

Education a Loser

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Generally the structural adjustment policies have been oblivious of the needs of the human development sectors, and accordingly have caused severe damage to human development in many economies, as documented by, *inter alia*, several studies of the World Bank. This resulted in demands for 'adjustment with a human face'. The Government of India, which has adopted the adjustment policies in India since 1991, has also realised that these policies do have short, medium and long term implications for sectors like education, and of take has begun stressing the need for adjustment with a human face, a development strategy that was familiarly referred to in India for a long time as 'growth with social justice', but which was forgotten in the wake of structural adjustment. The government has been stressing, in specific, the importance of education, and has been promising to transfer the public resources saved from disinvestment of public sector undertakings and through other reforms to education, health and infrastructure.

In the Eighth Five Year Plan 4.9 per cent of the Plan resources are allocated to education. But during the first three years of the Plan, education received only 3, 5, 3.9 per cent of the total Plan resources. Hence there is a need to significantly step up the Plan resources for education. Under these conditions one expected the 1995-96 Union Budget to accord high priority to education. The Finance Minister also cognised in his Budget speech that "the spread of educational opportunities is essential for social and economic development". The allocation of resources in the Union Budget 1995-96 has to be examined in this background.

The Budget is not only an important instrument of financial planning and development, it also provides an important gauge to measure what is actually happening with regard to the priorities of the government. However, an annual Budget might not be expected to have any significant implications for major long term issues facing the economy, other than those spelt out in the Five Year Plans and other

long-term policies. The present Budget of the Government of India for 1995-96, the fifth in a row presented by the present Finance Minister, is one in continuum of the long-term policies of the Congress Government, that launched new economic reform policies after coming into power in 1990. But this year's Budget requires a special look, as the well-known adverse effects of adjustment policies are expected to be confined to a short-term only, and now the economy should begin realising the positive effects.

As far as education is concerned, the Union Budget is an extremely partial one to give any comprehensive picture of public expenditure on education in the country, as sizeable expenditure on education is incurred by the States. For example, according to the Budget estimates in 1994-95, the States shared 90 per cent of the expenditure on education, which is a 'concurrent' subject, and the share of the Union Government was only 10 per cent. In the case of Plan expenditure, however, the Union Government shares more than one-third of the expenditure and the States the remaining two-thirds. Nevertheless, the Union Budget does indicate important signals of the direction in which the

Table 1
Education in Union Budget in the 1990s

	Rs in Crores			% of Total Budget (%)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1989-90	960	589	1549	3.49	0.90	1.67
1990-91	965	721	1686	3.40	0.94	1.60
1991-92	993	762	1755	3.21	0.95	1.58
1992-93	1175	830	2005	3.21	0.97	1.64
1993-94 BE	1489	887	2376	3.61	0.98	1.81
1993-94 RE	1512	945	2457	3.29	0.97	1.71
1994-95 BE	1548	875	2423	3.32	0.83	1.60
1994-95 RE	1574	920	2494	3.23	0.81	1.54
1995-96 BE	1824	880	2704	3.76	0.71	1.57

Note: BE: Budget allocations/proposed outlay
RE: Revised estimates/anticipated expenditure
(in all the tables)

Source: *Economic and Political Weekly* (April 16-23, Union Budget 1994-95 and 1995-96.

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priorities of the Central Government are being shaped; and they will have obviously considerable influence on the development of education in the states.

The *Economic Survey 1994-95* highlights the remarkable progress made by the Indian economy since the difficult days of the 1991 economic crisis, and how the new economic reform policies have succeeded. The effects of the remarkable progress in economic growth on allocation of resources to education are yet to be seen. To start with, the *Economic Survey 1994-95* reports that total public expenditure on education by the Centre and States in 1992-93 was as high as 4.2 per cent of GNP. (p. 161) But crude quick calculations indicate that the corresponding proportion might fall much below 3.5 per cent in 1994-95. All this needs to be contrasted not only with the recommendation of the Kothari Commission made about three decades ago, and the *National Policy on Education 1968* and *1986* (and the revised 1992 Policy), but also with the promise made by the Prime Minister to allocate six per cent of national income from the Ninth Plan onwards, a goal that might remain elusive for a long time. In fact, it is now being felt that 8-10 (or higher) per cent of national income would be needed for the educational system to fulfil the modest goals set for itself.

