



## **FINANCING OF ELEMENTARY EDUCATION IN INDIA: AN INTERSTATE ANALYSIS WITH SPECIAL REFERENCE TO JHARKHAND**

**Renu Gupta**

Research Scholar, University Dept. of Economics  
Vinoba Bhave University, Hazaribag

*Financing the additional resources required for universalisation of elementary education is most important. This study reaffirms that the goal of free, compulsory, universal and quality based elementary education could become a reality only if there is a joint commitment between the Central and state governments. Investment in elementary education contributes immense of benefits and further acquisitions the benefits into the upcoming generations. Benefits of investing in education include the socio-economic returns; decline in extreme poverty and removal of the inequalities of income distribution; fertility rates, population and health indicators; political and economic stability; dynamic positive externalities associated with education and above all better quality of life for everyone.*

**Key Words :** Financing of Elementary Education, GSDP, Per Child Spending and Per Student Spending

### **INTRODUCTION**

Elementary Education is the most basic, essential and important factor for sustainable growth and prosperity of a country and is the traditional, important, decisive and curial factor of Social Sector Development. As it is known to all that education has an intrinsic value for the overall development of the society and helps in the attainment of a better social order, grater functional literacy and enables individuals to make better use of available economic opportunities and skills. Thus it is not only a service but a critical and important resource, essential for the economy as well as all types of development. The major indicators of development such as growth rate of economy, birth rate, death rate, infant mortality rate and literacy rates, all are inter connected to basic education.

The study of the financing pattern of elementary education is a key factor to know the importance of elementary education for government of India as well as for the state of Jharkhand. It reveals and focuses the goal of universalizing elementary education across the country with special reference to the neighbor states of Jharkhand. Financing the additional resources required for universalisation of elementary education is most important. This study reaffirms that the goal of free, compulsory, universal and quality based elementary education could become a reality only if there is a joint commitment between the Central and state governments. Investment in elementary education contributes immense of benefits and further acquisitions the benefits into the upcoming generations. Benefits of investing in education include the socio-economic returns; decline in extreme poverty and removal of the inequalities of income distribution; fertility rates, population and health indicators; political and economic stability; dynamic positive externalities associated with education and above all better quality of life for everyone.

The present study highlights the major issues related to Public financing (Trends of public expenditure) of education in India. Financing should be evaluated in terms of availability of funds available for education is adequate or not. Generally financing of education is evaluated in terms of the comparisons with total share of education as percentage of GDP and with total budgetary allocation of central and state governments. Here an attempt has been made to analyze the financing patterns of elementary education in different neighbor states of Jharkhand.

In India, all the Central government, state governments and local have provided higher share of the

income to educational institutions. Over the duration of 1950-51 to 1983-84 the share of government increased from 68. After introduction of National Policy on Education (NPE), 1986 the public expenditure on education has increased both by centre as well as the states state governments. However, the momentum of expenditure, especially plan expenditure, could not be sustained thereafter and nominal increase can be noticed in public spending.<sup>1</sup>

After the adoption of the policy, 'Education for All' significance of the financing was started with the achievement of enrolment ratios. Universal Elementary Education (UEE) was started to be considered as essential and for all and more resources begun to be provided to meet the goal. Provisions of schools at rural as well as urban areas with accessibility to all; Improvement in enrolment ratios; reduction in dropouts, school infrastructure, have become as important parameters for the determination of the level of finance for education.<sup>2</sup>

The main reason towards the changes of the financing elementary education in India was the implementation of Sarva Shiksha Abhiyan (SSA), the most important flagship programme of the Government of India for Universal Elementary Education (UEE).<sup>3</sup>

**Method-** Paper analyzes the financing of elementary education in terms of GDP, GSDP, Budgetary Provisions and others indicators. For the purpose of the interstate analysis of the financing pattenr all five neighbor sates of Jharkhand have been selected.

