times only. In contrast, the expenditure per pupil increased only by 92 times during the same period, from Rs. 36 to Rs. 2640. These figures are at current prices and the impressive picture remains no more so impressive, if they are converted into constant prices. After adjusting these figures with the help of national income deflators, it can be noted that the real rates of growth[2] in total, per capita and per pupil expenditure on education are very small, as shown in Table 4. For instance, as compared to a rate of growth of 13.7 per cent in current prices, the total expenditure on education increased at a rate of growth of 6.4 per cent only in real prices during the five decades (1950-51 to 1998-99). The real rate of growth of per capita expenditure on education was about four per cent; and in per pupil terms the real growth was less than one-third of the growth in current prices. On the whole, the real rate of growth of total expenditure on education during the last five decades is marginally higher than growth in national economic indicators, proving Wagner's (1890) law in education too, that public expenditure increases at a faster rate than national income.

The decadal trends in growth in public expenditure on education in India are indeed important to note. Looking at the real rates of growth, one notices that the 1950s was a period of rapid growth in total expenditure on education; and the 1960s was also a very favourable period for education, as in many developing and developed countries of the world. The global disenchantment with education, partly attributable to growing educated

[2] The rate of growth is estimated by fitting the equation: $Y = a\,b^t$, where Y is the variable of which the rate of growth is estimated, t the time period, and a and b are intercept and regression coefficient to be estimated, b being defined as $1 + (r/100)$, r being the annual rate of growth.

unemployment on the empirical scene, and the emergence of screening and credentialism theses on the role of education on the theoretical front, caused a great setback for the growth of expenditure on education during the 1970s in the third world. India has had also a similar experience. The 1980s marked the revival of faith in education. 'Human resource development' became a favorite slogan by the mid-1980s, and education was regarded as an important component of human (resource) development. Expenditure on education increased during the 1980s at a reasonably high rate of growth, particularly compared to the preceding decade. However, the rate of growth -- both in total and per capita -- have not reached the levels of the 1950s. The rate of growth could not be sustained in the 1990s, may be because of the effect of economic reform policies introduced in India at the beginning of the 1990s (see Tilak, 1996). It would be interesting to interpret these trends in the framework of public finance, particularly as a phenomenon of "displacement effect" (Peacock and Wiseman, 1961), according to which, public expenditure on social sectors like education get displaced due to economic problems created by wars and other crises, and more importantly, public expenditure levels do not go back to the former (pre-war) levels even several years after the economic crisis (see also Tilak, 1998).

Allocation of Resources

There are four important aspects relating to allocation of resources to education:

(a) allocation of resources *to* education vis-a-vis other sectors, which can be referred to as inter-sectoral allocation of resources,

(b) intra-sectoral allocation of resources *within* education, i.e., allocation to different levels of education,

(c) inter-functional allocation of resources referring to allocation of resources to different activities such as teaching, administrative, welfare activities, etc.

(d) Yet another important dimension of allocation of resources to education, that is important in a federal system like India is allocation of resources by the union government to the states and by the state governments to local bodies.

These aspects are briefly discussed in the following pages, surveying the existing scanty literature, and with the help of some important indicators using the recent data available. At the outset it may be noted that despite recognising the contribution of education to economic

growth and development, the pattern of allocation of resources to education in India is still far from satisfactory.

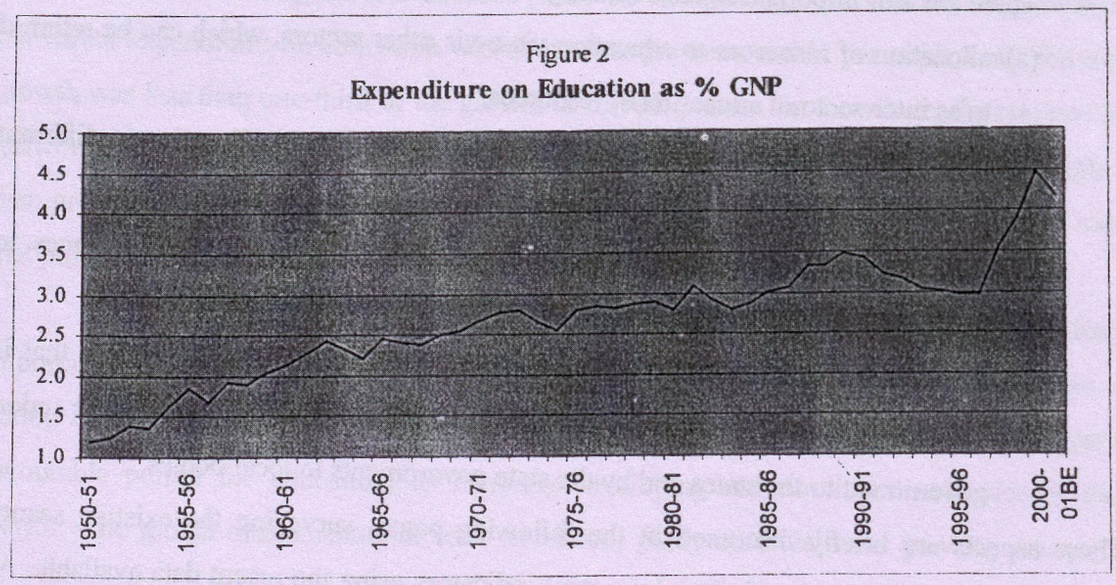
Inter-Sectoral Allocation of Resources

First, what is the priority given to education in the national development framework? This question is generally answered in terms of a few select indicators such as the share of education in GNP, share of education in the government expenditure, share of education in the five year plan outlays, etc., some of which are discussed below.

Share of Education in GNP

Share of education in gross national product is the most standard indicator of national efforts on the development of education in a given society. This reflects the relative priority being accorded to education in the national economy. This indicator is also found to be superior to several other indicators.[3] On the recommendation of the Education Commission (1966), the Government of India (1968) quantitatively fixed a target of investing six per cent of national income in education from the public exchequer by 1986. A glance at the figures on expenditure on education as a proportion of GNP given in Table 5 shows that over the years it has increased remarkably.

Figure 2
Expenditure on Education as % GNP



[3] See Coombs (1985), and Tilak (1986).

At the inception of planning (1950-51) India was spending 1.2 per cent of GNP, and by 1998-99, it increased to about four per cent, even though the growth is not smooth, as can be noted from Figure 2. This is indeed a remarkable increase.

However, it needs to be underlined that the level of spending as a proportion of GNP accomplished so far, is less than

(a) the requirements of the education system to provide reasonable levels of quality education to all the students enrolled presently,

(b) the requirements of the system to provide universal elementary education of eight years for every child of the age-group 6-14, and consequent growth in secondary and higher education, as universalisation of elementary education in a comprehensive sense, includes universal provision of resources, universal enrolment, and universal retention (see Tilak and Varghese, 1990),

(c) the recommendations of the Education Commission (1966), the resolve made in the *National Policy on Education 1968*, reiterated in the ***National Policy on Education 1986*** (Government of India, 1986), and the revised ***Policy*** (1992) to invest six per cent of GNP in education,[4] and

(d) the proportion of GNP invested in education in many other developing, leave alone developed, countries of the world, including Africa. It should be noted that it would be a stupendous task to reach a level of six per cent of GNP before the end of the tenth Five year plan, i.e., by 2007, as promised by the Government recently, from the current level of about four per cent.

According to the *Human Development Report 2001*, India ranks 104th with respect to share of public expenditure on education in GNP, among the 143 counties on which such data are available.[5] In comparison a large number of countries spend more than six per cent, some more than eight per cent and a few more than ten per cent. Some of the countries, which spend more than four per cent of GNP on education, include countries, which are economically poorer than India. India had set a long time ago a target of six per cent of

[4] It may be however noted that the Education Commission's recommendation assumed higher economic growth rate than actually realised in the country, in which case, the requirement of education would be more than six per cent.

[5] According to the *Human Development Report*, India was devoting 3.2 per cent of her GNP to education (1995-97).

GNP to be spent on education. This target still eludes, and may continue to elude in the near future.[6] The need to raise this proportion considerably needs no over emphasis.[7] Almost all -- from laymen to experts -- plead for the same, though there are no detailed estimates on what should be the desirable and feasible proportion of GNP.[8]

The Education Budget

Perhaps a more important gauge of what is actually happening is revealed by the priority given to education in the government budget. This is also preferred to the earlier one, as governments have more direct control on government budgets than on GNP. Unfortunately there is no 'education budget' *per se* in India. To arrive at an education budget of the country as a whole, one has to look at the education components in the union budget, and more importantly in the budgets of all the states and union territories. Then only one can present a complete idea of the education budget in the country. We do not have such an "integrated budget presentation" in our country.[9] The union budget fails to provide any significant idea, as its contribution is relatively very small compared to the state budgets for education.

Budgetary resources flow into education from the Departments of Education, and also form other Departments/Ministries, both at the central and state level. While the share

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6 According to an earlier analysis (Tilak, 1990b), among the countries of the world on which such data are available, India ranked very poorly, almost at the bottom, with respect to this indicator of national efforts on education, and amongst the countries with a population of 100 millions or more, India figured at the bottom except Bangladesh.

7 In stead of pursuing this goal vigorously, attempts are being made to redefine the target, and play with not so confusing terminology, in violation of the spirit and letter of the recommendations made by the national commissions on education, and approved by the Government of India, to show that the target has already been achieved (e.g., see Kolhatkar (1988). See Tilak (1990b) for a comment on Kolhatkar's approach and analysis. See also Tilak (1999a).

8 Norm based estimates (based on cost functions and enrolment projections), by Tilak (1994b) suggested that it should be about 8 per cent by 2000 AD. Rao (1992) compared the cost of education in India with developed countries like Singapore, and estimated that about a quarter of our GNP needs to be allocated to education. Seth (1985) felt that provision of appropriate education might require about ten per cent of GNP.

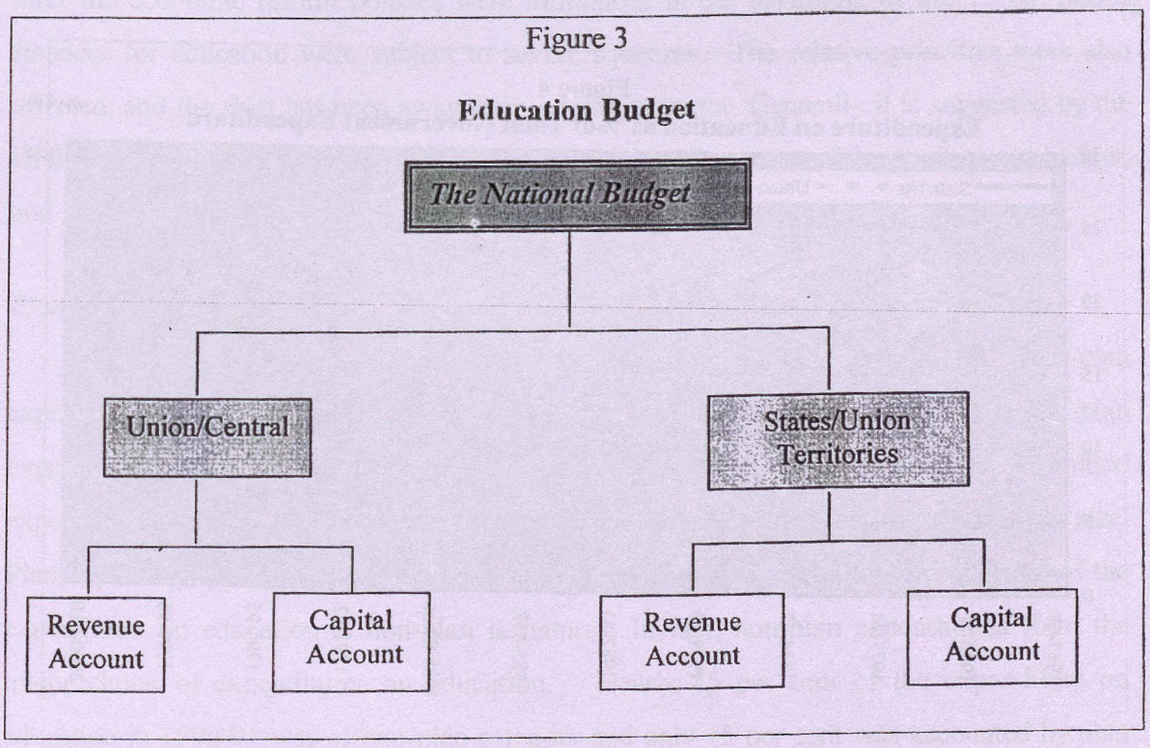
9 In this context, the *Analysis of the Budgeted Expenditure on Education* (Department of Education, Ministry of Human Resource Development) is a very valuable document, though it is published with a gap of 3-4 years. However, it does not give other details like the revenue incomes of the education sector that are found in the general budgets, which facilitate estimation of budgetary subsidies, etc. This also dose not provide details on expenditure on education incurred by other departments by levels of education.

of the Department of Education is substantial, other departments also contribute significant amounts to the education budget. For example, at the central government level, in addition to the Department of Education, more than 35 Ministries/Departments are found to be spending on education, important ones among them being Department of Women and Child Development, and Ministry of Social Justice and Empowerment (Table 6). There may be several other Ministries/Departments spending on education, details on which are not available. Over the years, the later increased in relative proportion from 8.5 per cent in 1971-72 to 17 per cent of the total education budget by the end of the decade of the 1990s (Table 7).

Further, in the budget framework, resources flow from government in two forms -- in the revenue account of the budget and in the capital account. While in the revenue budget the share of education sector is reasonably large, in the capital budget the share of education is infinitesimally small, the net result being pushing down the share of education in the total budget.

Figure 3

Education Budget



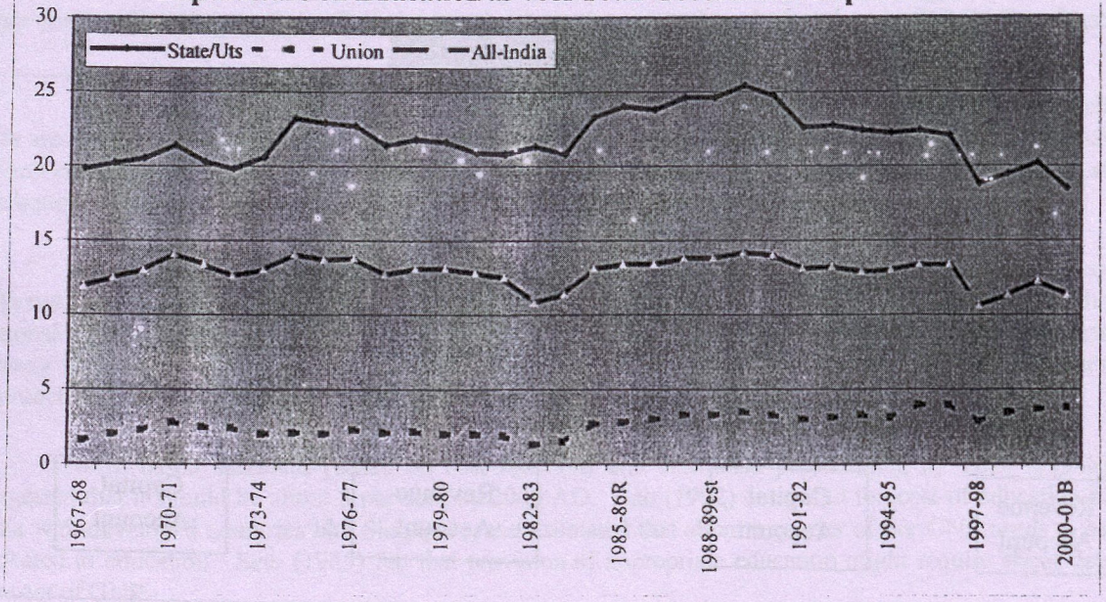
But most researchers, planners and general official documents (e.g., *Selected Educational Statistics*) confine to revenue budget only and give the impression that larger allocations are being made for education in the budgets. For instance, it is generally argued

that about a quarter of the budget goes for education in India. This is true with respect to only revenue accounts of state budgets. If central and state budgets are considered and both revenue and capital accounts are taken into consideration, as shown in Figure 3, the total budget resources available for education forms 11 per cent only during the last five years (Table 8).

Further, we also notice that while in the central budget the share of education sector was 3.5 per cent (4.5 per cent in revenue budget, and nil in the capital budget), it was a little less than one-fifth of the budgets of the states and union territories (23 per cent in the revenue budgets and 1.2 per cent in capital budgets) in 1998-99. It may also be noted that even though the share of education in the (revenue) budget oscillated frequently, over the years, on the whole, in the central budget it has increased from 1.6 per cent in 1967-68 to nearly four per cent by the end of the 1990s, and in the state budget, it has been around 20 per cent (Table 9). The total on the whole, seems to be stabilising around ten per cent – declining from 14 percent in the early 1980s to 11 percent by the end of the century (Figure 4)

Figure 4

Expenditure on Education as %of Total Government Expenditure



In both central and states' budgets revenue expenditure on education is substantial, and the capital expenditure forms a very small magnitude. But the budgetary terminology referring to 'revenue' and 'capital' accounts is not in conformity with the standard

terminology in Economics. For example, even expenditure on capital items like construction of buildings could be incurred out of revenue expenditure. Hence it is widely held that this classification does not seem to be serving any meaningful purpose (e.g., Rangarajan, 2001).

With respect to international comparisons, India fares very poorly in comparison with not only advanced countries, but also even some of the poor countries of the globe. Out of the total government (central and state) expenditure, India was spending 11.6 per cent on education (1995-97), compared to more than 15 per cent in many advanced countries. The corresponding figure was above 20 per cent in several rich and poor, and small and big countries, such as Singapore, Poland, Costa Rica, Estonia, UAE, Lithuania, Mexico, Macedonia, Venezuela, Thailand, Saudi Arabia, Kyrgyzstan, Uzbekistan, Namibia, Morocco, Botswana, Togo, Yemen, Cote d'Ivoire, Senegal, Gambia, Guinea, and Rwanda.

In terms of these two indicators, viz., share of education in GNP and share of education in total government expenditure, India was faring better during the 1980s. But after the economic reform policies were introduced in the beginning of the 1990s, public finances for education were subject to severe squeezes. The relative priorities were also affected, and the shift has been away from education sector. Generally it is suggested by the UNDP and other international organisations that about 20 per cent of the government budget, and 5-6 per cent of GNP should be allocated to education in the developing countries.

Plan and Non-Plan Expenditure

The total government expenditure on education consists of plan and non-plan expenditures. Plan expenditures are meant for meeting development needs, while non-plan expenditures meet the maintenance expenditure. The later is referred to as committed expenditure. As the system grows, non-plan expenditure becomes more important in size. Plan expenditure on education is relatively very small in size; and a large proportion of the expenditure on education is non-plan is nature. In fact, non-plan expenditures form the major chunk of expenditures on education. Nearly 85 per cent of the expenditure on education in 1990-91 was of non-plan category and only 15 per cent was accounted by plan expenditure. However, in the following years, plan expenditures grew faster, and as a result, currently plan expenditures form a little more than twenty per cent of the total (Table 10). It may be emphasised that since non-plan expenditure is only for maintenance, the smaller plan

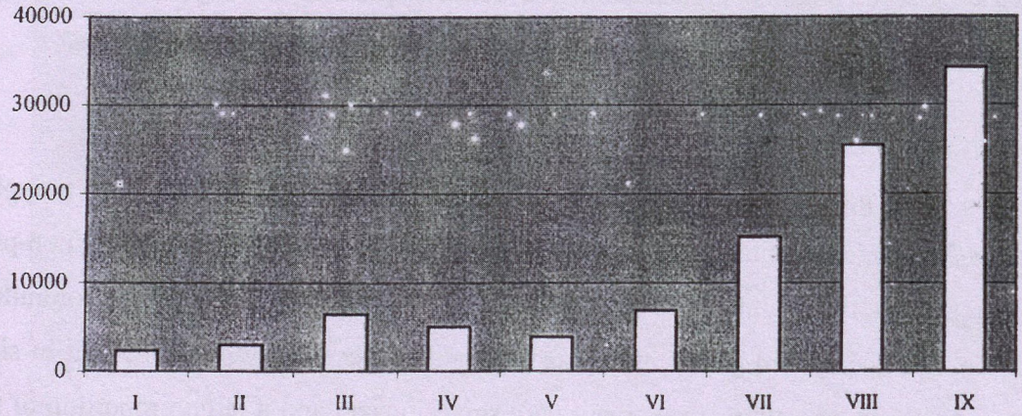
expenditure, the small is the scope for setting new directions of development and to introduce innovations and reforms.

First, the plan expenditures.

Education in Five-Year Plans

Five Year Plans are an important instrument of development strategy adopted by the independent India. And hence, it is important to examine the priority given to education in the Five Year Plans. Expenditure on education in the five-year plans has shown a rapid rise since the inception of the first five-year plan. The absolute expenditures/outlays for education multiplied by more than 350 times between the First five-year plan to the ninth Five Year Plan. The first plan invested Rs. 153 crores on education. The expenditure rose to Rs. 7.7 thousand crores in the seventh five-year plan. The expenditure during the eighth five-year plan was more than doubled further to reach a level of Rs. 27 thousand crores, which again nearly doubled in the ninth plan. Thus, it seems that increasingly larger resources are being allocated to education (Table 11).

