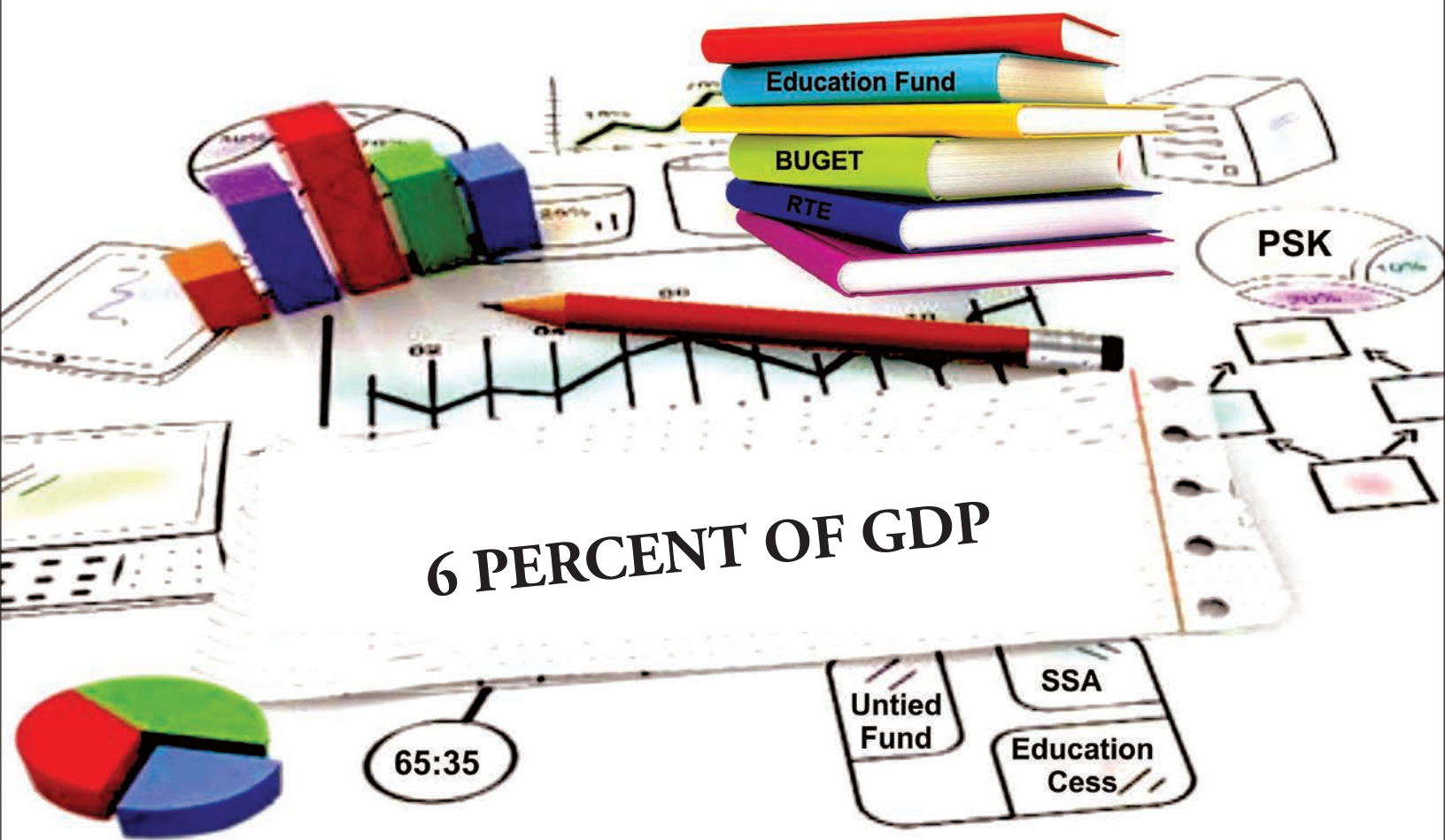


# A STUDY ON FINANCING PUBLIC EDUCATION IN INDIA



**NATIONAL COALITION FOR  
EDUCATION, INDIA**

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\*Views are personal. Authors are solely responsible for any discrepancies and mistakes

## Foreword



It is increasingly realized that the allocation of adequate public resources is quintessential for proper implementation of Right to Education. The Incheon Declaration and Framework for Action(2015) for implementation of Sustainable Development Goal (SDG) 4 on education 'reaffirm that education is a public good, a fundamental human right and a basis for guaranteeing the realization of other rights' and declares that 'of which state is the duty bearer' (pp. 7 and 26) . It further adds that 'SDG4 cannot be realized without a significant and well-targeted increase in financing' and 'determined to increase public spending on education in accordance with country context'.

The 14th Finance Commission was a big hope as it was supposed to enhance the provision of untied money in the states. Various studies and papers show that spending on education has still remained below 3.8% of GDP. Present attempt of studying the status of financing elementary schooling in India has shown that the trend in education expenditure by Union and state governments during the last 5 years are much lower from the required expenditure. The study was conducted in 5 states of India – Bihar, Odisha, Punjab, Himachal Pradesh and Kerala.

We are thankful to Dr. Satadru Sikdar, National Institute of Public Finance and Policy, New Delhi and Mr. Bir Singh, Assistant Professor, Delhi College of Arts and Commerce, New Delhi for making this research possible through their herculean effort.

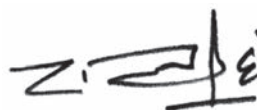
We would also like to place on record our sincere thanks to CSEF for providing resources for this study.

We hope to get your critiques, comments and suggestions for sharpening our efforts in future.



**Rama Kant Rai**

Convener



**Ram Pal Singh**

General Secretary



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## Abbreviations

<b>AWP&amp;B:</b>	Annual Work Plan and Budget
<b>BE:</b>	Budget Estimates
<b>BRC:</b>	Block Resource Centre
<b>CAG:</b>	Comptroller and Auditor General of India
<b>CGA:</b>	Controller General of Accounts
<b>CWSN:</b>	Children with Special Need
<b>DISE:</b>	District Information System for Education
<b>EWS:</b>	Economically Weaker Section
<b>FC:</b>	Finance Commission
<b>GDP:</b>	Gross Domestic Product
<b>GSDP:</b>	Gross State Domestic Product
<b>GST:</b>	Goods and Service Tax
<b>KVs:</b>	Kendriya Vidyalayas
<b>MHRD:</b>	Ministry of Human Resource Development
<b>PRI:</b>	Panchayati Raj Institutes
<b>PSK:</b>	Prarambhik Shiksha Kosh
<b>RBI:</b>	Reserve Bank of India
<b>RE:</b>	Revised Estimates
<b>RTE:</b>	Right to Education
<b>SDGs:</b>	Sustainable Development Goals
<b>SMC:</b>	School Management Committee
<b>UPS:</b>	Upper Primary School
<b>URC:</b>	Urban Resource Centre



## Executive Summary



Even after forty years of Kothari Commission's recommendation on spending 6 per cent of GDP on education, Indian Government have not been able to spend more than 4 per cent of GDP on education. In a similar way, the implementation of RTE Act, 2009 does not show any significant improvement in state expenditure on elementary education.

The trend in education expenditure by Union and state governments during the last 5 years are much lower from the required expenditure. Also, the shares of expenditure on education upon the total budget size as well as total expenditure on social services are decreasing continuously during the last five years. The bold claims and promises made by the union governments for education, does not show any commensurate revision in financial provision on education.

The budgetary expenditure on school education to GSDP has been highest in Bihar followed by UP. Another notable achievement of Bihar is that the expenditure share to GSDP had crossed 6 per cent mark in the year 2014-15. Other states spending substantially better expenditure share on education include Madhya Pradesh, Himachal Pradesh, and Chhattisgarh. However, the share is lower among the relatively richer states namely Punjab, Gujarat, Maharashtra, and Haryana. In spite of low fiscal space, poorer states are spending more to improve the situation of education sector.

Almost a similar trend can be seen in terms of revenue expenditure on elementary

education. States like Bihar, Uttar Pradesh, Himachal Pradesh and Chhattisgarh have spent well on elementary education compared to their respective GSDP. Over the years, the expenditure shares have risen consistently in Bihar and Uttar Pradesh. However, in contrast the shares are significantly low (less than 1 percent to GSDP) in Punjab, Andhra Pradesh and Tamil Nadu in most of the selected years.

In 2015-16, per child revenue expenditure on elementary education in Himachal Pradesh (Rs. 22170) was five times higher than Bihar (Rs. 4372). Also, Haryana, Uttarakhand, Kerala and Maharashtra are spending relatively better than other states, with respect to per child revenue expenditure. Whereas, Rajasthan, Madhya Pradesh, Punjab and Jharkhand are the low spending states along with Bihar. During the last decade, Bihar has improved substantially in many aspects; however, the growth rate of expenditure is dismally slower than other states. However, in some states like Bihar, West Bengal, Jharkhand, and Orissa the gap in per student expenditure is lower in 2015-16. In Kerala, Haryana, Maharashtra and Uttar Pradesh per student expenditure are much higher than per child expenditure. The larger differences in expenditure between per child and per student represent the higher dependency on private schools at elementary level.

The major share of expenditure on elementary education is going towards teacher's salary. To improve enrolment

and retention, state spends upon incentive programmes which is high in Bihar in comparison to other states. Bihar has a programme, viz., 'Mukhya Mantri Poshak Yojana' with expenditure about Rs. 113 crore in 2015-16. Also, Bihar has launched 'Scholarships for students in elementary schools' in which the allocation was Rs. 100 crore in 2016-17 revised estimates. This programme aims to give scholarship of Rs. 50/- per month to all students of class I to IV; Rs. 100/- per month to all students in class V and VI; and also Rs. 150/- per month to all students in class VII and VIII.

Most of the states, especially backward states like Bihar, Punjab and Orissa were unable to spend the approved outlay among different heads under Sarva Shiksha Abhiyan (SSA). Only Himachal Pradesh utilised almost the approved outlay. Also, among the objective-wise expenditure, highest spending share was on enhancing quality, which includes, 'new teachers' salary', 'training', 'academic support through Block Resource Centre/ URC', 'academic support through cluster resource centres', 'computer aided education in UPS under innovation' and 'library in schools'.

As a result of 14th Finance Commission's recommendations to increase un-tied grants, most of the states' except Chhattisgarh, Haryana, Madhya Pradesh, Rajasthan and Tamil Nadu, actual expenditure have shown increase after the increase in un-tied fund (2015-16 compared to 2014-15). Significant improvement can be noticed in states like Uttar Pradesh and Gujarat. However, the increment in untied fund has reduced the grant amount for many flagship schemes in most of the states. We can experience government withdrawal from

spending on education, in particular by the Union Government from the Centre-State expenditure share on education. It is clearly visible that the share of Union government's expenditure has been continuously decreasing during the last five years, and this has reduced significantly during 2015-16 after the recommendations of 14th Finance Commission. In 2011-12, the share of Union government upon general education expenditure was almost 18.2 percent, which has reduced to 13.6 percent in 2015-16.

It is very sad that the data relating to the reimbursement by the government as tuition fees to those private schools which are incurred on children from EWS families towards private schools are not properly available. Also, there is lot of ambiguity in quantification of the funds transferred to each school in the form of re-imbursement. But some states have attempted to decide a specific rate of re-imbursement. Moreover, there is a head in state budgets to allocate money to reimburse the private schools under Section 12 of the RTE Act. Nevertheless, the actual figures are not available and in some states the figures are not available at all. Among our selected five states in this study, we have managed to collect the budgeted estimate figures for the said purpose for four states. The amounts are significantly low across all four states. Only in Bihar the figures were 15 crore, 10 crore and 25 crore, for the year 2015-16 (RE), 16-17 (RE) and 17-18 (BE) whereas the participation in private schools in Bihar is significantly low compared to other states. In other states the figures are much below than crore marks. No significant indicators can be seen towards contribution of the private players to achieve inclusiveness in elementary education.

## Technical Note



The study has focused on public expenditure pattern on elementary education. In modern education system in India, government expenditure on education covers elementary, secondary, higher and technical education. Elementary and secondary levels of education are provided by different tier of governments, i.e., Union Government, state governments and local bodies. As we may know that public provisioning of elementary education is primarily a state subject, however, it is a joint responsibility of both the Union and state governments. The larger shares of public expenditure on education are spent through the education departments. However, expenditure on educations is also done through other departments, such as Welfare of SCs, STs, OBCs and Minorities, Agriculture department, Labour department etc.

Education department provides expenditure upon educational institutions, which includes teachers' salaries, student incentive programmes, quality management, school infrastructure, inspection and monitoring; and also expenditures upon education departments, such as secretariat expenditure, travel and medical reimbursement etc. We have concentrated upon the expenditure towards educational institutes, which are provided under major head '2202-revenue expenditure upon general education', '2203-revenue expenditure upon technical education', '4202-01'-capital expenditure towards 'general education' and '4202-02'- capital expenditure towards 'technical education'. Whereas, secretariat expenditure, travel and medical reimbursement by education department are

presented under major head 2251-secretariat social services. Thus we have focused expenditure upon major heads 2202 and 4202-01, which are clearly presented in State Finance Accounts and Combined Finance and Revenue Account (CFRA), published by Comptroller and Auditor General of India (CAG). However, some of the expenditure details in some flagship schemes are collected from budget documents and some other relevant sources.

