

**Is There Enough Public Resource for School Education?
Examining the Available Evidences**

Discussion Paper for RTE Forum

2017

Developed by Centre for Budget and Governance Accountability (CBGA)

The paper is largely based on the CRY-CBGA Research Studies titled “How Have States Designed Their School Education Budget” and “Public Financing of School Education in India: A Factsheet”

Author: Protiva Kundu (protiva@cbgaindia.org)

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Centre for Budget and Governance Accountability
B7 Extn/110A (Ground Floor) Harsukh Marg
Safdarjung Enclave
New Delhi
India- 110029
Website: www.cbgaindia.org

Introduction:

The enactment of RTE Act, 2009 imposes a duty on the Indian states to fulfill every child's right to elementary education. Education is also a stand-alone goal among SDGs, which India is one of the signatories. As education is in 'concurrent list', both Centre and State Governments have responsibility to achieve the goal of universalization of elementary education.

Along with many other factors, financing of education is an important factor for provisioning of quality education in school. It has long been argued that public provisioning of school education is imperative and it needs more resources. But there is a counter argument from policy makers that the government provides enough resources for school education and the challenges do not lie in allocation, rather the problem is with under-utilisation.

In fact for several years now, the whole narrative of education is circling around quality with little focus on financing. The deteriorating learning level of students is the major concern of India's school education system. Hence, the focus of education policies is eventually shifting from input based to outcome based. For the first time, a consolidated Outcome Budget, covering all Ministries and Departments, is presented along with the other Budget documents in Union Government's Budget speech for 2017-18.

The more recent example is NITI Aayog's Action Agenda for three years. The Aayog has strategized its action agenda for school education keeping 'improvement in learning outcomes' as central objective for school education. The document argues that better infrastructure, lower pupil-teacher ratio, higher teacher salary or better teacher training are ineffective policy measures for improving learning outcomes in the present context.

Indeed, improving quality of education is need of the hour, but it cannot be achieved without addressing the existing supply side bottlenecks like inadequacy of infrastructure and shortage of human resources including professionally trained teachers. An enabling environment in school, teachers equipped with capacities and learning materials to facilitate learning in classrooms, efficient review and monitoring mechanisms along with equitable and stimulating curricular and pedagogic processes are key to ensuring quality education. It is anyone's guess that these inputs and processes in place require a lot of financial resources. Accordingly, adequate resources are pre-requisite to address these gaps

in quality education. . Hence, it would be a flawed approach to address the quality issue by completely ignoring the need for injecting adequate resources for the school education system.

In this background, this paper has tried to generate evidences from various lenses to establish inadequacy of government's financing of school education. Siting examples from existing education policies and pattern of budgetary allocation for the school education and its different components, the paper concludes that there is under-funding for school education and Government immediately needs to increase the resource envelope for education in general and school education in particular to realize the right to education in letter and spirit.

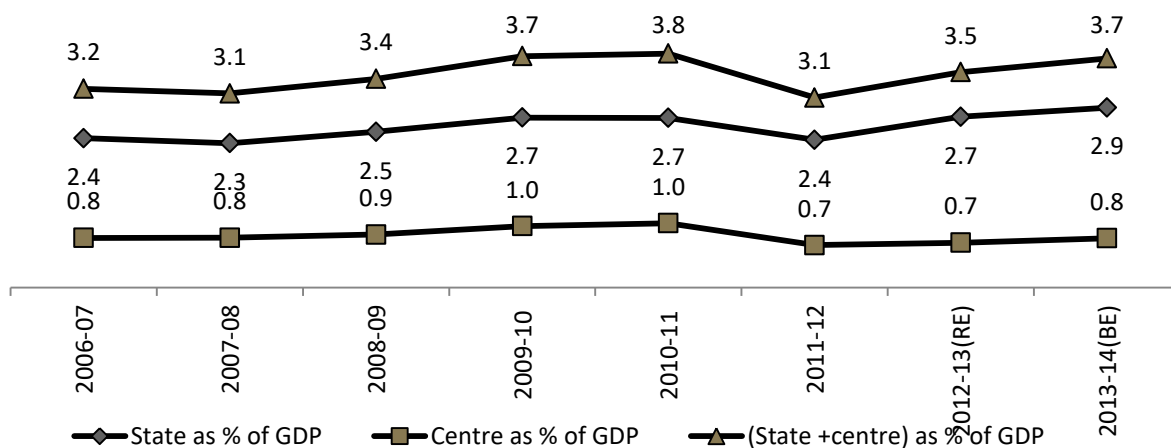
Evidence I: Overall budget for school education as percent of GDP - Much lower than the benchmark recommended by Kothari Commission in 1966

Public financing of education, to a large extent, depends on the policy and budgetary priorities for education. In order to assess the adequacy of the prevailing quantum of public financing for the sector, it is useful to have a rough estimate of how much the government should spend on financing quality education, taking into account the existing policy framework for public provisioning of education.

Such a process of estimation had started with the Kothari Commission (1964); it had based on extensive deliberations and analysis recommended six percent of Gross National Product (GNP) per year as the total public expenditure on education in the country to be reached by 1985-86. The Commission had recommended for at least two-third of the allocation to be prioritised for school education at least for the first two to three decades. Subsequently, the National Policy on Education (1986) also reiterated the need to increase public expenditure on education till it reaches 6 percent of Gross Domestic Product (GDP). Later, Saikia Committee (1997), Tapas Majumdar Committee (1999) and CABE Committee (2005) opined that due to persistent under funding in elementary education, in addition to the prevailing magnitude of public expenditure on education, more resources was needed to achieve universalisation of elementary education. In the context of the enactment of the Right of Children to Free and Compulsory Education (RTE) legislation in 2009, NUEPA (2009) estimated the amount of resource required for successful implementation of RTE by 2015. That the country's total public expenditure on education needs to be increased to the level of six percent of GDP has been reiterated by a number of political parties in their

election manifestos over the last few decades and it has also been the most popular benchmark for assessing public spending on the sector as referred to in the policy discourse in the country.

