

**Public Spending on School education in Delhi:  
The Gaps that Covid-19 Highlights**  
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## Executive Summary

This report critically analyses the gaps in the public financing of school education in Delhi. While the Covid-19 pandemic is the entry point, it looks at the structural issues of public provisioning of school education, as the pandemic brings into relief these pre-existing gaps. The issues are discussed within specific contexts of the lived reality of the stakeholders, rather than only as quantitative analysis of budgets. In addition to the macro budgetary perspective, the analysis integrates issues that emerged from the field, narrated through the experiences of government school teachers. The voices of teachers describe the experiences and problems in the design and implementation of the policies and programmes and their financing. There needs to be a deliberative element in policy making and the view from below has an important role to play. The key questions raised in this study are: What were the pre-existing gaps in school education? What happened to school education expenditure and its components during the pandemic? How well did the State protect the education of the marginalised children? And, most important, what is the way forward?

### Background

Delhi with one of the highest per capita incomes in the country is imagined as a prosperous and developed state. However, the headline picture hides many uneasy details. A closer look reveals the various fault lines of Delhi's development. The growth of Delhi as a metropolitan city has been marked by unequal access to basic services. There is an outward spatial expansion and growing density of population in peripheral zones of the city. As scholars studying the various “cities” of Delhi note, “it is a deeply divided city marked by layers of exclusion”. Less than a quarter of the population in Delhi live in “planned colonies”. The less privileged areas of the city where the majority of the working class live are poorly serviced. Access to these basic services is characterised by a “differentiated citizenship”, hampering the development of even the most basic capabilities. Spatial location, intersecting with socio-economic background, hence, influences access to school education for Delhi's children. A substantial part of the demand for schooling in these urban fringe areas in the last twenty years is being met by the low-fee private schools (LFPSs), the majority of these being unrecognised schools. A lot of the demand for LFPS is essentially a market response to excess demand for well-functioning government schools (GSs). *Amongst government schools, often the situation of schools that service the poor are the worst. The school system has reproduced the inequalities and hierarchies of the existing social structure.* 75% of those possessing higher education degrees in Delhi belong to the general category. SCs and Muslims constitute 27% and 12% of the total population in Delhi, but their share of those with higher education qualifications is only 12% and 4%, respectively.

### Public Financing of school education in Delhi

As a proportion of GSDP, Delhi's education budget is smaller than the educationally advanced states of India. Measured against its revenue potential/ income, the public spending on education is comparatively less. Delhi spends about 1.4% of GSDP on education (1.3% on school education) (2018-19) compared to 2.6% in Kerala and 2.3% in Tamil Nadu and Maharashtra for the 2015-20 period. Moreover, these Southern states have maintained a high level of spending across several decades. The widespread perception of high levels of public spending on education in Delhi is overstated and incorrect.

The inadequacy of present levels of public spending on school education in Delhi can be more accurately established when measured against normative standards. Public finances on school education are in no way adequate vis-a-vis the required (normative) expenditure. There are large pre-existing gaps in resources. As per official statistics, there are more than 17,000 vacancies in teaching positions in government schools (GSs) in Delhi (2020-1). In teacher training institutions and administration, against sanctioned academic posts, many are unfilled.

The greatest shortfalls in Delhi are in the number of government schools. A large proportion of government schools (GSs) face shortages of classrooms. 89% of the Directorate of Education schools and 70% of MCD schools need additional classrooms. According to our estimate (2019-20), more than 100% expansion in capacity in public schooling is necessary to meet the shortage of public schools in Delhi. 632 composite (K-12) GSs and 275 primary GSs, separately, need to be established, besides the addition of classrooms to existing schools. A proper supply response entails a very substantial addition to the existing number of GSs and the recruitment of teachers. It requires additional investments of up to 0.71% of GSDP of Delhi, i.e., a 50% increase on the present level to cover both infrastructure and teacher gaps.

The gaps in resources underline a deeply unequal structure of school education for the poor and marginalized children, a system that was already overwhelmed and was relying heavily on the expansion of the private sector, especially low-fee private schools, to offload the growing pressure of enrolment. These gaps in financing increased with the pandemic as both the pressure of enrolments in government schools rose (15.4% rise in enrolment between 2019-20 and 2021-2) and the need for individual attention, remedial sessions and therefore smaller cohorts of learners became necessary. Simultaneously, the decline in expenditure, as discussed below, pushed up the financing gaps.