#### **Public Expenditure on School Education as % of GDP**

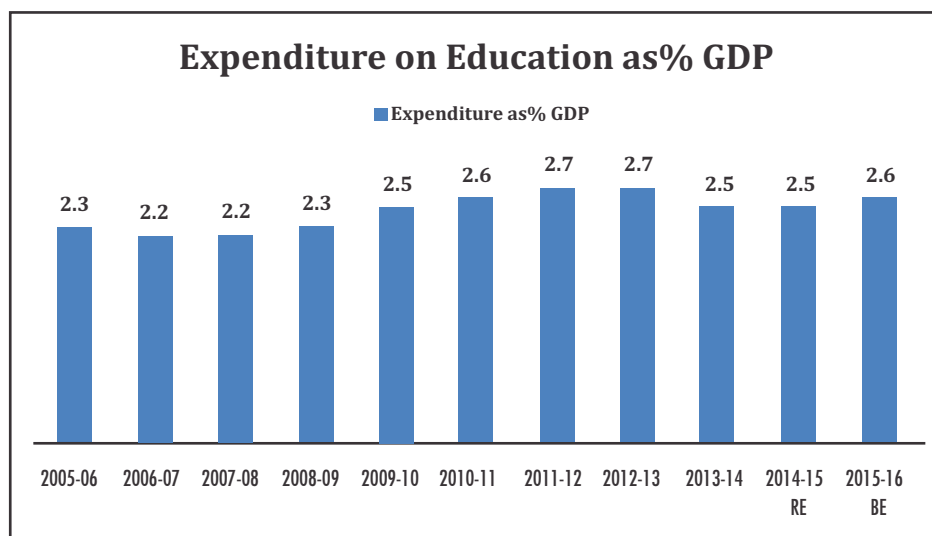
Generally public expenditure on education in any country is compared as percentage of GDP. Total expenditure on education represented by GDP of the country also reflects the scope of government's fiscal policy. Thus GDP is an international criterion for measuring the trends of public expenditure on any sector of the economy.

**Table-1 : Trends of Public Expenditure on School Education**

Year	Expenditure as %GDP
2005-06	2.3
2006-07	2.2
2007-08	2.2
2008-09	2.3
2009-10	2.5
2010-11	2.6
2011-12	2.7
2012-13	2.7
2013-14	2.5
2014-15 RE	2.5
2015-16 BE	2.6

*Source: Analysis of Budgeted Expenditure on Education 2011-12 to 2013-14 & Union and State Budget Documents of Corresponding Years.*

**Figure-1 : Government Expenditure on School Education as % of GDP**



As per the report of the MHRD there is a 0.8 % increase from the year 2005-06 to 2015-16. From the table: 1 and Figure 1 it is clear that expenditure pattern from 2005-06 is showing constant increase with an average of 2.5% of public expenditure on school education. 2011-12 and 2012-13 are the two financial years which are showing the highest allocation of 2.7 % of GDP on elementary education. The figure shows that from 2012-13 there is a slight decline in the allocation for school education as a proportion of the nation's Gross Domestic Product. Level

#### **Level wise Distribution of Public Expenditure on School Education**

Level/Class wise distribution of government expenditure on school education throws light on the year wise changes of the budgetary allocation as percent of GDP on elementary education and secondary education, which is presented by the following table.

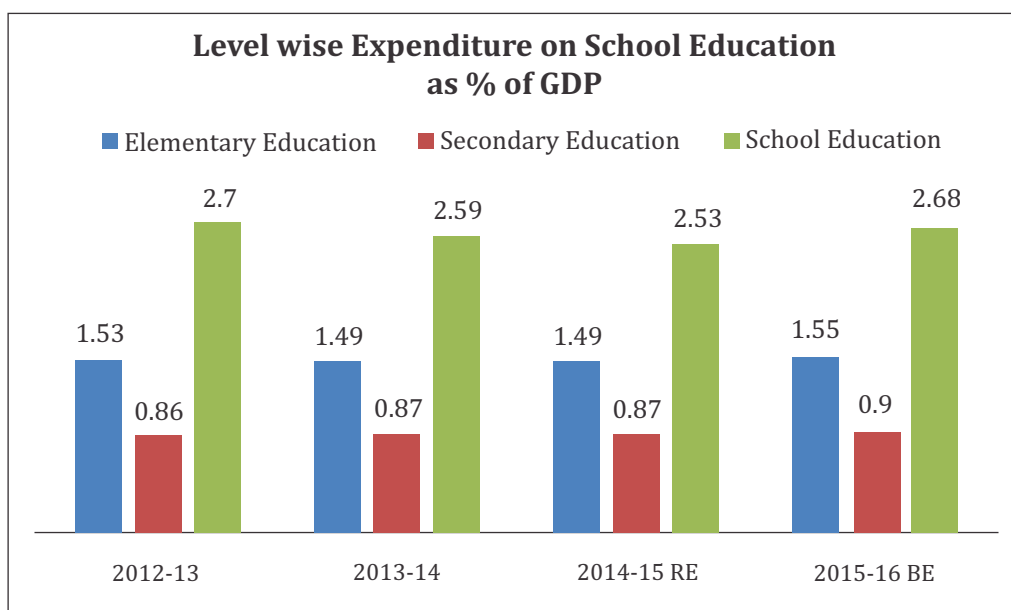
**Table-2 : Public Expenditure as % of GDP by Level of Education**