Figure 1: Public Expenditure on Education as % of GDP

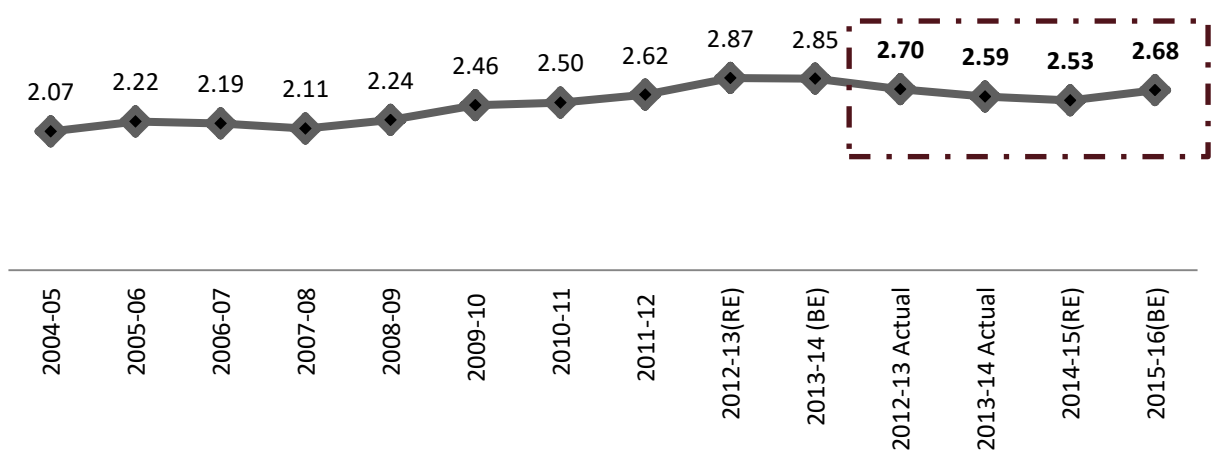


Source: Analysis of Budgeted Expenditure on Education 2011-12 to 2013-14, Planning and Monitoring Unit, Department of Higher Education, MHRD (2014)

A cursory look at the overall composition of government spending on education in the country (taking Union and State Governments together) reveals that the inter-se allocations have been stagnant over the last few years (Figure 1). The latest data provided by Ministry of Human Resource and Development (MHRD) shows that till 2013-14 (BE), 3.7 percent of GDP was allocated for education, which is a 0.5 percentage point increase from the 2006-07 level. In this total education spending, State contributes 2.9 percent of GDP and rest one-fourth of the expenditure is financed by Union Government. The overall allocation for education could be lesser for 2017-18(BE) as the share of Union Government has decreased from 0.8 percent in 2013-14 (BE) to 0.47 percent of GDP in 2017-18(BE).

The largest pie of the total education budget goes for school education, which comprises of elementary (I-VIII) and secondary (IX-XII) education. In 2013-14(BE), Union and State Governments together allocated 2.85 percent of the country's GDP (Figure 2). CBGA and CRY together extended the analysis to get more updated and comprehensive statistics on how much currently Union and State Governments are spending on school education.

Figure 2: Public Expenditure on School Education as % of GDP



Source: Public Financing of School Education in India: A Factsheet, CBGA (2016)

Our analysis has shown the expenditure pattern for last four financial years, i.e. 2012-13 actuals, 2013-14 actuals, revised estimates for 2014-15 and budgetary allocation for 2015-16 (see box inside Figure 2). The figure shows that in last four years, there is a decline in the overall quantum of budgetary spending / allocation for school education as a proportion of the country's GDP. In fact, after the implementation of RTE in 2010, the school education expenditure has increased just by 0.2 percentage point (from 2.5 percent of GDP in 2009-10 to nearly 2.7 percent of GDP in 2015-16 BE). It seems both Centre and States have not injected any substantially higher magnitude of resources for school education even after the enactment of RTE; rather they have mostly followed incremental budgeting over the last six years.

From this evidence, it can be easily concluded that India's prevailing quantum of budgetary spending on school education is substantially inadequate in comparison to the benchmark recommended decades ago by Kothari Commission.