### **The decline in expenditure during the pandemic**

The growth in expenditure on school education in the two to three years before the pandemic varied from year to year but showed a rising trend. It had risen by a very moderate 6% between 2017-18 and 2018-19, and by another 10.3% between 2018-19 and 2019-20 (in nominal terms). The higher growth in expenditure between 2018-19 and 2019-20 came from the higher growth in capital expenditure, which jumped up by 2.3 times in a year. It led to a rise in the share of capital expenditure in overall expenditure on education to 10.6% in 2019-20, an acknowledgment of the massive shortage in capacity. The spurt in capital expenditure needed to be sustained for expansion of capacity of the public school system.

The pandemic brought a sharp dip in overall public expenditure on school education, which declined by 12% in 2020-1, with huge cutbacks in centrally sponsored schemes as well as state schemes. It affected the general schemes as well as the schemes targeting the marginalised sections. Scheduled component plan heads on education and scholarships for the marginalised witnessed a severe squeeze in expenditure. The impetus on capital expenditure, which is extremely crucial for Delhi, was lost. Faced with a fiscal squeeze, governments prioritised salary payments over other expenditures.

Like the union budget, education was treated as a residual and an adjusting sector in Delhi government's budget. New programmes on school education announced during the pandemic (2021-2 budget) turned a blind eye to the emergency.

## **Delhi Education Budget: A closer look**

Samagra Shiksha Abhiyan (SMSA), the main CSS with a mandate for universalisation of education, has been supply-constrained over the years. Like most other states, the approved budget for SMSA in Delhi is only a fraction of what is proposed by GNCTD, indicating the supply-constrained nature of school financing. SMSA saw drastic cuts, with the expenditure in 2020-1 standing at only 58% of the expenditure in 2019-20. It adds to the pre-existing inadequacy of funding plaguing SMSA. One of the important interventions under SMSA, particularly relevant in the context of the pandemic is the special training centres (STCs) for out of school children (OSC). It addresses the imminent need to re-enrol children in schools. Though there are no official statistics yet, it is not difficult to predict that the OSC numbers are likely to rise sharply with the pandemic. The STCs, most of which are housed in the existing GSs, provide a space for learning and catching up within the school. During field visits, we found that the absorption of OSC is more probable where STCs are running. Several localities couldn't get an STC, however, due to the lack of physical space and extra classrooms in government schools even though there is an acute need. It is of concern that the approved budget for STCs went down, rather than going up in 2020-1. Whereas the unit cost remains at a paltry Rs 6,000 per child, the number of OSC was estimated at a level lower in 2021-2 than two years back (PAB, SMSA, 2021-2). Another intervention, skill training for OSC received an allocation of only Rs10 lakhs under SMSA. Incomplete coverage, low unit costs and underfunding important interventions are major drawbacks of SMSA, which in turn are a fallout of low overall allocations.

Accompanying the shortfalls in allocations, there are also unutilised balances, particularly in the secondary education budget of SMSA.

Teachers shared their problems related to the flow of funds for SMSA (and other money flows), even as the scheme provided valuable liquidity to schools for expenditure under various heads. "Schools cannot use the money as per their needs", a problem that has persisted through several rounds of restructuring of the programme. Second, the different channels of fund flow to the schools mean separate accounting and reporting formats which are administratively challenging, particularly so, when schools often have no extra hands for administrative tasks. The burden of administrative work has gone up continuously over the years, as every teacher without exception complains. Third, there are issues of predictability in fund flows.

A significant point, often missing from the policy discussions, is the absence of school mapping in Delhi, a responsibility that falls under SMSA. SMSA doesn't recognise the shortage of schools in Delhi, a crucial blind spot in policymaking.

Mid-day meal (MDM), another crucial entitlement, has suffered from the same under-allocation problem as witnessed for SMSA. There is a substantial difference between the proposed and actual budget over the years. The GNCTD has been unable to implement its own budgetary announcements of expansion of MDM made a few years back, which can be attributed to the same under allocation of budgets. Moreover, the distribution of MDM since the first lockdown – as told by the teachers and experienced by the students – has been irregular and delayed. It needs to be stressed that there has not been any social audit of MDM in any of the districts ever.

Grant-in-aid from the state government is the major source of funding for the local body schools. There was a steep decline in grant-in-aid to local body schools in the state budget in 2020-1, amidst an already sliding trend over the years. The contract teachers in MCD schools were laid off in 2020-1 to squeeze the wage bill. The livelihoods of a large body of teachers

were impacted, as a result. Besides this pandemic-induced measure, the problem of timely payment of salaries for MCD teachers is an old one. It may be noted that in per-student terms, the average expenditure by the GNCTD on students of local body schools is only Rs 21,150.<sup>2</sup> Not only is it nowhere comparable to the expenditure per student in Kendriya Vidyalayas (KVs), but it is also lower than the per child cost that the DoE announces for reimbursement to private schools.