Years	Elementary Education	Secondary Education	School Education
2012-13	1.53	0.86	2.70
2013-14	1.49	0.87	2.59
2014-15 RE	1.49	0.87	2.53
2015-16 BE	1.55	0.90	2.68
Average	1.52	0.88	2.63

*Source: Union/ States Budget Documents of Corresponding Years.*

Table 2 presents the total school education budget of India along with states spending on school education as percentage of GDP. The table also clears the trends of financing towards elementary education and secondary education in India from 2012-13 to 2015-16. Average expenditure on school education is 2.63% in last four years with 1.52 on elementary education and 0.88 on secondary education. Break-up of the total expenditure on school education represents a small decline in elementary level as percentage of GDP between 2012-13 to 2013-14 and 2014-15. The highest allocation for elementary level can easily be seen in the year 2015-16 with 1.52%. The growth rate of the financing of secondary education is seeing constant increase. (See Figure 2).

**Figure-2 : Level wise Expenditure on School Education**



### Interstate Analysis of the Financing of School Education

Under this section of the paper an attempt has been made to evaluate the financing trends of elementary education as part of school education in all the neighbor sates of Jharkhand as per the methodology of the research work. The interstate comparisons have also been done in chapter two to know the status of elementary education in India. Interstate analysis of the financing of elementary education is based on the four following parameters-

- I. Budgeting Trends of School Education as percentage of GSDP.
- II. Comparison of School Education Budget to Total Budget of the State.
- III. Per Child Expenditure on School Education.
- IV. Comparison between Per Child Spending and Per Student Spending among Neighbor States of Jharkhand.

### Budgeting Trends of School Education as Percentage of GSDP

Financing of school education as percentage of GSDP (Gross State Domestic Product) is another important parameter of knowing any state's priorities towards universalisation of elementary education and towards quality education to all. Here, an attempt is made to examine how neighbor states of Jharkhand have provisioned budgetary resources for school education including the central share of funds for SSA and RMSA from 2012-13 to 2015-16.

**Table-3 : Interstate Comparison of School Education Budgeting as % of GSDP**

States	2012-13	2013-14	2014-15 RE	2015-16 BE	Average
Bihar	5.5	4.7	6.2	5.6	5.50
Chhattisgarh	4.5	4.3	4.9	4.6	4.6
Jharkhand	3.1	2.5	3.5	3.6	3.2
Odisha	3.3	3.3	3.3	3.9	3.5
Uttar Pradesh	4.9	4.6	4.1	5.0	4.7
West Bengal	3.0	2.5	2.1	2.3	2.5

*Source: Selected State budget documents.*

It is evident from the perusal of the table 3 that among the neighbor states Bihar is holding first rank in 2015-16 with 5.6% of expenditure on school education as percentage of GSDP while West Bengal is lowest with 2.3% and Jharkhand (3.6%) is just one step ahead to West Bengal. A slight decline can be analyzed in the year 2013-14 in all the states. As far as Jharkhand is concerned it's expenditure in last four years is moving with an average of 3.2% of state's GSDP. The budgetary spending / allocation for school education as percent of GSDP are one of main causes of the socio-economic problems of these states.

#### **Comparison of School Education Budget to Total Budget of the State**

Second selected parameter for the comparison of interstate financing is comparative examination of the school education share to total budget of the concerned state. Share of school education to total budget has been examined in table 4

**Table-4 : Comparison of School Education Budget as % of Total State Budget**

States	2012-13	2013-14	2014-15 RE	2015-16 BE
Bihar	23.5	20.2	18.1	17.7
Chhattisgarh	22.1	20.4	18.9	17.0
Jharkhand	15.5	14.1	13.4	13.2
Odisha	17.6	15.9	13.2	14.0
Uttar Pradesh	22.1	19.6	15.3	17.2
West Bengal	18.7	16.4	13.3	15.8

*Source: Selected State budget documents.*

Table 4 presents the share of school education expenditure in the state's total budget expenditure. Table also reflects the budgetary priority of the state government for school education. The figure shows that the educationally backward state of Bihar (17.7%) is spending more than Chhattisgarh, Jharkhand, Odisha and Uttar Pradesh in all the four years except 2014-15 (Chhattisgarh- 18.9%).