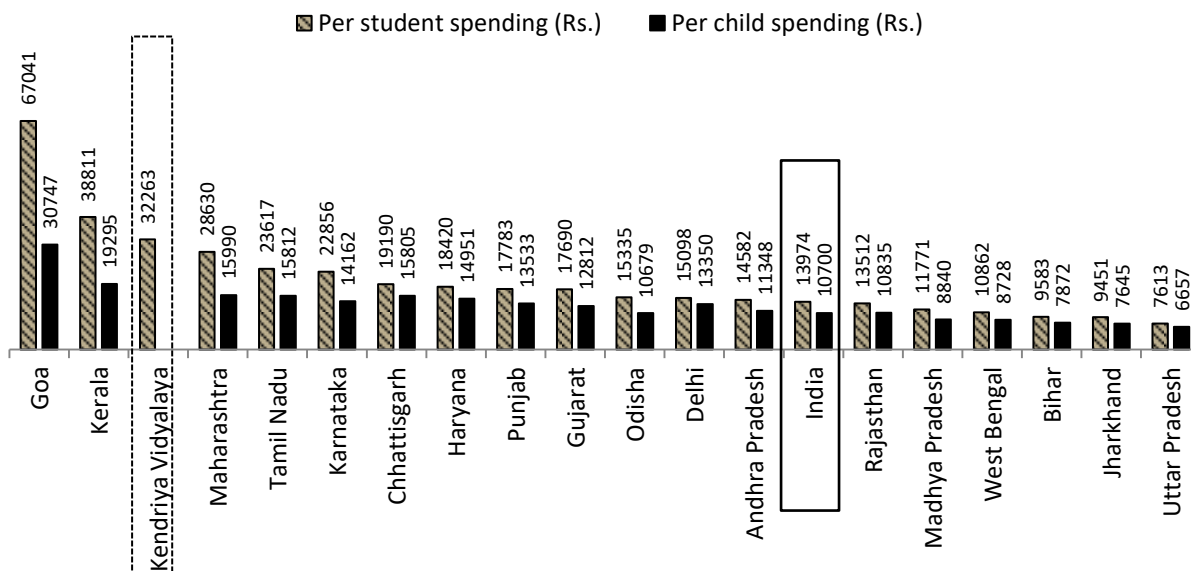
Evidence II: Comparison of Per Student cost between different types of government-run school (*Kendriya vidyalaya* vs. State-run government school)

How much states are allocating for each child at school level when they are designing their education budget? Is there any variation in the unit cost? An analysis of this indicator could help to gauge the extent of funding for school education across states. In this section, a

comparison has been drawn between per child spending and per student spending across states for the year 2014-15.

Per child expenditure provides a measure of the resources a state is spending per annum on each child of the school going age group, whereas per student expenditure provides a measure for the resource it is spending on each child enrolled in government and government-aided schools. In a country like India, where a huge number of children are out of school, it is obvious that the per student spending figures would be higher than the per child spending.

Figure 3: State-wise per Student vis-a vis Per Child Expenditure on School Education- 2014-15(Rs)



Source: Public Financing of School Education in India: A Factsheet, CBGA (2016)

While the all India average of per student spending is Rs. 13,974 per year, the highest spending state is Goa with unit cost Rs. 67,041 and lowest spending states is Uttar Pradesh with unit cost Rs. 7,613 per year for education of student enrolled in schools. However, in all the states, per student spending is higher than per child spending. In some of the states like Goa, Kerala, Maharashtra, Tamil Nadu and Karnataka, the difference between the per child and the per student spending is significant. This indicates a gap between the total population of the 6-17 age group and the total population of the school enrolled children.

However, these are the states where number of out of school children is not very high which implies a relatively higher percentage of the children in these states are enrolled in private schools. However, what is important to note that *Kendriya Vidyalayas* which are considered as ‘model’ schools financed by the Union Government, spent around Rs. 32,263 per child for their student. If the unit cost of *Kendriya Vidyalaya* is being considered as ‘benchmark’ for adequacy, then it clearly indicates the extent of under-funding of school education across states.

Evidence III. SSA is the main vehicle for RTE decided by Union Government. However, the minutes of the PAB meetings on Annual work Plan and Budgets (AWP&B) of SSA show a huge gap between fund approved by MHRD and fund allocated by Ministry of Finance to MHRD under SSA

After RTE came into force in 2010, Government of India declared *Sarva Shiksha Abhiyan* (SSA) as the main vehicle for implementation of RTE and therefore, revised the framework of SSA to harmonise with the provision of RTE Act. However, the new framework was not supported by adequate resources.

It was expected that there will be a big-push of resources for SSA to meet the target of universalization of elementary education. Conversely, SSA is severely under-funded. The under-allocation is glaring if we compare allocations with what MHRD has committed to allocate as central share for SSA to states in annual work plan and budget for the last five years. For example, in the financial year, 2016-17, against an approval of Rs. 46,702 crore, Ministry of Finance had allocated only Rs. 22,500 crore to MHRD as central share for SSA, which is not even 50 percent of the approved outlay (Table 1).

Table 1: Approved Outlay for SSA vis-à-vis Allocation by Union Government

	PAB approval for SSA (central share) (Rs. crore)	Budgetary allocation (BE) for SSA by Union Govt. (Rs. crore)	Allocation as % of approved outlay
2012-13	45419	25555	56.3
2013-14	31016	27258	87.9
2014-15	36391	28258	77.7
2015-16	40200	22000	54.7

2016-17	46702	22500	48.2
2017-18	55000*	23500	42.7

Notes: *Rs. 55,000 crore has been proposed for SSA in 2017-18(BE); Source: Parliamentary Standing Committee Report (no. 285) and Union Budget, Expenditure Budget, Volume II, for various years.

The paucity of resources for RTE becomes clearer at state level (Table 2). Financial tracking of SSA budget for nine states evidently depicts the resource gap at each stage of planning and budgeting.

Table 2: State-wise Financial Tracking of SSA Fund-2015-16 (Rs. Crore)

SSA	Proposed Outlay	Total Approved Outlay	Approved Outlay-GOI share	GOI Release	Release as % of approved outlay
Andhra Pradesh	4204	2116	1375	668	48.6
Bihar	13338	8021	5214	2437	46.7
Chhattisgarh	3382	2149	1397	622	44.5
Jharkhand	3070	1649	1072	559	52.1
Karnataka	2233	1546	1005	418	41.6
Madhya Pradesh	8044	4606	2994	1444	48.2
Maharashtra	3618	1575	1024	421	41.1
Odisha	3646	2322	1509	821	54.4
Rajasthan	6474	5026	3267	1935	59.2
Tamil Nadu	3262	2329	1514	821	54.2

Note: Both proposed and approved outlay includes spill over Source: PAB minutes for 2015-16 and audited expenditure for 2015-16