Scholarships for the marginalised groups are the main arm of the compensatory policies in Delhi. Several state scholarship schemes faced severe cutbacks in spending in 2020-1; the overall allocation on scholarships in 2020-1 was about 10% of the 2019-20 level. The contraction is visible also from the beneficiary data. Several of the scholarship schemes had faced a squeeze in expenditure before the pandemic. Alongside the contractionary tendencies, there is a shift underway towards reallocation of budgets across scholarship schemes, in recent years. It marks a movement away from broad-based scholarships for marginalised communities in favour of financing private coaching for meritorious students, a policy shift of questionable value.

Problems of exclusions emerge from the macro data and the field data about scholarships. The National Scholarship Portal (NSP) data on scholarships presents a startling picture of the meagre numbers who apply and the small percentage of scholarship applications (mainly CSS) that are verified. The NSP portal is opaque and the school is not directly involved, neither in application/ nor in disbursement, teachers noted. The application process for scholarships is cumbersome, time taking and involves a lot of documents. An obvious gap is the lack of accessible grievance redressal mechanisms or information about the same if it exists. The implication is that the system of scholarships has become more centralised and remote, and money flows erratic from the student's point of view.

A related set of experiences of delays in payments, non-payment, irregular payments and exclusions emerged in the context of entitlements under RTE, such as school uniforms. Again, parents have no recourse to any grievance redress mechanism since the nearest point of contact - the school - is bypassed. The school administration cannot help. In addition, the shift towards full-scale DBT has happened before full coverage of the population through Aadhar, banking services, and Aadhar-linked bank accounts. For instance, as per official data, around 25% of the students enrolled in government schools in Delhi did not have an Aadhar card. Top-down administrative changes in the delivery mechanisms without adequate preparation and consideration of ground reality have led to a system characterised by significant exclusions.

To sum up, the broad conclusions are the following: (i) as the UNESCO's early warning sounded, expenditure compression was adopted across a whole set of low-income countries and Delhi's experience was no exception. General schemes and schemes for the marginalised communities witnessed contraction in expenditure. Contractual teachers were laid off to reduce the wage bill. The adverse shock rippled through a system, where the spending levels were significantly below the requisite levels to begin with. (ii) Financing across all dimensions of school education programs has been supply-constrained over the years. Low/under-allocations are manifest in unreasonably low unit costs of expenditure heads and incomplete coverage. It is manifest in the large vacancies in teaching positions. It is also manifest in the governments turning a blind eye to certain dark spots, such as school mapping exercises. As a result, the massive shortage of capacity in GSs in Delhi is pushed under the carpet. It is manifest in the state being unable to implement its own budgetary announcements like the expansion of the mid-day meal scheme. It is manifest in huge gaps

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<sup>2</sup> Per student assistance to local bodies for school education (including GIA for MDM) calculated for 2018-19.

between the demand for scholarships and the supply of scholarships. (iii) Even as the dominant problem remains the supply-constrained nature of financing, under-utilisation of resources and ineffective delivery of schemes leaves scope for improvement, within the existing expenditure frontier. The distribution of mid-day meals during the pandemic left a lot to be desired. In cash transfer schemes, top-down administrative changes in the delivery mechanisms without adequate preparation and consideration of ground reality have led to significant exclusions.

Strengthening of the public finances towards greater adequacy, effectiveness and equity of expenditure is crucial. This would allow the public system to cope with the present shocks and develop resilience for adverse shocks in the future. To build back better, a range of steps are proposed.