It is also, worthwhile to mention, that general education covers, elementary education, secondary education, university and higher education, adult education, language development and other general. We have considered only expenditure towards elementary education in our discussions. As we have mentioned expenditure on elementary education also provides by other departments, like Welfare of SCs, STs, OBCs and Minorities, Agriculture department, Labour department etc., and the respective major heads provides the combined expenditure upon education under minor head 277. We have not considered those expenditures as because the disaggregated expenditures towards elementary education through this minor heads are not available in finance accounts. However, the expenditure amounts through this minor head are significantly low, and do not influence the result. However, this is one of the limitations of our study.

As mentioned, expenditures on all levels of education are presented as revenue and capital expenditure separately. Revenue

expenditures are year wise expenditures or ongoing expenditure to provide the said service. For instance, expenditure upon repairs and maintenance expenses, salaries, training, incentives etc. are considered as revenue expenditure. Whereas capital expenditures are expenditure for creation capital assets or capital stocks, which are spent for a particular year, but the created assets will be useful for many years. For example, capital expenditure is spent on creation of school building and other infrastructure.

It has been observe in the recent trend that in case of elementary education, the revenue expenditure is the dominant expenditure compared to capital expenditure. Also, in a particular year, some developed states with comparatively high capital stock may have spent lower as capital expenditure than the backward states which are low with capital stock. Thus in our analysis, while comparing states, we have focused on revenue expenditure, rather than capital expenditure upon elementary education. We have compared these expenditures with respect to Gross State Domestic Product

(GSDP), which are available from Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation (MOSPI), Government of India (GOI).

We have also compared the state wise revenue expenditures on elementary education with respect to their population between 6 to 14 years age groups to get per child revenue expenditure on elementary education. The motive towards a comparison with per child revenue expenditure is to get a sense of expenditure pattern upon universalised elementary education in absence of private providers. For a detailed analysis, we have selected five states on the basis of per child revenue expenditure upon elementary education. We have selected two low spending states, Bihar and Punjab; two high spending states, Himachal Pradesh and Kerala. We have also considered Orissa as it is a middle spending state and backward from many other education indicators. Thus we have presented a relatively detailed analysis of education expenditures during the last five years among Bihar, Punjab, Orissa, Kerala and Himachal Pradesh.

# Status of Financing Elementary Schooling in India



## I. Objective of the Study

Education is extremely important for its intrinsic and instrumental value, and is key to the development of any society. The enactment of Right to Education (RTE) Act, 2009 aims at the universalisation of elementary education with ensuring minimum school facilities and striving to enhance educational standards. Similarly, the National Policy on Education (2016) focuses upon improvement of quality of education, along with the launch of Sustainable Development Goals (SDGs) globally. Under this policy the government is expected to improve the public funding towards elementary education. Provision of elementary education is mainly a state subject, however, the Union, the State and the various local administrative bodies of the government play equally important roles in ensuring the same. This study aims to assess the recent trend of public expenditure on education in general and elementary education in particular.

Since independence various committees have periodically been set up by the government to assess the required public expenditure on education. These include The Kher Committee (1948-49), Kothari Commission (1964-66), the Saikia Committee (1996) and Tapas Majumdar Committee (1999) among others. Several policies and amendments have also been adopted to improve the

situation of education provisioning in India. This study is one such attempt that discusses some of the issues relating to requisite and actual expenditure on school education.

The 86th amendment to the Constitution of India (2002) states that free and compulsory education should be provided by all the states to all children between 6 to 14 years age. While the state governments are supposed to be largely responsible for elementary education, some poor states depend on the Union for support. The Union Government mostly provides grants for centrally sponsored schemes, however, the unconditional grants have also increased over time as per recommendations of various Finance Commissions (FCs) such as the latest one, i.e., 14th FC. It is obvious important to see the changes of expenditure pattern on elementary education by states before and after the 14th FC's recommendations. This study captures a snapshot of the current financing pattern of the Union government and governments of five selected states on elementary education.

## II. Trend in expenditure on education

Since the independence of India, both the Union and State governments together have increased expenditure on education in absolute terms. In 1947, the expenditure on



all levels of education in India was only Rs. 55 crores, and has increased to Rs 333,930.38 crores in 2011-12; which is more than 5 thousand times in nominal terms. However, the adequacy of this expenditure needs to be analysed in the context of the changing socio-economic landscape of the country, particularly with reference to the increasing proportion of child population. Even after 40 years of the Kothari Commission's recommendation (1966) that the government should spend at least 6 per cent of GDP on education, the Indian Government has failed to spend more than 4 per cent of GDP on education. In fact, the implementation of RTE Act (2009) does not show any significant improvement in the state expenditure on elementary education.

In this context, we have presented the trends of overall expenditure on education from the latest Economic Survey 2016-17. Table 1 shows the trends in education expenditure as proportion of GDP for previous five years reveal low expenditure and stagnation of amount spent consistently. The figures, in absolute terms, are significantly low when compared to the recommendations of the Kothari Commission. Also, the share of expenditure on education in proportion to the total budget and the total expenditure on social services in general has suffered a continual decrease in the last five years. The bold claims and promises made by the union governments for education, have not found a commensurate revision in their financial provision on education.

**Table 1: Trends in Education Expenditure by General Government (Centre and States)**

	2011-12	2012-13	2013-14	2014-15	2015-16 (RE)	2016-17 (BE)
Amount in Rs. Crore	277053	312932	348267	353589	423171	474672
As % to GDP	3.2	3.1	3.1	2.8	3.1	3.2
As % to total expenditure	11.4	11.6	11.6	10.8	10.6	10.7
As % to total expenditure on social services	47.7	47.5	46.7	46.1	42.2	42.5

Source: Economic Survey 2016-17 Volume 2, page 256

The State governments show no better statistics in terms of their funding on education in general, and elementary education in particular. It is observed that the state wise allocation of funds on education, in proportion to their respective budgets, in most cases, shows no increase for more than a decade. Table 2 shows the state-wise ratio of expenditure on all levels of education as

ratio of the total expenditure by government. Almost all states allocate about 15 percent of total expenditure on education, which accounts for less than 3 per cent of the GDP. Some states like Himachal Pradesh and Chhattisgarh, spend over 19 per cent of their total expenditure on education, whereas some states like Karnataka and Telangana spend much less than the average ratio.

**Table 2: Expenditure on Education – As Ratio to Aggregate Expenditure (Per cent)**

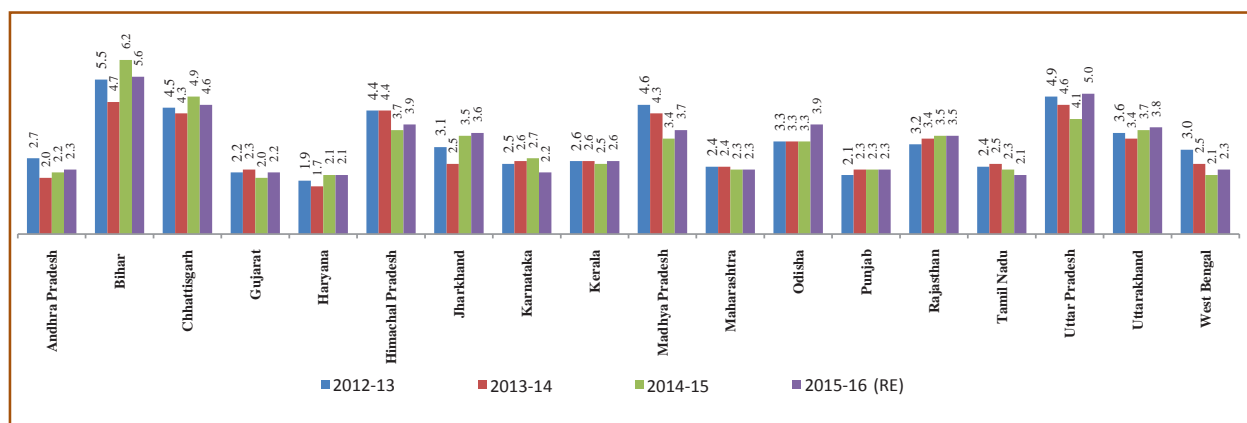
State	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16 (RE)	16-17 (BE)
Andhra Pradesh	9.8	11.1	10.8	9.0	9.0	10.0	12.5	13.0	12.9	13.7	12.6	15.1	15.3
Bihar	15.8	19.6	19.7	17.6	18.5	18.1	16.3	17.0	20.9	18.7	17.5	18.9	15.8
Chhattisgarh	12.3	13.4	12.9	13.5	14.4	15.6	18.6	17.7	16.3	18.0	20.2	19.0	19.7
Goa	13.9	12.3	13.7	12.3	13.3	14.1	15.4	14.8	15.4	15.7	15.1	14.3	14.2
Gujarat	11.5	12.6	12.7	13.4	11.7	13.8	15.9	15.8	14.3	15.0	15.2	15.5	14.1
Haryana	11.6	13.4	11.9	12.9	15.0	16.3	17.3	16.0	15.4	15.4	16.9	13.1	15.3
Himachal Pradesh	13.5	14.1	14.1	15.4	16.2	16.3	17.9	17.8	17.3	17.8	17.7	18.5	19.1
Jharkhand	14.9	15.8	15.2	15.1	18.6	15.4	15.8	15.9	14.8	13.5	14.6	13.7	15.3
Karnataka	12.7	14.0	13.1	14.4	16.1	14.0	15.6	14.7	15.5	15.0	14.3	14.3	12.7
Kerala	16.2	16.6	17.1	15.9	16.7	16.8	17.0	17.7	17.2	17.2	16.4	15.3	15.3
Madhya Pradesh	8.8	10.2	12.4	11.1	12.8	13.0	14.2	12.4	13.2	15.4	14.8	14.5	17.0
Maharashtra	14.0	15.7	16.4	17.2	17.0	19.1	20.8	20.2	20.7	20.5	19.2	18.6	18.2
Odisha	12.6	14.7	12.8	14.3	16.9	18.2	18.3	16.4	15.5	15.0	15.5	14.1	14.7
Punjab	10.1	11.3	8.9	10.3	11.3	12.2	11.7	14.8	15.3	14.2	14.3	15.1	15.1
Rajasthan	13.8	17.2	15.6	14.6	17.9	19.0	19.1	17.8	16.1	16.3	16.7	12.4	14.9
Tamil Nadu	11.2	13.6	12.2	12.7	13.1	15.2	15.2	14.3	14.7	16.0	15.8	15.5	14.7
Telangana											11.2	10.5	8.1
Uttar Pradesh	12.5	15.2	14.7	14.1	13.2	13.8	16.1	17.1	17.3	16.0	15.0	14.7	16.3
West Bengal	14.9	13.7	15.2	15.2	13.1	17.7	19.7	19.1	18.1	17.2	17.2	14.8	16.8
All States	12.7	14.2	14.0	13.8	14.3	15.3	16.6	16.3	16.4	16.5	16.0	15.4	15.6
All States (Per cent to GDP)	2.3	2.2	2.2	2.2	2.3	2.4	2.5	2.5	2.5	2.5	2.6	2.9	2.9

Source: Statement 26, State Finances: A Study of Budgets, RBI, 2017.

Some studies have also looked at the statistics of state-wise expenditure on school education (i.e., elementary, secondary and senior secondary education) for 2012-13 to 2015-16 and how they compare with the respective GSDP. We have presented some of this data in figure 1. This shows a relatively different trend from the overall nationwide picture. As we can see from the figure, that the budget for school education with respect to GSDP has been highest in Bihar and followed by UP. In fact Bihar has spent a remarkable

6.2 per cent of its GSDP in the year 2014-15. Other states that spend a substantial share of its GSDP on education include Madhya Pradesh, Himachal Pradesh, and Chhattisgarh. The percentage of expenditure seems lower among the relatively richer states, namely Punjab, Gujarat, Maharashtra, and Haryana among others. It can be said that the poorer states seem to feel more liable to improve the situation in the education sector are tend to spend more on school education, in spite of their low fiscal space.