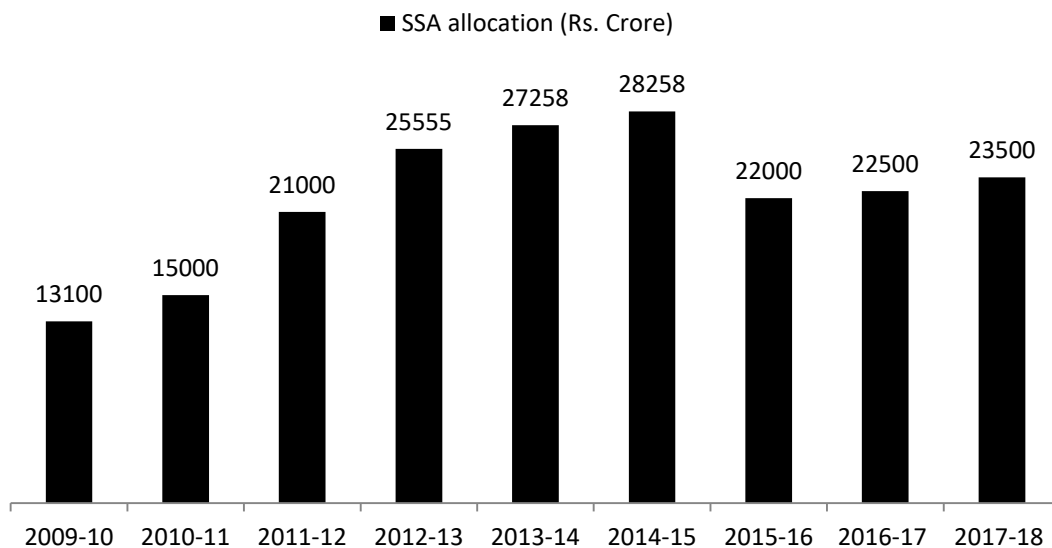
For example, in 2015-16, Bihar government (based on the district specific needs reflected in the District AWP&Bs) had proposed for an outlay of Rs. 13,338 crore for SSA. However, in the meeting of Project Approval Board (PAB), Rs. 8021 crore (about Rs. 5000 crore less than the proposed outlay), was approved by MHRD for both Union and State Government to run SSA in 2015-16. As per the then existing resource sharing pattern for SSA (65:35), of the total approved outlay, Union Government (MHRD) committed to share 65 percent, i.e., Rs.5214 crore of the total fund. However, the audited expenditure shows, that in 2015-16, MHRD had released only Rs. 2437 crore, which is only 47 percent of the approved outlay committed by MHRD. A similar picture is observed in all other states, where 40-60 percent of the approved outlay (Central share) has been released by MHRD. This clearly indicates

that Ministry of Finance has not been able to fulfill the commitments made by the MHRD and hence MHRD is failing to keep its commitments to states.

Evidence IV. A continuous decrease in SSA budget by MHRD; larger share of SSA budget from Union Govt. financed through education cess

Prior to the RTE Act, 2009, National University of Educational Planning and Administration (NUEPA), in 2007, worked out financial estimates for implementation of RTE and GOI had approved an outlay of 2.31 lakh crore for the combined RTE-SSA programme over a period of five years from 2010-11 to 2014-15. However, the funding pattern of SSA shows a clear gap between commitment and reality. Figure 4 shows between 2010-11 and 2014-15, MHRD has allocated Rs. 1,17,071 crore, which was only 50.7 percent of the proposed outlay.

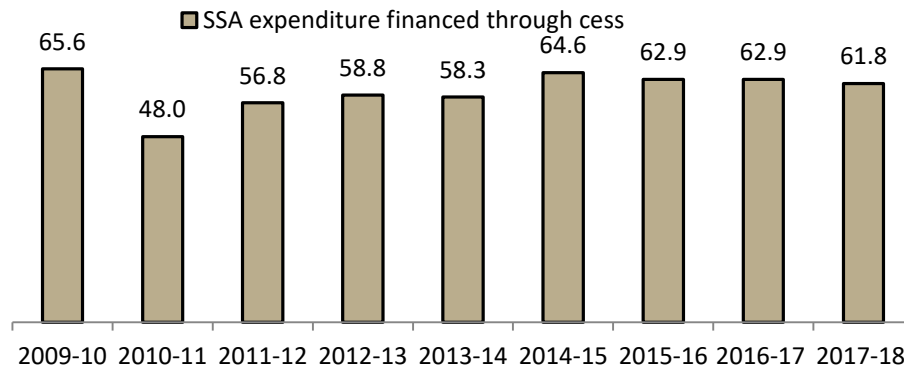
Figure 4: Allocation on SSA by MHRD (Rs. Crore)



Source: Union Budget of MHRD, various years

It is also surprising that in spite of SSA being the main instrument for implementation of RTE, the allocation for SSA by Union Government is decreasing overtime. While in 2014-15 (BE), the allocation had reached at Rs.28258 crore, it has dropped down to Rs. 23,500 crore in 2017-18(BE), which is a 17 percent decrease. Adjusted against inflation the decrease becomes even more striking.