The *Economic Survey* claims that the Plan allocation of the Central Government for education has been increased by 62 per cent over the last two years, and that of elementary and adult education by 84 per cent and 78 per cent respectively, (p. 9) In current prices, there has been a significant increase in the Budget allocation for education under Plan category in 1995-96, compared to 1994-95, by about 16 per cent, the allocation under non-Plan category was reduced by 4.4 per cent, pushing down the overall increase to only about eight per cent. The total (Plan and non-Plan) allocation on education increased from Rs 2495 crores in 1994-95 to Rs 2704 crores proposed in 1995-96. It is important to note that the present Budget (Plan and non-Plan) allocation for education forms only 1.57 per cent of the total Budget outlay. The corresponding proportion was 1.67 per cent in 1989-90, and according to the revised estimates, it was 1.71 per cent in 1993-94. These figures refer to allocations to the Ministry of Human Resource Development (MHRD); and are exclusive of allocations to education in other ministries/departments.

Secondly, in real prices, that is, adjusting the allocations to changes in prices at the rate of inflation of about ten per cent, it can be noted that the increase in Plan allocation is very modest, and the non-Plan and total allocations in 1995-96 would be much lower than the 1994-95 level. Then 1995-96 would be the second consecutive year to have registered a decline in total real Budget allocation for education.

Though according to official statistics, nearly everyone in the age-group 6-11 and two out of every three in the age-group 11-14 are enrolled in schools, according to statistics of the National Sample Survey Organisation (NSSO), there were about 60 million children of the age-group 6-14 who were never enrolled in schools. Nearly 75 million children of the same age-group were estimated to be not currently enrolled in schools in 1986-87. The level of retentions of children in schools is also limited. Only 57 out of

Table 2
Real Growth in Allocations to Education
in the Union Budget in 1990s (%)

	Plan	Non-Plan	Total
1990-91	-8.83	11.02	-1.28
1991-92	-9.53	-7.08	-8.48
1992-93	7.51	-1.03	3.80
1993-94 BE	16.96	-1.37	9.37
1993-94 RE	18.76	5.08	13.10
1994-95 BE	-5.16	-14.23	-8.65
1994-95 RE	-3.57	-9.82	-5.97
1995-96 BE	3.00	-14.98	-3.63

Source: Based on Table 1 and *Economic Survey 1994-95*.

Table 3
Expenditure on Education (Rs in crores)

	Centre	State	Total	Ed %
1989-90	1512.1	13,532.1	15,044.2	3.7
1990-91	1643.2	15,550.5	17,193.7	3.6
1991-92	1714.1	17,043.5	18,757.6	3.4
1992-93 A/R	2005.0	19,549.1	21,554.1	3.4
1993-94 BE	2376.0	21,753.0	24,129.0	3.4
1993-94 RE	2457.0	22,385.8	24,842.8	3.5
1994-95 BE	2423.6	25,608.1	28,031.7	3.1
1994-95 RE	2494.5	-	-	-
1995-96 BE	2704.1	-	-	-

Note: A/R: Centre: Actual; State: Revised estimates.

Source: *Analysis of Annual Plan: Education Sector* (various years), Planning Commission, and *Union Budget 1994-95 and 1995-96*.

100 children enrolled in grade 1 in primary schools seem to reach grade V, and only 42 reach grade VIII, according to the MHRD estimates (1991-92).

Further, even the official statistics report a few marginal changes in recent years that cannot be overlooked. For example, while marginal changes in gross enrolment ratios at primary education do not matter much as they are around 100 per cent, even a small decline in enrolment ratio at upper primary level should be a matter of concern. The enrolment ratio of boys at the upper primary level has declined marginally between 1992-93 and 1993-94, in addition to a decline between 1990-91 and 1991-92. In the case of Scheduled Caste boys, the enrolment ratio at upper primary level declined between 1992-93 and 1993-94.

While the proposed Budget allocation for elementary education has been raised from Rs 512 crores in the 1994-95 Budget to Rs 651 crores in the 1995-96 Budget, 85 per cent of the total allocation for elementary education is accounted for by three major programmes, namely, Operation Blackboard, non-formal education and teacher training. They accounted for 81 per cent in 1993-94. The role of the Union Government in elementary education is generally limited and is confined to very few programmes. Operation Blackboard is a major programme, launched in 1987-88 to provide a minimum level of facilities first to all primary schools, and then to all upper primary schools, and this alone accounts for 43 per cent of the allocation for elementary education. Most of the remaining 15 per cent of the allocation for elementary education relates to foreign aided programmes like Bihar Education Project (supported by UNICEF), Shiksha Yojana and Lok Jumbish in Rajasthan (supported by SIDA), Mahila Samakhyia (a Dutch assisted programme) in a few States, and the District Primary Education Programme (DPEP) supported by a multitude of international organisations in a number of States. A large part of the expenditure (about 80-100 per cent) of these projects is fully reimbursed by external aid organisations; and the remaining part is mostly to be met by States. This leads many to caution that the growth in public expenditure on elementary education is largely 'borrowed growth'.