Figure 5
Expenditure on Education in Five Year Plans
(Rs in Crores in 1993-94 Prices)



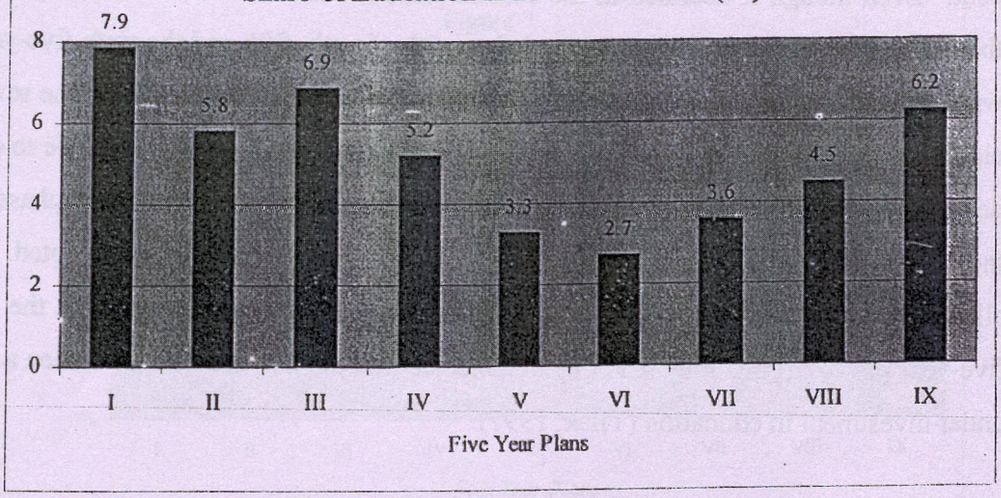
But when we look at the figures in real prices,[10] expenditure on education declined from the third five-year plan onwards up to the fifth five-year plan (see also Figure 5). The

[10] The expenditure in the Five Year Plans is spread over five years. Conversion of the actual expenditure into real expenditure in a Plan is made with the help of national income deflators (derived from GNP in current prices and GNP at 1993-94 prices corresponding to the period of each Five Year Plan. See also Tilak (1987).

expenditure on education in real prices in the fourth five-year plan was less than four-fifths of the expenditure in the third plan and the expenditure in the fifth plan was about three-fourths of the expenditure in the fourth plan. It is only in the sixth plan this trend was reversed and the expenditure in the sixth plan was about double the expenditure in the fifth plan[11] and is slightly above the expenditure in the third plan in real terms; and the expenditure in the seventh plan was about 1.8 times the expenditure in the sixth plan.

The relative importance given to education in the five year plans has declined gradually over the years, from 7.9 per cent in the first five year plan, to 2.7 per cent in the sixth five year plan. It is only during the seventh five-year plan, and later in the eighth and the ninth five-year plans this declining trend was reversed[12] (Figure 6).

Figure 6
Share of Education in Five Year Plans (%)



The eighth five year plan allocation was quite high, 4.5 per cent; but it was still much less than the proportion allocated in the first five year plan, for that matter it is less than the allocations made in the first four five year plans. The expenditure in the ninth Five-year plan

[11] As the fifth plan period was truncated, the actual expenditure was much less than the original outlay.

[12] The declining share of education in the total plan outlays/expenditure is a phenomenon common to several states also. E.g., in Andhra Pradesh the trends were most erratic, and in Uttar Pradesh and Bihar a somewhat consistent declining trend in the relative priority accorded to education in the Five Year Plans can be noted. See Tilak (1991). See also Tilak (1995a).

is likely to be much higher, as the available estimates reveal, and tentative estimates put this figure around 6.2 per cent.

Not only has the relative importance given to education in the plan expenditure gradually declined until the sixth five year plan, but also the relative share of education in any five year plan, including the seventh, the eighth and the ninth five year plans, has been the lowest, despite the hymns sung in praise of education in every plan document. The closest figure is three per cent allocated to health in the seventh and the eighth five-year plans. Several major sectors received much higher than the allocation made to the education sector, as can be noted from Table 12.

One can note that there are three important phases in the allocation of resources to education in the five year plans. During the first three five year plan periods, the allocation to education as a proportion of total five-year plan expenditure had been more than five per cent. Even though it declined in the second plan, the decline was immediately checked in the third plan. The second phase, consisting of the fourth, fifth and the sixth five-year plans, was characterised by a consistent decline in the relative share of education. The seventh, the eighth and the ninth five year plans form the third phase when efforts are made to check the declining trend and to substantially increase the allocation to education. This phase refers to the post-1986 Policy period and the positive effect of the Policy could be noted. Still the allocation made in the ninth plan is much lower than the allocation made in the very first five-year plan. All this may lead one to conclude that the five decades have been a period of under investment in education (Tilak, 1997).

Intra-Sectoral Allocation of Resources

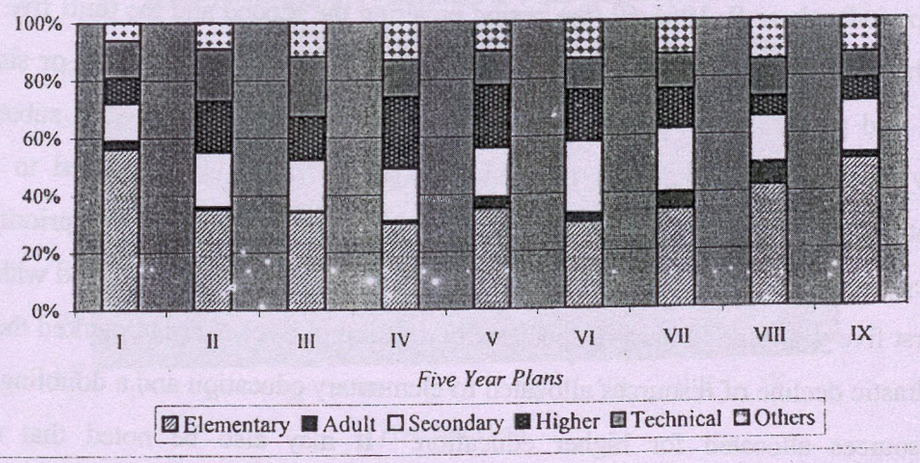
What has been the pattern of allocation of resources to different levels of education?

An analysis of intra-sectoral allocation of resources in education in India during the plan period shows a lopsided emphasis on not only elementary education, but also on other layers of education. A clear-cut shift in the priorities is quite obvious from the figures in Table 13. In the first five year plan, 56 per cent of the total plan resources to education were allocated to elementary education, 13 per cent to secondary, nine per cent to university education and 13 per cent to technical education. The relative importance given to elementary education declined to 35 per cent in the second plan, to 34 per cent in the third plan, and gradually to 30 per cent in the sixth plan. It is only again during the seventh, the

eighth and the ninth plans significant efforts were made to increase the allocation substantially, though the allocations made in the eighth plan and the ninth plan were still less than the corresponding one in the first plan in percentage terms. The share of other levels, excepting technical education, experienced a significant increase until the sixth plan, though the increase was not smooth. In the first plan only 13 per cent of the total educational expenditure was meant for secondary education and by second plan it increased to 19 per cent where as that for university level increased from less than one-tenth to nearly one-fifth in the second plan, to about one-fourth in the fourth and fifth plans, reduced to about one-fifth in the sixth five year plan, and it was drastically reduced to seven per cent in the eighth plan. Elementary education was given a boost in the seventh plan. This boost seems to have been possible with severe cuts in plan resources for secondary and higher education (Figure 7).

Figure 7

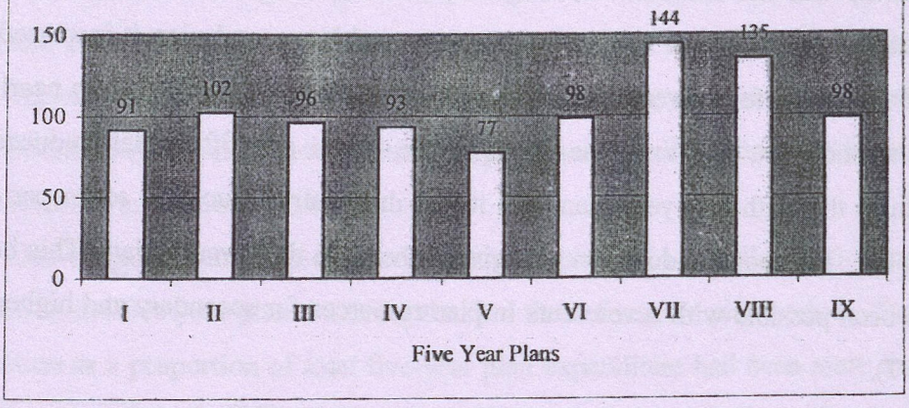
Intra-Sectoral Allocation of Resources in Education in Five Year Plans



Even with respect to utilisation of plan allocations in five-year plans, the sub-sector of elementary education fared better in the recent plans periods, as can be noted from Table 14. Though mostly, more than 90 per cent of the allocations were utilised, except in the fifth five-year plan, in the seventh and the eighth pans the expenditure was much higher than the plan allocations (Figure 8). During the seventh plan, as many programmes conceived in the National Policy on Education 1986 were launched after the initial allocations were made, it was understandable that the actual expenditure exceeded the original plan allocation. But this continued in the eighth five-year plan as well. This may cast doubt on the efficiency of

criteria used, if any, in making the allocations in the five-year plans in general, and in the eighth five-year plan in particular.

Figure 8
% of Utilisation of Five Year Plan Outlays on Elementary Education

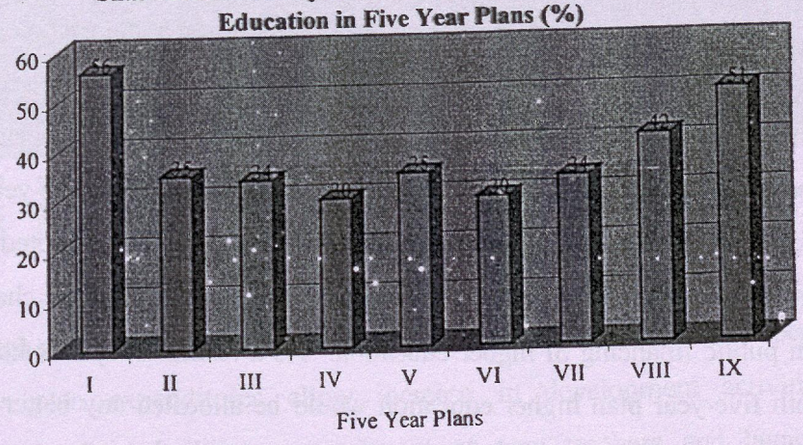


The plan period can be divided into four phases depending on the pattern of allocation of resources to elementary education, viz., phase I: 1951-56 (the first five year plan period), phase II: 1956-69 (the period covering the second and the third five year plans, and the annual plans), phase III: the post-1968 *Policy* period up to 1980, or simply 1969-1986, and phase IV: the post-1986 (*Policy*) period. Phase I witnessed a substantial part, nearly three-fifths, of the total plan educational resources, being allotted to elementary education, i.e., high priority was given to elementary education and a low priority to higher and technical education. The period favorable to elementary education ended with the end of the first five-year plan. Phase II, specifically the second five year plan marked the beginning of a drastic decline of resources allocated to elementary education and a doubling or trebling of resources allocated for higher education. It may also be noted that the overall developmental priorities also changed with the beginning of the second five-year plan. Relative emphasis shifted from agricultural sector in favor of industrial sector. Industrial development requires manpower, and higher education was looked upon for the supply of manpower. Accordingly, expenditure on higher education was increased considerably. It reached a proportion of 24 per cent by 1967-68, while the corresponding figures for elementary education showed a decline from 56 per cent in first plan to 17 per cent in 1966-67. Phase III, i.e., period after 1969 showed a slight reversal of these trends. The proportion of elementary education showed an increasing trend and that of university and technical education showed a gradual decline. This may be attributable partly to the

Education Commission's (1966) concerns, and the *National Policy on Education 1968* that laid emphasis on elementary education on the one hand, and partly due, on the other hand, to the growth of educated unemployment, the mismatches in the labor market, and the resultant social unrest. 1986 marks the beginning of the renewed emphasis on elementary education, with the formulation of the *National Policy on Education (1986)*, and with the 'operation blackboard' and similar other programmes launched by the union and state governments. The allocation to elementary education was stepped up significantly during the seventh five-year plan, and the eighth five-year plan continued to lay the same emphasis on elementary education. In the ninth plan also elementary education was given a high priority. Besides the *National Policy on Education 1986*, international environment, particularly the Jomtien conference in 1990, and the Dakar conference in 2001 on Education for All (EFA), and the beginning of the flow of external assistance for primary education, also have been responsible for the increase in priority for elementary education.

Figure 9

Share of Elementary Education in Total Expenditure on Education in Five Year Plans (%)



However, it is to be noted that though the third phase showed marginal improvements so far as elementary education is concerned, it has yet to go a long way to reach the proportion that it obtained in the first plan. While universalisation of elementary education has been becoming an increasingly tougher and tougher task, causing repeated postponement of the goal, the relative priority given to elementary education in the total educational expenditures has gradually declined over the successive five-year plans. It was only during the fist five year plan that elementary education was allocated a sizeable proportion of the total educational outlay: it was 56 per cent. During the subsequent plans

this proportion has been dwindling between 30 and 35 per cent, except in the seventh plan and later[13] (Figure 9). On the whole, it seems plausible to argue that had the priority given to elementary education in the first five year plan continued, universalisation of elementary education would not have been so elusive as it is today, if not already accomplished.

Five-year plan allocations to secondary education do not show any noticeable pattern. The resources allocated to secondary education showed that after an initial jump from 13 per cent to 19 per cent between the first and the second five year plans it got relatively stabilised and remained around that proportion until the sixth five year plan. In the six plan, for the first time, the allocation was increased to 25 per cent; but this level could not be maintained; it gradually declined to 16 per cent in the eight five year plan. It is feared that the proportion might decline further in the ninth five-year plan.

During the first phase, i.e., during the first Five Year plan, higher education was not given a high priority. But probably realising the importance of higher education soon, in the second five-year plan the allocation to higher education was doubled from nine per cent to 18 per cent of the total education outlay. But certainly it is during the third phase, i.e., during the post-Kothari Commission period, higher education received a better treatment, with more than 20 per cent of the total outlay allocated to education being given to higher education. But the fourth phase was the worst period for higher education. The relative share of higher education touched an all-time low level of seven per cent in the eighth five-year plan. The economic reform polices introduced in the beginning of the 1990s contributed to inflicting steep cuts on allocations to higher education and also effected drastic changes in the perceptions on public financing of higher education. As a result, today few hope that even during the tenth five-year plan higher education would be allocated any better share of the total education outlay.

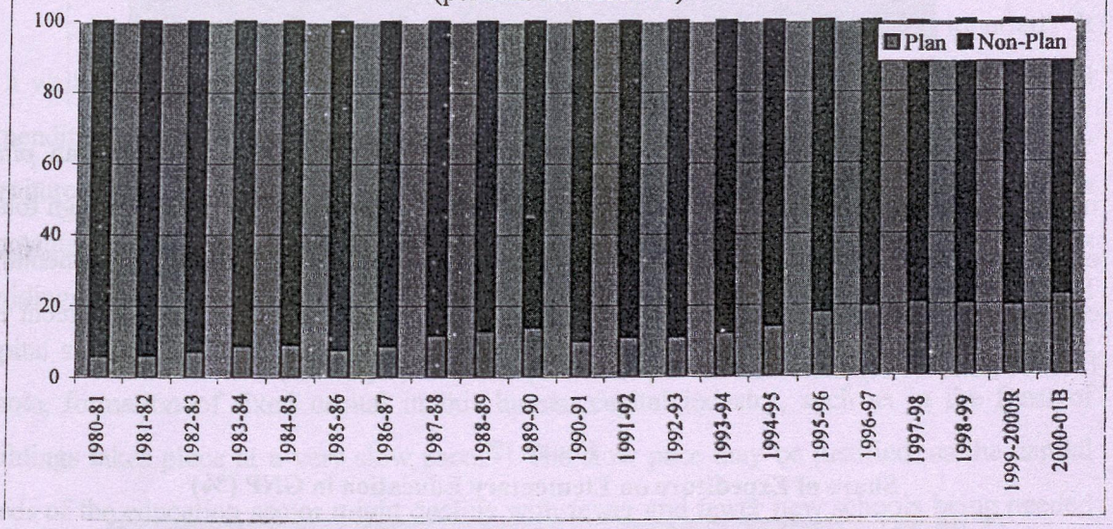
Plan and Non-Plan Expenditure on Elementary Education

All this may present only a partial picture because non-plan expenditure is also equally important. Plan expenditures are meant for meeting development needs, non-plan expenditures meet the maintenance expenditure. The later is referred to as committed expenditure. Plan expenditure on education, including in case of elementary education, is

[13] Originally consistent with the declining trends, only 29 per cent was allocated in the seventh Plan for elementary education.

relatively very small, compared to non-plan expenditure on education. In fact, non-plan expenditures form the major chunk of expenditures on education. A large proportion of the expenditure on elementary education (and also education as a whole) is non-plan is nature, and presently only 20 per cent is of the plan category (Figure 10). Since 1980-81, this proportion has increased from 5.9 per cent to ten per cent in 1990-91 and then jumped to 20 per cent in the recent years (Table 15). It may be emphasised that since non-plan expenditure is only for maintenance, the smaller plan expenditure, the small is the scope for setting new directions of development and to introduce reforms.

Figure 10
Plan and Non-Plan Expenditure on Elementary Education
(per cent Distribution)

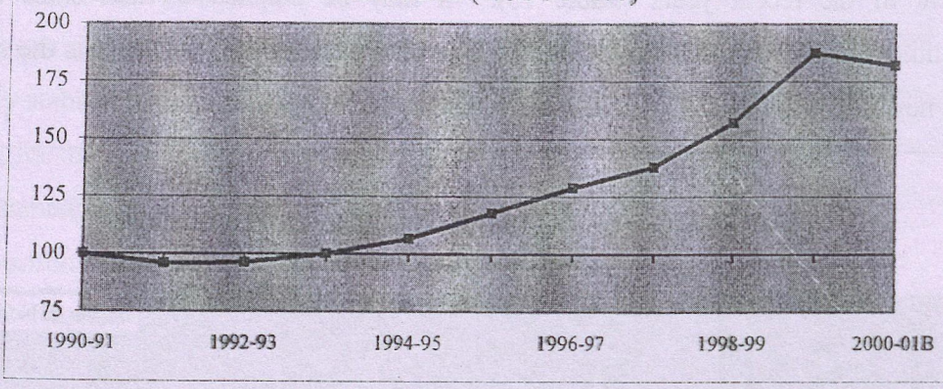


Though plan expenditures are relatively small, the increase in plan expenditure is very important as plan expenditures allow increase in development activities, including construction of school buildings, recruitment of new teachers and launching of new development programmes. The significant increase in the relative share of plan expenditure on elementary education in the 1990s could be due to (a) the massive *operation blackboard* programme that involved provision of additional classrooms, additional teachers in single teacher schools, and provision of a huge basket of teaching learning material, that is expected to have significant effects on quality of education, (b) provision of incentives, particularly noon meals to school children, and (c) flow of external aid to education, in the form of DPEP and other projects.

In all, expenditure on elementary education increased significantly in current prices. During the 1990s alone, the public expenditure on elementary education increased by 2.4

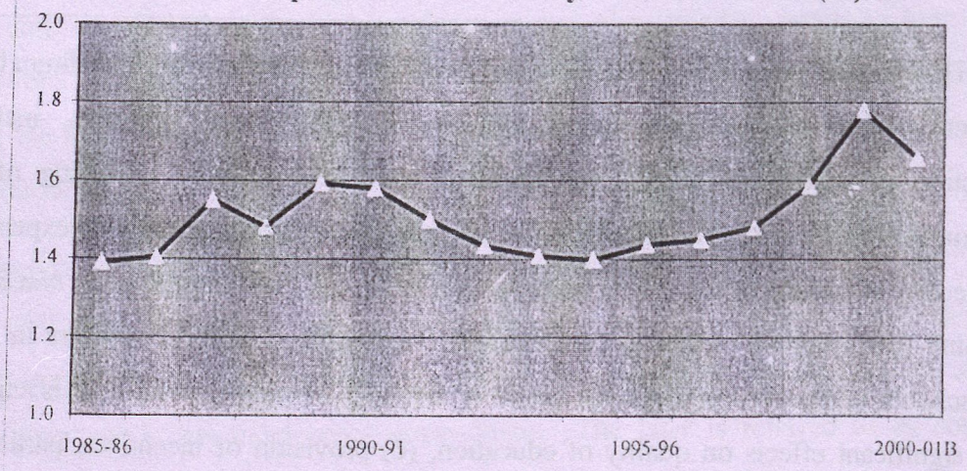
times from Rs. 8 thousand crores in 1990-91 to Rs. 31.5 thousand crores by 2000-01 (budgeted). However, in real prices the growth has not been so impressive. Nevertheless it was nearly doubled during this period, as can be noted in Figure 11.

Figure 11
Index of Real Growth in Expenditure on Elementary Education (1990-91=100)



But the trends in the relative share of elementary education -- total, plan *plus* non-plan expenditure – in GNP are also of the same kind, as described above. Though total expenditure on elementary education has increased rapidly, the share of elementary education in GNP has decreased marginally from 1.6 per cent in 1989-90 to 1.4 percent in 1994-95; this slowly increased to 1.6 per cent by 1998-99 (Figure 12).

Figure 12
Share of Expediture on Elementary Education in GNP (%)



This is the change during the post 1986 Policy decade, though it is generally felt that high priority is being given to elementary education after the 1986 Policy. If the differences

between revenue/budget estimates and actual expenditures turn out to be negligible, this proportion could increase further in the following years (Table 16).

It is intriguing to note that the relative priority given to elementary education in the total expenditure on education has not changed significantly over the years. The share elementary schools in the total 'direct/recurring' expenditure on education, plan and non-plan combined together, remained more or less stagnant, ranging between 40 per cent and 50 per cent and might get stabilised around 50 per cent (Table 17). The got has been trying to ensure that at least 50 per cent of the total resources devoted to education are allocated to elementary education.