Figure 5: Financing SSA Through Cess as % of Total SSA Financing



Source: What Do the Numbers Tell? CBGA (2017)

Over the last few years, the major chunk of government financing of elementary education had been through education cess. The Department of Elementary Education and Literacy receives the proceeds from the cess, which the Union Government levies on all central taxes and on customs duty (earlier there was also education cess on central excise duty and service tax and has been subsumed from 2015-16) maintains under a non-lapsable fund called the *Prarambhik Shiksha Kosh* (Fund created at Union Government level to finance elementary education). While the collection of cess began as a measure to inject additional amounts to supplement government's own support, it grew to be more of a substitute. After a check in 2010-11, the subsequent years observed a continuous increase in the share of *Prarambhik Shiksha Kosh* as part of the Union Government's financing of RTE (Figure 5). A recent CAG audit report shows that the SSA budget for 2014-15(RE) had been reduced by Rs. 5256 Crore, against the budgeted provision of Rs. 27,575 Crore, due to lower collection of education cess (CAG, 2015). Hence, if the financing of RTE depends on collection of cess, the allocation for SSA would always be uncertain. Moreover, it also raises the basic question that why a cess is necessary when tax revenues have been growing steadily over the years.

With the implementation of GST, how the education cess will be used is not very clear yet. Till now as per the GST council, Government will continue to levy education cess on imported Goods and the closing balance of education cess will not be carried forward in GST as it is not covered by definition of "eligible duties and taxes" under CGST Act. In this

scenario, the question arises whether it would be prudent to plan for soliciting 60 percent of the SSA budget from collection of education cess.

Furthermore, following the recommendation of the 'NITI Aayog Sub-group on Rationalising Centrally Sponsored Schemes (CSSs)', the Union Government has reduced its sharing pattern of SSA from 65 to 60 percent for all general category states, starting 2016-17 (NITI Aayog, 2015). Proper implementation of the RTE therefore, would crucially depend on the states' ability to contribute its enhanced share, which remains uncertain and is a cause for concern.

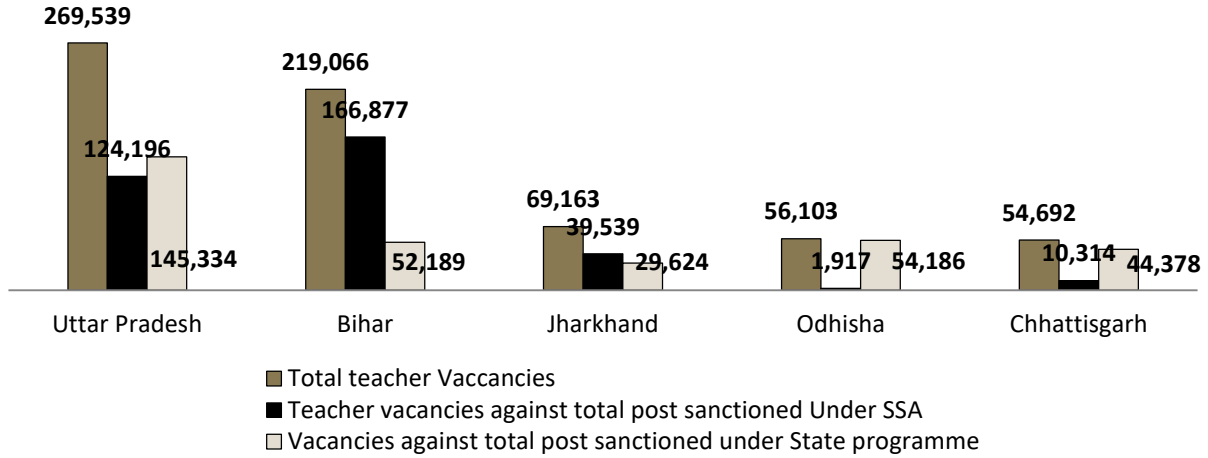
Evidence V. Example from states about underfunding on different components of school education, e.g, teachers, infrastructure etc.

A recent study by CBGA and CRY had tried to unpack how states are designing school education budget. In this process, they have done a detailed analysis of school education budget of ten states—Bihar, Chhattisgarh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu and Uttar Pradesh and tried to examine how states are allocating in some major components of school education like teacher' salary, teachers' training and infrastructure etc.

Teachers Salary:

Teachers are one of the most critical components for school education and thus their role in quality improvement is paramount. However, a common feature of Indian education system is shortage of qualified teacher. There is a shortage of more than five lakh teachers at elementary level whereas 14 percent of government secondary schools do not have the prescribed minimum six teachers. Recruitment of additional teachers has not kept pace with the rapidly growing enrolments. There had been no regular teacher recruitment for long time in Bihar and Odisha.

Figure 6: Teacher Vacancies vis-à-vis Sanctioned Post



Source: How Have States Designed Their School Education Budgets? (CBGA, 2016)

According to MHRD data, Uttar Pradesh and Bihar are the two states with a huge backlog of teacher recruitment, followed by Jharkhand, Odisha and Chhattisgarh (Figure 6). A recent MHRD report shows about 1,05,630 government elementary and secondary schools in the country are single teacher school, with Madhya Pradesh emerging as the state where highest number i.e. 17,874 of the institutions have just one teacher each (TOI, 2016). Limited fiscal space of the states is responsible for this low recruitment or no recruitment situation.