In the Budget speech the Finance Minister also mentioned that all external assistance received by the Government of India for primary education will be passed on as a grant by the Union Government to the States, irrespective of the conditions attached to the

assistance received by the Union Government from external sources. Most States participating in the DPEP should be happy about it. But in the larger interests, and to reduce the spurious demand of the States to enter the DPEP framework in order to receive scarce resources for primary education in the States, it could be more efficient if some part of the repaying responsibilities, if any, is shared by the States with the Centre.

In the case of secondary education, two-thirds of the total allocation in the 1995-96 Budget is captured by Navodaya and Kendriya Vidyalayas—37 and 29 per cent respectively. The vocational education programme has not progressed satisfactorily at all, despite repeated emphasis being given to it in every

Table 4
Plan Expenditure on Education (Rs in crores)

	Centre		State		Total	
	Rs	Growth	Rs	Growth	Rs	Growth
ELEMENTARY						
1990-91	218.8		587.1	-	805.9	-
1991-92	277.8	27.0	629.5	7.2	934.3	15.9
1992-93	309.3	11.3	770.8	22.4	1091.4	16.8
1993-94	RE 464.1	50.0	1029.2	33.5	1543.3	41.4
1994-95	BE 523.0	12.7	1267.9	23.2	1803.6	16.9
1994-95	RE 511.3	10.2	-	-	-	-
1995-96	BE 651.0	27.3	-	-	-	-
HIGHER						
1990-91	131.6		135.6		267.2	
1991-92	164.5	25.0	127.0	-6.3	316.5	18.5
1992-93	151.9	-7.7	130.1	2.4	274.3	-13.3
1993-94	RE 181.6	19.6	193.9	49.0	395.1	44.0
1994-95	BE 220.0	21.1	237.7	22.6	478.8	21.2
1994-95	RE 257.5	41.8	-	-	-	-
1995-96	BE 245.6	-4.6	-	-	-	-
ALL LEVELS						
1990-91	956.5		1360.0		2316.5	
1991-92	1065.6	11.4	1533.3	12.7	2610.3	12.7
1992-93	1100.2	3.2	1784.3	16.4	2887.7	10.6
1993-94	RE 1558.4	41.6	2412.0	35.2	4012.0	38.9
1994-95	BE 1548.3	-0.6	3058.4	26.8	4606.1	14.8
1994-95	RE 1574.3	1.0	-	-	-	-
1995-96	BE 1823.8	15.8	-	-	-	-

Note: BE: Budget allocations/proposed outlay
RE: Revised estimates/anticipated expenditure
Growth: Growth rate over the preceding year (%)
Source: Same as Table 3.

policy statement and Plan. The allocation for vocational education has been now reduced from Rs 150 crores in 1994-95 to Rs 82 crores in 1995-96. Reduction in emphasis on vocationalisation of education, increase in allocation for elite Navodaya Vidyalayas, computer education, but marginal reduction in education technology programme, increase in allocation for promotion of science

laboratories, and also for open school programme etc. reflect more of a confused set of priorities in the development of secondary education than exhibiting any clear direction emphasising quality programmes versus mass programmes, or vice versa.

Similarly in the case of adult education the Budget allocations move in different directions: there is a five-time increase in allocation to post-literacy and

Table 5
Education in the Union Budget 1993-94—1995-96 (Rs in crores)