Inter-Functional Allocation of Resources

An important question is: what are the items on which the expenditure is incurred? It is a well-known fact that non-recurring expenditure forms a very small proportion of total expenditure on elementary education. Expenditure on buildings, libraries, equipment, furniture, etc., formed a very small proportion, 2.1 per cent, of total expenditure on elementary education in 1992-93. That many primary schools are run in open space, *kachha* buildings, inadequate rooms, etc., is a clear reflection of the same. Expenditure on fixed capital such as buildings, however, increases with increase in levels of education. On the whole, formation of fixed capital in this human capital industry, such as in the form of buildings takes place at a very slow pace.[14] The slow pace may be justified, as the capital needs of the education sector might decline with fewer and fewer new schools being needed and opened, as there exist already schools in almost every habitation. But it should be noted that the backlog in terms of buildings is still high. This is clearly understandable as very often not only schools, but also colleges and even universities are found with no basic infrastructure facilities like buildings, furniture and equipment. Thus the present pattern of spending does not contribute much to physical capital formation.

Of the total recurring expenditure on elementary education, teachers' salaries amount to more than 90 per cent, and expenditure on the salaries of the non-teaching staff form the next largest proportion, about three per cent. All other items, including teaching learning material like apparatus, chemicals, books, libraries, and others like financial incentives,

[14] For example, the annual *real* rate of growth of non-recurring expenditure at upper primary level between 1976-77 and 1987-88 is 1.85 per cent, compared to 5.6 per cent in recurring expenditure.

games, sports etc., receive negligible amounts. Teachers' salaries increase as a proportion of the total recurring expenditure, as one goes down the educational ladder.

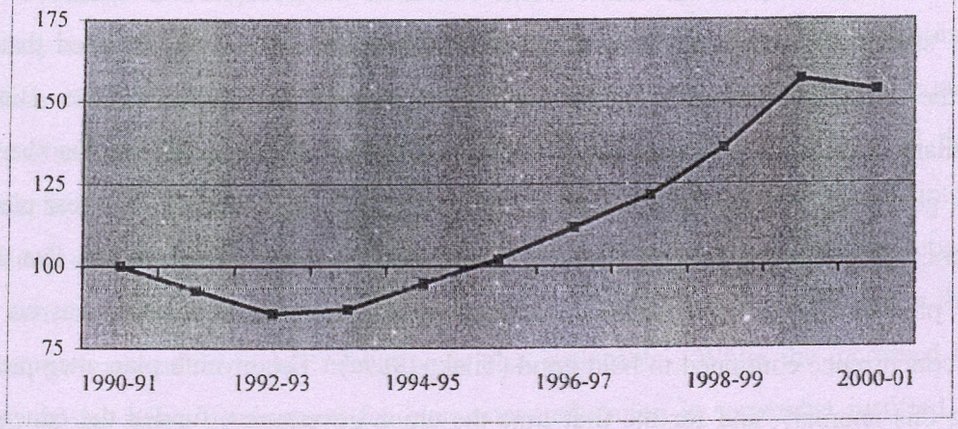
Available data for the 1990s allow another brief look at inter-functional classification of expenditure on elementary education, classified in a different form (Table 18). The pattern in the 1990s does not show any systematic trends and any significant changes in priorities. This may be partly due to the nature of data available. The available data do not provide a detailed break-up. Trends in the proportion of expenditure on government schools to toal expenditure on elementary education show a zig-zag pattern -- the relative proportion experiencing frequent ups and downs; grants in aid to local body schools remained more or less constant, and grants-in-aid to private schools also experienced a somewhat zig-zag pattern. Most, if not all of the aid to government, local body and private schools is for the salaries of teachers and others. So about 90 per cent of the total expenditure on elementary education could be treated as expenditure on salaries. Quite interestingly, the relative priority accorded to teacher training declined steeply in the recent years from about seven per cent in 1993-94 to less than or around half percent in the recent years. The share of quality enhancing inputs like textbooks, is small, and continues to be very small, accounting for less than 0.3 per cent in 2000-01. The proportion allocated to financial incentives in the form of scholarships has also been small, and it marginally declined further to an insignificant level of 0.1 per cent. This pattern of financing needs to be examined in contrast to research evidence available, though on other countries, that demonstrates significant effects of investment in non-salary items such as text books, and other teaching-learning material on the quality and overall efficiency of education systems in developing countries. On the whole, there is not any significant change in the inter-functional allocation of resources to elementary education during the 1990s.

Public Expenditure on Elementary Education per Student

The time trends in expenditure on education per student, that is indicative of some aspects of quality of education in terms of physical and human infrastructure facilities available to students on average, are indeed disturbing. In the four decades after the inception of planning, i.e., from 1950-51 to 1990-91 expenditure per pupil on primary education increased at a very modest rate of growth of 2.1 per cent in real prices; and middle level education at a rate of growth of less than one per cent, even though the trends in current prices are somewhat impressive. There are significant decadal variations. During the decade

of the 1970s, the real expenditure per student on primary education increased fast, but during the same period, the expenditure per student in middle level registered a negative rate of growth. Middle level education received a favourable treatment only in the 1980s. Teacher salaries, and pupil teacher ratios explain the variations in the expenditure per student in several states. Even during the 1990s, the growth in per student expenditure has not been smooth (Table 19). In real prices, it has gradually declined during the first half the decade of the 1990s: between 19990-91 and 1993-94, it declined by 14 per cent between 1990-91 and 1994-95. (Figure 13).

Figure 13
Index of Growth in Real Expenditure per Student in Elementary Education (1990-91= 100)



Since there were no economies of scale, or any significant change in technology of classroom practices, the decline must have adversely affected the quality considerably. There was an increase in the later years only and as a result, on the whole, it registered an increase by about 50 per cent between 19990-91 and 2000-01.

Union-State Relations in Financing Education

Another important aspect in the context of allocation of resources in India refers to allocation of resources by the union government to the states. In the federal framework, the mechanism of sharing financial responsibilities between the centre and the states is a very important issue. We may briefly examine the center-state shares in financing education. There is very little research available on centre-state relations in financing education in India. The limited research available is largely concentrated on non-financial aspects (e.g., Rao, 1972; Baker, 1976; Pinto, 1984; Rai, 1990).

As per the Constitution, education was a 'state' subject. However, after the 42nd amendment to the Constitution (1976), education has become a concurrent subject, i.e., the central and the state governments both take responsibility for education. Earlier it was a state subject. Even then, state governments meet a large part of the expenditure on education.

The trends in the relative shares of the union government and the states in plan and non-plan expenditure on education during the five-year plans are given in Table 20. During the first three five year plan periods the share of the central government in the total plan outlay for education has been of the order of a quarter of the total. During the fourth plan period this figure increased to 31 per cent. In the fifth plan the share of the central government continued to be the same. After education was brought into 'concurrent' list from the 'state list' through the 42nd Constitutional amendment, it was expected that the share of the central government in educational outlays would considerably increase. But the relative share in the sixth five year plan[15] allocations belied such expectations: the share of the union government in the plan outlays declined steeply during the sixth five year plan to 22 per cent. This was the least of all the five-year plans.[16] The earlier criticism that there was only physical (or non-financial) concurrence in education and that there was no real financial concurrence continued to hold good (Tilak, 1989c). The seventh plan attempted at correcting this anomaly, and for the first time the union government funded the education bill to the extent of 40 per cent, which marginally declined in the eighth five-year plan, but increased significantly to 50 per cent in the ninth five year plan. This was also necessitated by the *National Policy on Education 1986* that promised to ensure meaningful relationship between the union government and the states.

The pattern of distribution of non-plan expenditure between the center and the states is also not altogether different. In fact, the share of the state government is not only very high, it has also increased from 86 per cent in the second five year plan period to 96 per cent in the fourth five year plan, pushing down the role of the central government to a bare four per cent of the total non-plan expenditure. The share of the states was 95 per cent in the

[15] Incidentally the sixth plan was the first five-year plan of the Congress government after the Constitutional amendment.

[16] In fact, the share originally proposed in the sixth plan was much less than the corresponding proportion of the fifth plan as well.

eighth five-year plan. Maintenance, and corresponding needed improvement of the system, it appears, is not a matter of concern of the union government.

The share of the union government in the total, plan *plus* non-plan, expenditure, had been around one-fifth during the first three five year plans. From the fourth five-year plan onwards, i.e., during the post-Education Commission period, the contribution of the central government has been less than ten per cent, the remaining being the states' contribution. It has marginally increased during the later period, but it is around ten per cent only.

The union government finances quite a few important programmes/schemes called centrally sponsored schemes in education. These schemes number about twenty and the expenditure on them in 1996-97 was of the order of Rs. 917 crores (Table 21).

Further, the union government's increased involvement with elementary and secondary education is clearly noticeable from the seventh five-year plan onwards in the allocation of plan resources (Table 22). After the 1986 *National Policy on Education*, and more particularly the Conference on Education for All at Jomtien (1990), and the EFA Summit in Delhi (1993), the union government began taking more serious interest in elementary education. This is reflected in the eighth and the ninth plan shares between the union and the state governments. During the same period, a significant decline in the share of union government in higher education is also noticeable. While the increased level of concern of the union government for elementary education is somewhat justified, it may nevertheless be noted that the Constitution has required the union government to take more responsibility for higher education and less role in case of school education. Thus the recent trends are not really consistent with the Constitutional provisions, relating to List I, List II and List III of activities of the states and the union.[17] However, if the total, plan and non-plan, expenditure on education is considered, on the whole, the role of the union is minimum with respect to primary and middle levels of education, as union government rarely finances any significant proportion of expenditure on school education.

Tilak (1989c) has shown that the union government's pattern of allocation of resources to the states either through the Planning Commission or through the Finance Commission has not been taking into account the educational needs or economic capabilities of the states. It was found that in either case the allocations were highly random and *ad hoc*

[17] See Tilak (1989c) for more details.

in nature, defeating the very purpose of central intervention in financing education. The allocations have not been found promoting equity or efficiency.

The ninth Finance Commission has made some important modifications in the methodology of estimating the states' requirements. By fitting cost functions in education on selected variables like enrolment ratios, and student-teacher ratio, the requirements of the states on various levels of education have been projected in a 'normative' way, which formed the basis for the recommendations of the Finance Commission. Yet the final 'normative expenditure' on education during the period 1991-95 as recommended by the Finance Commission were found to be poorly correlated to the level of educational development (measured in terms of literacy), economic development (SDP per capita) or economic backwardness (as measured by the Finance Commission).[18]

An important objective of central government intervention in educational finances is, after all, inter-state equality in educational efforts, indicated by expenditure on education per capita or per pupil. The center has to distribute the resources out of the collective pool, essentially keeping in view of the interests of the backward states, so that we move towards overall equality in education development. This is, after all, a basic principle of financing in a federal framework. Detailed research is needed on the principles and practice of financing education in the federal system of India, including issues relating to the roles of the union and the state governments, the Finance Commission, the Planning Commission, etc., in promoting equitable and efficient educational development.

Expenditure on the Central Government Schemes in Elementary Education

As noted earlier, the union government began taking more serious interest in elementary education since 1986. As a result, there is a considerable increase in the share of the central government in plan expenditure on elementary education. As already noted, the central government spends considerable amounts on a variety of schemes, called Centrally Sponsored Schemes. Of the several schemes, three are very important, in terms of size of the expenditures. They are: operation blackboard, non-formal education and teacher education. Together, these three account for 57 per cent of the total expenditure on

[18] The simple coefficients of correlation of the recommended expenditure on education per capita with literacy, SDP per capita and economic backwardness estimated for the 14 major states for which the allocations have been made, are respectively: 0.1405, 0.2428, and 0.1835.

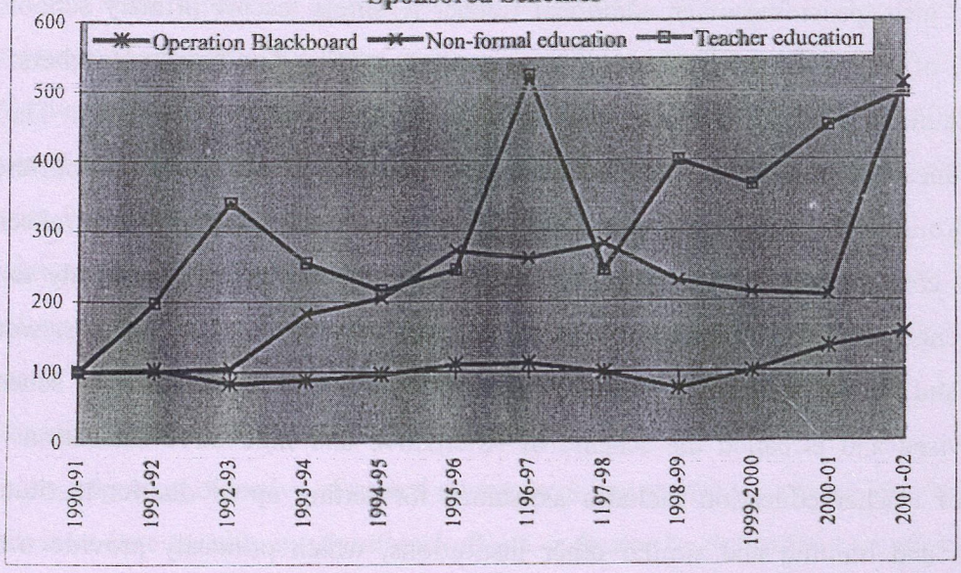
centrally sponsored schemes in education. The operation blackboard scheme makes a provision of at least two classrooms in each primary school with facilities of toilets for boys and girls, providing of an additional teacher to single teacher primary schools and prevision of essential teaching learning equipment, including furniture for teachers. The scheme launched in 1987, is being extended to upper primary level of education. The non-formal education programme which is in operation since 1979-80, focuses on children of the age-group 6-14 who have been out of the formal schooling system. The central scheme primarily covers educationally backward states and assistance is given not only to state governments, but also to voluntary agencies. Special emphasis is laid on girls, working children and those belonging to socially backward sections of the society. The scheme is being revised and is called the scheme of Alternative and Innovative Education. The scheme of teacher education includes assistance for setting up of district institutes of education and training and similar other institutions, which primarily provide training teachers.

Trends in the expenditures on these three schemes are given in Table 24. There has been a very rapid increase in the expenditure on all the three schemes during the 1990s. But among the three, the operation blackboard scheme is the most sizeable one. Expenditure on non-formal education and teacher education of course increased by several times during the ten years (Figure 14). In addition, the central government launched a national scheme of midday meals to the children, called the National Programme of Nutritional Support to Primary Education in 1995. The programme is designed to give a boost to the universalisation of primary education by improving enrolment retention and the nutritional conditions of the children in primary classes. The support of the Central government under this scheme includes provision of food grains, free of cost to children. Details on the progress of the scheme are given in Table 24.

With respect to all the centrally sponsored schemes and more importantly in case of the four schemes describe above, one notices very wide annual fluctuations, which cannot be meaningfully explained. For example, while the number of children covered under the midday meals scheme is increasing consistently over the years, the allocation pattern has been quite erratic – Rs. 1600 crores in 1998-99 and Rs. 1030 crores in 2001-02 (in current prices). The fluctuations are not so wide with respect to other schemes, but we do find significant fluctuations, particularly in real prices.

Figure 14

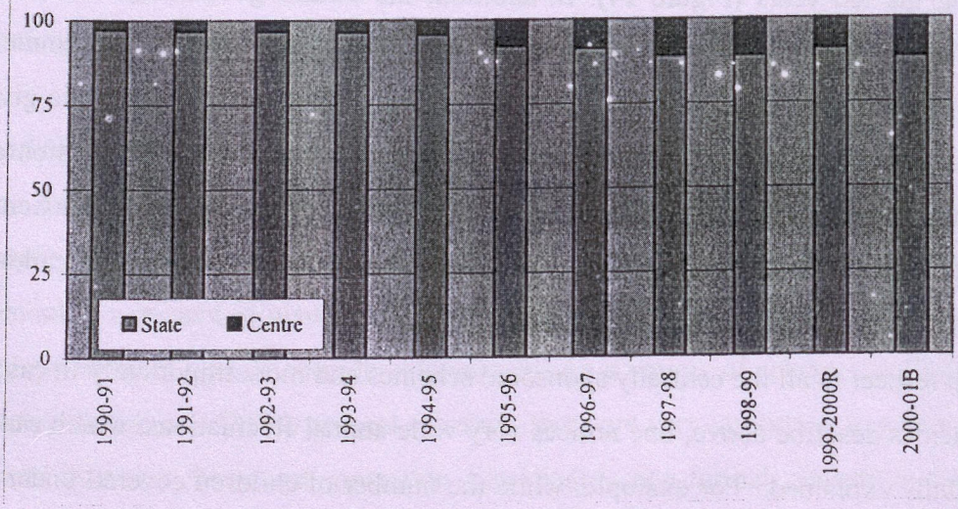
Index of Real Growth in Expenditure on Selected Centrally Sponsored Schemes



On the whole, the share of central government in total plan plus non plan expenditure on elementary education is very small, though it has increased from less than 3 per cent in 1990-91 to about ten per cent by the end of the decade (Figure 15).

Figure 15

State and Centre Shares in Budget Expenditure on Elementary Education (%)



Since central government does not finance no-plan expenditures, which are substantial, the relative share of the central government in total plan plus non-plan expenditure cannot be very high. Further, it is clear that not only in relative proportions, but also in terms of rate

of growth, the central government expenditure on elementary education has been of a higher order. It has increased substantially over the years. Between 1990-91 and 2000-01, it has increased by seven times in real prices, in contrast to a 1.7 times increase in state government expenditures (Table 25). The budgetary position of many states does not allow rapid increase in the state government expenditure on elementary education.

It is important to note that the under the *Sarva Shiksha Abhiyan* it was proposed to increase the share of the central government in plan amounts for elementary education substantially, though the states always meet a major part of the educational budget, both in absolute and relative terms. In fact, the pattern of funding under SSA makes a major point of departure for the past practice, wherein all committed expenditure on ongoing activities such as teachers' salaries, for instance under the operation blackboard programme, had to be met by the state governments. Under the SSA a long-term sharing arrangement was proposed, according to which, the centre was to meet 85 per cent and state government the remaining 15 per cent of expenditure on such items during the ninth five year plan. The sharing responsibilities would change to 75 per cent by the centre and 25 per cent by the states during the tenth five ear plan and there after it has to be equally shared by the centre and the states. This is a significant change in the sharing of financial responsibilities between the centre and the states with respect to elementary education. Probably for the first time, in any sector a commitment has been made by the central government to fund a programme across plan periods. Given the system of centre-state financing any sector, this seems to be not a small modification, but an important one with immense implications in terms of sustainable financing of universal elementary education, as well as in the context of enforcing the fundamental right to education.

4. RESOURCE REQUIREMENTS FOR UNIVERSALISATION OF ELEMENTARY EDUCATION

Fulfillment of the goals with respect to universal elementary education within a time schedule requires huge financial and other resources. There are a few studies conducted at international levels on the magnitude of financial resources additionally required for universal *primary* education in India. Three such studies are reported in Unseco (2002). Their estimates given in Table 26 vary between US$ 1500 million and US$ 3800 million. The parameters and assumptions used in the three studies are different. All these three studies confined to primary education. The key parameter of the Unesco and the UNICEF studies was 100 per

cent net enrolment ratio; World Bank used 100 per cent completion rate; all of them used unit costs while estimating the resource requirements; but Unseco expected a cut in teacher salaries to 70 per cent level of the 1997. UNICEF and the World Bank also assumed a teacher pupil ratio of 1:40, while Unesco assumed a ten per cent improvement in the same.

While the international studies have their own use and significance, it is important that detailed studies are conducted at national level. They could be more useful for sound planning of universal elementary education at the national and sub-national levels. Quite a few studies (e.g., Tilak, 1985, Tilak and Varghese, 1990; Tilak, 1994b; Ramachandran, et al., 1997) were conducted in India, that provide estimates of requirement of resources for universal elementary education. Some of these studies were very dated and used much more dated database and parametres. A more recent and a very detailed study was conducted by a Group of Experts, constituted by the Government of India (1999) specifically for this task.

On the basis of the recommendation of the high-powered Saikia Committee (Government of India, 1997), which made, considering number of non-enrolled children and unit cost per student, a rough estimate of the financial requirements for elementary education to be about Rs. 40 thousand crores for a five year period, a Group of Experts was constituted to made detailed estimates of the requirement of financial resources for making elementary education a fundamental right in the Constitution. Based on a detailed estimation of costs of each item/programme, and considering the present number of children who were out of schools, and the likely growth in relevant age group child population, the Group of Experts has estimated that universalisation of elementary education requires additionally Rs. 136.9 thousand crores during the next ten years (Table 27). Further, Table 28 gives an idea of the year-wise additional investment of resources. The needed investments progressively increase from about Rs. 100 crores in the first year to Rs. 29 thousand crores by the end of the decade. According to the Committee's estimates, this would provide for a reasonably good pupil teacher ratio of 1:30, improved physical access to schools, provision of instructional material, other necessary incentives, and on the whole a tolerable minimum level of quality of education, etc., to every child in India, by the end of the first decade of the 21st century. As can be noted from Table 27, the estimates thus provide for quantitative expansion, improvement in quality and improvement in equity in the system.[19]

[19] See Table A.1 in the Appendix that describes n details the norms adopted in estimation of the resource requirements by the Expert Group.

While the total figure of Rs. 140 thousand crores may seem to be awesome, certainly being much higher than the Rs. 40 thousand crores for a five year period, estimated by the Saikia Committee, it has to be noted that additionally it means only Rs. 14 thousand crores a year on average, or additionally 0.7 per cent of GDP (if the GDP grows at a modest rate of growth of five per cent per annum). This should be easily possible.