Figure 7 : Regular Teacher as % of Total Teacher-2015-16

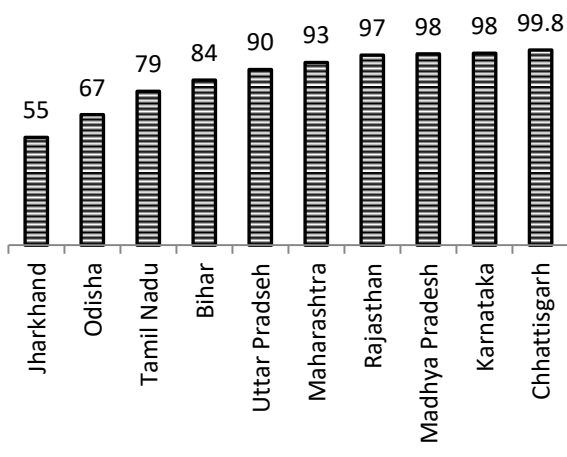
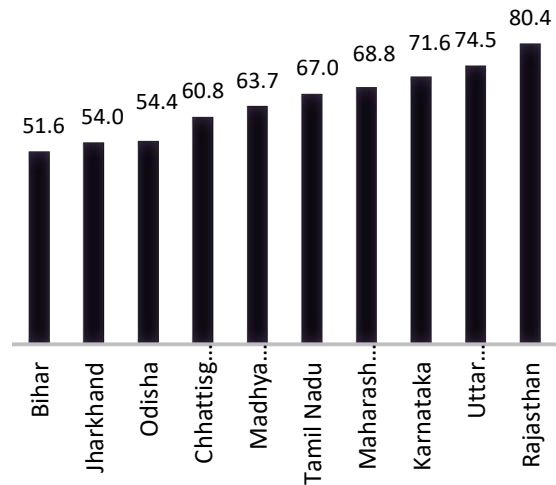


Figure 8 : Teacher Salary as % of School Education Budget-2015-16



Source: How Have States Designed Their School Education Budgets? (CBGA, 2016)

Teacher salary constitutes the major share of school education budget in India. The magnitude of teacher salary is directly linked to the number of recruited teachers in a state. A mapping of the share of regular teachers (Figure 6) and the share of teacher salary in the school education budget of 2015-16(BE) (Figure 7) shows that largely the states with a relatively lower share of regular teachers have a lower share of teacher salary in the budget pie. However, the picture is different for states like Madhya Pradesh and Chhattisgarh, where in spite of having larger share of regular teacher, the share of teacher salary in total school education budget is much lesser compared to some other study states with similar features. This is due to inconsistency in teacher salary across states. In states like Jharkhand, Bihar, Chhattisgarh and Odisha, the share of teacher salary in the school education budget is around 60 percent. Whereas, Uttar Pradesh, Karnataka and Rajasthan are the three states, where the teacher salary component is more than 70 percent of school education budget (Figure 8).

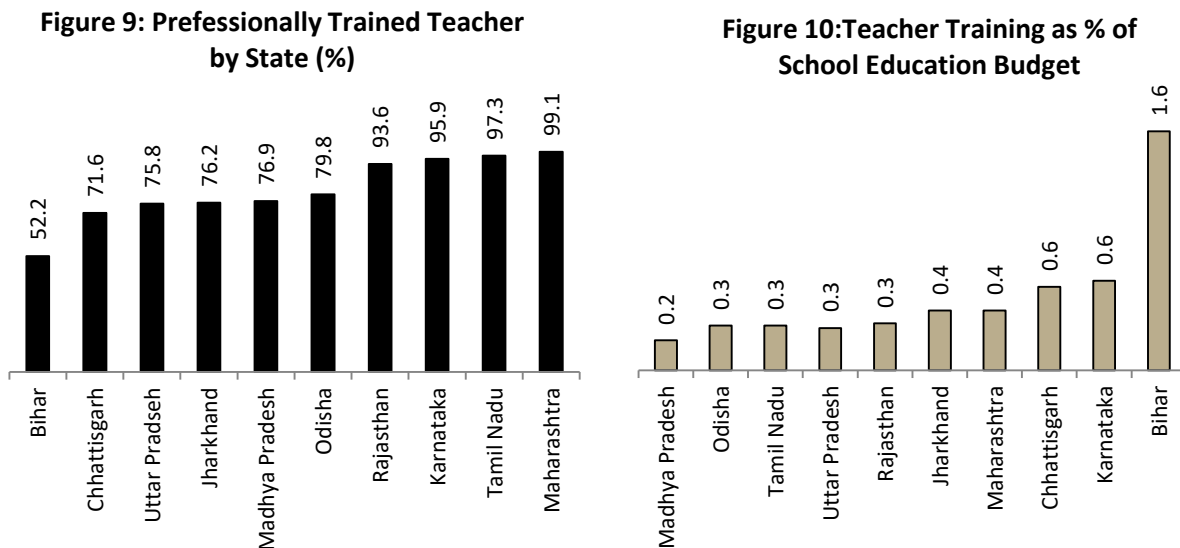
Though teacher salary constitutes the major share of school education budget in India, but it is evident that even this component in school education budget is under-funded. Given the high degree of teacher shortage, it is imperative to recruit more qualified teachers which need more resource allocation.

Teacher Training:

Teaching is a creative, demanding and constantly evolving profession. Developing capacities of primary teachers with a deep understanding of the content they teach and an understanding of how students learn that content, underpins the success of primary schools in top-performing education systems. Hence, regular training of teachers is an imperative for quality education. Among the existing teachers in government schools, about 20 percent are untrained and the proportion of trained qualified teachers has been almost stagnant since the last five years (MHRD, 2014). As per official data, the share of professionally trained teacher varies from 52.2 percent in Bihar to 99 percent in Maharashtra (DISE, 2015-16) (Figure 9). Stagnancy is not only in number of trained teachers, even unit cost for in-service teacher training under SSA is not only low but stagnant. For example, there is provision of up to 10 days in-service training for all teachers each year, at BRC level and above is Rs.100 per teacher per day. This unit cost also includes travel and daily allowances

for teachers. Even these ceilings of unit cost are not allowed automatically as a default costing norm. Actual unit cost is needed to be budgeted by states.

Despite the lack of trained teachers, spending on teacher’s training is constantly being neglected by most of the governments. Bihar is the only state, which has allocated 1.6 percent of its school education budget in teacher’s training. In the other nine states, it varies from 0.2 percent to 0.6 percent (Figure 10).