Another important indication can also be seen that in all states the expenditure share is declining from 2012-13 to 2015-16. Under this parameter Jharkhand ranked lowest among all the considerable states. Bihar, Chhattisgarh, and Uttar Pradesh are spending approximately at par.

### Per Child Expenditure on School Education

The indicator, Per Child Expenditure on School Education, of the financing of education is related to the provisions of state government towards providing resources for free, compulsory, and quality education to all children in the state. Higher per child expenditure on school education ensures the right of education to all. Table 5 is based on the analysis of the state government's budgets and population of the children.

**Table -5 : Per Child Expenditure on School Education (Rs.)**

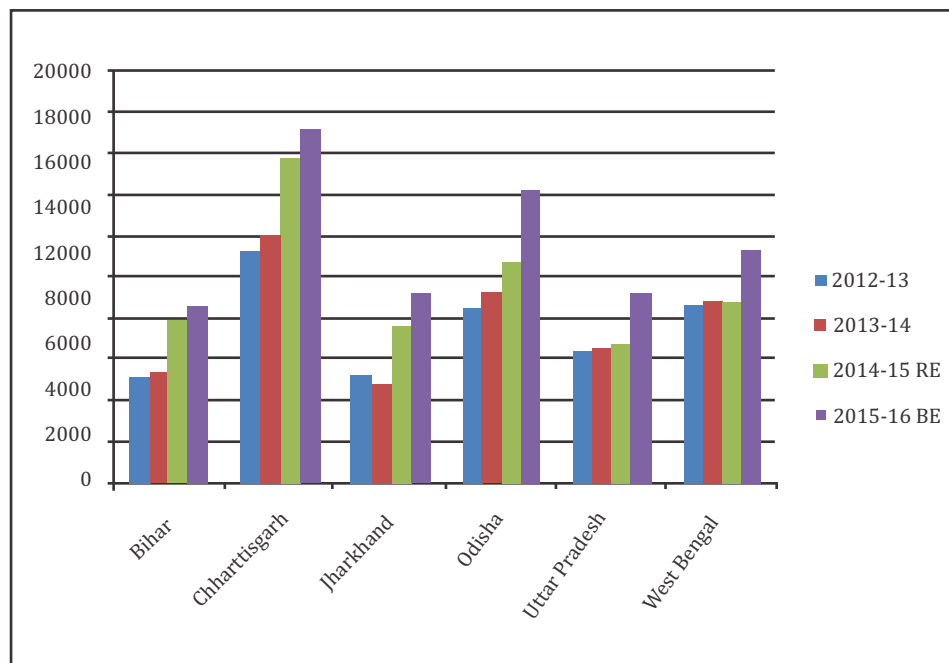
States	2012-13	2013-14	2014-15	2015-16	% Change From 2014-15 to 2015-16
Bihar	5199	5271	7872	8526	8.0%
Chhattisgarh	11281	12006	15805	17223	9.0%
Jharkhand	5156	4744	7645	9159	20%
Odisha	8517	9233	10679	14277	34%
Uttar Pradesh	6420	6534	6657	9167	38%
West Bengal	8684	8863	8728	11345	30%

Source: Public Financing of School Education in India: A Fact Sheet 2016

During 2012-13 to 2015-16, the per child expenditure on school education has increased in all neighbor states. The amount of per child sending depends on the total budgetary spending as well as the number children in specific age group of schooling in that state. Any state which has either a relatively higher amount of allocation or a relatively lower child population can hold higher per capita number in this indicator of financing. As per the comparative analysis of the table 3.8 Bihar, Jharkhand and Uttar Pradesh are the states those have less than Rs. 10,000 per child per annum allocation and Chhattisgarh Odisha and west Bengal have more than Rs.10000 spending in 2015-16. It is also important to clear that Chhattisgarh is spending highest per capita income levels in comparison to other states. (See Figure: 3)

The changes of the expenditure from 2014-15 to 2015-16 have also examined in the table that shows the state government commitments towards the achievement of SDGs and universal school education. It is crystal clear the state of Odisha has given highest priority to school education in budget 2015-16 because per capita expenditure has been increased by 38% than the previous budget.