Figure 1: School Education Budget as Per Cent to GSDP

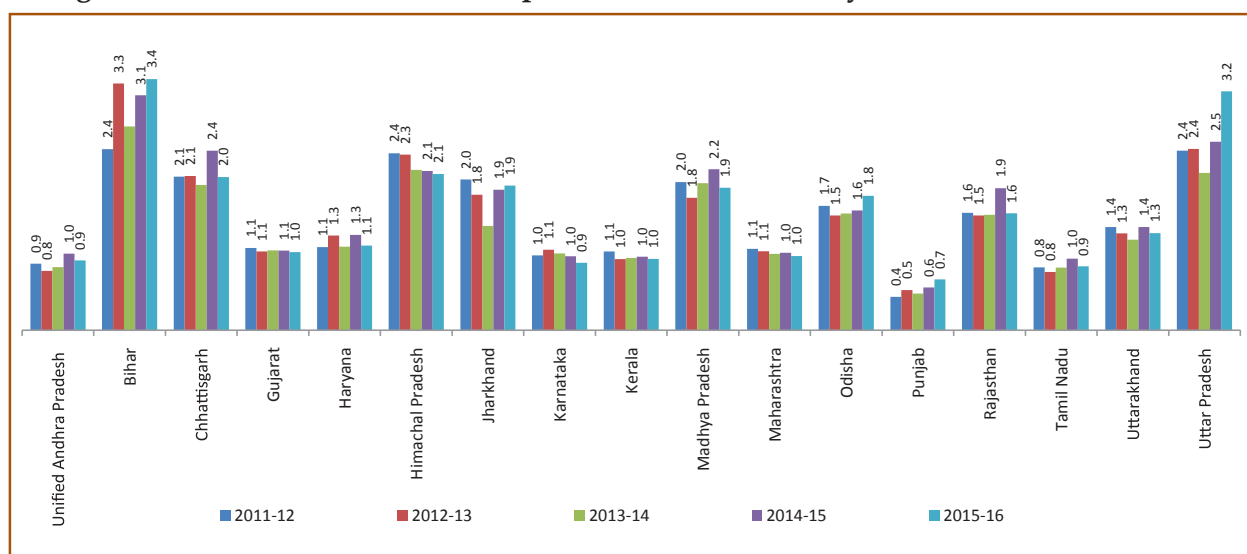


Source: Centre for Budget and Governance Accountability (CBGA) and Child Rights and You (CRY) (2016)<sup>1</sup>

This study further expands our analysis of expenditure on education, with particular reference to elementary education. We have considered the trends of revenue share on elementary education as compared to the GSDP, as shown in figure 2. This data is based on figures from the state-wise finance accounts published by Comptroller and Auditor General (CAG). An almost similar trend can be seen in case of revenue allocation on elementary education, as that on education in general. States like Bihar, Uttar Pradesh, Himachal Pradesh and

Chhattisgarh spend a generous percentage of their GSDP on elementary education. The expenditure shares have risen consistently over the years in Bihar and Uttar Pradesh. In contrast, the shares are significantly low in Punjab, Andhra Pradesh and Tamil Nadu; in fact the figures are less than 1 percent to GSDP in most of the selected years. These current state of affairs is really worrisome in light of the goal of universalisation of elementary education, along with ensuring minimum level of quality learning.

Figure 2: Government Revenue Expenditure on Elementary Education as % to GSDP



Source: Compiled from Finance Accounts (various years)

<sup>1</sup> Protiva Kundu, Surajita Rout, Gaurav Singh, Khwaja Mobeen Ur Rehman (2016), "Public Financing of School Education in India: A Fact Sheet", Centre for Budget and Governance Accountability (CBGA) and Child Rights and You (CRY).



However, it is true that only the trend of expenditure share in relation to GSDP alone cannot reveal the true picture of educational financing by government. In fact, a lot depends on the economic scenario of a particular state. As the economic scenario differs across states, the tax bases are bound to differ accordingly across states, and so do their financing needs.

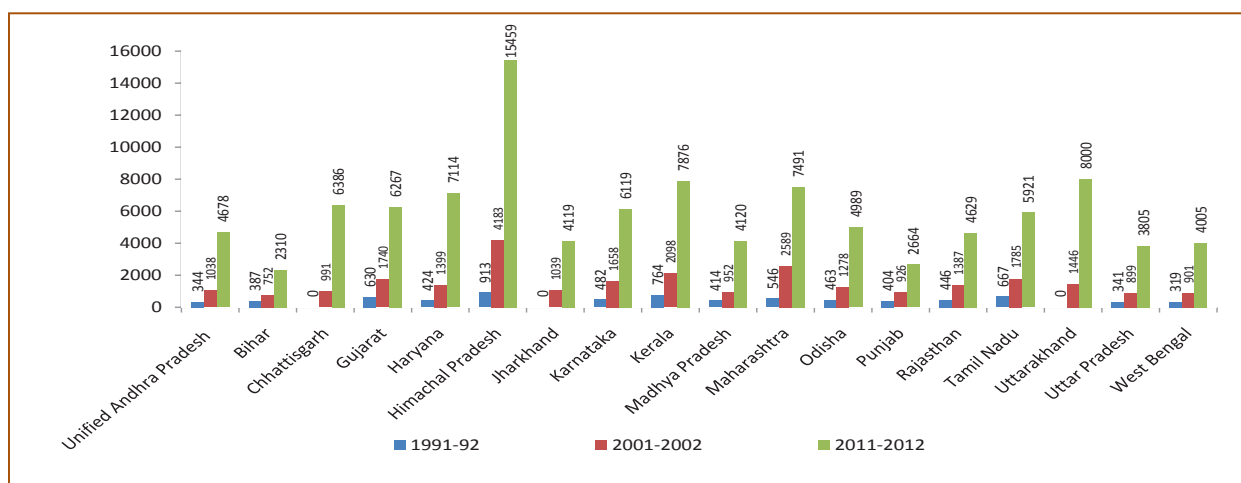
## III. Per Child and Per Student Expenditure in Elementary Education

Per-child and per-student expenditure is another important parameter that reflects the situation of financing on education. These figures prominently reflect the performance and gaps in financing of elementary education across the different states. For the purpose of this study, we have defined per-child expenditure on elementary education as the total expenditure on elementary education divided by the total number of children in the state within the age group 6 to 14. It is important to note that while not all children within that age group go to government funded schools, the aim of

the government is to provide education to all children irrespective of existence of any private provider, hence all children must be considered. Per-student elementary expenditure is defined as the government expenditure on elementary education divided by the total number of students enrolled in government elementary schools.

It should be noted, that we have considered only revenue expenditure on elementary education, while discussing about per child and per student expenditure on elementary education. Revenue expenditure is mainly year-wise expenditure, whereas capital expenditure adds to capital stocks accumulation, such as school building etc. Most developed states tend to spend less capital expenditure compared to backward states as the former mostly already have the necessary capital stock. Therefore in this study we have focused only on revenue expenditure. Also, in calculating per child expenditure, we have used census population in census year, and projected population in other years; whereas to calculate per student expenditure, we have used the number of students enrolled in government schools as retrieved from the District Information System for Education (DISE) database.

**Figure 3: Per Child Revenue Expenditure (in Rs.) by State in 91-92, 2001-02 & 2011-12**



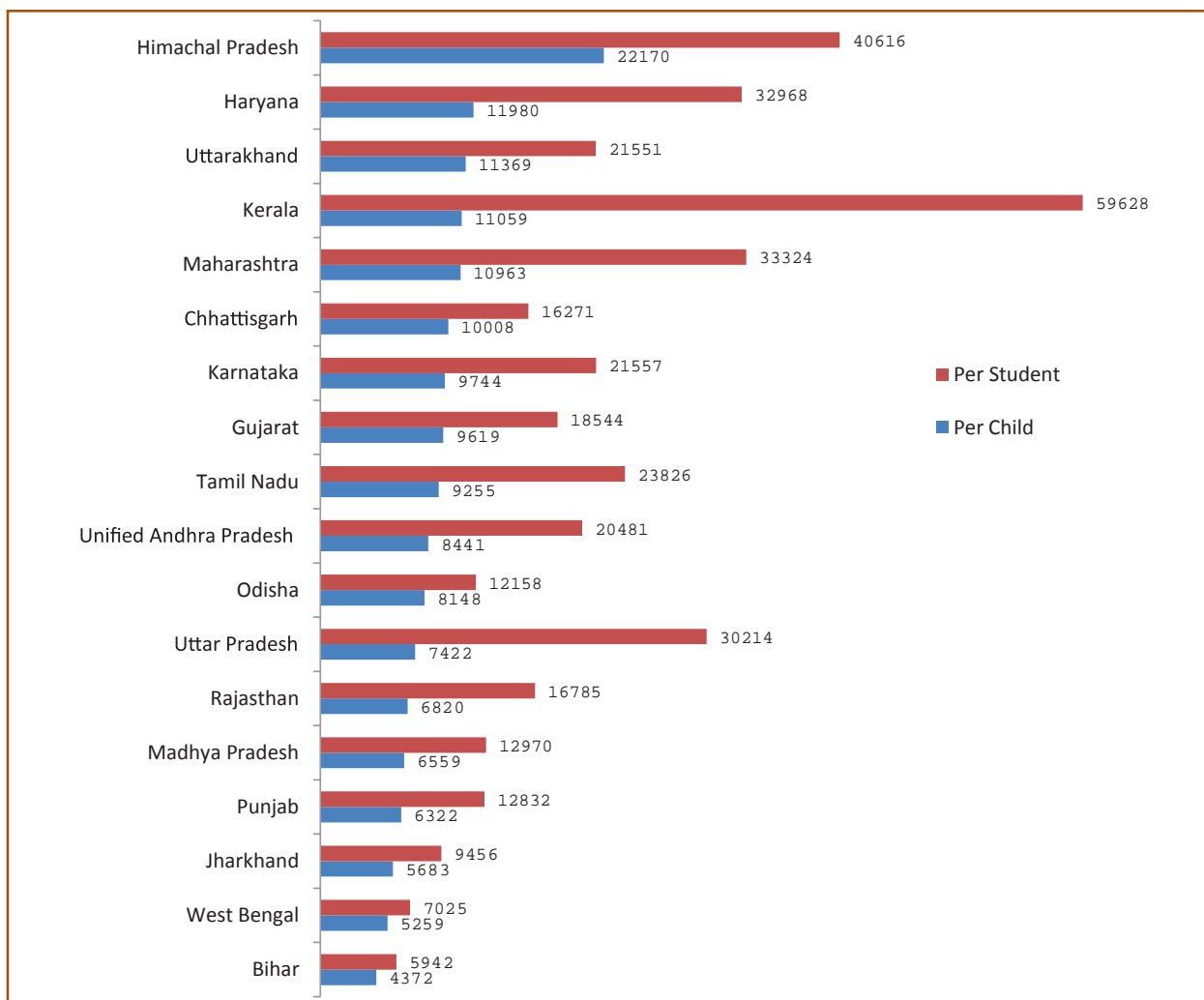
Note: Population between 6-14 years age, based on Census 1991, 2001 and 2011 have been used.

Source: Calculated from State Finance Accounts of different states for different years.

In Figure 3, we have listed the state-wise per child revenue expenditure on elementary education during the last two decades. And state-wise substantial disparities in this regard are clearly visible in figure 3. It is true that all major states, improved their per child revenue expenditure in nominal values, especially during the last decade. However, states like Uttarakhand improved much more

than many other states with respect to per child expenditure on elementary education from 2001-02 to 2011-12 and have in fact spent more than Kerala. On the other end of the spectrum, Punjab and Bihar have consistently performed worse compared to other states from 1991 to 2011. Bihar holds the position of lowest spending state with respect to per child expenditure on elementary education.

**Figure 4: Per Child and Per Student Revenue Expenditure (in Rs.) by State during 2015-16**



Source: Calculated by authors. Total expenditure from Finance Accounts, Projected population from Census and number of students enrolled in government schools are from DISE (2016).

Similarly, figure 4 presents the per child revenue expenditure in 2015-16. However, in figure 4, we have also added per student revenue expenditure by states during the year. In 2015-16, per child revenue

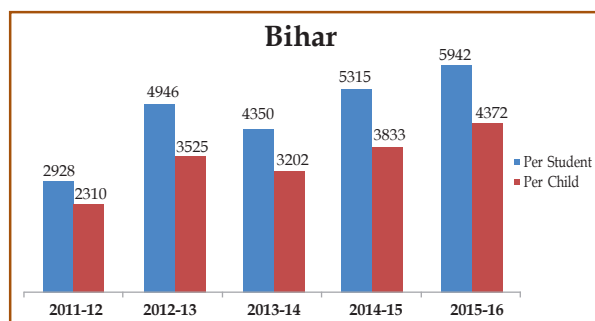
expenditure on elementary education in Himachal Pradesh (Rs. 22,170) was five times higher than Bihar (Rs. 4372). Also, Haryana, Uttarakhand, Kerala and Maharashtra are seen to be spending relatively more than

other states, in terms of per child revenue expenditure. Whereas, Rajasthan, Madhya Pradesh, Punjab and Jharkhand emerge as the lowest spending states along with Bihar. During the last decade, Bihar has improved substantially in many aspects; however, the growth rate of expenditure is dismally slower than other states.

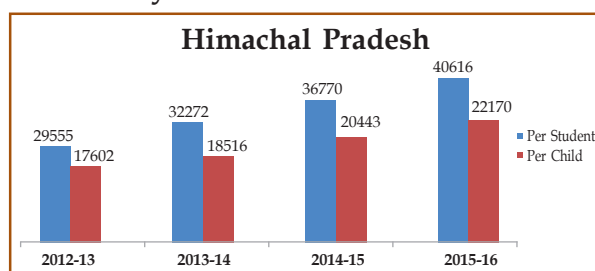
On comparison in Figure 4, we can see that per student expenditure is obviously higher than the per child expenditure in all states. The gap is lower in 2015-16, in some states like Bihar, West Bengal, Jharkhand, and Orissa etc. which are mostly low spending states. In some states, such as Kerala, Haryana, Maharashtra and Uttar Pradesh, per student expenditure is much higher than per child expenditure. The larger differences between per child and per student represent the higher dependency on private schools at elementary level.