The Expert Group also felt that if the government is serious about allocation of six per cent of GDP to education, the task becomes easier: six per cent of GDP would not only provide the needed resources for universalisation of elementary education, but it would also allow provision of additional resources for growth of secondary and higher education. Further, the Group showed that increasing of total allocation to education to reach six per cent of GDP is not at all difficult, given (a) the growth of the economy which is likely to grow at a rate of growth of above five per cent, and (b) the likely increase of tax/GDP ratio and the non-tax-revenue/GDP ratio during the next ten years. The Group also had attempted to clear two absurd propositions that are in circulation: (a) that we cannot have universalisation of elementary education, because it is too costly; and (b) that the only way to have it to divert funds to it from higher education. It concluded that finding resources to finance universalisation of elementary education is an urgent task as well as, contrary to popular fears, is an entirely achievable task.

The Working Group on Elementary and Adult Education, constituted in the context of the tenth five year plan (2002-07) by the Government of India (2001) has marginally revised the estimates. Confining mainly to the plan period, i.e., 2002 to 2007, it was estimated that elementary education would require additionally Rs. 55-60 thousand crores, depending upon alternative scenarios regarding growth in enrolments.

To expedite the progress on universal elementary education, the Government of India has launched a nation wide programme of universal elementary education called *Sarva Shiksha Abhiyan* (SSA). SSA aims at enrolling all children of the age group 6-14 in schools by 2003; all children in the age group 6-14 complete at least five years of primary education by 2007; and all children in the same group complete eight years of schooling by 2010. The programme lays special focus on quality and equity in schooling. It was estimated, under the new programme, that universal elementary education would require additionally Rs. 98 thousand crores, as against the estimate of the Expert Group which was Rs. 137 thousand crores. The revised estimate of Rs. 99 thousand crores comes close to the estimate of Rs.

98 thousand crores proposed in the financial memorandum attached to the Constitutional amendment to make elementary education a fundamental right. The causes of the differences between these two elaborate estimates lie in the assumptions and norms used.[20] Besides, there are also certain items under SSA, which have not been considered in the Expert Group report such as pre-project activity and management cost; and in turn there are several items that the Expert Group considered, but were not taken into consideration under SSA.

To conclude, as per the estimates of the MHRD, universal elementary education would additionally requite about Rs. 98 thousand crores, nearly Rs. 10 crores per annum. The estimates made by the MHRD under SSA also provide details for the tenth five-year plan period separately. It was estimated that elementary education would require Rs. 52.3 thousand crores during the tenth plan period (2002-07). This financial responsibility has to be shared between the centre and the sates. The National Plan of Action for EFA has estimated the distribution of financial responsibilities for elementary education during the tenth plan as follows (Table 29).

As noted, SSA has kept some of the important items like midday meals scheme out of the SSA while calculating the resources needed. But this is recognised as an important scheme for universalisation of elementary education. Estimates are made separately for this scheme. It was estimated that the midday meals scheme would require Rs. 17.6 thousand crores – Rs. 16.6 thousand crore in the central government account and Rs. 11 thousand crores to be met by the state governments.

In addition to midday meals scheme, and SSA, estimates were also made of financial resources required for various under programmes under EFA. They are given in Table 30.

The National Plan of Action also provides estimates on the gap in the finances. Of the total central government share of Rs. 39.8 thousand crores for the tenth plan period, only Rs. 21.3 thousand crores has been provided in the plan, leaving a gap of Rs. 18.5 thousand crores which needs to be bridged with funds to be generated from external sources and from domestic government and non-governmental sources. The National Plan has not estimated the resource gap in the state sector, which could also be sizeable, requiring serious efforts of mobilisation of resources.

[20] See Table A.2 in Appendix for details.

What are the efforts that are being initiated to mobilise the needed additional resources?

5. MOBILISATION OF RESOURCES FOR ELEMENTARY EDUCATION

In the process of review of the *National Policy on Education 1986*, the Government of India (1990) for the first time referred in detail to some of the methods that are nowadays being discussed to generate additional resources for education. These methods largely refer to higher education sector. Prominent ones among the several measures that are discussed presently include: (a) raising fees, discriminately, (b) revitalization of the national loan programme for students, (c) special taxes such as graduate taxes, (d) corporate donations through liberal tax concessions, and (e) self financing by the education sector, and most of them are relevant in case of higher education, and to some extent in case of secondary education, but not in case of elementary education, and as such they are not discussed here.

But one initiative taken, that has implications for funding elementary education also, refers to the creation of *Bharat Shiksha Kosh*, education fund of India in 2003, which would be built with donations/contributions/endowments in cash and kind from individual and corporate sector, central and state governments, non-resident Indians and others for various educational purposes. The Kosh can also provide for sponsorship of schools, colleges, or even villages by any donors. This is being viewed as one mechanism of generating resources for education.

As elementary education is treated as a public good, and also as universalisation of elementary education is, more than any thing else, a Constitutional obligation, and as the Constitution desired that it be provided free to all, very few in India and even in other countries, argue for raising non-governmental resources for elementary education substantially, excepting arguing for using existing resources more efficiently, mobilising resources through reallocation of public resources in favour of education (such as through public sector disinvestments in less efficient sectors, and improved mechanisms of allocation of resources), and for strengthening the base for local finances, and for generation of voluntary community resources to supplement the governmental efforts. The role of local bodies is being expected to be vital in not only generating more resources but also in the context of decentralised planning and management of school education. The 73rd

Constitutional Amendment on Panchayati Raj institutions may result in more demands on Panchayats.

Decentralisation and Mobilisation of Community Resources

Quite a few initiatives are being taken to mobilise additional resources for elementary education. The Government of India (1986, 1990) explicitly favoured mobilisation of community finances for elementary education. For example, the *National Policy on Education 1986* stated: "Resources, to the extent possible, will be raised by mobilising donations, asking the beneficiary communities to maintain school buildings and supplies of some consumables, raising fees at the higher levels of education, and effecting some savings by the efficient use of facilities..." (Government of India, 1986, p. 28). In contrast to the earlier stand that the State shall provide resources for universalisation of elementary education, now, even for elementary education, is stated that non-governmental resources would be required. The Government of India (1986, p. 28) stated: "the Government and the community in general will find funds for such programmes as: universalisation of elementary education; liquidation of illiteracy .." It is being increasingly realised that the government has to accord a high priority for universalisation of elementary education. At the same time, it is now being realised that the government's capability in funding education has reached a saturation point relatively, suggesting the need for a search for community resources for education.

An important development of the 1990s refers to significant efforts of the government to decentralise educational planning and administration and involvement of the community at various levels in planning, administration, financing, monitoring and supervision of the working of the school system. Following the Constitutional amendment in favour of Panchayati Raj institutions, and also the launching of externally aided projects in primary education, village education committees, school development committees and similar committees at various levels are set up with the involvement of the local community. With the participation of these committees, efforts are also being made to mobilise physical and financial resources for the village communities to finance elementary education. For example, the School Reform Act in Andhra Pradesh provides for establishment of Committees for people's participation in educational activities at various levels -- a school committee, a Panchayat Education Committee, Mandal Education Committee, Municipal

Education Committee, District Education Committee, and for monitoring the activities relating to education two boards one at district level called District Education Board and another state level called State Advisory Board for School Education. These committees at various levels are expected to be composed of parents, community leaders and teachers, with a fair representation of women. The Committees are vested with several powers including resource generation. Thus a significant move has been made on the part of the government to decentralise the administration of school education in the state. Such experiments are not however getting spread all over the country evenly. But many states realise the importance of community contributions to elementary education. Though data are not available in any systematic form, it is realised that sizeable resources — monetary and non-monetary a re being generated from community. Village level communities are getting increasingly enthusiastic involved in the school improvement programmes.

While the formal private school sector's contribution to financing education is limited, as discussed in the following section, it is important to note that quite a few non-governmental organisations have begun taking serious interest in elementary education –formal and non-formal. Though quantitative evidence are not available, mention may be made of a few important initiatives.

According to the latest available statistics, there are more than 772 NGOs or voluntary organisations working on various aspects of education in India.[21] These are the organisations that received grant-in-aid from the Ministry of Human Resource Development, Government of India in 1997-98. A large number of them, more than 550, work in the area of non-formal education, and 61 in the area of adult education. The others operate in various other areas of education. There may be several other NGOs or voluntary organisations working, but not receiving any aid from the government.[22] On the whole, there is a large number, and a wide variety of NGOs operating in India. It is just impossible even to list all the NGOs working in India in this area. It is also difficult to judge how effective they have been. There has been very little systematic analysis of the contribution of the NGOs by the NGOs themselves or by others, except for some case

[21] *Annual Report 1998-99*, Department of Education, Ministry of Human Resource Development, Government of India, New Delhi, 1999.

[22] Additionally there is a list of 300 organisations in the *Annual Report* from whom audited accounts are awaited. Some names in this list do not necessarily figure in the list of organisations that received the aid in 1997-98.

studies.[23] Some of the important initiatives made by NGOs refer to Pratham, MV Foundation etc. Some noteworthy initiatives have also been taken by foundations and trusts such as Azimji Prejmji Foundation, ICICI Social Initiatives, CII-UNDP initiatives etc., which mark a welcome change on the contribution of NGOs to the field of education. Quite a few NGOs also contributed to the success of a few specific projects like the Shiksha Karmi in Rajasthan.

One important issue often raised in the context of financing education relates to private schools and the public policy towards private schools, with an implicit assumption that private schools meet a sizeable share in financing education in the society. In the present period, characterised by global wave of privatization, it is being increasingly felt that private schools are an effective answer to the problems of depleting public budgets. The role of private sector in educational development in India is totally different from that of the private sector in this mixed economy in general. Private education or private schools necessarily mean a privately managed system, and not necessarily a privately funded system of education. Thus, private schools are of two kinds: private aided schools, and pure private or unaided private schools. The aided private schools do not provide any significant financial relief to the government, as more than 95 per cent of the recurring expenditure, and some times some part of capital expenditure of these schools are met by the government. Private institutions have to survive for a few years, 3-5 years, before they could qualify for government aid, some times even retrospectively.[24] Both during the initial and later periods, they might make profits by under paying teachers and other staff, charging various types of non-tuition fees, and through other questionable practices. Thus private sector not only does not necessarily reduce public financial burden, but also enriches itself at government and social expense.

That the private aided schools depend on public subsidies for most of their expenditures is an undisputable fact. Private aided sector rarely generates any substantial resources on its own, but relies extensively on governmental grants. By taking away dis-proportionately (in relation to number of schools) large amounts from the limited public budgets, private sector also contributes to pauperization of government schools, and

[23] See Tilak (2000) for a brief discussion on the role and contribution of NGOs to education in India.

[24] In fact, it may not be appropriate to refer to such schools as 'private' schools.

misallocation of public resources, in addition to causing severe inequitable distribution of government expenditure on education..

The unaided primary schools[25] do provide some financial relief, but at huge social and economic cost. They might accentuate dualism, elitism, and class inequalities. Tilak (1994b) has analyzed the various characteristics of private versus public schools in India, and has found that the private schools cater to the needs of the rich only, their quality of education is not necessarily superior to the state run schools, they do not have any equity oriented programmes in the schools, etc. It has been earlier found that the effects of private schools on income distribution in the society are so severe, that they even outweigh the positive effects of the vast public (government) school system, and thereby the net effect being significantly negative.

Foreign Aid for Education

Among the several sources of financing education in India, foreign aid has not been significant during the last four decades. But foreign aid is one important source of finances for education in several developing countries. Its importance gets enhanced in developing countries like India where public budgets for education become very tight with the structural adjustment policies adopted. But it is, however, too much to expect that foreign aid will solve the financial problem in education substantially in a vast country like India, when it could not do significantly even in small countries of Africa, Latin America and Asia. As Verspoor (1993, pp. 103-04) noted, "international aid has not been able to change the course of events. International meetings have set goals and redefined priorities on a regular basis. Over the past 25 years, a well-established education aid community has developed, with a busy meeting schedule, several newsletters, professional networkers, and aid watchers. It includes also an international education research community with several respectable journals. But the action has rarely been at part with the rhetoric. In fact, it can be argued that *external aid to education has been peripheral to the course of educational development*" (emphasis added).

In the trends on foreign aid for education, a clear shift can be noted, the priority shifting from higher education in the 1960s to secondary education (diversification of

[25] In fact, they are not completely 'unaided' private schools, as they receive land and other resources at highly subsidised prices, besides concessions in taxes – direct and indirect.

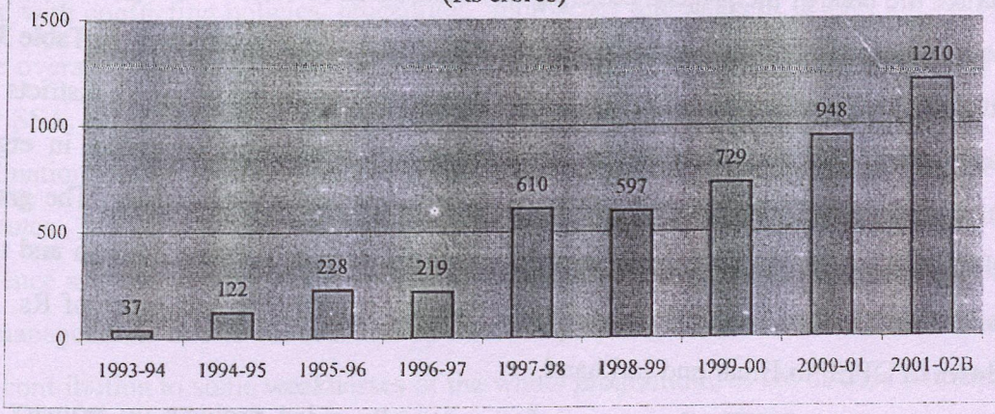
secondary education in particular) in the 1970s and up to mid-1980s, and to primary education since the late 1980s. Relatively more aid began to flow to primary education. The global Education for All campaign is also partly responsible for the increased emphasis on foreign aid for primary education.

In India the need for external assistance for education in general, and primary education in particular was not felt for a long time. Foreign aid was felt necessary only in case of foreign exchange-intensive, capital intensive, and foreign expertise needed sectors only. Education in India in general, and primary education in particular, does not belong to either of these categories. The donors also felt the same. But the 1990s is a decade that marks a new phase of developments in education in general, and primary education in particular, in case of foreign aid. Preceded by a serious economic crisis, the Government of India adopted in 1990 structural adjustment policies, which had inflicted serious cuts in budgetary resources for education in general, including elementary education in particular. Consequently, a social safety net programme was launched to protect vulnerable but important sectors like primary education and basic health care from the adverse effects of stabilisation and structural adjustment policies. Thus began the international assistance for primary education in India, which has been the most significant development in education in independent India, as external assistance was not sought even for other levels of education for a long time by the government of India during the fifty years of independence. In fact, quite a few international aid organisations were very eager to enter into the primary education scene in India from the mid-1980s onwards. However, the Government of India felt no need of external assistance for primary education. The foreign exchange crisis in 1989 followed by the adoption of structural adjustment policies, which were regarded as 'a necessary evil' changed the whole situation and thereby the approach of the government. For the first time, primary education sector was rather reluctantly opened to the enthusiastic external aid organisations on a large scale.[26] Starting with the World Bank assistance for primary education in ten districts in Uttar Pradesh and that of UNICEF in Bihar, a plethora of international -- both multi-lateral and bi-lateral -- aid organisations are currently in operation in India working for the improvement of primary education

[26] There were a couple of minor projects in operation earlier. They include non-formal education projects in a few selected villages financed by United Nations Children's Fund (UNICEF) and primary education projects in selected schools in Andhra Pradesh funded by the Overseas Development Administration (ODA).

system. Some important organisations are: World Bank, European Community, UNICEF, United Nations Development Programme (UNDP), ODA of England, and Swedish International Development Agency (SIDA). Thus the external aid to education in India is both bilateral flowing from countries, and multi-lateral flowing from international -- UN and other -- organizations. The later is however more significant than the bilateral aid. Table 31 gives the available details on the extent of their financial contributions to the primary education system in the country. External aid has growth from Rs. 37 crores in 1993-94 to Rs. 1200 crores in 2001-02, i.e., by 32 times in less than a decade. (Figure 16)

Figure 16
Growth in Foreign Aid for Elementary Education in India
(Rs crores)



In order to ensure better coordination from the point of view of the government of India and governments of various states (provinces) in India on the one hand, and the host of international aid organisations on the other, the government of India has launched a programme of District Primary Education Programme (DPEP), as a broad overall umbrella of international aid programmes in primary education in the country. Quite a few other programmes assisted by external agencies that were in existence before the formation of the DPEP are also brought under this common umbrella. A couple of projects however, remained separately.[27] Now of course, almost every project is to be converged into the SSA.

[27] The exceptions are: *Shiksha Karmi* project and the *Lok Jumbish* project in Rajasthan, both funded by Swedish International Development Agency and the *Mahila Samakhya* project financed by the Dutch government.

District Primary Education Programme

Starting with 42 districts in seven states in phase I of the DPEP in 1994, the programme has been expanded to cover as many as 273 districts in 18 states by 2002-03. The programme provides additional inputs over and above the resources provided by the state governments for elementary education. According to the programme, the external agency contributes 85 per cent of the project costs that flow through the central government to the concerned state, and the remaining 15 per cent was to be met by the state governments themselves. At present the external assistance under the programme is of the order of Rs. 6938 crores – Rs. 5137 credit from IDA and Rs. 1801 crore grant from the European Commission, DFID, UNICEF and Government of Netherlands.[28] IDA credit accounts for the bulk of the project, covering 211 districts in 16 states. The grant flows to DPEP in various states. The shares of various international agencies are given in Table 32. A grant of Rs. 623 crores from the European Commission is available for 17 districts in Madhya Pradesh and nine districts in Chhattishgarh. Elementary education in eight districts of Gujarat is funded out of the Netherlands grant of Rs. 215 crores. The grant from DFID, UK of Rs. 927 crores is meant for five districts of Andhra Pradesh and ten districts of West Bengal, and eight districts in Orissa. UNICEF' s assistance of Rs. 36 crores flows to DPEP in Bihar and Jarkhand.

In addition to DPEP, there are a few externally aided projects on primary or elementary education in India. Some of them are as follows:

GOI-UN Programme: Janashala: In a collaborative effort, five UN agencies, viz., UNDP, UNICEF, UNESCO, ILO and UNFPA, pooled their resources to jointly support a community based primary education programme in 139 blocks and ten cities in 30 districts of nine states in India. The total project outlay was Rs. 103 crores (US$ 20 million).

Shiksha Karmi Project: This project of recruitment local youth as teachers was imitated in Rajasthan in 1987 with the support of SIDA. It went through different phases with different arrangements for sharing of the costs between the external agency and the local government. During the first phase (1987-94) the project costed Rs. 21.12 crores, which shared by SIDA and government of Rajasthan on a 90:10 basis; during the second phase (1994-98) the proejcst costs of Rs. 72.21 crores was shared on a 50:50 basis. During

[28] *Annual Report 2002-03*, p. 65.

the third phase (1999-2003) an outlay of Rs. 240 crores was to be shared by the Government of Rajasthan and DFID on a 50:50 basis.

Mahila Samakhy: Started in 1989 with Dutch assistance aims at empowering women through education. The project is supported now under DPEP in several states.

Lok Jumbish: This is yet another project started in Rajasthan in 1992 with a focus on decentralisation and involvement of community in school planning, with the support of SIDA, and during the third phase, DFID has provided assistance to the project. The project provides financial and non-financial resources to schools.

Given the situation in some other countries where a multitude of external agencies work on primary education uncoordinated, and even contributing to confusion, if not chaos, with conflicting policies, procedures, approaches and plans of action, the formation of the overall umbrella of DPEP by the government of India earlier and now as proposed under SSA, could be seen as an important step in a positive direction that facilitated better coordination among the three partners, viz., the government of India, the governments of the states, and the funding agencies, avoided duplication and ensured some kind of coherence and consistency in the overall programme. From the point of view of planning and management, this is indeed an important step, though it also worked as a catalytic force contributing to some weaknesses of the whole programme, as we discuss a little later.

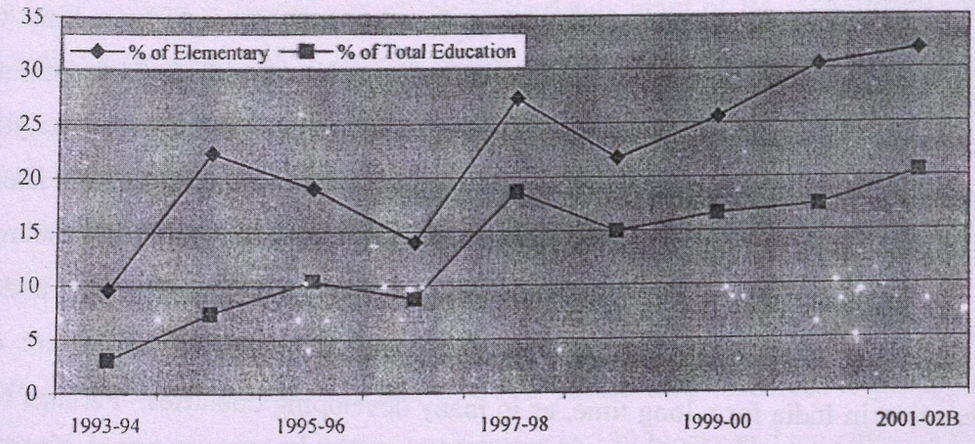
Of all, the most important consequence of DPEP is relaxation of resource constraints in planning education. Educational planning under austerity (or under conditions of severe resource constraints) has had been the characteristic feature of planning education in India for a long time, as in many developing countries. Perhaps for the first time, the districts in India were told that each district participating in the DPEP would be given about Rs. 40 crores for a seven-year project period under DPEP. While Rs.35-40 crores is a substantial additional amount for a district, Rs.5-6 crores per annum is not really that high compared to the present level of public spending of about Rs. 50 crores on average per district in India, as per current estimates. The DPEP provided important needed inputs.