**Figure-3 : Trends of Per Child Expenditure on School Education**



#### Comparison between Per Child Spending and Per Student Spending Among Neighbor States of Jharkhand

There is slight difference between Per Child Expenditure and Per Student Expenditure. The first term means amount of the resources a state is spending per annum on each under the age group of school education, whereas second term provides a measure for the resource a state is spending on each child enrolled in government and government-aided schools. Generally in an educationally backward state, where a large number of children are out of school, absolutely per student spending amount would be higher than per child expenditure. It is a matter of discussion that which parameter is more useful for policy evaluation. As per the analysis used in Public Financing of School Education in India: A Fact Sheet 2016, per student spending represents the unit cost of the prevailing government school education system, while per child spending numbers presents the degree of inclusivity of the government school education system. In this part of the chapter, a comparison has been made between per child spending and per student spending across the neighbor states of Jharkhand in year 2014-15.

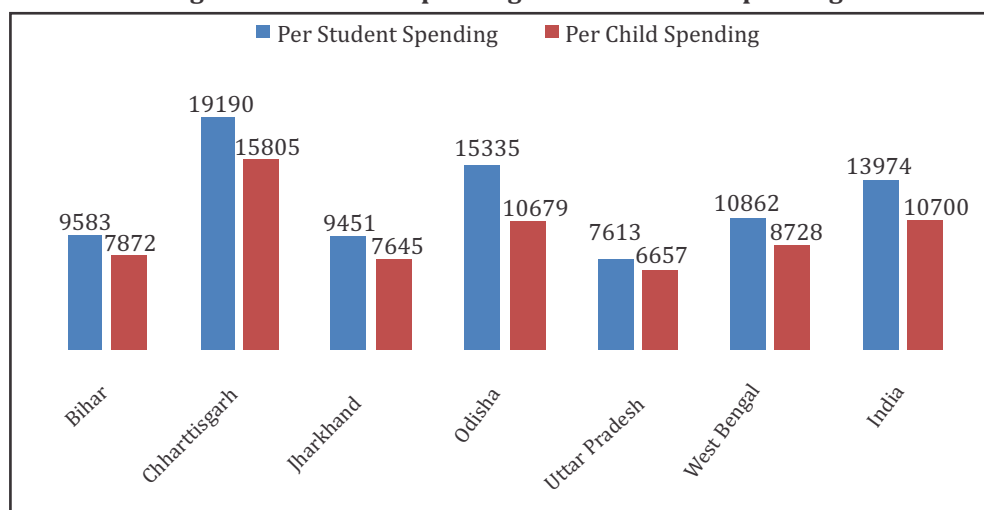
**Table-6 : Per Child Spending and Per Student Spending Among**

States	Per Student Spending	Per Child Spending	Difference
Bihar	9583	7872	1711
Chhattisgarh	19190	15805	3385
Jharkhand	9451	7645	1806
Odisha	15335	10679	4656
Uttar Pradesh	7613	6657	956
West Bengal	10862	8728	2134
India	13974	10700	3274

Source: Public Financing of School Education in India: A Fact Sheet 2016

The table 6 is an attempt to examine the spending of state governments on both parameters. Chhattisgarh is a state which has the highest rank in all the states and national average at both levels with the amount of Rs.19190 and Rs.15805. In both terms Uttar Pradesh is lowest with Rs. 7613 & Rs.6657 respectively. Gap between per student spending and per child spending can be marked in Odisha with Rs.4656. (Figure 4)

**Figure-4 : Per Child Spending and Per Student Spending**



### Trends of Allocation to Major Schemes of Elementary Education under Recent Union Budgets

Sarva Shiksha Abhiyan (SSA) and Mid Day Meal (MDM) are the main schemes of the universalisation of elementary education in India. For the achievement of the free, compulsory, and quality based education in the pursuance of RTE act 2009, the government of India is consistently increasing the budgetary allocations for these schemes.



SSA was implemented in the year 2000 for the universalisation of elementary education and to promote retention of children at elementary level. After the enactment of RTE Act, 2009, SSA has become more important due the provision of the act to provide the guaranty of the right of free and compulsory elementary education for children between the age group of 6 to 14 years.<sup>4</sup>

The scheme MDM targets children (6 to 14 years) for promoting enrolment, retention and attendance by providing meals at school and it also aims to improve nutritional levels among children not only in government schools but also in government-aided schools.