Source: How Have States Designed Their School Education Budgets? (CBGA, 2016)

Not only teacher’s training, even teacher education for preparing future teachers is suffering from inadequacy of resources and implementation. The District Institutes of Education and Training (DIETs), conceived as teacher training and curriculum development institutions, have failed to live up to their roles. Studies have shown that 17 percent of the DIETs do not have their own building, 40 percent do not have their own hostel facility. There is also about 80 percent vacancy in faculty positions in some states. Staff and faculty members are not adequately trained (Azim Premji Foundation, 2010). Inadequate provisioning in DIETs reflects in the result of Teachers Eligibility Test (TET), an essential criterion for teacher recruitment started in 2011 under RTE Act. In India only 15 per cent of the candidates managed to clear the Teachers Eligibility Test (Hindustan Times, 2015). Further, the inadequacy of provisioning in DIETs severely impedes capacity development at sub-district level, thereby adversely affecting the process of curricular reforms, onsite academic support, supervision and monitoring.

Infrastructure:

Schools with better infrastructural attributes, signal an overall interest in, and commitment to providing quality education, thereby demonstrating improved learning outcomes (Glewwe, et al. 2011). However, there are wide variations in the availability of basic facilities such as school buildings, classrooms, drinking water, electricity, toilets and hostels across states. After RTE came into operation, it mandated at least one classroom for every teacher and an office cum-store-cum-head teacher's room, safe and adequate drinking water facility to all children, separate toilets for boys and girls and arrangements for securing the school building by boundary wall or fencing. RTE also mandates a functional library and a kitchen shed to run MDM in each school. The RTE mandated infrastructure requirements are resource intensive and government schools failed to meet these requirements even after four years of implementation of the Act (Table 3).

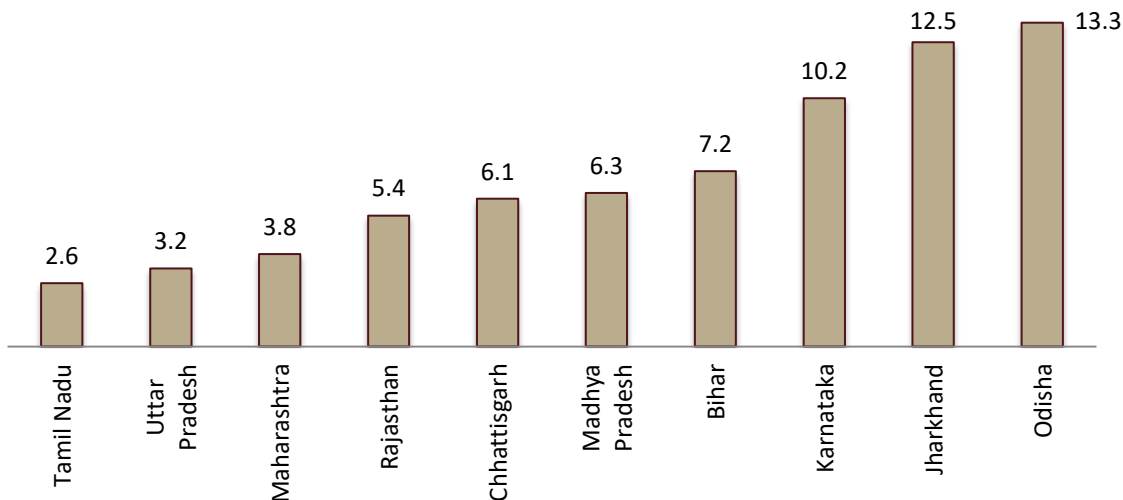
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States	% Govt. Primary schools with SCR > 30	% Govt. Upper Primary schools with SCR > 35	% Schools with drinking water facility	% Schools with girls' toilet facility	% Schools with ramp	% Schools with playground	% Schools with boundary wall	% Schools with Kitchen shed
Bihar	76	86	92	70	82	34	53	56
Chhattisgarh	21	30	96	80	82	50	57	77
Jharkhand	24	34	91	85	67	32	27	51
Karnataka	5	12	100	100	91	63	73	94
Madhya Pradesh	24	33	96	89	74	60	44	75
Maharashtra	11	19	99	98	89	83	76	57
Odisha	21	37	97	69	84	30	66	58
Rajasthan	15	19	96	96	65	49	83	82
Tamil Nadu	11	34	100	90	85	76	78	95
Uttar Pradesh	35	14	98	97	90	72	68	85

Source: How Have States Designed Their School Education Budgets? (CBGA, 2016)

After the commencement of RTE, there was a rush for developing/building infrastructure in all states to meet the RTE norm by 2015. This is reflected in the relatively high share of infrastructure quotient in school education budget. The share of infrastructure in school education in 2015-16 (BE) varies from 2.6 percent in Tamil Nadu to 13.3 percent in Odisha (Figure 11).

Figure 11: Proportion of School Education Budget Allocated for Infrastructure-2015-16 (BE)



Source: How Have States Designed Their School Education Budgets? (CBGA, 2016)

Evidence VI. Under RTE elementary education is free, still there is out of pocket expenditure on education for children studying in govt. and govt. aided schools

Elementary education in India is at a dialectical crossroad. On the one hand there is spread of education to the remotest corners of the society. On the other hand the growing class division in the field of elementary education through the reliance on private tuition and private schooling. The poor quality of learning in government schools are found to be a major reason influencing household’s decision to send their children to private schools or having private tuition post school.

As per the NSS data, at primary level, about 70 percent children are attending government and government aided school and this is around 77 percent at upper primary level. The survey also reflects higher demand for private schools in urban areas as around 51 percent urban children are going to private unaided school for primary education (Table 4).