As already noted, the total aid amounted to Rs. 1200 crores in 2001-02. In relative terms, it amounted to less than ten per cent of the central government plan expenditure on elementary education in India in 1993-94, which rose to a level of nearly one-third by 2001-02. In 2001-02, it also formed about one-fifth of the total central government plan

expenditure on education. These are indeed high proportions.[29] The high proportions also warn the danger of substituting central government assistance by external aid. We have already noted that the growth in absolute terms has been phenomenal. All this may raise questions of donor dependency and increasing debt burden, part from questions on sustainability of the foreign aided projects after the aid ceases to flow.

However, at the national level, the size of the aid does not seem to be alarmingly big. The aid amount of Rs. 1200 crores, may be compared to the current level of total expenditure on education in the country which is about Rs. 65 thousand crores. Thus the aid hardly forms two per cent of the total government spending on education. Even as a proportion of total government expenditure on elementary education, which is about Rs. 32 thousand crores in the country (2000-01), the aid forms only 3.8 per cent. (Figure 17)

Figure 17
Foreign Aid to Elementary Education as % of Central Government Plan Expenditure on Education (%)



Thus, in another sense, despite geographical expansion of the programme as noted earlier, it still cannot be regarded as a massive large scale programme of improvement of primary education all over India, as the funds constitute less than three per cent of the total expenditure of the government on elementary education. It seems thus that relative to the large education budget in India, the foreign aid seems to be insignificant in quantum.

The effect of aid on education in India is yet to be seen. But high expectations are being created on the contribution of foreign aid for primary education, particularly with the

[29] As aid flows through central government as a part of central government assistance to states for elementary education, the rapid growth in central government expenditure on elementary education is also described by some as 'borrowed growth' (Tilak, 1999a).

launching of the social safety net programmes with the help of the assistance from the World Bank, that are being initiated to reduce the adverse effects of structural adjustment policies that are being adopted.[30] There are very few studies on the role of foreign aid for education in India. Until now, it has not received the attention of the researchers, as education sector did not attract foreign aid on a large scale. But now we may not afford to ignore it any more.

In the context of international aid to EFA, the Fast Track Initiative (FTI) launched by the World Bank and the G8 countries, promises a new funding mechanism to finance basic education in developing countries. It promises an increased and better-coordinated aid, with an emphasis on urgent action. However, there is a danger that the FTI would evaluate the performance of developing countries based on a new set of policy and financing norms, relating to Millennium Development Goals (MDG), which are different from the EFA goals and norms. Universal primary education is just one of the eight Millennium Development Goals.[31] Millennium Development Goals also do not refer to the other components of EFA. As already feared by some, exclusive focus on the Millennium Development Goals may result in overlooking of other EFA goals, both by the developing counties and by international community. There are several valid concerns already expressed on the FTI (UNESCO, 2002, p. 176). It is important that any initiative such as FTI provides for built-in flexibility to meet country specific requirements and policies. Besides any dilution of the EFA goals at this stage may lead to avoidable undesirable compromises both within national education planning and international cooperation for education.

6. CONCLUDING OBSERVATIONS

Education systems like all modern organisations run on money. It is widely felt that essentially constrained by resources, many educational plans and reforms either failed or did not take off in several developing countries including in India. The Constitutional Directive of universalisation of elementary education in India, which was to be achieved four decades ago still eludes. Though huge amounts of investment are made in education

[30] See Tilak (1992 and 1998) for a discussion on the adverse effects of adjustment on education, and the need for social safety net programmes.

[31] The Millennium Development Goals are: eradication of extreme poverty and hunger, achievement of universal primary education, promotion of gender equality and empowerment of women, reduction in child mortality, improvement in maternal health, combating HIV/AIDS, malaria and other diseases, ensuring of environmental sustainability and development of a global partnership for development by 2015.

in the post-independence period, they are not adequate to meet the modest targets of providing quality education to the children.

Despite official recognition of education as an investment, and as a 'crucial investment for national survival' by the Government of India, the pattern of allocation of resources to education is far from satisfactory, judged in terms of adequacy, efficiency and equity. The priority accorded to education in the Five Year Plans, total government budget expenditures and in GNP need to be improved. The priority accorded to education in the Five Year Plans, government budget expenditures and in GNP needs to be improved. The patterns of intra-sectoral allocation as well as inter-functional allocation of resources need to be improved. There are signs of improvement in intra-sectoral allocation of resources in favour of elementary education. While allocations to elementary education have been raised, they seem to be at the cost allocations to secondary and higher education The allocation of resources from the Centre to the states and the overall union-state relations in financing education do not seem to be promoting equitable and efficient educational development. With respect to financing of school education, specifically elementary education, is concerned, there are no magic solutions. Government has to finance 'generously' education. Efforts to augment non-government resources may be restricted to higher education. Additional resources that can be generated from the community for financing school education may be viewed as supplementary resources. While external aid comes hand to provide critical inputs, after all, it does not flow forever. Hence reliance on external aid has to carefully monitored with a view to gradually reduce it.

The beginning of the 1990s is marked by a few significant developments in the socioeconomic spheres of the developing countries of the world. The World Conference on Education for All (Jomtien Conference) held in Jomtien, Thailand, in March 1990 has made a few significant contributions in the form of (a) recognition of importance of education for development and (b) correspondingly a revival of commitment of the governments, the internal organisations an the societies as large to education in general and to primary education in particular. In a sense, governments became more serious with the goals of Education for All.

The rationale for financing of education is clear. Both economic theory and empirical evidence on returns to investment in education and distribution benefits of investment in education necessitate financing of education. The recognition of the

Table 1

Structure of Elementary Education in India

Level	*Grades*	*Age-Group*
Primary Education	I to V	6-11
Upper Primary Education	VI to VIII	11-14
Elementary Education	I to VIII	6-14

Table 2

Size and Growth of Elementary Education in India

	Primary	Upper Primary	Elementary
Schools (thousands)			
1950-51	209.7	13.6	221.3
2000-01	638.7	206.3	845.0
Enrolment (millions)			
1950-51	19.2	3.1	22.3
2000-01	113.8	42.8	156.6
% of Girls in Enrolment			
1950-51	28.1	16.1	
2000-01	43.7	40.9	
Gross Enrolment Ratio (%)			
1950-51	42.6	12.7	32.1
2000-01	95.7	58.6	81.6
Net Enrolment Ratio (%)			
Primary (1997-98)	71		
Dropout Rates			
1960-61	64.9	..	78.3
2000-01	40	..	53.7
Teachers (thousands)			
1950-51	538	86	624
2000-01	1896	1326	3222
% of Female Teachers			
1950-51	20	3	
2000-01	55	62	
Pupil-Teacher Ratio			
1950-51	24	20	..
2000-01	43	38	..

Source: *Selected Educational Statistics, 2000-01; Economic Survey 2002-03;* and *Tenth Five Year Plan 2002-2007)* [for net enrolment ratio]

Table 3

Government and Household Expenditure on Elementary Education in India, 1995-96

	Expenditure per Student (Rs)			Total Expenditure on Elementary Education	
	Primary	Upper Primary	Elementary	Rs in Crores	%
Government Expenditure			1197	15218	66
Household Expenditure	501	915	619*	7842	34
Total				23060	100

* weighted average

Source: Author's estimates based on NSSO (1998), *Analysis of Budget Expenditure* and *Selected Educational Statistics.*

Table 4

Public Expenditure on Education in India

Year	Total (Rs. in crores)	Per Capita (Rs.)	Per Pupil (Rs.)	Total (Rs. in crores)	Per Capita (Rs.)	Per Pupil (Rs.)
	At Current Prices			*At Constant (1993-94) Prices*		
1950-51	114.4	3.2	35.6	1683.8	46.6	524.0
1951-52	124.6	3.4	38.3	1778.7	48.5	546.8
1952-53	137.6	3.8	40.3	2047.4	56.5	599.6
1953-54	147.7	3.9	40.9	2140.5	56.5	592.7
1954-55	165.0	4.3	41.8	2654.7	69.2	672.5
1955-56	189.6	4.8	42.7	3077.4	77.9	693.1
1956-57	206.3	5.1	44.3	2964.7	73.3	636.7
1957-58	240.7	5.9	48.0	3341.0	81.9	666.3
1958-59	266.2	6.4	49.1	3555.2	85.5	655.8
1959-60	300.4	7.0	51.1	3902.1	90.9	663.8
1960-61	344.4	7.8	53.7	4376.4	99.6	682.4
1961-62	388.9	8.9	54.1	4828.4	110.5	671.7
1962-63	441.7	9.7	57.3	5234.2	114.9	679.0
1963-64	484.1	10.4	60.0	5272.3	113.3	653.5
1964-65	534.5	11.3	62.6	5357.4	113.3	627.4
1965-66	622.0	12.8	70.0	5734.9	118.0	645.4
1966-67	697.9	14.1	99.6	5720.9	115.6	816.5
1967-68	811.3	15.7	111.7	6110.8	118.3	841.3
1968-69	898.4	17.3	120.2	6585.3	126.8	881.1
1969-70	1010.4	19.1	132.0	7171.5	135.6	936.9
1970-71	1118.3	20.4	141.7	7837.9	143.0	993.1
1971-72	1237.5	23.2	157.9	8226.2	154.2	1049.6
1972-73	1373.8	24.3	159.8	8272.8	146.3	962.3
1973-74	1590.5	25.0	..	8184.2	128.6	!
1974-75	1807.3	30.5	200.6	8006.7	135.1	888.7
1975-76	2104.7	34.7	230.1	9572.4	157.8	1046.5
1976-77	2304.2	37.9	231.1	9868.1	162.3	989.7
1977-78	2602.0	41.0	284.4	10488.7	165.3	1146.4
1978-79	2853.1	44.1	278.0	11288.4	174.5	1099.9
1979-80	3157.3	47.9	290.7	10843.9	164.5	998.4

	Current prices			Constant prices		
		Per capita	Per pupil			
1980-81	3640.6	53.3	319.7	11211.9	164.1	984.6
1981-82	4685.8	67.5	426.7	13098.6	188.7	1192.8
1982-83	4912.2	69.3	424.0	12697.9	179.1	1096.0
1983-84	5523.8	76.4	446.2	13113.1	181.4	1059.2
1984-85	6353.8	86.1	491.1	14046.9	190.3	1085.7
1985-86	7456.9	98.9	564.6	15359.3	203.7	1162.9
1986-87	8450.3	109.6	604.1	16262.2	210.9	1162.6
1987-88	10430.2	132.5	723.4	18352.9	233.1	1272.9
1988-89	12408.7	154.5	824.7	20146.4	250.8	1339.0
1989-90	15044.2	183.5	960.4	22555.0	275.1	1439.9
1990-91	17193.7	203.9	1071.6	23350.4	276.9	1455.3
1991-92	18757.6	218.9	1144.7	22390.3	261.3	1366.4
1992-93	20953.0	237.2	1206.8	23005.3	260.4	1325.0
1993-94	23413.1	262.4	1308.0	23413.1	262.4	1308.0
1994-95	27232.2	295.4	1548.9	24847.5	269.5	1413.3
1995-96	31516.6	339.6	1710.8	26377.0	284.2	1431.8
1996-97	36371.6	382.9	1937.7	28358.0	298.5	1510.8
1997-98	48954.9	507.6	2639.5	35757.8	370.8	1927.9
1998-99	62019.5	631.1	3262.2	41937.5	426.8	2205.9
1999-00R	77545.8	774.6	3990.5	50661.6	506.1	2607.0
2000-01B	78236.5	761.8	3957.1	49208.7	479.2	2488.9
Growth Rates (%)						
1950s	11.49	9.30	3.78	5.58	3.51	-1.72
1960s	12.77	10.26	11.97	4.78	2.44	4.03
1970s	12.64	10.30	8.98	4.37	2.20	0.98
1980s	16.21	13.84	11.68	7.47	5.28	3.28
1990s	18.24	16.01	15.91	8.99	6.94	6.84
1950-51/98-99	13.63	11.20	9.75	6.41	4.13	2.78

Note: 1984-85 onwards government expenditure only
Rates of growth are estimated on the basis of semi-log regression equation (see the text)
In this and all tables, R: revised estimate; B: budget estimate
Source: upto 1983-84, based on *Education in India*, (various years)
After 1983-84, based on *Analysis of Budgeted Expenditure on Education* and *Selected Educational Statistics*.

Table 5

Share of Education in GNP (%)

	%		%		%
1950-51	1.2	1970-71	2.7	1990-91	3.4
1951-52	1.2	1971-72	2.8	1991-92	3.2
1952-53	1.4	1972-73	2.8	1992-93	3.2
1953-54	1.4	1973-74	2.6	1993-94	3.0
1954-55	1.6	1974-75	2.5	1994-95	3.0
1955-56	1.8	1975-76	2.8	1995-96	3.0
1956-57	1.7	1976-77	2.8	1996-97	3.0
1957-58	1.9	1977-78	2.8	1997-98	3.6
1958-59	1.9	1978-79	2.9	1998-99	3.9
1959-60	2.0	1979-80	2.9	1999-00R	4.5
1960-61	2.1	1980-81	2.8	2000-01B	4.2
1961-62	2.3	1981-82	3.1		
1962-63	2.4	1982-83	2.9		
1963-64	2.3	1983-84	2.8		
1964-65	2.2	1984-85	2.9		
1965-66	2.4	1985-86	3.0		
1966-67	2.4	1986-87	3.1		
1967-68	2.4	1987-88	3.3		
1968-69	2.5	1988-89	3.3		
1969-70	2.6	1989-90	3.5		

Note: 1984-85 onwards government expenditure only
R: revised estimate; B: budget estimate
Source: upto 1983-84, based on *Education in India*, (various years)
After 1983-84, based on *Analysis of Budgeted Expenditure on Education* and *Selected Educational Statistics.*
GNP: New Series, *Economic Survey 2001-02* and *2002-03*

Table 6

Spending on Education by Various Ministries/Departments (Central Government), 1998-99

	Rs Crores	%
Women & child Development	1176.7	12.16
Health and Family Welfare	610.9	6.31
Culture	292.7	3.02
Agriculture	273.9	2.83
Youth Affairs & Sports	193.5	2.00
Social Justice & Empowerment	183.0	1.89
Labour	115.4	1.19
Tribal Affairs	89.0	0.92
Railways	71.2	0.74
Defense	55.8	0.58
Telecommunications	54.5	0.56
Textiles	27.7	0.29
Home Affairs	25.4	0.26
Finance	25.4	0.26
Personnel & Public Grievances	24.9	0.26
Environment and Forests	20.5	0.21
Information and Broadcasting	16.0	0.17
Rural Development	15.9	0.16
Small Scale Industries	15.7	0.16
Tourism	14.0	0.15
Chemicals & Petrochemicals	13.0	0.13
Atomic Energy	11.9	0.12
Posts	8.2	0.09
Power	7.5	0.08
Urban Affairs & Employment	6.6	0.07
Food& Consumer Affairs	6.0	0.06
Surface Transport	4.7	0.05
Urban Development	4.3	0.04
Space	3.9	0.04
Science & Technology	3.5	0.04
Statistics & Programme Implementation	1.4	0.01
Civil Aviation	1.3	0.01
External Affairs	1.1	0.01
Water Resources	0.8	0.01
Coal & Mines	0.5	0.01
Ocean Development	0.2	0.00

Non-Conventional Energy	0.1	0.00
Total ('Other' Ministries/Departments)	3352.2	34.65
Department of Education	6323.3	65.35
Grand Total	9675.6	100
Source: *Analysis of Budgeted Expenditure on Education* (2001).		

Table 7

Expenditure on Education by Education and other Departments in India (Rs in crores)

Year	Education Dept		Other Depts		Total	
	Amount	(%)	Amount.	(%)	Amount	(%)
1971-72	922.5	91.5	85.3	8.5	1007.8	100
1972-73	1041.2	88.7	132.9	11.3	1174.1	100
1973-74	1196.1	89.7	137.5	10.3	1333.7	100
1974-75	1439.1	87.7	200.9	12.3	1640.0	100
1975-76	1683.0	88.0	229.1	12.0	1912.1	100
1976-77	1843.2	86.2	294.4	13.8	2137.6	100
1977-78	2104.3	85.1	369.8	14.9	2474.1	100
1978-79	2353.7	84.2	443.1	15.8	2796.8	100
1979-80	2660.2	84.8	478.4	15.2	3138.7	100
1980-81	..				..	
1981-82	3790.1	85.4	498.7	11.2	4435.9	100
1982-83	4761.8	83.0	719.1	12.5	5736.3	100
1983-84	5473.9	82.8	790.1	12.0	6610.9	100
1984-85	6423.2	83.9	953.8	12.5	7657.2	100
1985-86	7681.7	83.4	1230.7	13.4	9211.9	100
1986-87	8310.6	82.8	1126.9	11.2	10041	100
1987-88	..				..	
1988-89	..				..	
1989-90	15044.2	83.8	2905.9	16.2	17950.1	100
1990-91	17193.7	83.9	3297.5	16.1	20491.2	100
1991-92	18757.6	83.8	3636.1	16.2	22393.7	100
1992-93	20953.6	83.7	4076.7	16.3	25030.3	100
1993-94	23413.1	82.8	4866.6	17.2	28279.7	100
1994-95	27232.1	83.5	5374.1	16.5	32606.2	100
1995-96	31516.6	82.6	6661.5	17.4	38178.1	100
1996-97	36371.6	82.9	7524.9	17.1	43896.5	100
1997-98	41512.1	84.8	7442.8	15.2	48954.9	100
1998-99	51665.9	83.3	10353.7	16.7	62019.6	100
1999-00R	65130.7	84.0	12415.1	16.0	77545.8	100
2000-01B	65284.6	83.4	12951.9	16.6	78236.5	100

Note: R: Revised estimates; B; Budget estimates; Others: Actuals
Source: *Analysis of Budgeted Expenditure on Education* (various years)

Table 8

Budget Expenditure on Education in India (Education and other Departments)

	1995-96		1996-97		1997-98		1998-99		1999-00R		2000-01B	
	Rs. in crores	% in Total Budget	Rs. in crores	% in Total Budget	Rs. in crores	% in Total Budget	Rs. in Crores	% in Total Budget	Rs. in crores	% in Total Budget	Rs. in Crores	% in Total Budget
Centre												
Revenue	5550.5	4.0	6314.3	4.0	7122	3.9	9675.6	4.45	11144.8	4.4	12816.3	4.6
Capital	0	.	0	0	0	.	0.96	0	0.98	0	0	0
Loans & Advances	0.5	.	0.5	.	0.01	.	0	0	0	.	0	0
Total	5551	3.1	6314.8	3.1	7122.01	2.99	9676.56	3.5	11145.78	3.7	12816.3	3.8
States & Union Territories												
Revenue	32627.6	22.3	37582.2	22.1	41430.1	21.98	51903.4	23.4	65911.5	24	65031.3	22.2
Capital	379.1	2.0	313.2	1.3	384.24	1.66	431.9	1.2	484.6	1.2	386.9	0.8
Loans & Advances	211	2.6	6.0	0.1	18.54	0.17	7.7	0.07	3.94	0.03	1.04	0.01
Total	33217.7	19.2	37901.3	18.5	41832.92	18.4	52343	18.3	66400.04	20.2	65419.24	18.5
Total												
Revenue	38178.1	13.4	43896.5	13.3	48552.1	13.1	61579	13.8	77056.3	14.6	77847.6	13.6
Capital	379.1	1.04	313.2	0.8	384.24	0.9	432.86	0.5	485.58	0.6	386.9	0.4
Loans & Advances	211.5	0.6	6.0	0	18.55	0.04	7.7	0	3.94	0	1.04	0.01
Total	38768.7	10.9	37901.3	10.8	48954.93	10.9	62019.56	11.1	77545.82	10.9	78235.54	11.3

Source: *Analysis of Budgeted Expenditure on Education,* Ministry of Human Resource Development, New Delhi.