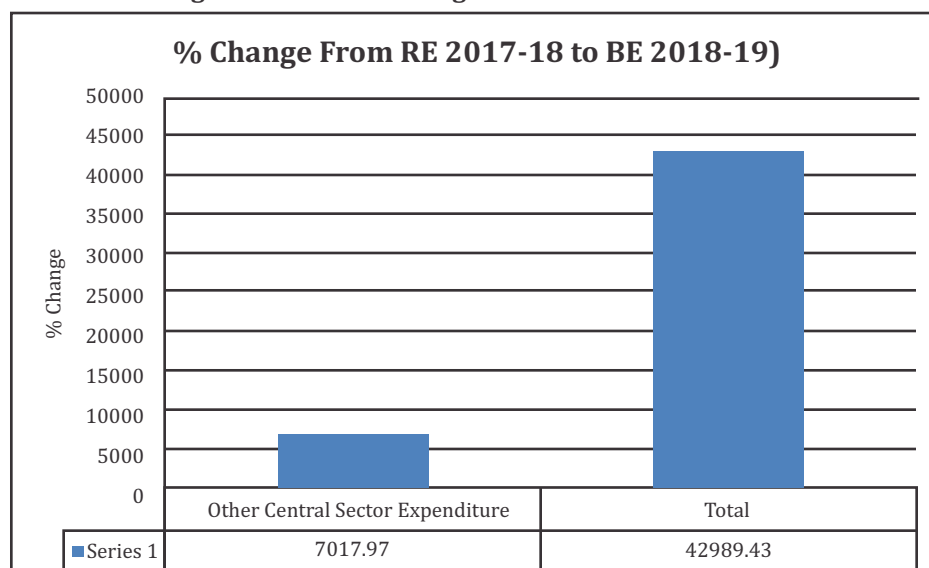
During 2017-18, 9.46 Crore children have benefited from hot cooked nutritious food in 11.34 lakh schools. For the betterment and proper implementation of the scheme government has changed many norms time to time. Food norms at upper primary levels have been updated to protect nutritious and balanced intake to children by increasing the quantity of pulses from 25gm to 30 grams, vegetables from 65gm to 75 grams and by cutting down the quantity of fat and oil and from 10 grams to 7.5 grams. Cooking cost has also been revised from Rs.1.68 to Rs. 2.50 for primary levels and from Rs. 2.20 to Rs. 3.75 for upper primary classes from 01/12/2009. The cost of cooking for class I- V is Rs. 2.69 per child per day and Rs. 4.03 for VI to VIII children from 01/04/2010. Additional policy decision which has been taken by government is to revise the cooking cost with prior approval of authority by 7.5% every financial year from 01/04/2011.<sup>5</sup>

**Table-7 : Trends of Allocations to Major Schemes**

Major Schemes	Actual 2016-17	RE 2017- 18	BE 2018- 19	% Change (RE to BE)
SSA	21,685	23,500	26,129	11.20%
MDM	9,475	10,000	10,500	5.00%

Source: Union Budget Documents, 2016-16, 2017-18, 2108-19.

**Figure-5 : Percent Change From 2017-18 to 2018-19**



It is clearly evident from the table 3.11 & figure 3.7 that the allocation to SSA has increased by 11.2% in 2018-19 (Rs. 26,129 Cr.) in the comparison of revised estimates of 2017-18 (Rs. 23,500). Although the above comparison is showing 11.2% increase but when we talk about the existing gaps between demand and actual allocation for the SSA we find that there is huge gap. For example, only Rs. 23,500 Cr was allocated against the demand of Rs 55,000 Cr. in 2017-18.

Analysis of the second important scheme of school education- MDM shows the 5% increase of expenditure from the revised estimates of 2017-18. One thing that can be revealed by figure that allocation for SSA has increased more than MDM (just double). It means central government is giving more priorities to the goal of universal elementary education to all.

Conclusion- On the basis of the above analysis it is clear that education sector requires more finance as recommended by many committees and reports that it should be 6% of GDP. The current status of elementary education has been improved in all the states because of more finance are being provided to elementary education as compared to total allocation education sector.

#### **REFERENCES/NOTES**

1. Agnihotry K. V. and H. Ramachandran, (2000)- Dimensions of the New Economic Policy, Vol-II, for UNDP & LBS National Academy of Administration Published by - Concept Publishing Company, New Delhi.
2. Asian Network of Training and Research Institutions in Educational Planning (ANTRIEP) Newsletter. Vol.7 No.1, Jan-June 2002.
3. Sankar Deepa, (2007)- Financing Elementary Education in India through Sarva Shiksha Abhiyan: Challenges in recent times. South Asia Human Development.
4. RTE Act, 2009.
5. <http://mdm.nic.in/>
6. Demands for Grants 2018-19, Analysis, Human Resource Development, PRS Legislative Research.