As mentioned in an earlier section, we have considered in detail some of this data for a few selected states. We have actually selected five states based on the per-child and per-student revenue expenditure on elementary education in 2015-16. As we can see in Figure 4, the highest per child expenditure was in Himachal Pradesh and per-student revenue expenditure was in Kerala. Also the lowest per-student and per-child revenue expenditure on elementary education was in Bihar. Also per-child and per-student spending on elementary education, in Orissa and Punjab are somewhere lying in between the other major states. So for specific discussion on the details of these financing issues the following five states have been selected: Himachal Pradesh, Kerala, Punjab, Odisha and Bihar.

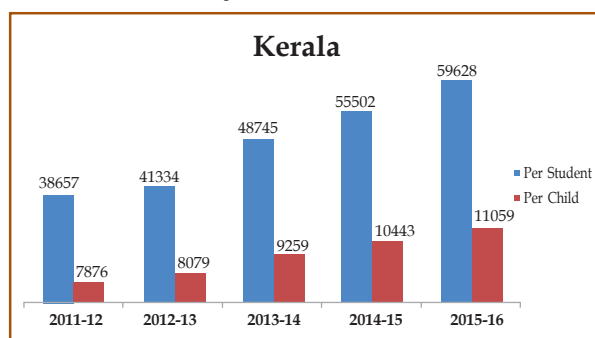
**Figure 5: Trend of Per Child and Per Student Revenue Expenditure on Elementary Education in Bihar**



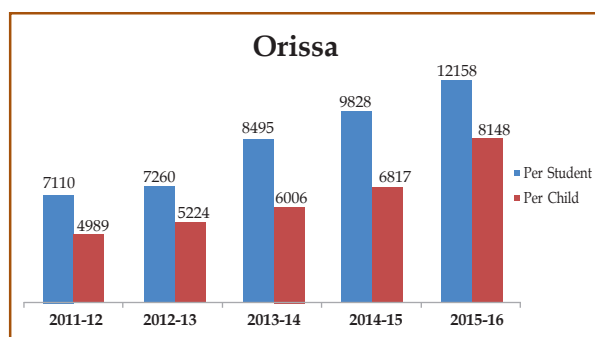
**Figure 6: Trend of Per Child and Per Student Revenue Expenditure on Elementary Education in Himachal Pradesh**



**Figure 7: Trend of Per Child and Per Student Revenue Expenditure on Elementary Education in Kerala**



**Figure 8: Trend of Per Child and Per Student Revenue Expenditure on Elementary Education in Orissa**



**Figure 9: Trend of Per Child and Per Student Revenue Expenditure on Elementary Education in Punjab**

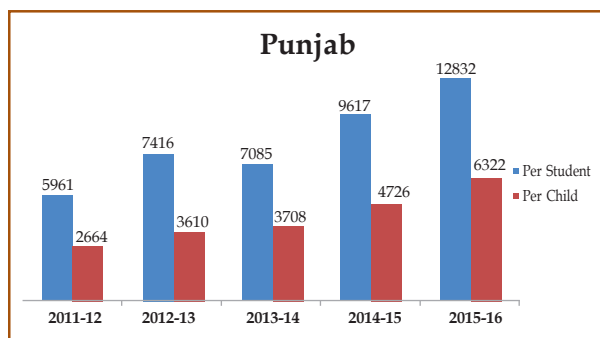


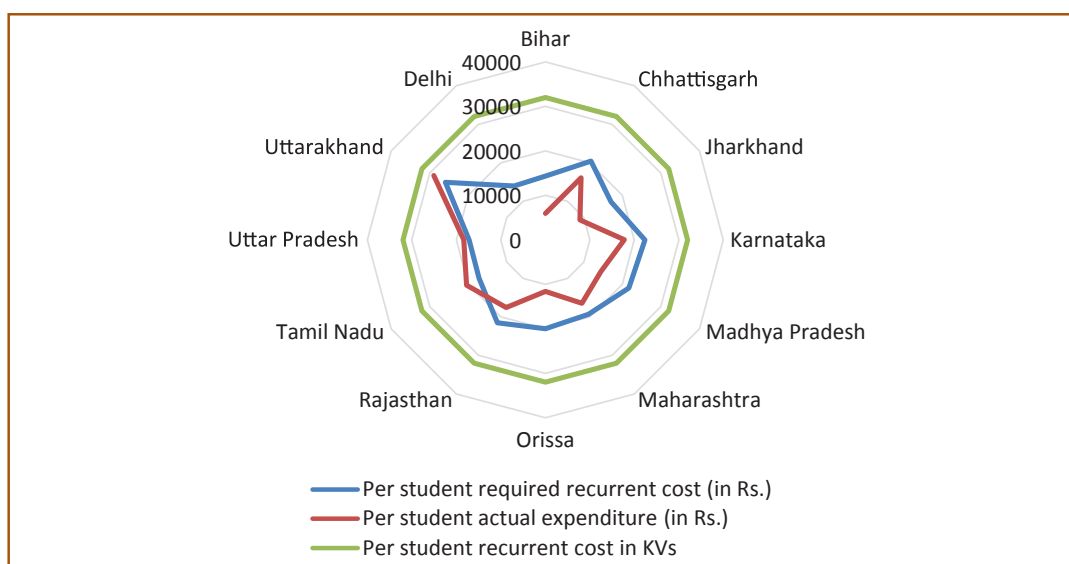
Figure 5, 6, 7, 8 and 9 represents trends of per child and per student revenue expenditure on elementary education during the last five years for Bihar, Himachal Pradesh, Kerala, Orissa and Punjab respectively. Calculations of these figures are done in the same paradigm as figure 4. The trend shows that the increment of expenditure is high in Himachal Pradesh and Kerala, however, the difference between per student and per child expenditure widened in these states. Whereas the difference seems to be almost stagnant in Bihar, Orissa and Punjab.

It is also important to look at the gap between

the necessary revenue and available revenue. For this purpose we have considered per student allocation in Kendriya Vidyalayas (KVs) as the benchmark. KVs are fully financed by the Union government and especially meant for children of government employees. The tuition fees in these schools are highly subsidised. In 2015-16, the amount of per student expenditure was approximately Rs. 32000/-. Considering this as the average, we can see in figure 3 that Kerala and Himachal Pradesh have spent higher per student expenditure on elementary education, while Haryana and Maharashtra have spent almost the same amount and all other states have spent much less than that.

A recent study at National Institute of Public Finance and Policy (NIPFP) by Bose, Ghosh and Sardana (2017)<sup>2</sup>, compared the required expenditure versus the actual expenditure for selected states. Their finding is presented in Figure 10, which reveals that all states except Uttarakhand lag remarkably in terms of the per student recurrent cost. The actual per student expenditure is much less than the required expenditure in most states.

**Figure 10: Total Requirement vis-à-vis Actual Expenditure: Select States**



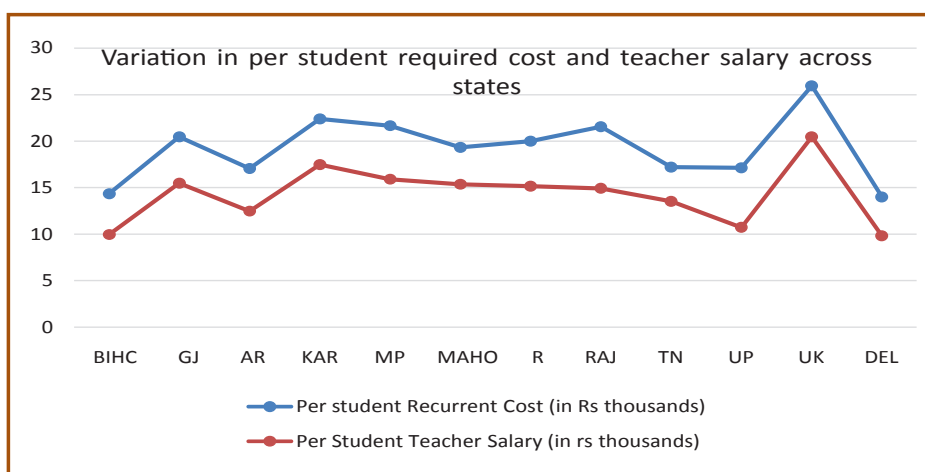
Source: Bose, Ghosh and Sardana (2017)

2 Sukanya Bose, Priyanta Ghosh and Arvind Sardana (2017), "Resource requirements for Right to Education (RTE): Normative and the Real", National Institute of Public Finance and Policy Working Paper No. No. 201, 2017.

Their study also compares per student recurrent cost and per-student teacher salary, based on 2015-16 data. They have calculated required recurrent cost as a total of 'required recurrent cost a school level' and 'required cost at system level'. The school level recurrent cost is the sum of teachers' salary, teachers' professional development, students' entitlements, operation, administration and maintenance cost, mainstreaming of out of school children and inclusive education for

children with special needs. The per-student teacher salary is the major component of per-student recurrent cost and has remained less than 15 thousands across states except Uttarakhand. In Bihar and Delhi the per-student teacher salary was less than Rs. 10 thousands. The trend has been presented in figure 11. The gap between per student recurrent cost and teacher salaries are higher in states with higher number of out of school children.

**Figure 11: Variation in per student required cost and teacher salary**



Source: Bose, Ghosh and Sardana (2017)

## IV. Allocations under various schemes and programmes

Given the context, it becomes imperative to have a fresh look upon various programmes and their allocation in the recent period. In this regard it is noteworthy that on 4th August, 2009 the Government of India enacted the RTE Act, which was implemented from 1st April, 2010. RTE aimed not only to provide enrolment to all children, but to also ensure the right to adequate school infrastructure, maintain the required teacher-student ratio and safety for children. In order to focus adequately on all these different aspects of RTE, the government has set up different programmes towards development of different aspects of school facilities.

However, we are yet to see the launch of any significant programmes towards development of elementary education apart from the Sarva Shiksha Abhiyan (SSA). SSA is a flagship programme which covers most of the aims of RTE Act, and the details of which have been discussed in detail in the later section of this report.

## Union Government's Spending

Table 3, shows the recent allocation and expenditure pattern of the Union Government under some major schemes in the latest financial year. None of these schemes have seen significant improvement in allocation during the 2017-18 budget. The government, however, asserts that the increment of untied fund by the recommendation of the 14th Finance Commission has reduced the expenditure capacity of Union government.

**Table 3: Expenditure of Union Government upon Some Major Schemes**

Rs. in crore	2015-2016 (Actual)	2016-2017 (BE)	2016-2017 (RE)	2017-2018 (BE)
Sarva Shiksha Abhiyan	21661.44	22500.00	22500.00	23500.00
National Bal Bhawan	18.44	15.50	17.19	18.00
Rashtriya Madhyamik Shiksha Abhiyan	3562.61	3700.00	3700.00	3830.00
Teachers Training and Adult Education (of which)	916.02	830.00	750.80	925.67
Strengthening of Teachers Training Institutions	488.70	480.00	480.00	480.00
Appointment of Language Teachers	79.93	25.00	25.00	125.00
School Assessment Programme	3.31	5.00	1.65	0.67
Saakshar Bharat	344.08	320.00	244.15	320.00
National Programme of Mid-Day Meal in Schools	9144.89	9700.00	9700.00	10000.00
Kendriya Vidyalaya Sangathan (KVS)	3278.47	3795.47	3987.25	4300.00
Navodaya Vidyalaya Samiti (NVS)	2285.14	2471.00	2614.78	2700.00
National Council of Educational Research and Training (NCERT)	209.37	229.50	228.64	230.00
Central Tibetan School Administration (CTSA)	47.50	51.88	54.84	54.00

Note: RE: Revised Estimates, BE: Budget Estimates

Source: Expenditure Budget, 2017-18, Union Budget of India

Apart from these major programmes, the Union government also allocates money for other smaller programmes like, Digital India e-learning, National Award to Teachers, National Means cum Merit Scholarship Scheme, 'National Scheme for Incentive to Girl Child for Secondary Education, National BalBhawan, programmes for Adult Education and Skill Development, National Literacy Mission Authority, Education Schemes for Madrasas and Minorities' etc. It must be mentioned that the Union government spent most of part of the allocated money for these

programmes as Grants to states/UTs.

A brief note about the above mentioned schemes:

- Sarva Shiksha Abhiyan is the flagship programme for universalisation of elementary education. SSA focuses on different aspects development and has different heads of expenditure, like access, retention, enhancing quality, bridging gender and social category gaps, school infrastructure etc.
- National Bal Bhawan is an autonomous body that has been contributing



towards achieving creativity amongst children in the age group of 5-16 years, especially those from weaker sections of the society.

- Rashtriya Madhyamik Shiksha Abhiyan (RMSA) is another flagship programme focusing on developing secondary education in India.
- Teachers Training and Adult Education aims to improve teaching quality according to the global standards. Its other functions include strengthening of teacher-training institutions, appointment of language teachers, School Assessment Programme, Saakshar Bharat etc.
- National Programme of Mid-Day Meal in Schools is a nutrition based retention programme. It was launched in 1995 for students in primary schools only. 2008-09 onwards the programme covers all students in government elementary schools.