Table 9

Percentage of Expenditure on Education to Total Budget

Year	State* Govt.	Union Govt.	All-India	Year	State* Govt.	Union Govt.	All-India
1967-68	19.8	1.6	11.9	1984-85	23.3	2.7	13.1
1968-69	20.2	2.0	12.5	1985-86R	24.0	2.8	13.4
1969-70	20.5	2.3	13.0	1986-87B	23.8	3.0	13.4
1970-71	21.4	2.8	14.1	1987-88	..	..	..
1971-72	20.3	2.5	13.4	1988-89	..	..	..
1972-73	19.8	2.4	12.6	1989-90	25.4	3.5	14.2
1973-74	20.6	2.0	13.0	1990-91	24.7	3.3	14.0
1974-75	23.2	2.1	14.1	1991-92	22.6	3.0	13.1
1975-76	22.9	2.0	13.7	1992-93	22.7	3.1	13.2
1976-77	22.7	2.3	13.8	1993-94	22.4	3.3	12.9
1977-78	21.4	2.1	12.7	1994-95	22.2	3.1	13.0
1978-79	21.8	2.2	13.1	1995-96	22.4	4.0	13.4
1979-80	21.6	2.0	13.1	1996-97	22.1	4.0	13.3
1980-81	20.9	2.0	12.8	1997-98	18.8	2.9	10.6
1981-82	20.8	1.9	12.5	1998-99	19.5	3.5	11.3
1982-83	21.3	1.3	10.8	1999-00R	20.2	3.7	12.3
1983-84	20.8	1.5	11.4	2000-01B	18.5	3.8	11.3

Note: * includes union territories
Source: *Analysis of Budgeted Expenditure on Education* (various years)

Table 10

Plan and Non-Plan Expenditure on Education (Revenue Account) (Rs crores)

	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan
	in Current Prices			*in 1993-94 Prices*			*% Distribution*	
1970-71	118.6	852.2	970.8	831.2	5972.9	6804.1	12.2	87.8
1980-81	460.2	3545.1	4005.3	1417.3	10917.8	12335.1	11.5	88.5
1990-91	3247.9	17243.3	20491.2	4410.9	23417.8	27828.7	15.9	84.1
1991-92	3746.9	18846.9	22593.8	4472.5	22496.9	26969.4	16.6	83.4
1992-93	4009.0	21021.3	25030.3	4401.7	23080.3	27481.9	16.0	84.0
1993-94	5181.1	23098.6	28279.7	5181.1	23098.6	28279.7	18.3	81.7
1994-95	6538.7	26067.6	32606.2	5966.1	23784.9	29751.0	20.1	79.9
1995-96	8383.1	29795.0	38178.1	7016.0	24936.1	31952.2	22.0	78.0
1996-97	10305.4	33591.1	43896.5	8034.8	26190.1	34224.9	23.5	76.5
1997-98	10387.6	38164.6	48552.2	7587.3	27876.3	35463.6	21.4	78.6
1998-99	13280.3	48298.6	61578.9	8980.1	32659.5	41639.6	21.6	78.4
1999-00R	15763.5	61292.8	77056.3	10298.5	40043.3	50341.8	20.5	79.5
2000-01B	17578.9	60268.7	77847.6	11056.7	37907.4	48964.1	22.6	77.4

Source: *Analysis of Budgeted Expenditure on Education* (various years)

Table 11

Expenditure on Education in the Five Year Plans
(Rs. in crores)

Five Year Plan Period	In Current Prices	In 1993-94 Prices*	Real Increase (%)	% of Total Plan Expenditure
First Five Year Plan (1951-56)	153	2325	..	7.86
Second Five Year Plan (1956-61)	273	2966	27.57	5.83
Third Five Year Plan (1961-66)	589	6408	116.05	6.87
Fourth Five Year Plan (1966-74)	786	5018	-21.69	5.17
Fifth Five Year Plan (1974-79)	912	3876	-22.76	3.27
Sixth Five Year Plan (1980-85)	2619	6833	76.29	2.70
Seventh Five Year Plan (1985-90)	8540	15144	121.63	3.55
Eighth Five Year Plan (1992-97)	27458	25410	67.79	4.50
Ninth Five Year Plan (1997-2002)	52173	34215	34.65	6.23

Note: * based on national income deflators.
Source: *Five Year Plan*(s), *Annual Plan*(s), *Economic Survey*(s); *Annual Financial Statistics of Education Sector*, 1997-98, New Delhi.

Table 12

Sectoral Outlays in Five Year Plans in India (per cent)

	First Plan	Second Plan	Third Plan	Annual Plans+	Fourth Plan	Fifth Plan	Sixth Plan	Seventh Plan	Annual Plans++	Eighth Plan	Ninth Plan*
Agriculture & Allied	14.8	11.8	12.7	16.7	14.7	12.3	13.7	14.3	13.9	14.7	13.6
Irrigation & Fl0od Control	22.0	9.3	7.8	7.1	8.6	9.8	10.0	7.5	6.1	7.5	6.5
Power/ Energy	7.7	9.5	14.6	18.3	18.6	18.8	28.3	28.4	28.9	26.6	25.9
Industry & Minerals	4.9	24.1	22.9	24.7	19.7	24.3	15.8	13.5	12.8	10.8	7.6
Transport & Communications	26.4	27.0	24.6	18.4	19.5	17.4	16.1	17.4	19.7	18.7	20.4
Social Sectors	24.1	18.3	17.4	14.7	18.9	17.3	16.2	15.8	15.6	18.2	21.3
of which											
Education	**7.9**	**5.8**	**6.9**	**4.6**	**4.9**	**3.3**	**2.7**	**3.5**	**3.5**	**4.5**	**6.2**
Health	5.0	4.9	2.9	3.2	3.9	3.2	3.1	3.0	2.9	3.2	..
Total	100	100	100	100	100	100	100	100	100	100	100
Rs. in 100 million	196	467	858	663	1578	3943	10965	22292	12737	43410	85920

Note: + 1965-66 to 1967-68; ++ 1990-91 and 1991-92; * outlay

Source: Five Year Plans and other documents of the Planning Commission, Government of India.

Table 13

Intra-Sectoral Allocation of Plan Expenditure in Education in the Five Year Plans in India

(Rs. In crores)

Five Year Plan	Eley*	Adult	Secy	Higher	Tech-nical	Grand Total	% of Total Plan Outlay
First	85	5	20	14	20	153	7.86
	(56)	(3)	(13)	(9)	(13)	(100)	
Second	95	4	51	48	49	273	3.83
	(35)	(1)	(19)	(18)	(18)	(100)	
Third	201	2	103	87	125	589	6.87
	(34)	(0.3)	(18)	(15)	(21)	(100)	
Annual Plans**	75	..	53	77	81	322	4.86
	(24)		(16)	(24)	(25)	(100)	
Fourth	239	6	140	195	106	786	5.04
	(30)	(1)	(18)	(25)	(13)	(100)	
Fifth	317	33	156	205	107	912	3.27
	(35)	(4)	(17)	(22)	(12)	(100)	
Sixth	883	156	736	530	324	2943	2.70
	(30)	(3)	(25)	(18)	(11)	(100)	
Seventh	2849	470	1829	1201	1083	8500	3.50
	(34)	(6)	(22)	(14)	(12)	(100)	
Annual Plans	1734	376	1079	595	848	5318	4.20
	(33)	(7)	(20)	(11)	(16)	(100)	
Eighth	8936	1808	3498	1516	2786	21217	4.90
	(42)	(8)	(16)	(7)	(13)	(100)	
Ninth Plan	27363	1102	9526	4350	4778	53524	6.20
	(51)	(2)	(18)	(8)	(9)	(100)	

Note: * Includes pre-school education;
.. Negligible; E: Estimates by the Planning Commission
Totals may not add up, as Totals include expenditure on other programmes such as art & culture, youth services etc.
** 1965-66 to 1967-68 (three years);
Source: *Five Year Plan*(s), *Annual Plans*(s), *Analysis of Annual Plan, Education Sector* (various years), *Economic Survey*, and the *Report of the NDC Committee on Literacy*, Planning Commission, New Delhi.

Table 14

Utilisation of Five Year Plan Outlays
(% of Expenditure to the outlay)

Five Year Plan	Elementary	Secy	Adult	Higher	Total Gen	Tech	Total
First	91.40	90.91	100.00	93.33	91.10	86.96	90.53
Second	102.15	104.08	80.00	102.13	99.55	96.08	98.56
Third	96.17	117.05	33.33	106.10	112.01	88.03	105.18
Fourth	93.36	118.64	75.00	23.99	97.66	100.00	95.62
Fifth	77.32	62.40	127.78	70.21	71.15	68.59	70.97
Sixth	98.34	186.68	121.88	110.49	113.60	114.39	103.76
Seventh	143.99	273.80	111.11	283.33	136.54	158.86	133.79
Eighth	135.03	165.49	73.44	155.74	136.17	90.38	129.41
Ninth	97.98	98.51	78.77	98.60	99.26	98.14	99.00

Source: *Five Year Plans* and *Analysis of Budgeted Expenditure on Education*

Table 15

Plan and Non-Plan Expenditure on Elementary Education
(per cent)

	Plan	Non-Plan	Total	Total Rs in Ten Millions
1980-81	5.9	94.1	100	1537.3
1981-82	6.2	93.8	100	1660.7
1982-83	7.3	92.7	100	2172.1
1983-84	8.8	91.2	100	2475.3
1984-85	9.2	90.8	100	2854.9
1985-86	7.7	92.3	100	3448.3
1986-87	8.9	91.1	100	3881.7
1987-88	11.8	88.2	100	4856.7
1988-89	12.9	87.1	100	5539.8
1989-90	14.0	86.0	100	6888.3
1990-91	10.1	89.9	100	7955.5
1991-92	11.1	88.9	100	8684.3
1992-93	11.2	88.8	100	9477.3
1993-94	12.2	87.8	100	10821.8
1994-95	14.1	85.9	100	12638.9
1995-96	18.0	82.0	100	15217.8
1996-97	19.6	80.4	100	17850.5
1997-98	20.7	78.9	100	20391.5
1998-99	20.3	79.7	100	25114.7
1999-2000R	19.7	80.3	100	31087.1
2000-01B	22.7	77.3	100	31522.0

Note: R: Revised estimate; B; Budget estimate
Source: *Analysis of Budgeted Expenditure on Education* (various years)

Table 16

Trends in Expenditure on Elementary Education in India

Year	In current Prices	In 1993-94 Prices	Share of Elementary Expenditure in GNP (per cent)
	(Rs in 10 Millions)		
1950-51	463	6815	0.37
1955-56	694	11264	0.67
1960-61	1259	18733	0.78
1965-66	2023	18652	0.80
1970-71	4074	28554	0.97
1975-76	7873	35807	1.04
1980-81	13921	42872	1.07
1983-84	22016	52264	1.11
1984-85	28550	67776	1.44
1985-86	34483	71026	1.39
1986-87	38817	74702	1.40
1987-88	48567	85458	1.55
1988-89	55398	89943	1.48
1989-90	68883	103273	1.59
1990-91	79555	108042	1.58
1991-92	86843	103661	1.50
1992-93	94773	104056	1.43
1993-94	108218	108218	1.41
1994-95	126389	115321	1.40
1995-96	152177	127361	1.44
1996-97	178505	139176	1.45
199798	203915	148944	1.48
1998-99	251147	169825	1.59
1999-2000R	310871	202353	1.78
2000-01B	315220	196772	1.66

Source: Based on *Education in India* and Analysis *of Budget Expenditure on Education.* New Delhi: MHRD

Table 17

Trends in Intra-sectoral Allocation of Total Expenditure on Education in India
(Rs in 10 Lakhs)

Year	Direct/Recurring Expenditure on				Indirect/ Rec. Expr.	Grand Total
	Elementary Schools	Secy. Schools	Higher Education	Total		
1950-51	463	231	184	921	232	1153
(%)	48	25	20	100		
1955-56	694	376	293	1148	449	1897
(%)	48	26	20	100		
1960-61	1259	689	585	2573	870	3444
(%)	42	27	22	100		
1965-66	2023	1504	1241	4673	1192	5853
(%)	39	32	27	100		
1970-71	4074	2700	2709	9611	1572	11183
(%)	43	28	28	100		
1975-76	7873	4636	5410	17925	3122	21047
(%)	44	25	30	100		
1980-81	13921	10102	10014	34425	1981	36406
(%)	41	29	29	100		
1983-84	22016	14414	15068	52699	2539	55238
(%)	42	27	29	100		
1984-85	28550	20200	14788	-	-	63538
(%)	45	32	23			100
1985-86	34483	22939	17148	-	-	74570
(%)	46	31	26			100
1986-87	38817	26011	22675	-	-	87516
(%)	44	30	23			100
1987-88	48567	32196	23539	-	-	104302
(%)	47	31	23			100
1988-89	55398	39780	28909	-	-	124087
(%)	44	32	24			100
1989-90	68883	47215	22099	-	-	150442
(%)	46	31	15			100
1990-91	79555	55311	23118	-	-	171936
(%)	46	32	13			100

1991-92	86843	61988	24437	-	-	187576
(%)	46	33	13			100
1992-93	94773	71780	26999	-	-	209529
(%)	45	34	13			100
1993-94	108218	77585	31036	-	-	234131
(%)	46	33	13			100
1994-95	126389	90495	35253	-	-	272321
(%)	46	33	13			100
1995-96	152177	103440	38713	-	-	315135
(%)	48	33	12			100
1996-97	178505	117357	42879	-	-	363716
(%)	49	32	12			100
1997-98	203915	132624	48591	-	-	489549
(%)	50	32	12			100
1998-99	251147	167215	61168			512253
(%)	49	33	12			100
1999-00R	310870	199958	81895			646412
(%)	48	31	13			100
2000-01B	315220	195140	94517			648957
(%)	49	30	15			100

Note: 1984-85 onwards government expenditure only.
Totals include other levels/types of education.
Source: Up to 1983-84: Based on *Education in India*
After 1983-84: *Analysis of Budgeted Expenditure on Education.*

Table 18

Inter Functional Allocation of Public Expenditure on Elementary Education in India*

Year	1989-90	1990-91	1992-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000R	2000-01B
Direction Inspection & Admn.,	2.4	2.4	2.6	2.9	2.7	2.5	2.2	2.5	2.6	2.9	3.1	3.2
Assistance to Govt schools	36.0	37.5	27.1	50.1	36.7	42.9	39.5	38.6	46.1	45.9	44.0	46.1
Assistance to Private schools	27.4	25.9	26.4	17.4	16.3	19.1	21.6	22.6	20.0	23.0	18.8	20.1
Assistance to Local Body Schools	21.2	22.7	23.0	24.0	23.1	23.3	23.2	24.1	24.3	22.4	27.3	24.0
Teacher Training	7.2	6.5	7.1	1.2	7.7	7.2	7.0	7.2	0.5	0.6	0.5	0.5
Non Formal education	0.4	0.5	9.7	0.6	8.6	0.4	1.0	0.8	0.5	0.4	0.5	0.6
Scholarships			0.4	0.4	0.2	0.1	0.2	0.3	0.2	0.2	0.1	0.1
Textbooks			0.2	0.5	0.4	0.4	0.5	0.5	0.6	0.4	0.4	0.3
Other	5.4	4.5	3.5	3.0	4.4	4.2	4.8	3.3	4.3	4.4	5.3	5.1
Total	100	100	100	100	100	100	100	100	100	100	100	100

* includes expenditure by states and union territories only.
Source: *Analysis of Budget Expenditure on Education.*

Table 19

Per Student Budget Expenditure on Elementary Education (Rs.)

Year	In Current Prices	In 1993-94 Prices
1990-91	722.1	980.67
1991-92	760.1	907.31
1992-93	764.4	839.27
1993-94	850.7	850.70
1994-95	1017.5	928.40
1995-96	1197.4	1002.13
1996-97	1404.5	1095.05
1997-98	1631.3	1191.54
1998-99	1969.8	1331.98
1999-2000R	2360.4	1536.44
2000-01B	2409.9	1504.35

Source: Based on *Analysis of Budget Expenditure on Education* and *Selected Educational Statistics*.

Table 20

Expenditure on Education in Central and State Sectors (Rs in crores)

Period	Union Government		State Government		Total	
	Rs.	%	Rs.	%	Rs.	%
Plan Expenditure						
First Five Year Plan	40	26	113	74	153	100
Second Five Year Plan	68	25	205	75	273	100
Third Five Year Plan	153	26	436	74	589	100
Fourth Five Year Plan	241	31	545	69	786	100
Fifth Five Year Plan	283	30	647	70	930	100
Sixth Five Year Plan	657	22	2288	79	2945	100
Seventh Five Year Plan	3009	40	4597	60	7605	100
Eighth Five Year Plan	8178	39	13039	62	21217	100
Ninth Five Year Plan	26655	50	26870	50	53525	100
Non-Plan Expenditure						
Second Five Year Plan	80.8	14	496.2	86	577	100
Third Five Year Plan	169.0	16	887.0	84	1056	100
Fourth Five Year Plan	192.8	4	4627.2	96	4820	100
Fifth Five Year Plan	480.5	6	7528.5	94	8009	100
Sixth Five Year Plan	1406.0	6	22028.0	94	23434	100
Seventh Five Year Plan	2449.3	5	43707.8	95	46157	100
Eighth Five Year Plan	73855.5	6	126188	95	133574	100
Total Expenditure						
First Five Year Plan	39.8	26.0	113.2	74.0	153	100
Second Five Year Plan	149.0	17.5	701.0	82.5	850	100
Third Five Year Plan	322.1	19.6	1322.9	80.4	1645	100
Fourth Five Year Plan	464.4	8.2	5178.6	91.8	5643	100
Fifth Five Year Plan	891.7	9.6	8402.3	90.4	9294	100
Sixth Five Year Plan	2063.0	7.8	24316.0	92.2	26379	100
Seventh Five Year Plan	5457.9	10.2	48304.5	89.8	53762	100
Eighth Five Year Plan	15563.5	10.1	139227	89.9	1547905	100

Source: *Five Year Plans* and *Analysis of Budgeted Expenditure in Education*

Table 21

Centrally Sponsored Sachems in Education in India

	1995-96	1996-97	1998-99
	(Rs. In lakhs)		
Operation Blackboard	26793	29117	22783
Non formal Education	15341	15820	16000
Teacher Education	7830	7931	
DPEP	---	17942	54975
Vocational Education	6755	5129	656
Lok Jumbish	---	2220	3750
Science Education	2317	1447	
E.T	418	1016	
Environment education	4	106	
IEDC	670	580	
CLASS	2199	2054	
YOGA	10	12	39
RFLP	28	33	
PL&CE	934	1771	
SAS	1100	1159	
Appt. of Hindi translator	410	440	
Development of Sanskrit	61	145	586
National Scholarship	67	43	483
Scheme for talented children	42	24	
TLC/PLC	9870	4761	
Total	74848	91748	

Source: *Annual Financial Statistics of the Education Sector*, and *Analysis of Budget Expenditure on Education*. New Delhi: MHRD

Tale 22

Centre-State Shares in Financing Education, by Levels (Plan Expenditure) (per cent)

Level	Fourth Five Year Plan (1969-74)		Sixth Five Year Plan (1980-85)		Seventh Five Year Plan (1985-90)		Eighth Five Year Plan (1992-97)+		Ninth Five Year Plan 1997-2002	
	Centre	State*	Centre	State*	Centre	State*	Centre	State*	Centre	State*
								-		
Elementary	2.4	97.6	6.4	93.6	23.1	76.9	32.2	67.8	59.8	41.2
Secondary	0.3	99.7	4.2	95.8	81.5	18.5	30.9	60.6	..	..
Higher	56.7	43.3	41.3	58.7	54.9	45.1	24.5	70.5	..	..
Total General**	29.3	70.7	18.3	81.6	35	65	39.4	60.6	50.1	49.9
Technical	53.4	46.6	44.3	55.7	56.4	43.6	29.5	61.5	49.6	50.4
Grand Total	32.9	67.1	22.3	77.7	40	60	38.5	61.5	44.9	50.2

Note: + Outlay * States and Union Territories; .. not available
** includes all other levels of General Education;
Source: *Five Year Plan*(s), *Annual Plan*(s), and *Analysis of Annual Plan: Education Sector* (various years). Planning Commission.

Table 23

Expenditure on Centrally Sponsored Schemes in Elementary Education (Rs crores)

	Operation Blackboard	Non-Formal Education	Teacher Education	Operation Blackboard	Non-Formal Education	Teacher Education
	in current prices			*in 1994-94 prices*		
1990-91	150.09	34.92	19.74	203.83	47.42	26.81
1991-92	175.63	40.02	44.29	209.64	47.77	52.87
1992-93	154.91	45.17	82.93	170.08	49.59	91.05
1993-94	178.70	86.26	68.02	178.70	86.26	68.02
1994-95	214.70	106.37	63.23	195.90	97.06	57.69
1995-96	267.93	153.41	78.30	224.24	128.39	65.53
1996-97	291.77	158.20	179.42	227.49	123.34	139.89
1997-98	275.62	182.59	89.50	201.32	133.37	65.37
1998-99	227.83	160.00	158.34	154.06	108.19	107.07
1999-2000	311.73	153.72	149.86	202.91	100.06	97.55
2000-01	438.12	157.02	192.37	273.49	98.02	120.08
2001-02	520.00	400.00	220.00	314.06	241.58	132.87

Source: Bashir (2000); and *Working Group Report on Elementary and Adult Education: Tenth Five Year Plan*

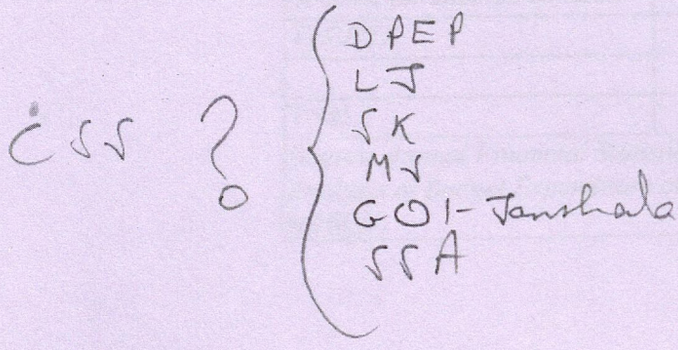


Table 24

The Scheme of Mid-Day Meals in Schools

	Expenditure Rs crores	No. of children covered (Crores)
1995-96	441.2	3.34
1996-97	800.0	5.57
1997-98	1070.4	9.10
1998-99	1600.2	9.75
1999-2000	1500.0	9.90
2000-01	1300.0	10.54
2001-02	1030.3	10.35
2002-03*	952.4	10.26

* upto September 2002
Source: *Annual Report 2002-03.* New Delhi: MHRD

Table 25

State and Centre Budget Expenditure on Elementary Education

Year	State	Centre	Total	State	Centre	Total	State	Centre	Total
	Rs crores (in current prices)			Rs crores (in 1994-94 prices)			Per cent Shares		
1990-91	7729.7	225.8	7955.5	10497.6	306.7	10804.2	97.2	2.8	100
1991-92	8401.4	282.9	8684.3	10028.5	337.7	10366.1	96.7	3.3	100
1992-93	9161.1	316.3	9477.3	10058.4	347.3	10405.6	96.7	3.3	100
1993-94	10432.1	389.7	10821.8	10432.1	389.7	10821.8	96.4	3.6	100
1994-95	12090.8	548.2	12638.9	11032.0	500.2	11532.1	95.7	4.3	100
1995-96	14014.9	1202.9	15217.8	11729.4	1006.7	12736.1	92.1	7.9	100
1996-97	16288.8	1561.7	17850.5	12699.9	1217.6	13917.6	91.3	8.7	100
1997-98	18155.1	2236.4	20391.5	13260.9	1633.5	14894.4	89.0	11.0	100
1998-99	22363.1	2751.6	25114.7	15121.9	1860.6	16982.5	89.0	11.0	100
1999-2000R	28282.3	2854.2	31087.1	18409.6	1857.9	20235.3	91.0	9.0	100
2000-01B	27911.2	3610.8	31522.0	17423.2	2254.0	19677.2	88.5	11.5	100

Source: *Analysis of Budget Expenditure on Education* (various years)

Table 26

Average Annual Additional Cost of Universal Primary Education in India by 2015

	Million US$
UNICEF study	1474.01
Unesco Study	1164.72
World Bank study	3832.70

Source: Unesco, 2002

Table 27

Additional Requirement of Resources for Universal Elementary Education (Rs in tem million)

Item	Primary	Upper Primary	Elementary
Access and retention: Non recurring costs			
A1 Construction of schools with community supervision	188.71	136.68	325.39
A2 Provision of school equipments by decentralized procurement	1.78	10.30	12.08
A3 Establishment of new DIET's and up gradation of existing DIET's	280.02		280.02
A4 Establishment of cluster centres	1.13	0.55	1.68
A5 Establishment of block resource centres	3.81	143.69	147.50
Access and retention: Recurring costs			
A6 Teachers salaries	135.03	94.47	229.50
A7 Teachers support material and aids	2.06	1.74	3.80
A8 Maintenance and repair of school infra structure with community support	2.26	1.86	4.12
A9 Provision for sustainable replacement/repair/maintenance of school equipment	2.26	1.85	4.11
A10 salaries of DIET staff	11.22		11.22
A11 Salaries of block level institutions	0.94		0.94
Access and retention: Special needs-Non recurring costs			
B1 Integrated education for disables children	14.22	8.94	23.16
Access and retention: Special needs-Recurring costs			
B2 Teachers for disables children	4.52	2.22	6.74
Access and retention: Incentives-Recurrent costs			0.00
C1 Free uniforms	14.88	9.31	24.19
C2 Mid-day meals	11.83	7.45	19.28
C3 Scholarships	14.78	9.31	24.09
C4 Teaching and learning equipment for students	9.46	11.17	20.63
Curriculum and text books: Non recurrent cost			0.00
D1 curriculum and text book improvement	0.05		0.05
Curriculum and text books: Recurrent cost			
D2 Teacher Training	2.89	1.74	4.63
D3 Teachers' Support and aids	0.75		0.75
D4 Community based monitoring supervision and research	0.95		0.95
D5 Advocacy environment building and mobilisation	0.95		0.95
D6 Classroom observations by resource persons	1.35	0.67	2.02

Source: *Expert Group Report on Financial Requirements for making Elementary Education a Fundamental Right* (Tapas Majumdar Committee), MHRD, 1999.