Table 4: Distribution of Students Attended Different Types of Institution (Percent)

Type of Institution	Rural	Urban	Rural+Urban
Primary			
Govt.	72.3	30.9	62.0
Govt. aided	5.0	17.5	8.1
Private. unaided	22.5	51.4	29.7
Upper Primary			
Govt.	75.8	38.0	66.0
Govt. aided	7.9	20.2	11.1
Private. unaided	16.2	41.5	22.8
Secondary & Higher Secondary			
Govt.	63.5	37.5	55.8
Govt. aided	15.5	25.6	18.5
Private. unaided	20.9	36.5	25.5

Source: NSS 71st Round, 2014

According to the Constitution of India, elementary education should be provided free to everyone. The enabling legislation i.e. the RTE Act has made it mandatory to provide free and compulsory education to all children of (6-14) age group. But the household level survey shows (NSS, 2014) that almost every household is incurring out of pocket expenditure to acquire it.

Table 5: Students Receiving Different Facilities for Different Levels of General Education (Percent)

Level of current attendance	Free Education	Mid-Day Meal
Primary	59.9	62.5
Upper Primary	60.4	61.6
Secondary	34.5	-
Higher Secondary	9.7	-

Source: NSS 71st Round, 2014

'The term 'free' in free education is subject to different kinds of treatment by different policy makers depending upon socioeconomic circumstances. Ideally, free education implies one hundred per cent financing of primary education by the state' (Tilak, 1996). To ensure free quality education, Government of India as well as state governments have introduced various schemes like SSA, Mid-Day Meal (MDM) and different monetary and non-monetary incentives like scholarships for marginalized children and bi-cycle schemes etc. However, the data shows that all children are not receiving or acquiring what is entitled for them. Only 60 percent of children at elementary level are getting education free of cost and a

similar percentage of children are having free nutrition from school through MDM (Table 5). However, this proportion varies significantly across states. For example, in Tripura (92%), Odisha (84%), Bihar (82%), Assam, West Bengal and Chhattisgarh more than 80 percent children are availing free primary education, whereas, in states like Goa, Haryana, Himachal Pradesh, Telengana, Punjab only 40 percent children are receiving/availing free education.

Not only children studying in private unaided schools, even children attending government and government aided schools at elementary level are spending on their education. They incur expenditure in the form of payment of course fees (including tuition fee, examination fees etc.), purchase of books, stationery and uniforms, expenses on conveyance, private coaching, etc. A detailed account of all the out of pocket expenditures incurred and/or to be incurred during the current academic session shows a huge variance in household's average expenditure per student per annum (Table 6).

The variation in expenditure is not only between the schools run by government and the private one, but it is also prominent between students from rural and urban areas. The out of pocket expenditure is also increasing with the level of education. Table 6 shows in rural India at primary level, where the per child household expenditure for government school is Rs. 965, it is 2.2 times higher for a household from urban India. Similarly, the cost incurred by a household for a child studying at upper primary level in government aided school in rural India is four times more than a child studying in government school.

Table 6: Average Expenditure (Rs.) Per Student Pursuing School Education By Level Of Attendance And Type Of Institution

Level of attendance	Type of Institution					
	Rural			Urban		
	Govt.	Govt. aided	Govt. unaided	Govt.	Govt. aided	Govt. unaided
Primary	965	6452	7907	2149	11881	14242
Upper Primary	1605	6013	9514	3358	12074	18553
Secondary	3328	5896	11222	5540	14096	21565
Higher Secondary	6056	10803	13988	9668	20066	30810

Source: NSS 71st Round, 2014

This clearly indicates that free elementary education is not free at all. Contrary to general impressions that students/households do not spend much on primary/upper primary education that is being provided by the government free to all, the available evidence makes it clear that households spend considerable amounts on elementary education. The households have no options but to spend from their pockets to fill the resource gap that is supposed to be filled by government to ensure quality education in government and government aided school.

Conclusion and Policy Implications

In spite of the Government of India recognising education as a top priority (Budget Speech of the Finance Minister, March, 2016) the pattern of allocation of resources to education in general and school education in particular are far from satisfactory. Till date, the recommendation of the Kothari Commission for public spending on education at six percent of GDP every year has not been met.

Overtime, Union government is reducing its budgetary allocation for school education. The SSA, which is conceived as the main vehicle for implementation of RTE is witnessing a reduction in the budget. Not only there is a trend in lesser budget allocation, even what MHRD is committing to provide states as its earmarked share for SSA, it is continuously failing to keep its promise. From planning to budgeting to allocation to release, at every level of the programme implementation, there is resource gap. This accumulating resource gap overtime is multiplying the need for more resource allocation for the sector.

State governments already account for two-third of the country's total budgetary spending on education. In 2015-16, recommendations of the 14th Finance Commission and restructuring of the resource sharing pattern in centrally sponsored schemes (CSSs) have placed more burden of investment on states. However, a closer inspection of the composition of school education budget in states show a severe underfunding in all major components like teacher salary, teacher training and infrastructure. Many of the states are facing challenges like shortage of professionally trained teachers, necessary infrastructure for schools and teacher training institutions etc. The challenges are common to states, but their depth and scale differ. Hence, for each state, there is an immediate need to increase allocation for school education. States should design their school-education budgets to

allocate more funds towards recruitment of teacher, institutional development for capacity building, teacher training and, infrastructure building.

The need of the hour is to enhance the fiscal space available to the Union and State Governments for public spending on school education. Since education is in the Concurrent List, which implies a shared responsibility of the Union and State Governments, concerted efforts should be made by both levels to step up public investment in school education. Thus, it is necessary to enhance the overall quantum of budgets for school education in the country to improve quality of education and to realise the RTE in letter and spirit.

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