## Schemes by States

Apart from the Union government, governments at the state level have also launched some programmes for improving quality of education. The state budget documents mostly present figures on the allocation details about teachers' salary, administrative expenditure and grants to local bodies or private-aided schools (which are managed privately, but mostly financed by government). However, they give some details about the centrally planned programme like SSA and Mid-day Meal Programme. Some other studies by NIPFP and CBGA provide the breakdown of estimated expenditure in school education budget for the year 2015-16. These figures, presented in table 4 below, reveal that the major share of expenditure is going towards teachers' salary. To improve enrolment and retention, the states spend on several incentive programmes and Bihar can be seen spending a much higher share in that area compared to other states.

**Table 4: Composition of Expenditure (other than Infrastructure) in School Education Budget (in percentages)**

	BIH	CG	JH	KAR	MP	MAH	OR	RAJ	TN	UP	Average
Teachers' Salary	55.6	64.7	61.7	78.6	68.0	71.5	62.9	85.6	68.8	77.0	69.4
Teacher Training	1.7	0.6	0.5	0.5	0.2	0.4	0.3	0.3	0.3	0.3	0.5
Incentives	23.6	8.2	11.0	4.6	10.8	2.0	13.5	5.8	8.0	12.5	10.0
Inspection & Monitoring	0.6	0.0	1.0	0.0	0.0	0.5	1.4	0.9	1.2	0.4	0.6
Mid-day Meal	8.9	5.8	10.6	10.4	7.7	4.2	8.3	3.0	6.4	3.3	6.9
Others*	9.5	20.4	15.2	5.8	13.2	21.4	13.6	4.5	15.3	6.5	12.6

Source: Bose, Ghosh and Sardana (2017) based on CBGA (2016), "How have states designed their school education budgets?" 2016.

Notes: \* Others includes expenses on direction and administration (rent rate and taxes, water charge, electricity bills, miscellaneous charges, print and stationary, salaries on operation of ashram/hostels, grant in aid (non-salary), grant to local bodies (unspecified) and other expenditure

Different states have different incentive programmes like dress distribution, cycle distribution (in secondary education) etc.

For example, Bihar has a dress distribution programme called the 'Mukhya Mantri Poshak Yojana' with expenditure about Rs.

113 crore in 2015-16. Bihar has also launched a programme for 'Scholarships to students in elementary schools'; the grant for which was Rs. 100 crore in 2016-17 revised estimates. This programme aims to give scholarship to all children in primary education at the rate of Rs. 50/- per month to students of class I to IV, Rs. 100/- per month to students of class V to VI, and Rs. 150/- per month to students in class VII and VIII. Apart from these, there have been reports of some new programmes to be launched by individual states for betterment of quality and inclusiveness in elementary education. However we do not find any details on the grant allocation for these schemes in the official financial documents. These programmes include:

### By Orissa Government -

- Ujjwal Scheme by Orissa Government
  - o Aims to attain basic competencies in language and arithmetic, including written and spoken English.
- Orissa Insurance Policy
  - o Orissa has announced an insurance policy for school children in the age group of 6-14 with ex-gratia ranging from Rs 10,000 for accidents and upto Rs 2 lakh for deaths or permanent disability, effective from April 1, 2015.

### By Himachal Pradesh Government -

- SAMARTH: State-wide systemic reforms to improve the quality of education

- o The focus of the programme Samarth is to improve the learning levels of students through systemic interventions.
- o Improve learning levels by 8-10 percentage points.
- o Achieve grade-level competencies for at least 75% students across elementary grades.
- o Ensure Himachal is among top 3 states in National Achievement Survey (NAS).
- PEHAL
  - o A new and unique initiative of the Shimla administration to bring about qualitative change in education.

### By Punjab Government -

- Free education for girls in Punjab from Nursery to PhD
- Free Wi-Fi for 13,000 primary schools

### By Bihar Government -

- Radio programme to teach English
  - o Bihar Government has launched an ambitious radio programme to teach the language to students of classes I and II in all state-run primary schools. The aim is to make English language interesting and interactive.

## V. Budgetary allocation and break-ups under SSA

The fund allocated under the SSA programme is broken down under

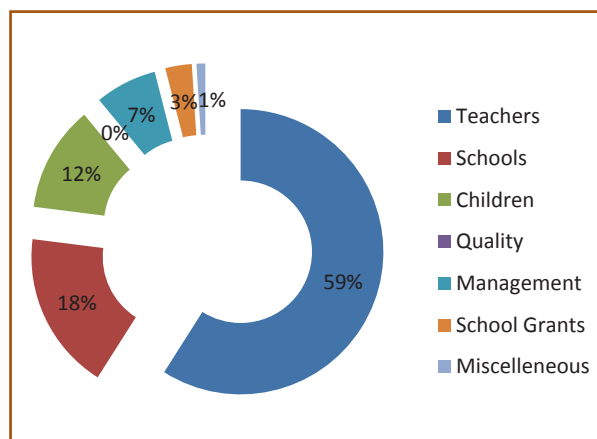


different heads of expenditure, which are (i) Access, (ii) Retention, (iii) Enhancing Quality, (iv) Annual Grant, (v) Bridging Gender & Social Category Gaps, (vi) School Infrastructure and (vii) Project Management Cost. Access covers the different aspects relating to school access, such as opening of new schools, residential schools for specific category of children, residential hostels for specific category of children, transport/escort facility, reimbursement of fee (against 25% admission Under Section 12(1)(c) of RTE Act 2009 (entry level) subject to upper limit of 20% of AWP&B guidelines issued by MHRD) and special training for mainstreaming of out-of-school children. Retention includes the following functions: free text book distribution, provision of two sets of uniform for each student and teaching-learning equipment. Enhancing Quality covers aspects relating to betterment of quality of education such as, new teachers' salary, training, academic support through Block Resource Centres/ URC and cluster resource centres, computer aided education in UPS under innovation and developing libraries in schools. Annual grant is further categorised under different heads like 'Teachers' Grant', 'School Grant', 'Research, Evaluation, Monitoring & Supervision' and 'Maintenance Grant'. Bridging Gender & Social Category Gaps include expenditure on interventions for children with special need (CWSN), innovation (up to Rs. 50 lakh per district) and SMC/PRI/Community Training. School infrastructure and project management costs include grants for

developing infrastructure and management respectively.

According to the Economic Survey (2016-17), 'the share of teacher components in total SarvaShikshaAbhiyan (SSA) budget has been increasing over the years from 35 per cent in 2011-12 to 59 per cent in 2014-15. However, shortage of professionally qualified teachers remain issues to be addressed.'

**Figure 12: Share of SSA Expenditure by Union Government**

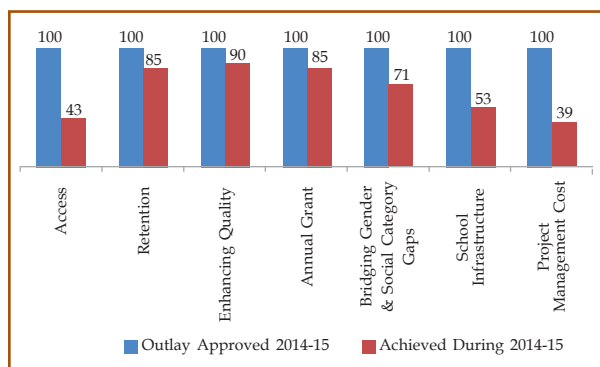


Source: Economic Survey, page 163, compiled from SSA Portal.

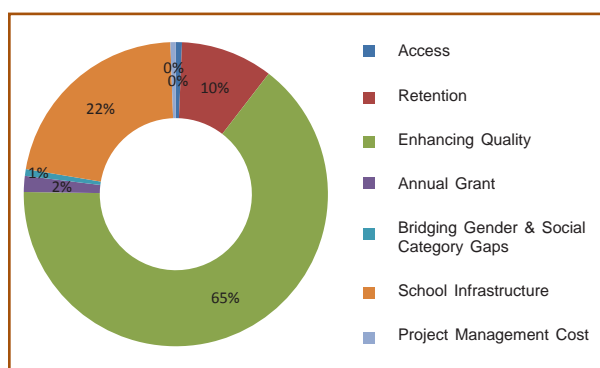
In our analysis of SSA expenditure among the five selected states, we have focused mainly upon two things: (i) the share of utilised amount from the allocated money across different heads of expenditure within SSA (ii) the share of utilised fund across these main heads out of the total SSA expenditure. As mentioned earlier, we have presented this analysis for three low performing states first, viz., Bihar, Odisha and Punjab and then two relatively better performing states, viz., Himachal Pradesh and Kerala.

## Bihar

**Figure 13: Bihar: Achievement of SSA Approved Outlay in 2014-15**



**Figure 14: Share of Achieved Expenditure During 14-15 under Different Heads of SSA in Bihar**

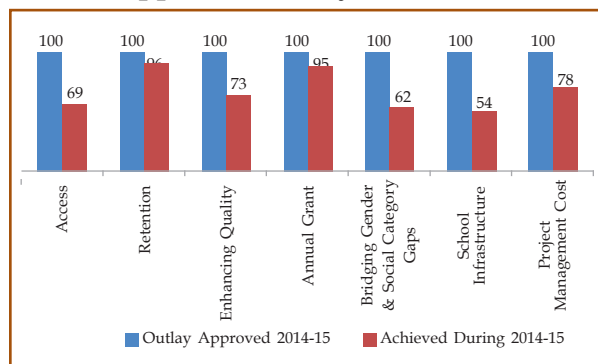


- Figure 13, clearly depicts that in Bihar, achievement of approved outlay across the different heads is low. The lowest achievement was recorded on account of Management and Access improvement, whereas, the highest in enhancing Quality and Retention Programme.
- If we look at the share of actual expenditure of SSA in 2014-15, under the different expenditure heads, almost negligible expenditure took place towards access improvement. The largest share of spending was done on quality enhancement (65 percent). The other two heads which have recorded significant spending include

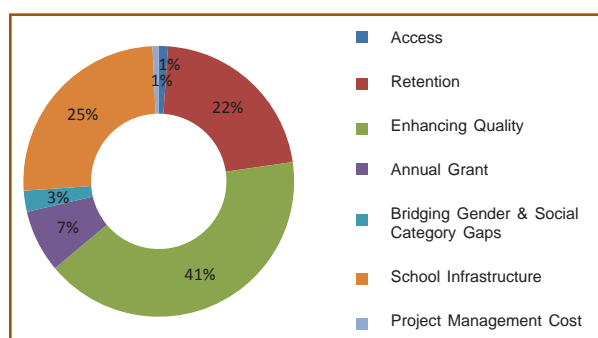
school infrastructure (22 percent) and retention programme (10 percent).

## Odisha

**Figure 15: Odisha: Achievement of SSA Approved Outlay in 2014-15**



**Figure 16: Share of Achieved Expenditure during 14-15 under Different Heads of SSA in Odisha**

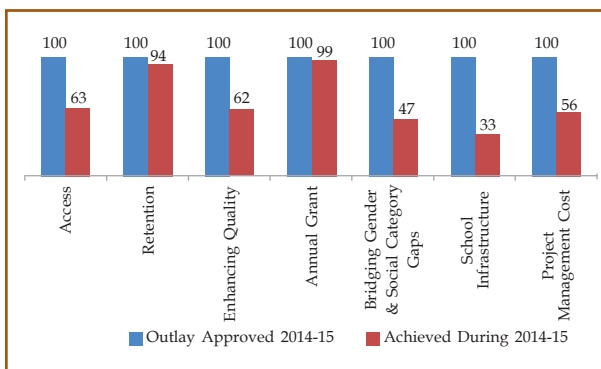


- Unlike Bihar, Odisha is still not very successful in achieving the approved outlay under the different heads of SSA. Figure 15, shows Odisha has spent the least expenditure on School Infrastructure, Bridging the Gap between Gender and Social Categories and Access improvement, while, it seems to be spending sufficiently well on Retention and Annual Grants for enhancing quality.
- Figure 16, shows the trend of expenditure across different heads by Odisha are quite similar to that of

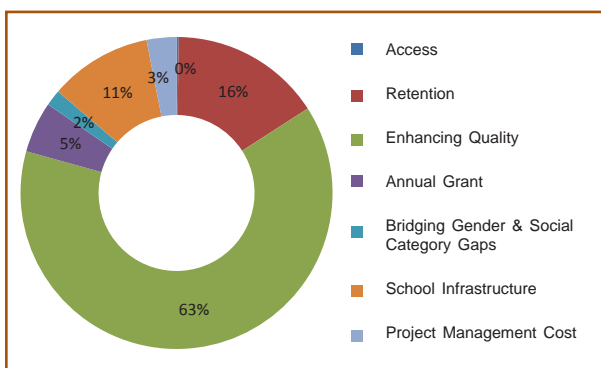
Bihar. It is evident that the highest expenditure share is incurred on enhancing quality of education, followed by improvement of school infrastructure and retention. 7 percent of SSA expenditure is spent on annual grants and 3 percent upon bridging the gap between gender and social groups in the state of Odisha.