	1993-94 (RE)			1994-95 (RE)			1995-96 (RE)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
ELEMENTARY	442.8	0.9	443.7	511.3	0.9	512.2	651.0	0.9	651.9
Operation									
Blackboard	179.0	-	179.0	215.0	-	215.0	279.0	-	
Non-Formal	96.2	-	96.2	131.3	-	131.3	158.5	-	
Teacher Trg.	69.1	-	69.1	90.0	-	90.0	118.0	-	118.0
SECONDARY	304.9	256.5	561.4	339.4	262.3	601.7	408.5	261.7	670.2
Navodaya	132.0	49.3	181.3	152.6	49.3	201.9	200.0	49.3	249.3
Kendriya	-	185.5	185.5	-	185.5	185.5	10.5	185.5	196.0
Vocational	85.0	-	85.0	88.5	-	88.5	82.0	-	82.0
Computer Edn.	26.1	-	26.1	27.0	-	27.0	47.0	-	47.0
Ed. Tech. Prog.	23.4	-	23.4	23.2	-	23.2	22.9	-	22.9
Science Labs.	21.5	-	21.5	22.7	-	22.7	24.5	-	24.5
HIGHER	162.2	384.3	546.5	257.5	380.7	638.2	245.6	363.9	609.5
UGC	132.0	337.0	469.0	184.3	343.2	527.5	189.3	341.8	531.1
IGNOU	14.0	7.9	21.9	47.0	7.9	54.9	22.5	7.0	29.5
ADULT	167.5	2.5	170.0	210.5	2.6	213.1	234.0	2.7	236.7
Post-Literacy & Cont. Edn.	8.1	-	8.1	13.6	-	13.6	66.0	-	66.0
Rural Functional Literacy Proj. Spl. Project for Eradication of Illiteracy	6.0	-	6.0	6.0	-	6.0	6.0	-	6.0
	120.0	-	120.0	154.8	-	154.8	120.0	-	120.0
TECHNICAL	193.8	-	193.8	224.0	-	224.0	253.4	-	253.4
Indian Insts. of Technology	19.1	113.1	132.2	31.9	134.0	165.9	26.0	120.2	146.2
Regional Engg. Colleges	44.0	28.9	72.5	41.0	28.9	69.8	41.0	28.9	69.8
Indian Insts. of Management	9.0	9.6	18.6	11.9	15.5	27.4	12.0	10.5	22.5
Total	1299.6	892.6	2192.2	1574.3	920.3	2494.6	1823.8	880.2	2704.0

Note: RE: Revised estimates; BE: Budget estimates.
The items listed are not exhaustive.

Source: Union Budget 1994-95 and 1995-96.

contunuing education projects; a stagnant Budget for rural functional literacy projects meant for North Eastern States, Jammu and Kashmmir, Sikkim and /border districts of Rajasthan; but a 29 per cent reduction in allocation for special projects for eradication of illiteracy managed by Zilla Saksharata Samithis. Tax incentives (100 per cent income tax rebates) are offered to community contributions made to Zilla Saksharata Samithis. For adult literacy and elementary education, the government hopes to mobilise voluntary resources from the community through tax incentives. All this is in the backdrop of the fact that according to the latest NSSO statistics, the literacy rate seems to be not as high as reported in the Census.

The Plan allocation to higher education has been luced even in nominal current prices from Rs 7.5 crores in 1994-95 to Rs 245.6 crores in 1995-96. Non-Plan allocation to higher education too was reduced from Rs 381 crores to Rs 364 crores. In all, in nominal prices, the allocation to higher education was reduced by 4.5 per cent. Allocation to the University Grants Commission (UGC) has been increased by less than Rs 4 crores (Rs 5 crores increase in Plan allocation, and a Rs 1.4 crore decrease in non-Plan allocation). The Indira Gandhi Open University, that used to be envied by others, has to be content with a Budget slashed nearly by half. Allocation for the National Scholarship Scheme was also reduced significantly. With a more than 10 per cent annual rate of inflation, in real terms, the actual decline in Budget allocations would be steeper. It is important, as the UGC Committee (under the chairmanship of Justice K. Punnayya) guded, "while it is mandatory that the nation accnieves universal elementary education and total e literacy, at the same time it cannot afford to neglect and relegate to a neglected position our quest to achieve global standards in higher education". This advice does not seem to have been cared for.

Though higher education has expanded considerably during the post-independence period, currently only five per cent of the population of the age-group 17-23 are enrolled in higher educational institutions, while the minimum enrolment ratio in developed countries is around 20 education institutions, while the minimum enrolment ratio in developed countries is around 20 per cent, the USA and Canada having more than 70 per cent enrolment ratios. With the new economic policies, to increase efficiency and face competition in industrial

development, the need for more and more and more higher educated manpower will increase. Further, as vocational education at school level did not progress well, the need for introduction of vocational courses in higher education is being increasingly felt. On the whole, it may not be right to conclude, as the Ministry of Human Resource Development in its annual publication, *Development of Education in India 1993-94* observed, that "the higher education system in the country is now sufficiently developed to meet the nation's requirements". It is generally felt that higher education in India requires more resources, both for quantitative expansion and improvement in quality.

Similarly the All India Council for Technical Education (AICTE) Committee (under the chairmanship of D.S. Swaminadhan) argued for firm commitment on the part of the government to spend on technical education. But the Plan as well as non-Plan Budget for Indian Institutes of Technology was reduced from Rs 166 crores to Rs 146 crores; the Budget for the

Table 6
Education in the Union Budget:
Increase over the preceding year in nominal prices (per cent)

	1994-95 (RE)			1995-96 (BE)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Elementary	15.5	0.0	15.4	27.3	0.0	27.3
Secondary	11.3	2.3	7.2	20.4	-0.2	11.4
Higher	58.8	-0.9	16.8	-4.6	-4.4	-4.5
Adult	25.7	4.0	25.4	11.2	3.8	11.1
Technical	15.6	-	15.6	13.1	-	13.1
Total	21.1	3.1	13.8	15.8	-4.4	8.4

Source: Based on *Union Budget 1994-95* and *1995-96*.