### **Key recommendations**

- (1) A central recommendation is to adopt and implement a medium-term plan for the expansion of the supply of public schools in Delhi. This should be based on an assessment of needs through school mapping. Well-defined time-bound targets for infrastructure creation and recruitment of teacher and non-teaching staff should be part of the plan. It would involve a substantial step up in public investment, and not incremental changes in budgets.
- (2) For resource planning and financing there is a need to recognise urban fringe areas in Delhi as a special category and provide more resources to government schools (GSs) in these areas. Since spatiality and socio-economic marginalisation intersect to a large extent, this would translate to more resources for schools with a substantial presence of marginalised groups and create better teaching-learning opportunities for them.
- (3) For a significant section of children - the numbers yet unknown - continuation of schooling is endangered. It is important to (i) examine and recognise the true extent of out-of-school children (OSC); (ii) track these children, with the help of the community, schools and NGOs; (iii) ensure special training of OSC through an expansion and strengthening of STCs, among other things; (iv) introduce incentives for retention, so that the risks of dropout may be minimized. A substantial chunk who are on the brink of drop-out need special attention "*some students have lost complete touch with the school,*" said teachers. Our estimates suggest that a significant 30% of students on average will be those without any contact, even perfunctory, with the curriculum. There is a need for a plan to retain them, along with sound practices for coping with the various losses suffered, academically and otherwise. This would be dependent on adequate resources, to a large extent.
- (4) There is a need for regular social audits of the MDM scheme and this should be implemented at the earliest. There is also a need to enhance allocations on MDM for its expansion and enrichment as per the government's (yet to be implemented) budgetary announcements of 2017-18.
- (5) Allocations on scholarships for marginalised groups need to be demand-based since these are closely linked to basic human rights. It requires a substantial step up in allocations on scholarships both for CSSs and state schemes. Reallocation of budgets away from broad-based scholarships for marginalised communities, as part of recent policy changes, should be reconsidered. With the worsening of financial conditions, especially at the bottom, there is a crucial need for broadening the scholarship net to more students. The pending

scholarship money, accumulated during the pandemic and otherwise, should be released at the earliest.

Besides, the gaps in processes in the distribution of scholarships should be addressed so that these schemes are inclusive and benefit the maximum number of students. Teachers have responded to the difficulties faced in scholarship schemes through a well-drafted set of recommendations. (i) There is a need for dissemination of information, training, and orientation to overcome the lack of information about scholarships among teachers and parents. (ii) The government should ease the condition for applying and provide the needed support by setting up a help desk and having additional staff in schools. Applications both offline and online via the PMS portal should be allowed. (iii) There is a need to institute a grievance redressal mechanism and conduct regular evaluations, internal and independent so that the schemes can become more effective and have elements of the bottom-up approach. The overall point is that local conditions should be reflected in the design of expenditure policies.

- (6) Several hurdles were identified around the working of DBT that need solutions. The government should advise the banks to open zero-balance accounts and ensure a non-discriminatory attitude towards students' accounts. An alternative of cash for those without bank accounts should be allowed. A real-time digital interface with each student's details in terms of benefits due and benefits received, scheme-wise, should be available to schools. The problems, such as non-linking of Aadhar, or back-end issues, if any, should be reflected in the portal. A logical solution to many of the problems of accessing scholarships and entitlements would also be to appoint a finance manager or officer for (large) schools (or a cluster of small schools). They can be responsible for (1) providing the necessary information and creating awareness on the various benefits due, among students and parents (ii) organising support through help desks for application and documentation in case of scholarships; and (iii) acting as the window for grievance redressal, when money is delayed/ not received. Complaints can be formally lodged. The need for a dedicated staff member for this work is crucial if all students are to receive the benefits that are due to them. This would take care of many problems of arm's length method of DBT.
- (7) The primary schools run by local bodies are the base of the schooling system and need assured and adequate resources. All too often the running of these schools has been the victim of an unpleasant political slugfest between the different levels of government. Specifically, an independent Court-appointed committee to investigate the problems of regular payment of salaries to MCD school teachers can be set up.
- (8) The issue of teachers' school time and teachers' control over that time from the perspective of professional autonomy needs serious rethinking. As a senior vice-principal teacher shared "*I am asking my teachers, what preparation are you doing for the next class? What can you do with the child? We are not post offices where we get the worksheets and pass them onto the children.*" There is a need to consciously increase the effective teaching time by reducing the numerous non-essential elements that are consuming the teaching-learning space, as suggested by the teachers and the independent evaluation commissioned by the GNCTD. Among other things, resources are needed to reduce the administrative workload on teachers, by appointing more non-teaching staff.

### **How can additional resource requirements be financed?**

The additional financial requirements are steep, but imminently doable, especially if the three levels of government join hands in the process. To reverse the growing financing gap, Delhi must raise taxes – both state and local government taxes. GNCTD must also seek from the Centre: (i) its rightful share in the divisible pool of central taxes; (ii) cooperation on the land issue as the DDA is the major land-owning agency in Delhi and land is an important factor in the expansion of schools; (iii) proper implementation of the CSSs – without the Centre slashing the state proposals - and the state, in turn, utilising the resources well.

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