## Punjab

**Figure 17: Punjab: Achievement (%) of SSA Approved Outlay in 2014-15**



**Figure 18: Share of Achieved Expenditure during 14-15 under Different Heads of SSA in Punjab**



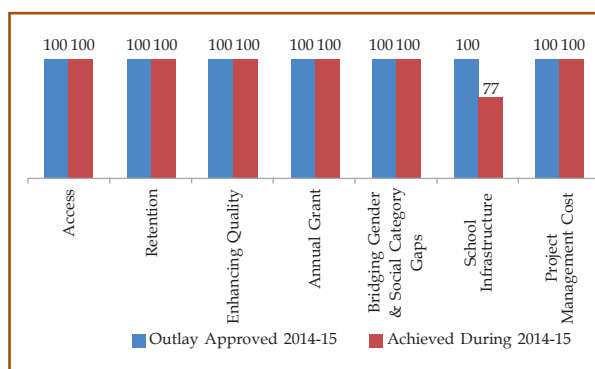
- The performance in Punjab was not significantly better in terms of achievement on the approved outlay under different heads of SSA. In 2014-15, it was able to spend the entire amount allocated for annual grant and

retention out of the Approved Outlay. However, the lowest achievement was reported under School Infrastructure (33 percent).

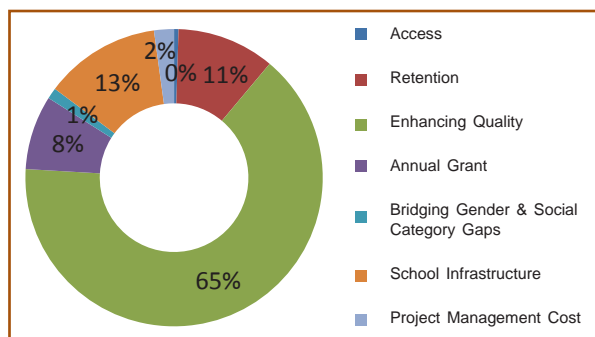
- In 2014-15, the share of expenditure on Access was very low (0.22 percent of total SSA grants) compared to the achievement of 63 percent of the SSA Approved Outlay. The state also spent more on Enhancing Quality (63 percent), Retention (16 percent) and School Infrastructure (11 percent). However, the expenditure on Inclusion was a meagre 2 percent.

## Himachal Pradesh

**Figure 19: Himachal Pradesh: Achievement of SSA Approved Outlay in 2014-15**



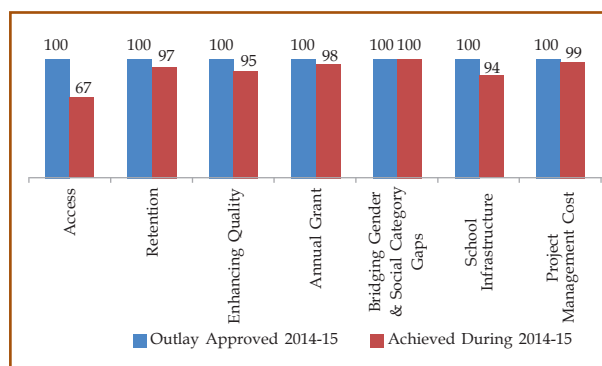
**Figure 20: Share of Achieved Expenditure during 14-15 under Different Heads of SSA in Himachal Pradesh**



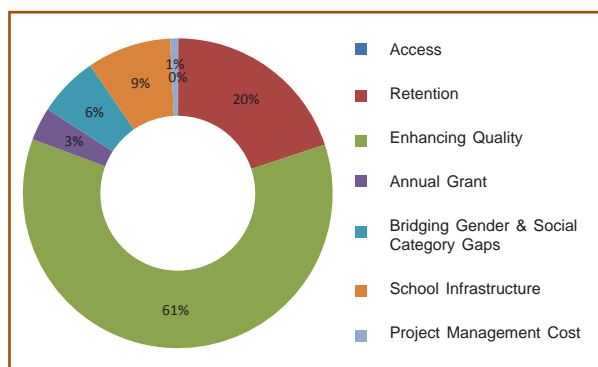
- Himachal Pradesh has performed better in many education indicators over the period of consideration and also spends much higher on elementary education as compared to most other states. Its performance in terms of achievement from the approved outlay under different heads of SSA has also been better. Figure 19 shows that Himachal Pradesh utilised all the grants according to the approved outlay, except for School Infrastructure and records 77 percent achievement.
- The distribution of SSA expenditure among the major heads in Himachal Pradesh is similar to those of other comparable states. It has spent 65 percent of Total Achieved Expenditure on enhancing Quality of Education, and 13 percent on betterment of School Infrastructure, and 11 percent on Retention Programme.

## Kerala

**Figure 21: Kerala: Achievement of SSA Approved Outlay in 2014-15**



**Figure 22: Share of Achieved Expenditure During 14-15 under Different Heads of SSA in Kerala**



- The performance of Kerala is also considerably better in terms of education indicators. Except for allocation towards Access, the state was able to spend more than 95 per cent of approved outlay under different heads of SSA in 2014-15.
- Kerala also spent 61 percent of its SSA expenditure on Enhancement of Quality of Education and 20 percent on Retention Programme. However, Kerala focused more on inclusiveness, and spent almost 6 percent towards bridging the gap between gender and social category gaps. It also spent 9 percent on Betterment of School Infrastructure in 2014-15.

These figures reflect an improved consciousness towards better quality of education. However, the figures on infrastructure development and inclusiveness reveal major scope for improvement of funding and management on part of the states to achieve the targets of RTE, as quality education for all forms a major part of Sustainable Development Goals.

## Outcome of SSA

As formerly mentioned, SSA is the

only flagship scheme towards universalisation of elementary education and bettering learning quality. According to the outcome budget 2016-17 of Department of School Education and Literacy, GoI, the achievements of Sarva Shiksha Abhiyan till September 2015 are as follows:

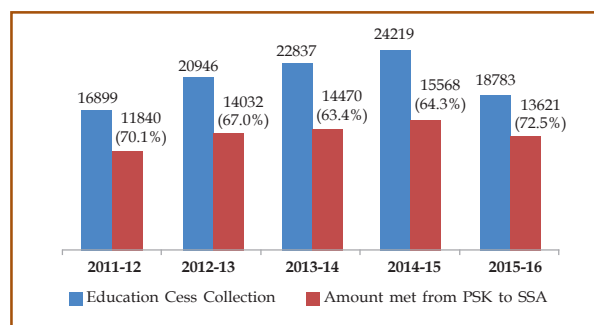
- Opening of 3.59 lakh new primary and upper primary schools.
- Construction of 1,80,997 new primary school buildings and 1,04,355 new upper primary school buildings.
- Construction of 17,14,076 additional classrooms
- Provision of 2,26,627 drinking water facilities
- Construction of 9,37,124 toilets
- Appointment of 15.58 lakh teachers
- In-service training imparted to 11.70 lakh teachers at BRC level & 9.87 lakh teachers at CRC level.
- Supply of free textbooks to 7.02 crore children. An outlay of Rs. 22500 crore has been allocated for 2016-17.

However, these achievements are not satisfactory given the level of requirement in a vast and diverse country like India. Also, most states were not able to achieve even the minimum standards of the approved outlay of SSA during the financial years considered for this study. We now present a comparison and critical analysis of the manner in which different states allocate SSA grants under different heads and their achievements in meeting the goals of SSA. We have also tried to highlight some relevant points related to the outcome of elementary education towards RTE.

## VI. Trend in Cess Collection and Share of Cess in Education Spending

We may recall that the 'National Common Minimum Programme' of the UPA Government (2004) introduced education cess, for achieving universalisation of elementary education. Education cess was introduced by the Union Government in 2004-05, and on October 6, 2005 the Parliament of India approved the creation of the Prarambhik Shiksha Kosh (PSK), a 'non-lapsable' fund to be spent on providing elementary education and mid-day meal. The Sarva Shiksha Abhiyan and National Programme of Mid-Day Meal in schools are largely funded by the education cess. In 1997-98, the Government of India launched 'National Elementary Education Mission', which was renamed as Sarva Shiksha Abhiyan (SSA) in 2000-01 and launched with a higher amount of allocation (Rs. 325 crore). In 2015-16, the expenditure on SSA by Union Government was Rs. 21661.44 crore, among which Rs. 13,621.13 crore was met from (PSK). SSA expenditure allocation by Union government were Rs. 22500 crore (revised estimate) and Rs. 23500 crore (budget estimate) for 2016-17 and 2017-18 respectively. Also, the amount met from PSK for SSA was estimated Rs. 14145.52 crore (revised estimate) and Rs. 14525.80 crore (budget estimate) for 2016-17 and 2017-18 respectively.

**Figure 23: Education Cess Collection and Amount Met for SSA (Rs. in Crore)**



Source: Compiled from Union Government Finance Accounts, CGA (various years)



Figure 23 shows the amount of education cess collected, along with its share that goes for SSA expenditure through PSK for five consecutive financial years. One can observe a consistent annual increment in the amount of education cess collected, except in 2015-16. This may be due to a reduction in collection from Union excise duties. However, the transfers towards SSA are more or less stagnant, and the contribution towards Mid-day Meal have increased over the years. It must be taken into consideration that the Mid-day meal is a very good incentive scheme for child retention along with ensuring nutrition.

These figures must be viewed with the understanding that amounts collected as education cess are annually transferred to PSK but at any given point the PSK also has unaccounted funds from the previous years. Figure 23 reveals only about the share of amount transferred for SSA expenditure. The remaining amount is spent on financing the Mid-day Meal programme. We can see that almost 70 percent of cess collection is actually spent on SSA. However, in 2013-14 and 2014-15 the share was around 64 percent of education cess collection. It is also worthwhile to mention that the implementation of Goods and Service Tax (GST) to replace other taxes may decrease education cess. However, it may also be the case that GST may increase the tax base and as a result increase the untied fund share towards the State to provide several services including education.

## VII. Changes in Elementary Education Spending before and after 14th Finance Commission Recommendations

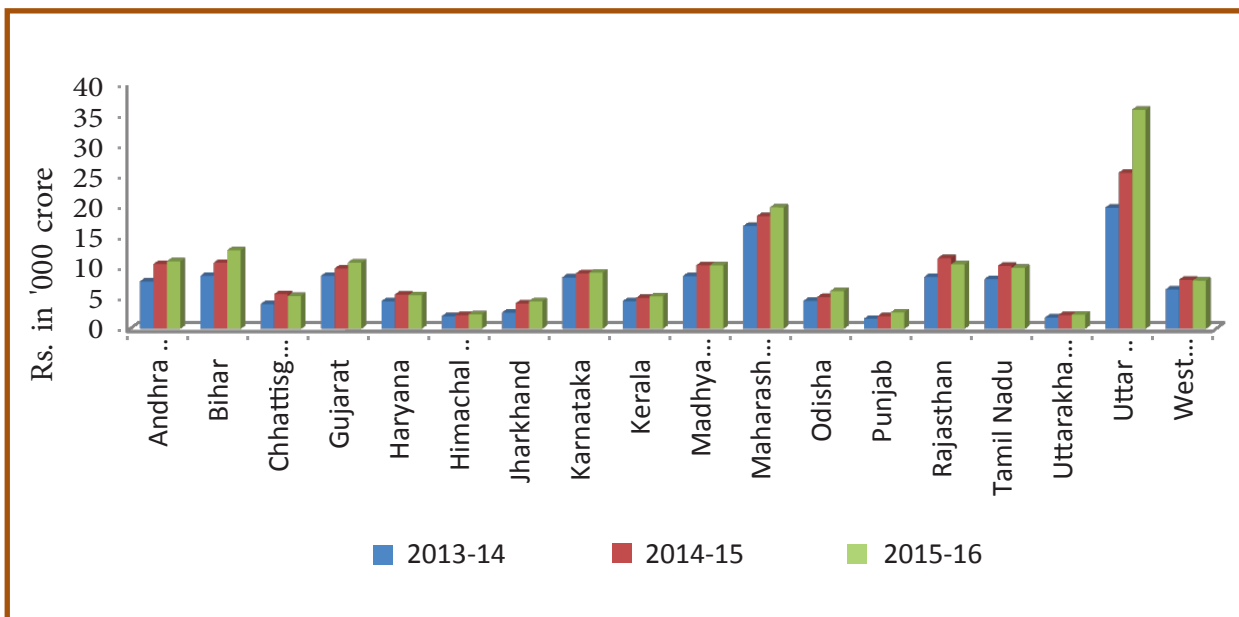
As we know provisioning of elementary education is mainly a state subject, that is to say, it is the states' discretion where to spend more. The Union Government of India transfers money to state governments in the form of tied (conditional) fund and untied (unconditional) fund. The untied fund is mostly given as TaxDevolutionGrant, or money transferred as 'Normal Central Assistance' or 'Special Central Assistance' and various other kinds of compensations. Whereas the tied funds are conditional transfers under different Centrally Sponsored Schemes and Centrally Planned Schemes. The 14th Finance commission has recommended a 42 percent of Union taxes to be transferred to states as tax devolution grants. This has given relatively more freedom to states to spend among different sectors according to their state-specific needs and priorities.