Table 28

Additional Expenditure Required for Universalisation of Elementary Education in India (Rs in thousand crores)

	Recurring	Non-Recurring	Total	Total as % of GDP
1998-1999	0.1	0	0.1	0.007
1999-2000	1.5	2.0	3.5	0.24
2000-2001	4.0	3.0	7.0	0.46
2001-2002	6.0	4.0	10.0	0.62
2002-2003	8.5	4.0	12.5	0.73
2003-2004	10.0	4.0	14.0	0.78
2004-2005	13.0	4.0	17.0	0.90
2005-2006	16.0	4.0	20.0	1.01
2006-2007	20.0	4.0	24.0	1.16
2007-2008	27.3	1.6	28.8	1.32
Total	106.4	30.6	136.9	0.72*

Note: * average.
Source: Based on MHRD (1999).

Table 29

Requirement of Funds for Elementary Education and the Centre-State Shares in the Tenth Five Year Plan (2002-07) (Rs in thousand crores)

Programme	Total	Norms of Sharing	Centre	State
SSA	46.13	75:25	34.60	11.53
DPEP	5.65	85:15	4.80	0.85
Lok Jumbish	0.30	5:1	0.25	0.05
Shiksha Karmi	0.18	50:50	0.09	0.09
GOI-UN Janshala	0.02	100:00	0.02	0.00
Total	52.28		39.76	12.52

Source: *National Plan of Action: EFA.*

Table 30

Requirement of Funds for EFA (Rs in thousand crores)

		Total	Centre	State
Early Child Care and Education				
	ICDS	10.39		
	World Bank Assisted ICDS Projects	1.29		
	Training	0.46		
	Balika Samridhi Yojana	0.10		
	Total	12.25	12.25	0.00
Elementary Education		52.28	39.76	12.52
Midday Meal		17.60	6.60	11.00
Girls' Education				
	Free Education	1.50	1.13	0.38
	Mahila Samakhya	0.25	0.25	0.00
	KGSV	1.20	1.20	0.00
	Total	2.95	2.58	0.38
Teacher Education		0.95	0.95	0.00
Youth & Adolescent Education		1.75	1.10	0.65
Adult Education		6.34	6.34	0.00
Grand Total		94.12	69.57	24.55

Source: *National Plan of Action: EFA.*

Table 31

Foreign Aid for Elementary Education in India (Rs crores)

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02B
Shiksha Karmi	5.00	5.00	8.00	9.00	13.85	5.20	19.28	24.46	30.00
Mahila Samakhya	6.71	3.68	4.08	4.64	3.73	5.00	6.00	8.73	11.00
Bihar Education Project	16.00	10.00	..	..	..	..	..	..	..
Lok Jumbish	6.26	9.30	15.00	22.20	32.66	37.50	20.98	56.10	59.00
DPEP	3.50	94.00	201.14	183.16	559.58	549.75	682.80	858.29	1100.00
GOI-UN Prog								0.00	10.00
Total	37.47	121.98	228.22	219.00	609.82	597.45	729.06	947.58	1210.00
As a % of Central Government Budget									
Total Elementary Education (Plan)	9.60	22.29	19.00	14.00	27.30	21.73	25.56	30.40	31.84
Total Education (Plan)	3.08	7.38	10.40	8.77	18.65	14.97	16.63	17.39	20.44
Total Elementary*	388.80	547.15	1201.80	1560.59	2234.94	2749.82	2851.97	3117.38	3800.00
Total Education*	1217.37	1653.87	2193.41	2496.75	3269.50	3990.60	4384.96	5449.00	5920.00

* Central Budget plan account only (Dept of Education)

Source: *Analysis of Budgeted Expenditure on Education, Working Group Report on Elementary and Adult Education: Tenth Five Year Plan 2002-2007; and Annual Report 2002-03.*

Table 32

Credit and Grants for DPEP

		Rs crores	No of Districts	No of States	States
Credit	IDA	5138	211	16	Assam, Andhra Pradesh, Kerala, Karnataka, Haryana, Maharashtra, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Himachal Pradesh, Orissa, Uttar Pradesh, Uttaranchal, Bihar, Jharkhand and Rajasthan
Grant	European Commission	623	26	2	Madhya Pradesh and Chhattisgarh
	Netherlands	215	8	1	Gujarat
	DFID, UK	927	23	3	Andhra Pradesh, West Bengal and Orissa
	UNICEF	36		2	Bihar, Jharkhand
	Total	1801	57	10	
Total		6938	273	18	Assam, Andhra Pradesh, Bihar Gujarat, Kerala, Karnataka, Haryana, Maharashtra, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Himachal Pradesh, Orissa, Uttar Pradesh, Uttaranchal, Bihar, Jharkhand and Rajasthan

Source: *Annual Report 2002-03.*

Appendix

Table A.1

Norms and Assumptions made by the Expert Committee in the Estimation of Requirement of Additional Resources for Universal Elementary Education

Expenditure Head	Norm	Cost And Investments
I. *Access And Retention: Non Recurrent Costs*		
A1 Construction of schools with community supervision	Provision of a class room for every 30 children at Primary stage plus at least two rooms in the newly established 1.76 primary schools irrespective of numbers. Provision of a classroom for every 30 children at upper primary stage, at least three rooms in every newly established upper primary school on a norm of one upper primary school for every two primary schools and a Head master's Room.	Rs.75,000/- per classroom. This would provide savings for facilities like drinking water, toilets, playground if implemented with community support. It could even be used for renovation of existing school infrastructure where necessary. Current investment under Ministry of Rural Areas & Employment, DPEP and other sources are likely to provide nearly Rs. 4000 crores.
A2 Provision of school equipments by decentralised procurement.	Provision of school equipments by decentralised procurement as per operation Blackboard norms for all newly established primary and upper primary schools (Existing schools have been covered/would be covered under ongoing OB scheme)	@ Rs. 10,000/- for new primary schools @ 50,000- for new upper primary schools.
A3 Establishment of new DIETs and up-gradation of existing DIETs	• Up-gradation of 50% of existing DIETs • New DIETs in uncovered districts	• Rs. 1.5 crore for the establishment of a new DIET • Rs. 50 lakhs for up-gradation of DIETs
A4 Establishment of Cluster/centres	• One lead school out of every 10 schools	Rs. 15,000 cluster
A5 Establishment of Block Resource Centres Centres	• One per Block	• Rs. 7 lakhs

2. *Access And Retention and Recurrent Costs*		
A6 Teachers' salaries	Provision of primary school teachers at the rate of 1:30 children and provision of 2 primary school teachers in all new primary schools irrespective of number of children. Provision of one teacher in upper primary school for every 30 children and at least three teachers in all newly established upper primary schools.	After revision of State Pay scales after the fifth Central Pay Commission, salaries of primary school teachers have been taken as Rs. 5000 per month and of upper primary school teachers at Rs. 6000/- per month). At upper primary level Provision under. QBB, DPEP, State Plans to provide nearly Rs, 1000 crores annually
A7 Teachers Support materials and Aids	* For all primary and upper primary school teachers.	@ Rs. 500 per primary school teacher per year and @ Rs. 700 per upper primary school teacher.
A8 Maintenance and Repair of School Infrastructure with Community Support	Creation of maintenance fund for all primary and upper primacy schools to be operated with community support	@ Rs. 3000 per year for every primary school and @ Rs. 5000 per year for every upper primary school. Adjustment for support under DPEP. Adjustments for support under DPEP
A9 Provision for Sustainable replacement/repair, maintenance of school equipment	Provision for sustainable replacement/repair maintenance of school equipment provided under OB to primary and upper primary schools.	@ Rs. 3000 per year for every primary school and @ Rs. 5000/- per year for every upper primary school.
A 10 – Salaries of DIET staff	As per staff and salary norms of DIETs	Rs. 40 lakhs per annum
4.11 Salaries of Block level institutions	One coordinator, one desk, and one grade-iv employee	Rs. 14500 per month
II *Access And Retention: Special Needs On Recurrent Costs*		
Bl Integrated Education for Disabled Children	* Aids for disabled children as per Govt. norm and assuming a 4% incidence of disability among children	Rs. 3000/ - per student
II. *Access And Retention: Special Needs Recurrent Costs*		
B2 Teachers disabled children for	Normal, salary plus additional honorarium for qualified teachers.	Additional honorarium and special recruited teachers – salary under Teacher Salary Head. Additional honorarium @ Rs. 6000/- per year over and above salary

III. Access And Retention: Incentives (Recurrent Costs)		
C1 Free Uniforms	Two uniforms per year per student for children from facilities below poverty line (50% of total)	Rs. 250/- per student States are currently providing total up to approx. Rs. 200 crores annually
C2 Mid-day Meals	@ 3 kilograms of wheat/rice per student for 10 months to all children below poverty line (50% of total)	Rs. 200 per student Central Government provides nearly 1200 crores
C3-Scholarship	Per year per student to be provided to all children from Below poverty line families (50% or total enrolled children)	Rs. 250/- per student States are currently providing approximately Rs. 250 crores
C4 Teacher Learning Equipments for Students	Per student per year t be provided to all students	@ Rs. 80 for primary schools @ Rs 150 for upper primary students
Non Recurring Costs		
D1 Curriculum and Textbook development	Lump sum provision	Rs. 15 lakhs per state
IV Quality: Recurring Costs		
D2 Teacher Training	Every year currently nearly Rs. 62 cores annually is available for in-service training	Rs. 70 per teacher for 10 days per year
D3 Teacher Support and Aids	Monthly meetings at cluster level	@ Rs. 10,000 per year per cluster
D4 Community Based monitoring supervision and research	Per district per year	Rs. 20 lakhs per district
D5 – Advocacy environment building and mobilization	Per district per year	Rs. 20 lakhs per district
D6 – Classroom observations by Resource Persons	6 visits to each primary and upper primary school in a year	Rs. 300/- per visit per person (to cover cost of travel, stationery, honorarium

Appendix A.2

Expert Group Estimates versus MHRD Estimates under SSA

The main reasons for differences between the estimates of the Expert Group and the estimates of the MHRD made under SSA are as follows:[1]

(i) While the Expert Group has considered a pupil teacher ratio (PTR) of 30:1, it has been modified to 40:1 under SSA.

(ii) SSA envisages opening of less expensive schools under the Education Guarantee Scheme, while the Expert Group assumed that good formal schools have to be provided everywhere, and that there would be no place for less expensive schools of the EGS type.

(iii) Similarly, the Expert Group considered the actual average salary of formal school teachers -- Rs. 5000 per month for primary and Rs. 6000 per month for upper primary teachers. On the other hand, SSA, assumed an average salary of Rs. 3000 per month, as it considered .the appointment of para-teachers.

(iv) Certain important items such as mid-day meals, uniforms, scholarships and DIETS (District Institutes of Education and Training) have been taken into account by the Expert Group in making the estimates, which were not considered under SSA.

(v) SSA also expected that around 15 per cent of 6-14 age-group child population would be enrolled in private schools. To that extent that requirement of funds would reduce. The Expert Group recognised this phenomenon of enrolment in private schools, but did not find the need to make any adjustment for this.

(vi) Under the integrated education development (IED) scheme, meant for disabled children, the Expert Group assumed a cost norm of Rs. 3000 per child per year, but SSA allowed for only Rs. 1200 per child per year.

(vii) SSA has projected the total requirement of classrooms at 1.1 million, while the Expert Group has projected it to be 4.3 million. In money terms, the estimate of the Expert Group was Rs. 32.2 thousand crores which was revised downwards by the MHRD to Rs. 26.3 thousand crores. After making adjustments for other programmes, under SSA the total additional cost was estimated to be Rs. 11.4 thousand crores of which, Rs. 6.4 thousand crores was expected to come from other schemes, and only Rs. 5 thousand crores was expected to be provided under SSA head.

(viii) SSA estimated the requirement of teacher as 11.5 lakh teachers, while the Expert Group figure was 35.6 lakh teachers. This, along with lesser salary, has led the

[1] Some of these details are provided by the Department of Education, MHRD in a personal communication.

MHRD to a projection of requirements under teachers' salaries as Rs. 4140 crores per annum under SSA (by the tenth year), against Rs. 18000 crores per annum in the tenth year under Expert Group.

(ix) Because of higher PTR under SSA and opening of EGS centers, other requirements also fall below the estimates of the Expert Group.

(x) For the items not included in SSA, the implications in financial terms are as follows:

a. Mid-day meals (additionally Rs. 700 crores annually by the tenth year.
b. Free uniforms (additionally Rs. 2200 crores annually by the tenth year.
c. Scholarship (additionally Rs. 2150 crores annually by the tenth year.
d. DIETS (additionally Rs. 280 crores non-recurring and recurring Rs. 11 crores annually by the tenth year).

2. Disabled children under Expert Group provided for @ Rs. 3000/- per year, while under SSA they are provided at Rs. 1200/- per year, with the balance being expected from other programmes under existence. The additional requirement on this would be non-recurring Rs. 2311 crores and recurring Rs. 400 crores annually in the tenth year.

To briefly summarise some of the main differences,

	SSA	Expert Group
Pupil Teacher Ratio	1:40	1:30
Average salary of teachers per month	Rs. 3000	Rs. 5000 primary Rs. 6000 upper primary
Enrolment in private schools	15 per cent	Nil
Integrated Education Development: cost per child	Rs. 1200	Rs. 3000
a) Grant per school	Rs. 2000	Rs. 3000 primary Rs. 5000 upper primary
b) Grant per teacher	Rs. 500	Rs. 500 primary Rs. 700 upper primary
(a) + (b) Total	Rs. 395 crores	Rs. 670 cores
c) Teacher Learning equipment: Total	Rs. 402 crores	Rs. 1029 crores

investment nature and the public good characteristic of education are expected to influence the policies and pattern of financing education positively and significantly. The role of the government is found to be justifiably crucial in funding education in India.

Parallel to this, unfortunately the 1990s also marked a beginning of serious economic problems in most developing countries, necessitating adoption of stabilisation and structural adjustment reform policies. The economic reform policies had a serious adverse effect on public expenditures in general, including education in particular. Public budgets for education, including for elementary education, began to suffer seriously. The social safety net programmes and corresponding flow of foreign aid to primary education, mitigated the adverse effects of economic reform policies on primary education, but only to a certain extent. As a result, today we find mixed trends in public financing of education in many developing countries in the 1990s. In the last few years, central government allocations to elementary education have been increased. But a substantial part of the increase in the outlay for elementary education is accounted by external aid, leading many to warn that the growth in public expenditure on elementary education is largely "borrowed growth."

The need to enhance the levels of funding elementary education is obvious. It is estimated that realisation of the long cherished goal of universalisation of elementary education requires additionally Rs. 137 thousand crores in the next ten years -- about Rs. 14 thousand a year, or on average about 0.7 per cent of national income per annum. This does not seem to be an un-achievable task, nor is it un-affordable. At the end it may, however, be noted that finances are only a necessary condition, but not a sufficient condition for achieving universal elementary education in India.

The issue of mobilising additional resources for education is also briefly discussed here. First, it is concluded that as far as school education, specifically elementary education a 'pure public' good and a 'merit' good, is concerned, there are no magic solutions. Government has to finance 'generously' education. Efforts to augment non-government resources may be restricted to higher education. Additional resources that can be generated from the community for financing school education may be viewed as supplementary resources and the government should own complete responsibility of funding. There are a few developments taking place in funding school education. Two important developments have been reviewed: privatization, and international aid. Both have their own limitations. The former accentuates socioeconomic inequalities in the

society, besides leading to enrichment of the private sector and the pauperization of the government schools, and the latter cannot be an effective solution, even if associated anomalies can be eliminated. A strong political commitment to finance liberally the education sector from domestic resources seems to be the only alternative.

To underscore, before conclusion, it may be noted that the five fundamental characteristic features of education, viz., education as a public good, as a merit good, as a basic need, as a human (or fundamental) right and as an investment – social and individual, all necessitate a very special treatment of education in resource allocation. They also emphasise the need for liberal financing by the State, without reliance on private sector.

Secondly, the need for a perspective plan for education in the country is obvious. Absence of a long-term plan in education is perhaps one of the main sources of ills of the system. Attempts to prepare national plans of action in education are noteworthy; but they need to consider short, medium and long term dimensions, and more over look beyond EFA. Detailed financial plans also have to be an integral part of such plans.

The government has been promising to allocate at least six per cent of GNP to education. While there is no sanctity about the six per cent, it is important to realise that it is the bare minimum that the government has to allocate to education.

When several sectors of the education system still suffer from inadequacies of several kinds of resources, the need for stepping up the share of education in plan outlays is obvious. Plan resources are required to finance improvement in quantity, quality, equity and diversity in elementary education.

Out of the total government budget, there is need for increasingly larger share to be devoted to education. Tentatively one may aim at providing at least 25 per cent of the revenue budget to education immediately, but it may be raised to 30 per cent soon. With respect to devolution of resources by the Centre to state governments and by the state governments to local bodies for education, the goal should be to promote regional equity in education development.

It is important to note that all levels of education suffer from inadequacy of funds. Hence all levels of education need to be provided more resources. Putting one sector of education against another in the allocation of resources will be counter-productive. While universal elementary education is important, as it provides the foundation for development, it is also important that sustainable rapid development requires secondary and higher

education. Moreover, accomplishment of goals with respect to universal elementary education would result in steep increase in demand for secondary and higher education.

Improvement in the quality of education also requires specific investments in quality related inputs in education. Presently scanty amounts are allocated to such items. This is true in case of every level of education. As some advocate, about ten per cent of the budget at each level of education may be devoted to specific inputs that have direct relation to quality. This proportion has to be reached not by reducing salary/wage bill in the total, but increasing allocations to the specific items.

Similarly, sizeable investments have to be made to promote equity in the system. This is critically important when economic reform policies cause severe hardships to the weaker sections. Provision of free education, provision of textbooks, uniforms and noon meals to all and financial incentives to economically weaker sections etc., help a lot in improving equity in the system. Sizeable resources need to be allocated for such items.

A minimum level of resources for education per pupil at each level of education should be defined, and in no region and time, actual expenditure per pupil could be allowed to fall below this minimum levels. Expenditure on education per pupil in real terms in a given year should not normally be less than the corresponding expenditure in the preceding year, unless there is a significant change in educational technology.

Above all, it should be recognised that education is a long-term investment that contributes to socioeconomic development quite significantly, besides being an end in itself in human development. *No nation goes bankrupt by investing in education of her people.*

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Learning, the elementary way

TAPAS MAJUMDAR

Finding resources to finance universal elementary education is an urgent task as well as an entirely achievable goal

How much would it cost the Indian state to send all its out-of-school children to proper schools? Consider the following facts. Within one decade, India will have the largest child population in the world. By the time our children turn adults India would have become, for the first time in history, the world's most populous country, replacing China. As India enters the 21st century, its children in the age group six to 14 will number 200 million. Of these not less than 70 million will be out of school.