Table 7
Budget Allocation to UGC (Rs in Crores)

	Plan	Non-Plan	Total
1990-91	112.5	244.2	356.7
1991-92	141.7	260.0	401.7
1992-93	124.9	306.5	431.4
1993-94 RE	141.5	337.0	478.5
1994-95 BE	169.0	323.0	492.0
1994-95 RE	184.3	343.2	527.5
1995-96 BE	189.3	341.8	531.1

Source: Based on *Detailed Demands for Grants of Ministry of Human Resource Development* (various years) and *Unions Budget 1994-95* and *1995-96*.

Regional Engineering Colleges was reduced in last year's Budget itself; and in the current year's Budget the same reduced level of allocation was made; and the allocation for the Indian Institutes of Management is also reduced. Major increase in allocation in technical education is for strengthening administrative bodies, particularly for reorganisation of the AICTE Bureau of Technical Education and its committees and boards.

With the promised income tax incentives (100-125 per cent tax exemption) to the corporate sector on donations to universities and other institutions of higher education granted in the earlier budgets, on the one hand, and incentives to the institutions to generate resources by delinking such internally generated resources from grants, the government hopes that substantial resources could be generated by educational institutions from the private sector. But no basis for such optimism exists, particularly in view of the long experience of the education system when the industrial sector was accorded a very high degree of 'protection'. If voluntary donations and endowments are not forthcoming, these institutions might have to think of measures like increasing student's fee, etc. Some institutions are already experimenting with fee reforms—steep increases in fees of various kinds ranging from application fee to examination fee.

Generally, with every proposal to increase fee, suggestions are made to increase scholarships for the weaker sections. But in the current year's Budget allocation for the National Scholarship Scheme, the only scholarship scheme mentioned under General Education in the Budget of the Department of Education, was reduced though allocations for scholarships awarded by the Ministry of Welfare, namely, post-matric scholarships for Scheduled Castes and Tribes have been increased (and allocation for post-matric scholarship scheme was reduced).

By compelling institutions to generate their own resources, many institutions might also begin introduction of self-financing courses (particularly in 'tradable' areas), and in the long run they might slowly shift their attention from non-tradable but valuable areas of study to these tradable disciplines only. How far these measures and associated developments would be economically efficient and sustainable (in generating more and an assured level of resources), educationally desirable (in not adversely affecting the quality and content of education), and socially equitable (without seriously reducing access

of the weaker sections to higher education)—is yet to be seen.

With steep reduction in Plan and non-Plan Budget allocations to higher education, an important scapegoat could be quality of education. The education system has already experienced serious budget squeezes as a consequence of stabilisation and structural adjustment policies during the last few years. As has been experienced in the very recent past, many institutions might cut their budgets on libraries and laboratories, as it is easier to forego these than cutting expenditure on salary budgets, etc. As a result, many universities will have to be increasingly content with an increasingly declining number of journals and periodicals, and stagnant stock of books and reference volumes, whose prices seem to be increasing rapidly during the last *if* years in the 1990s, which is also attributed to the economic reform policies.

On the whole, among the winners and losers in the 1995-96 Union Budget, the education sector emerges more as a loser, if one adjusts the Budget allocation for 1995-96 for decline in value of money by about 10 per cent (rate of inflation). In nominal terms, allocation for elementary education increased by 27 per cent; secondary education by about 11 per cent; adult education by 10 per cent; allocation for higher education was reduced by 4.5 per cent; and the total allocation for education increased by 8.4 per cent. Given the rate of inflation, this means that except for elementary education, all sectors of education are, in effect, losers in the 1995-96 Budget, higher education suffering the most. Secondly, elementary, secondary and higher education received more or less the same level of attention—23-24 per cent of total allocation the education—showing no clear prioritisation on the part of the Central Government. Thirdly, as programmes and projects emphasising equity, quality and quantitative expansion of education have received cuts and increases in allocation of Budget resources, somewhat erratically, no policy perspectives are explicitly clear from the budgetary allocations. Lastly, the current Budget indications are not yet clear to argue that it is only in the initial phase of stabilisation that Budget cuts would be inflicted on several sectors, including education, and soon the positive gains in economic reforms would allow higher levels of spending on human development sectors, specifically education.

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