Apart from SSA, the central government also provides grants to all states, and it varies across states depending upon the requirement and expenditure capacity of states. After the recommendation of 14th Finance Commission to increase untied grants, the pattern of receiving grants among states has changed. We have presented the figures of expenditure on elementary education across the major states for 2013-14, 2014-15 and 2015-16. The increment of untied fund is one of the main reasons for this change. However, the interests and priorities of the government are also very important

and how different states spend the un-tied fund must be subject to deeper analysis. It is also worth noting that for most states actual expenditure have increased after the increase in untied fund. If we compare the trends of

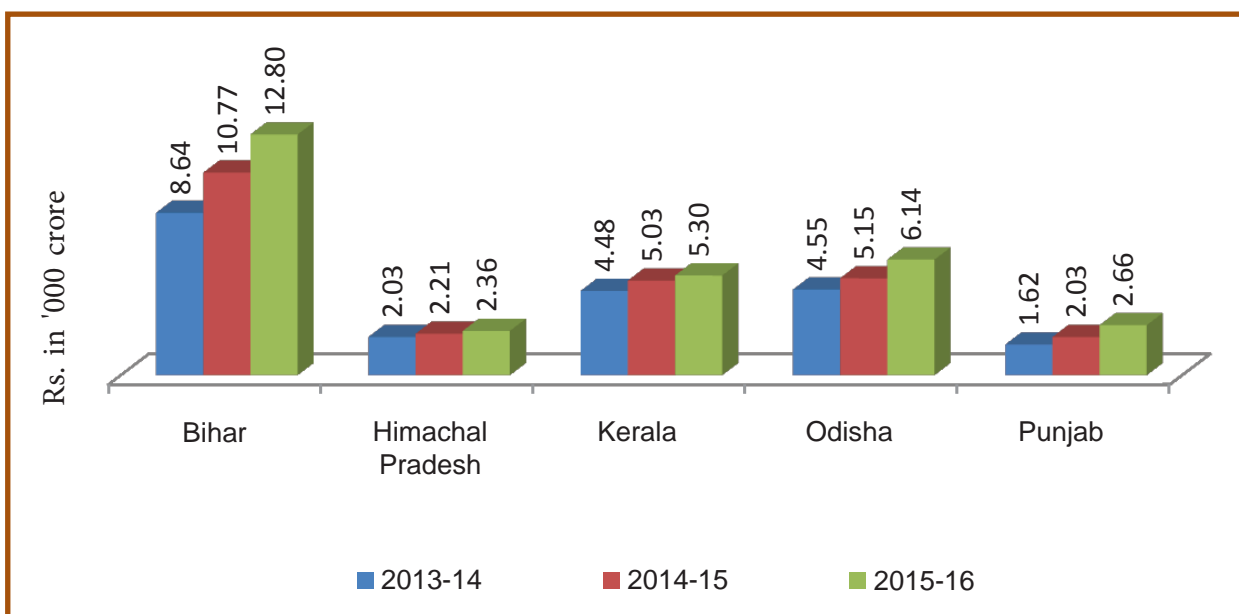
(2015-16) to (2014-15), except for Chhattisgarh, Haryana, Madhya Pradesh, Rajasthan and Tamil Nadu, significant improvement can be noticed in states like Uttar Pradesh and Gujarat. (Figure 24).

**Figure 24: Changes in Revenue Expenditure on Elementary Education before and after 14th FC Recommendation**



Source: Calculated from State Finance Accounts, 2013-14 & 2015-16

**Figure 25: Changes in Elementary Education Revenue Expenditure before and after 14th FC Recommendation among 5 Selected States**



Source: Calculated from State Finance Accounts, 2013-14 & 2015-16

However, the increment in untied fund has reduced the grant amount for many flagship schemes in most of the states. However, the details of scheme-specific grants are not available in the finance accounts for most states. In table 5, we have traced the change in grants amount in four major programmes for the three states: Bihar, Kerala and Odisha, for 2014-15 and 2015-16. It is clearly visible that

the amount of grants for RMSA and MDM have reduced in 2015-16 than the previous year for all the three states. In fact, in Kerala, the grants amount for SSA has also reduced. It is also worth noting that Bihar has received a substantially high amount for SSA as compared to Odisha and Kerala. It is crucial for Bihar to focus on their pattern of spending to achieve better results at the elementary education level.

**Table 5: Grants-in-aid for Selected Schemes from Central Government during 2014-15 and 2015-16**

(Rs. in crore)	Bihar		Kerala		Odisha	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
Rashtriya Madhyamik Shiksha Abhiyaan (RMSA)	144.85	36.01			201.00	198.71
Sarva Siksha Abhiyan under Primary Education	1760.74	2037.62	187.58	114.79	666.95	820.82
Mid-Day Meal (MDM) under Primary Education	1628.55	1429.36	199.86	152.70	493.04	397.32
Teachers Training	34.96	65.15	10.76	18.63	32.51	25.91

Source: Compiled from State-wise Finance Accounts, 2015-16

## VIII. State and Central Share in Spending in Education during Last Five Years

In this context, we also need to look at the trends of expenditure share of states and the Union governments upon elementary education. We have considered the available figure in the Combined Finance and Revenue Accounts (CFRA) of the Union and State Governments in India for various years. These documents

provide figures for sector-wise expenditure for all states and Union Governments. We have considered school education revenue and capital expenditure vis-a-vis general education (excludes technical education). However, the funds spent by the Union government are categorised as grants for North Eastern states, grants to State and UTs and these figures collected from the Union Budget documents are adjusted from the total figure available in CFRA. Some other expenditure is also provided for



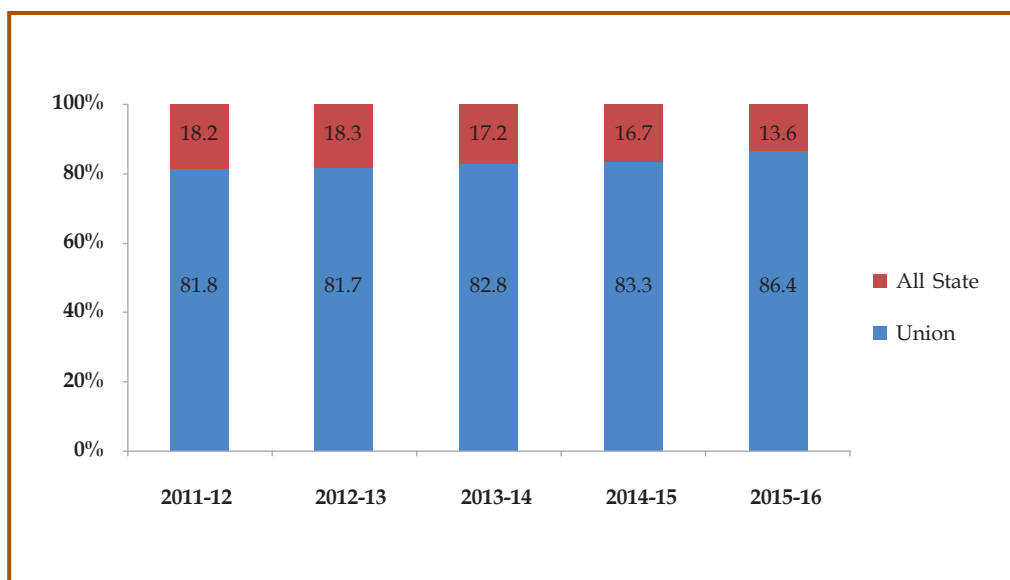
welfare of SCs, STs, OBCs and Minorities, but that forms a very small share of the total expenditure on education, and we have chosen to ignore it for the purpose of this study.

## A. Centre State Expenditure Share on Education in India

It must also be recalled that the provision of the different levels of education is a responsibility shared among the Centre, State and local bodies. However, the roles of all these different tiers of governments in India are equally important to achieve all

targets of RTE, and ensuring education with minimum standard quality. However, the withdrawing support of the governments, especially the Union government is evident from the above-mentioned figures. It is clearly visible from Figure 26 that the share of Union government's expenditure has been continuously decreasing for the last five years, and this has reduced significantly during 2015-16 after recommendations of the 14th Finance Commission. In 2015-16, the share of Union government upon general education expenditure was almost 18.2 percent, which has reduced to 13.6 percent in 2015-16.

**Figure 26: Trend of Expenditure Share by Union and State Governments on School Education**



Source: Compiled from CFRA (various years), CAG

## B. Centre State Expenditure Share on General Education among Five Selected States

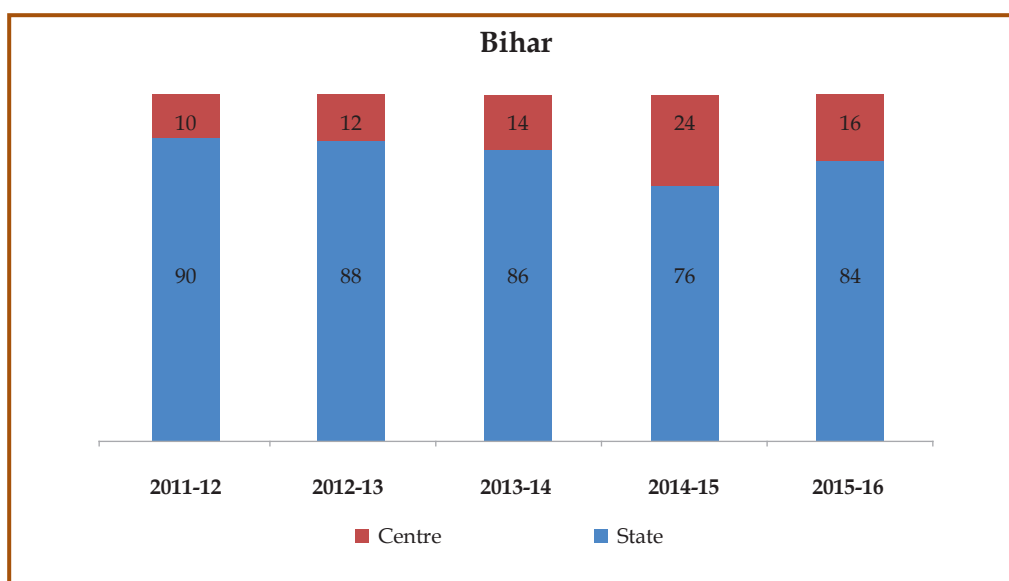
In almost the same way, we have tried to calculate the share of central grants and states' own expenditure on education in general from the state governments' finance

accounts. From Figure 27 to 30, we can see that the centre shares of expenditure on general education are much higher in Orissa and Bihar, and significantly low in Kerala and Punjab. However, the trends of shares are not consistent for each year. For instance, in Bihar the share of centre share is increasing continuously and reached highest

in 2014-15 to 24 percent, and later drop to 16 percent in 2015-16. However, in Orissa the shares are continuously increasing and reached to 15 percent in 2014-15 and 2015-

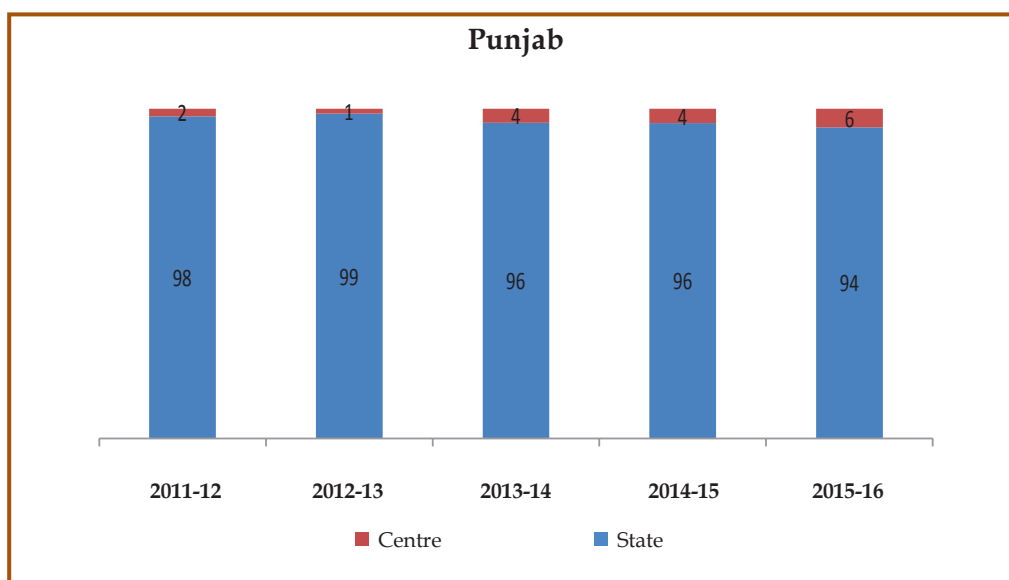
16. In Kerala the share of the centre grant is significantly low and only around 2 to 3 percent of total expenditure on general education.