It may be recalled the directive principle of state policy contained in Article 45 now enjoins the state to "strive" to provide free and compulsory education to all children up to the age of 14 years. Since the directive principles are, in any case, supposed to be nonjusticiable, Article 45 has so far given ample protection to the state. So it is the case that in over 50 years the state could only strive but come nowhere near achieving universal elementary education (UEE) for its citizens.

The matter took a somewhat dramatic turn when in several path breaking judgments in recent years the highest court of the land revealed its growing dissatisfaction with the position that the directive principles could go on providing governments with alibis that the fathers of the Constitution surely had not intended to be used as a matter of routine.

The Supreme Court, in fact, declared — in the case of *Unnikrishnan versus The State of Andhra Pradesh*, 1993 — the right to education to be a fundamental right flowing from some of the fundamental rights already listed in the Constitution (mainly the right to life), Article 45 being interpreted as only providing the parameters guiding the operation of that right.

The now pending Constitution (83rd amendment) bill introduced in the Rajya Sabha in January 1997 came as a sequel to the Supreme Court judgment. The United Front government in power then responded to the judgment by appointing a high-powered committee of state education ministers with Muhi Ram Saikia, then Central minister of state for education, as chairman.

The Saikia committee had recommended that the right to education be added formally to the list of fundamental rights through an amendment of the Constitution. It also wanted its own calculation of Rs 400 billion — as the probable additional cost of education the state would have to bear — to be further examined by an expert group. The latter was constituted in June, 1997, and I had the privilege of chairing it. Our report has now been presented.

It may perhaps be said the expert group has taken its time over the work. But probably that was both inevitable and excusable. The group was diverse, comprising not only many of India's well known economists of education like P.R. Panchaamukhi, J.B.G. Tilak and N.V. Varghese, but also a fair number of senior administrators from among the state education secretaries and officials of the human resources development ministry, the ministry of finance and the planning commission.

It goes entirely to the credit of these members that they did not decide to go by the usual conservative approach to investments in the social sector and, more important, did not panic in the presence of the current financial and budgetary crises and political uncertainties.

After long sessions of debate and frank reexamination of the economics of UEE in the country, they were able to produce a report that may interest those who care for and would like to think about the future of India beyond the beginning of the 21st century. Activists for UEE would probably find some technical support for their cause in the report, but also a fair warning of what things might go wrong. If the gigantic venture were launched without a national monitoring agency put in place to provide the strictest possible vigilance over the vast expenditure the state would have to incur in the coming decade, many things could indeed go very wrong even as the state tried to fulfil its constitutional obligation by providing all the money needed.

The delay in submitting the report could perhaps also be excused because it always takes time to summon the courage to ask the people to pay for what they desperately need, and at a cost far beyond what even experts, not to speak of politicians, had prepared them for over the years. But the timing of the report may be seen as just right in a sense. For it almost coincides with the very recent presence of one man among us, Amartya Sen, and his strongest possible support to the call to enact the constitutional amendment bill making the right to elementary education a justiciable fundamental right.

The additional government expenditure for achieving UEE is expected to be of the order of Rs 1,370 billion spread over the next 10 years. This estimate is considerably higher than the Saikia committee figure of Rs 400 billion. Understandably, it may well sound (even to some experts) an enormous sum.

Yet the group has actually based its calculations on what seemed just the minimum acceptable level of real formal schooling for all children of six to 14 years: a primary school with two teachers and two rooms within one kilometre of every human habitation, one upper primary school with three rooms for every two primary schools and provisions for all disabled children in the schoolgoing age group. This scale of expansion of the elementary education sector will generate employment for 400,000 additional regular fulltime teachers in the revised scales.

At first sight, the total financial commitment might seem enormous. This is because people had been led to believe —

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Sub-National Systems Unit

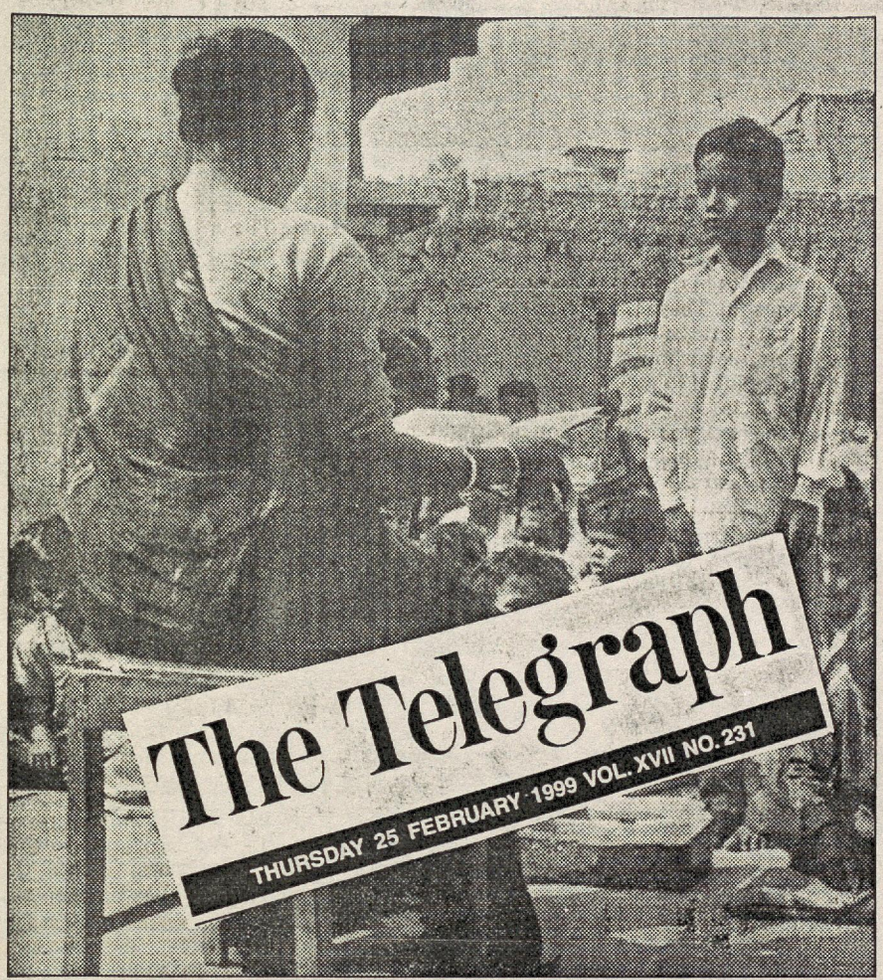
Prof JBG Tilak

even many people in government ministries of finance and education and the planning commission — by the many expert "guesses" in the past and possibly even by the Saikia committee calculation of Rs 400 billion that much smaller sums than the estimated Rs 1,370 billion would do. But spread over 10 to 15 years and supported by a determined switch from the present 3.8 to six per cent of gross domestic product as the share of all government expenditure on education, the group has shown how the end is achievable — in financial terms — without any serious resource difficulty.

Though the expert group calculating the financial implications for the state for achieving UEE for the nation's children was appointed by a single ministry, its members did not, very rightly, look upon the responsibility to find state funds for the purpose as that of this ministry alone. Needless to say, activities in all walks of life would gain from UEE including the fields of research in social sciences and science and technology. All Central ministries and governments at all levels in India — Central, state and local as defined in the Constitution — would have to share the responsibility.

The group, however, had deliberately fallen short of trying to quantify the respective shares that should be borne. For the question of the Centre-state division particularly (though included in the terms of reference set by the ministry) was intrinsically dependent on aspects of the division of fiscal powers which were clearly outside its purview and within the constitutional jurisdiction of the finance commission.

The group, nevertheless, did try to make a few helpful recommendations in this connection. The main thrust of these was that — whatever the eventual determination of the roles of the Centre, state and local bodies in the matter — the initial responsibility of shouldering the programme of investing nearly Rs 1,370 billion, additionally, in elementary education over the first 10 years would have to belong to the Centre.



"As India enters the 21st century, its children in the age group six to 14 will number 200 million. Of these, around 70 million will be out of school"

Looking at the fundamental right to elementary education as a justiciable legal right of all, the group made the basic decision to calculate the cost of real schooling. It did not accept the position — often urged upon it implicitly or even explicitly — that the cost estimate should be reduced by assuming that only the cheaper variants of non-formal or part time education needed to be provided for millions of children who have remained out of school. The members did, at the same time, feel fully convinced that the formal school had to learn a great deal from the experience of the best non-formal schooling experiments now being carried out successfully in the country.

The expert group had not accepted the oft repeated suggestion — usually made to underplay the state's responsibility in the matter — that profit seeking private enterprise would be attracted in the foreseeable future, in a substantial way, to the schooling of the vast number of non-schoolgoing, underprivileged children. Even though in the existing school sector the participation of private enterprise is about 10 per cent and is increasing — a welcome phenomenon — it was difficult to accept this proportion could also be projected on to the provision of new schools for large numbers of unfortunate children, particularly girl children of poverty stricken families, that we surely have to be really thinking about.

The group had understandably tried to address two central questions. One, how much the progress towards UEE, in terms of all children's entitlement to regular schooling fulfilling the minimum norms, would cost over the next 10 years. Two, where the finances would come from.

What exactly is required to find the money to finance an undoubtedly vast investment in human development? The good news is that, in fact, no more is necessary in purely financial terms than to fulfil three arguably achievable goals (which both politicians and experts are often heard bandying about. One, a rate of growth of GDP in the range of five per cent in real terms. Two, a moderate but steady increase in tax revenue:GDP ratio from the present about 16 to about 18 per cent (along with a similar rise of the non-tax revenues of the government).

Three, and most crucially, a gradual but steady rise over 10 years in the allocation to education in the total Central and state budgetary expenditures from about the 3.8 per cent of GDP now to the long promised six per cent. Of this no more than half need be allotted to elementary education.

These figures should show the extent to which our policymakers have often been misled by two absurd propositions. One, that we cannot have free UEE because it is too costly. Two, that the only way to have it is to divert funds to it from the higher education sector.

Of course, there is no "free lunch" economists can provide the country. The switch to the six per cent share of GDP for education, promised many times over the past 30 years and now reiterated by the prime minister, cannot be entirely painless for the other sectors.

There must be moderate but perceptible downsizing of government expenditure elsewhere to make the switch possible. One hopes Parliament and, if not the present Parliament, the people of India will soon agree to make the necessary shifts that are still manageably small. If India chooses to remain forgetful of this basic constitutional and legal responsibility for another 10 years, the required restructuring will not remain as small. If quick action is not taken now, public expenditure will have to be substantially downsized under other heads — in sufficiently adverse resource situations — to protect the basic right of children in the six to 14 years age group who will number 200 million by the turn of the century.

The additional Rs 1,370 billion would have to be spent well and with the utmost vigilance. It has to be remembered that spending on education is not always the same thing as investing in it and that another megascandal is not exactly what people are looking for. An investment in real, human terms may be the only sensible gift that India today could possibly set aside for India tomorrow.

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February 9, 1999

Dear Dr.Tilak,

After my return to Dharwad by a delayed flight to Goa and long road =
travel (with many break downs on the way) I once again developed sore =
throat problem and feverishness (due to exertion and quick climate =
change from the cold Delhi to hot Goa and Dharwad). The doctor advised =
me complete rest and I have not gone to office at all after my return to
=
Dharwad. I should have listened to your advice to stay on Delhi, but =
certain urgent matters in the office compelled me to come (sending =
progress reports etc. before deadline). In view of this indisposition ,
=
I had to unwillingly cancel my booking (Belgaum-Bombay-Delhi) to Delhi =
which I had got done from Delhi itself. I am extremely sorry for this =
unexpected development. My apologies to you, to Prof.V.N.Kothari, to =
Prof.Tapas Majumdar and to others. I am sure it would be a very good =
seminar, but I missed to realize the gains. (Dr.Sailabala Debi can =
explain some aspects of my paper sent herewith).

For the same reason, I may be unable to participate in the ICSSR meeting
=

Extract from a Working Paper by Tapas Majumdar on the *Report of the Expert Group on Financial Requirements for Making Elementary Education a Fundamental Right (1999)*

Advent of Judicial Activism and Article 45 and The Rights Approach

A new trend in the interpretation of the Fundamental Rights and the Directive Principles of State Policy under the Constitution that began in the Nineties of the last Century has been hailed - or, in certain quarters, viewed with some apprehension was generally labelled as judicial activism, which is a good enough name for our purpose. What it basically signified was that the civil society, in India as well as elsewhere in the world, was moving away from the economic returns approach to the people's right approach to the access to education.

For the first time the higher judiciary in India was calling into question the conventional wisdom with respect to the non-justiciability of the Directive Principles of State Policy. Particularly in education policy this wisdom has always been relied upon by the state for "striving for" but never showing much progress towards universalisation of good school education for all children.

Two landmark judgements delivered by the Supreme Court of India (1992,1993) were among the early instances of judicial activism in education in India. These were decisions pronounced on two public interest Writ petitions: The first was brought against the State of Karnataka in 1992; the second, and the more celebrated one was the 1993 public litigation case of Unnikrishnan vs the State of Andhra Pradesh, in which a five member bench of the apex court decided, by the judgements of three judges against two, that the right to education was a derived fundamental right flowing from the citizen's fundamental right to life. It ruled that Directive Principle contained in Article 45 mainly determined the parameters of that right by defining the state's duty to strive to provide free and compulsory education to every child only up to the age of fourteen years. The Court, for the first time, rejected the state's plea that it could automatically claim to be honestly striving to follow the directive principle, when it was found actually to have failed to do so even after forty years of 'striving'.

It is as a follow up of the Supreme Court judgement in the 1993 case that a committee of education ministers of all the states with Shri Muhi Ram Saikia, the then Central Minister of State of Human Resource Development as Chairman, was appointed to consider whether the right to education should now be explicitly included in the Constitution as a proof of the earnestness of the state in following the Directive Principle contained in Article 45.

The Expert Group on Costing Education for All

The Saikia Committee had recommended that the Right to Education be added formally to the list of Fundamental Rights through an amendment of the Constitution. It also wanted its own calculation of Rs.40,000 crore as the probable additional cost of education the state may have to bear to be further examined by an expert group. This was constituted in June 1997 and has since reported (January 1999).

It may perhaps will be said that the expert group has taken its time over the work. But probably this was both inevitable and excusable. The group was diverse, comprising not only many of India's well-known economists of education like PR Panchaamukhi, JBG Tilak and NV Varghese but also a fair number of senior administrators from among the state education secretaries and officials of the HRD Ministry, the Ministry of Finance and the Planning Commission. It goes entirely to the credit of the members that they did not decide to go by the usual conservative approach to investments in the social sector and, more importantly, did not panic in the presence of the current financial and budgetary crises and the political uncertainties of the moment. After long sessions of debate and frank reexamination of the economics of universal elementary education in the country they were able to produce a report that might interest those who care for and would like to think about the future of India beyond the beginning of the twenty-first century. The activists for universal elementary education would probably find some technical support for their cause in the report, but also a fair warning of what things might go wrong. If the gigantic venture was launched without a national monitoring agency put in place to provide the strictest possible vigilance over the vast expenditure that the state will have to incur in the coming decade, many things might indeed go very wrong even as the state tried to fulfil the constitutional obligation by providing all the money needed for it.

The delay in submitting the report perhaps would be excused also because it always takes time to summon courage to ask the people to pay for what they desperately need, but at a cost that is so far beyond what even the experts, not to speak of the politicians, had prepared them for over the years.

The additional government expenditure for achieving UEE, is expected to be of the order of Rs. 137,000 crore spread over the next 10 years. This estimate is considerably higher than the Saikia Committee figure of Rs 40,000 crore, and so understandably this may well sound (even to some experts) too large. Yet, the group has actually based its calculations on what appeared to it to be just the minimum acceptable level of real schooling : a primary school with two teachers and two rooms within one kilometer of every human habitation, one upper primary school with three rooms for every two primary schools, provisions for all disabled children in the school-going age group. This scale of expansion of the elementary education sector will generate employment in the country for 40 lakh additional regular fulltime teachers (in the revised salary scales).

The additional government expenditure for achieving UEE, as calculated by the Expert Group, was of the order of Rs. 137,000 crore spread over 10 years. This estimate was considerably higher than the Saikia Committee figure of Rs 40,000 crore, and so understandably this might well have sounded (even to some experts) too large. Yet, the group had actually based its calculations on what appeared to it to be just the minimum acceptable level of real schooling : a primary school with two teachers and two rooms within one kilometre of every human habitation, one upper primary school with three rooms for every two primary schools, provisions for all disabled children in the school-going age group. This scale of expansion of the elementary education sector will generate employment in the country for 40 lakh additional regular fulltime teachers (in the revised salary scales).

At first sight the total financial commitment might well seem enormous. This is mainly because people had expected that much smaller sums than the estimated Rs.137,000 crore would do. Even many people in the government ministries of finance and education or the Planning Commission might have been led to share this expectation by the many expert "guesses" in the past and possibly even by the Saikia Committee calculation (of Rs. 40,000 crore) itself. But, spread over ten to fifteen years and supported by a determined switch from the present 3.8 to 6 per cent of the GDP as the share of all government expenditure on education, the group has shown how the end is achievable (at least in financial terms) without any serious resource difficulty. In comparison, to take just one example, the acceptance of the Fifth Pay Commission's recommendations - which were supported by no similar constitutional mandate - have already had far more serious economic consequences!

Though the Expert Group was appointed by a single Ministry, the members did not, very rightly, look upon the responsibility for finding state funds for the achievement of UEE as that of this Ministry alone. Needless to say, the beneficiaries of UEE would be activities in all walks of life including the fields of research in social sciences as well as science and technology. All Central Ministries and governments at all levels of the state in India - Central, State and Local, as defined in the Constitution - have to share this responsibility. The Group, however, had deliberately fallen short of trying to quantify the respective shares that should be borne because particularly the question of Centre-States division (though included in the terms of reference set by the Ministry) was intrinsically dependent on aspects of the division of fiscal powers which were clearly outside the purview of the group and within the constitutional jurisdiction of the Finance Commission. The group nevertheless did try to make a few helpful recommendations in this connection. The main thrust of these was that whatever the eventual determination of the Centre-state-local bodies roles in the matter, the initial responsibility of shouldering the programme of investing nearly 137,000 crore, additionally, in elementary education over the first ten years must belong to the Centre.

Looking at the Fundamental Right to elementary education as a justiciable legal right of all the people, the Group made the basic decision to calculate the cost of real schooling and did not accept the position, often urged on it implicitly or even explicitly, that the cost estimate should be reduced by assuming that only the cheaper variants of nonformal or part-time education needed to be provided for the millions of children who have remained out of school. Needless to add the members did, at the same time, feel fully convinced that the real school had to learn a great deal from the experience of the best of the nonformal schooling experiments now being carried out successfully in the country.

The expert group had not accepted the oft-repeated suggestion (usually made to underplay the responsibility of the state in the matter) that profit-seeking private enterprise would be attracted in the foreseeable future, in a substantial way, to the schooling of the vast number of underprivileged children of India who had never been to school. Even though in the existing school sector the participation of private enterprise is about ten per cent and is increasing, which is a welcome phenomenon, it was difficult to accept that this proportion could be projected also to the case of providing new schools for those large numbers of unfortunate children, particularly girl children of poverty-stricken families, that we must be really thinking about.

The two central questions that the group had understandably tried to address were: (a) how much will the progress to UEE in terms of all children's entitlement to regular schooling fulfilling the minimum norms cost over the next ten years and (b) where will the finances come from?

What exactly is required to find the money to finance what unquestionably would be a very large investment in human development? The good news is: In fact, no more would be necessary, in *purely financial terms*, than fulfilling three arguably achievable goals : (a) a rate of growth of the GDP in the range of five per cent in real terms, (b) a moderate but steady increase in the tax-revenue:GDP ratio from the present about 16 to about 18 per cent (along with a similar rise of the non-tax revenues of government) and, most crucially, (c) a gradual but steady rise over ten years in the allocation to education in the total of the Central and State budgetary expenditures from about 3.8 per cent of the GDP now to the long-promised 6 per cent. (which both politicians and experts are heard often to bandy about). Of the increase in financial resource availability that would generate, ***no more than half need be allotted to elementary education***; the other half can be kept aside for the expansions or improvements in the other sectors of education.
These figures should at least show that our policy-makers have often been misled by two absurd propositions that are not true : (i) we cannot have free universal elementary education because at the current levels of the GDP society will find it too costly; or (ii) that the only way to have universal elementary education is to divert very large funds from the other sectors, including the higher education sector!

A Word of Caution

One must not forget that there is no "free lunch" that economists can provide for the country. The switch to the 6 per cent share of the GDP for education, which had been promised many times over the past thirty years, and often reiterated by Prime Ministers, cannot be *entirely* painless for the other sectors. There has to be moderate but perceptible downsizing of government expenditure elsewhere to make this possible. One only hopes that Parliament or, if not Parliament, the people of India would soon try and obtain the necessary shifts. These are still manageably small changes to make; but if India chooses to remain forgetful of this basic constitutional and legal responsibility for another ten years or so, the required restructuring will not remain so small. If quick action is not taken now, in sufficiently adverse resource situations public expenditure will have to be substantially downsized under many other heads to protect the basic right of the children of India. By the turn of the century the children in the age group 6 to 14 years would number 200 million.

We have, of course, to remember that India would need to spend that additional Rs.137,000 crore over the ten years well, and with the utmost vigilance and care. We have also to remember that finding the money and *spending it on education* is not necessarily the same thing as *investing in education*. It is only an *investment*, in real, human term and not just *spending* satisfying all the financial norms, that the people must demand for their children. Only such an investment can be a sensible gift that the India of today can possibly want to work hard and set aside, for the India of tomorrow!

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