**Figure 27: Centre State Expenditure Share on General Education in Bihar**



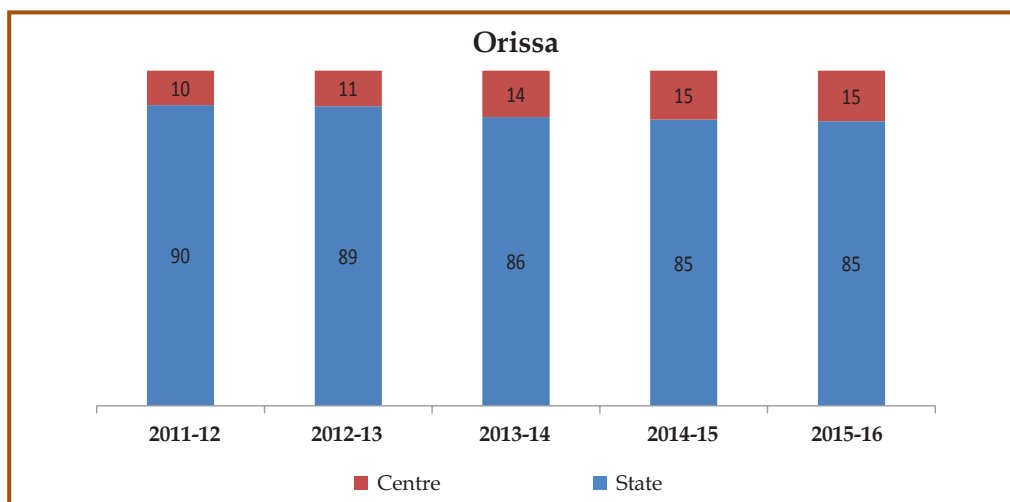
Source: Finance Accounts of Bihar (various Years)

**Figure 28: Centre State Expenditure Share on General Education in Punjab**



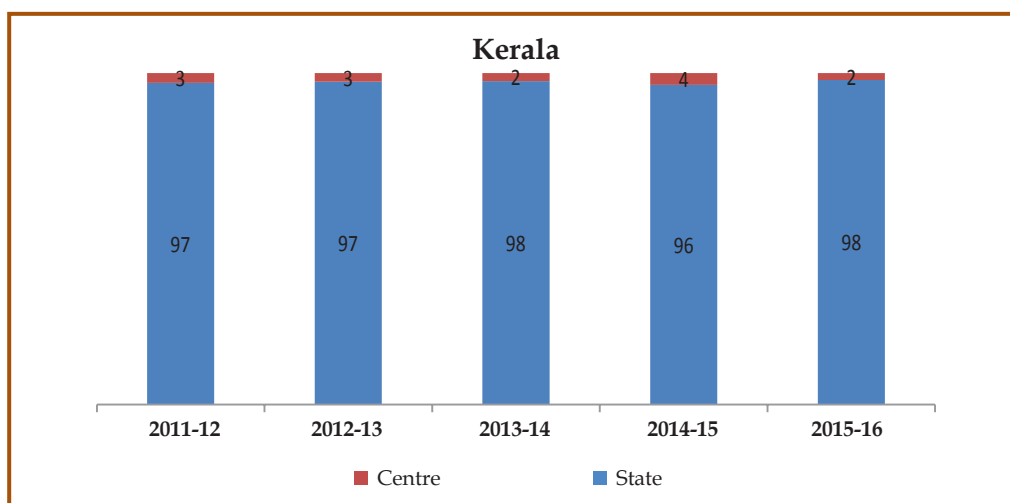
Source: Finance Accounts of Bihar (various Years)

**Figure 29: Centre State Expenditure Share on General Education in Orissa**



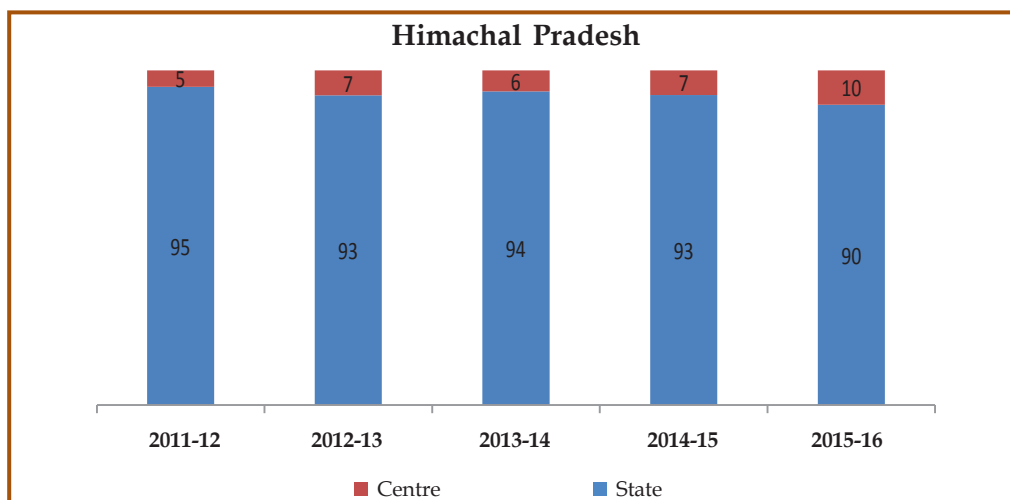
Source: Finance Accounts of Bihar (various Years)

**Figure 30: Centre State Expenditure Share on General Education in Kerala**



Source: Finance Accounts of Bihar (various Years)

**Figure 31: Centre State Expenditure Share on General Education in Himachal Pradesh**



Source: Finance Accounts of Bihar (various Years)

## IX. Reimbursement to Private Schools under Section 12 of RTE Act

Towards the achievement of universalisation of education, the government has tried to include private schools under the RTE Act. Under this Act, all private schools need to reserve 25 percent of their seats for the children from Economically Weaker Sections (EWS) residing in the nearby areas of the schools. In lieu, the government reimburses their tuition fees to those private schools which include children from EWS families. Even as there may be many incidents of success, failures, and scams in the implementation of the EWS quota, the role of private schools in education can't be underestimated.

It is disappointing that the data relating to the reimbursement of private schools by the government is not properly available. Also, there is lot of ambiguity in quantification of the funds transferred to each school in the form of reimbursement. But some states have attempted to decide a specific rate of reimbursement. Moreover, there is provision in state budgets to allocate money to reimburse the private schools under the Section 12 of the RTE Act. Nevertheless, the actual figures are not available, and in some states the figures are not available at all.

**Table 6: Reimbursement of Fee of Weaker Section Students in Private School among Selected States**

Rs. in Lacs	2015-16 (RE)	2016-17 (RE)	2017-18 (BE)
Bihar	15,00	10,00	25,00
Kerala	3110	1	10
Orissa*	25.07	100	88.34
Himachal Pradesh	57	84	63

Source: State Budget Documents.

Note: \* in Orissa figure for 2015-16 is the actual expenditure.

Out of the five states in this study, we have managed to collect the budgeted estimate figures for the said purpose for four states, which are presented above in table 6. The amounts are significantly low across all four states. Only in Bihar the figures were 15 crore, 10 crore and 25 crore, but the participation of private schools under this scheme is significantly low in Bihar as compared to other states. In other states the figures are much below the crore mark. These figures clearly indicate the lack of success of this scheme.

## X. Financing towards Achieving SDG 4

As we know, that starting 2016, the United Nations has formulated some specific development targets to achieve before 2030. These targets cover a range of goals, and are referred to as Sustainable Development Goals. Among 17 global goals, the fourth goal is 'inclusive and equitable quality education and promote lifelong learning opportunities for all'.

Various targets under this goal are given in the box below:

- By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes
- By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education
- By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
- By 2030, substantially increase the number of youth and adults who have relevant

skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

- By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
- By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy
- By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development
- Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all
- By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, Small Island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries
- By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and

small island developing states

RTE makes many significant provisions towards developing quality of school environment and learning. The RTE guidelines also provided instructions towards 'psychosocial' and has mandated to stop verbal, physical and mental abuse of children in school, as well as put an end to any kind of discrimination among children. Towards these goals, RTE has made several provisions to train and sensitise teachers about these issues as well as encouraged stricter monitoring by School Management Committees (SMCs). Also, some expenditure heads under SSA aim to improve education quality, by focusing on issues such as, early child development and bridging gender and social category gaps. However, universalisation of education programme has burdened schools with huge number of students and the minimum required level of education quality is sometimes not maintained.

It is obvious that the level of learning depends upon teacher, school infrastructure and environment, as well as socio cultural environment. But in addition to infrastructure and the school environment, availability of trained teachers having dedication and motivation to provide proper education is equally important. Due to financial difficulties, and high competition due to the population pressure, access to schools and proper attention from a teacher is a distant dream for many children, especially those from socio-economically disadvantaged sections in India. In lieu of proper support and guidance from their families, these children need extra care from the teacher to learn to a minimum standard of education.

## XI. Key Finding of the Study

- The study finds no significant sign of improvement of education expenditure

towards achieving the level of education expenditure, i.e., 6 percent of GDP as recommended by Kothari Commission long back.

- Also, the shares of expenditure on education upon the total budget size as well as total expenditure on social services are decreasing continuously during the last five years. The bold claims and promises made by the union governments for education, have not found a commensurate revision in financial provision on education.
- The poorer states with more liabilities to improve the situation of education sector are tended to spend more shares, in spite of their low fiscal space. For instances, the expenditure share to GSDP had crossed 6 per cent mark in the year 2014-15 in case of Bihar. Other states spending substantially better expenditure share on education include Madhya Pradesh, Himachal Pradesh, and Chhattisgarh.
- States like Bihar, Uttar Pradesh, Himachal Pradesh and Chhattisgarh have spent well on elementary education compared to their respective GSDP. The expenditure shares have risen consistently over the years in Bihar and Uttar Pradesh. However, in contrast the shares are significantly low in Punjab, Andhra Pradesh and Tamil Nadu; in fact the figures are less than 1 percent to GSDP in most of the selected years.
- The per-child and per-student expenditure for elementary education are much lower than the required amount in most of the states in India. Also, the state-wise disparities are clearly visible in the analysis. In 2015-16, per child revenue expenditure on elementary education in Himachal Pradesh (Rs. 22170) was five times higher than Bihar (Rs. 4372).
- Instead of any new initiatives by the Union Government towards elementary

education, it actually withdrew spending on education in the name of low fiscal space.

- As a result of 14th Finance Commission's recommendations to increase untied grants, most of the states' actual expenditure have increased after the increase in un-tied fund (2015-16 compared to 2014-15), except Chhattisgarh, Haryana, Madhya Pradesh, Rajasthan and Tamil Nadu. However, the increment in untied fund has reduced the grant amount for many flagship schemes in most of the states.
- We can experience the withdrawing tendency government from expenditure on education, in particular by the Union Government from the Centre-State expenditure share on education. In 2011-12, the share of Union government upon general education expenditure was almost 18.2 percent, which has reduced to 13.6 percent in 2015-16.
- There is no significant indicators can be seen towards contribution of the private players to achieve inclusiveness in elementary education.
- To achieve the SDG 4, public expenditure on education needs much higher allocation along with much other improvement in education policies towards better learning quality and inclusiveness.

In order to arrange adequate funds for education, multiple and redundant schemes must be located and discontinued. This would check unnecessary spending and enable the governments at both the central and state level to use towards achieving their educational commitments. In addition to all the government measures to improve quality of education, the civil society must also launch a campaign for providing quality education. Such a campaign must be backed by another parallel campaign for creating a pan-India Common Schooling System.





# ABOUT NATIONAL COALITION FOR EDUCATION (NCE)

## Vision

National Coalition for Education (NCE) aspires to ensure inclusive and equitable quality education and lifelong learning opportunities for all.

## Mission

National Coalition for Education (NCE) strives to advocate for the Right to Education for sustainable development with active participation of Civil Society Organisations, Teachers' Unions, Community and Policy makers to make education a reality for all by 2030.

## Genesis

The creation of national coalition for education in India was highly influenced by the global political atmosphere on right to education. Beginning in 1990 with the Jomtien Conference and the adoption of the World Declaration on Education for All there has been a continued push to get every child into school. However, there was very little progress being made and ten years later, in 2000, the World Education Forum was held in Dakar, Senegal, and an agreement was made on the objective of having EFA by 2015. Six targets were set up stating that quality education should be available for free for everyone. One of the biggest players present at the forum was the Global Campaign for Education (GCE) that was created from the efforts of INGO's Action Aid, Oxfam GB, and Education International that wanted to set up a global coordinated funding initiative. The GCE promised to mobilize and create public pressure on governments to follow up on their promises to provide free high quality education for all people, especially for children and women (GCE 2009).

The NCE was formed as a product of the prolonged struggle of like-minded organizations, groups and individuals on the issues of education in India. The idea of establishing a national coalition in India initially began in 1996 when several of the current members began working together on the issue of EFA.

## Composition

Since its official inception in 2002, the NCE has brought together a varied group of member organizations, uniting teachers unions, non-governmental organizations, and other social movements. At this time, the NCE has seven member organizations:

- All India Primary Teachers Federation (AIPTF), a union of more than 3 million primary teachers,
- All India Federation of Teachers Organization (AIFTO), a union of 1.2 million teachers,
- All India Secondary Teachers Federation (AISTF), a union of 0.85 million teachers,
- All India Association for Christian Higher Education (AIACHE), an association of 300 college principals,
- World Vision India, a foundation working for child rights, education and development,
- Parliamentary Forum for ensuring right to Education, a group of existing and newly elected Parliamentarians.
- People's Campaign for Common School System (PCCSS) an organisation working for common school system.
- Besides these partners NCE has around 150 NGOs, individuals, networks and fellow travellers from community as well as at national level.



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