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The costs of education

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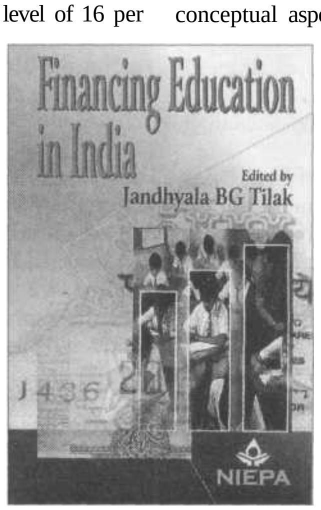
ONE of the topics most widely discussed in the country, in public as well as in private conversations, is the state of education. There are achievements and failures to take note of. On the one hand, India has emerged as a global leader in Information Technology competence, but, on the other, there is the embarrassing fact that the country has the largest number of illiterate people in the world. The Constitution made a commitment to make primary education universal by 1960, but even today it remains a distant goal. The growth of population has resulted in a surge of children and youth looking for educational opportunities at all levels and it is turning out to be a pressure not easy to cope with. The resolve to make primary education universal and compulsory is still there; it is recognised that education at higher levels needs to be expanded and toned up. But how and by whom are the costs to be met? The volume under review deals with different aspects of this crucial question.

It is a widely recognised dictum that a country that takes its commitment to education seriously must devote about 6 per cent of its Gross National Product (GNP) to the task. That has never been achieved in India. In the early 1950s, it was as low as 1.2 per cent, moving up slowly to 4 per cent only in the early 1990s. It came down again, but reached the highest level of 4.5 per cent in 1999-2000. It may be argued that a poor country cannot afford more. But Tilak, in his opening essay, points out that for the African continent as a whole, the corresponding figure was close to 6 per cent and even Sub-Saharan Africa, with some of the poorest countries in the world, showed a figure of 5.6 per cent. According to Human Development Report 2001, among the 143 countries listed, India ranked 104th with respect to the share of GNP spent on education.

That India's performance here is not a reflection of resource constraint, but of priorities is brought out by Manabi Majumdar's chapter on the issue of financing basic education. She cites a report: "If military spending levels are cut by 5 per cent a year over the next five years, it would release . . . over four times what is required for the goal of universal primary education within the next five years. Even just a freeze on military spending levels at current prices will release more than enough resources to attain the universal primary education target." Another recent study cited by her shows that if the economy grows at 5 per cent in real terms and if the tax revenue-Gross Domestic Product ratio is raised from the current level of 16 per cent to 18 per cent, it should be possible to find resources to realise the much postponed objective of universal primary education. If there is a will, there is a way, it is as simple as that.



Financing of higher and technical education is also dealt with. During the past few decades there has been a phenomenal increase in enrolment in this sector and a corresponding increase in the number of institutions dealing with it. However, the financial allocation has not kept pace and the obvious consequence is a fall in standards. The chapters dealing with this sector rightly concentrate on costs and financing. In the absence of all-India studies relating to the costs of technical education, Malathy Duraisamy reports on a case study of the Indian Institute of Technology, Chennai. It shows that between 1963-64 and 1995-96, the annual per student expenditure at current prices increased from Rs.3,283 to Rs.98,863 and in constant (1980-81) prices, the figures were Rs. 11,613 and Rs.27,129 respectively. During the same period, the share of grant from the Central Government declined from 96.4 per cent to 85.3 per cent and the share of fees declined from 1.9 to 0.2 per cent.

WHAT has to be the nature of financing higher and technical education? Should the state continue to be the main funding agency and, if so, should the dominant element of subsidy continue? Should the students (or their parents) meet a larger share of costs? Should private agencies largely functioning with a profit motive and working on the basis of market principles come to have a greater role in higher and technical education where the element of social benefit is admittedly less pronounced than in primary education?

Several papers in the volume deal with these and related issues. P.R. Panchamukhi attempts, through a detailed classificatory schema, to bring out the conceptual aspects underlying the set of problems posed above. The thrust of the paper is that the frequent tendency to reduce these issues to a binary public vs private sector question is inadequate and can be misleading. For, there are at least two separate factors to be taken into account — the supply of higher education and the funding of it. For each of these there are different possibilities. For instance, the state, profit-oriented private agencies and community agencies interested in welfare can take up the task of providing higher education. Funding can be from the state, through fees, voluntary contributions or varying combinations of these. Once such a broader framework is recognised, the question usually raised, as to whether the state should abdicate its responsibility for higher education and allow the private sector to take it over, becomes ambiguous.

A related aspect is the contribution that households make to the expenditure on education at all levels. (Households share in the funding of education, but not in the provision of formal education.) Their contribution consists of fees, cost of books and other materials such as uniforms, travel, hostel facilities where applicable, and 'donations', voluntary or otherwise. There is also, in many instances, the opportunity cost of earnings that those who go in for education forgo, though this is not taken into account in the figures that follow. It may not be widely known that even where schooling is 'free', households incur expenses. A survey by the National Council for Applied Economic Research, conducted in the early 1990s and quoted in one of the chapters, shows that household expenditure per student on free elementary education in rural India was Rs.378, with a high of Rs.842 in Himachal Pradesh and a low of Rs.253 in Orissa. But Sailabala Devi, on the basis of a study of Orissa for the same period, arrives at a high figure of Rs.982 of which Rs.335 went for private tuition. Another set of figures shows that per student direct expenditure on elementary education by households in rural India was substantially different as between government schools and private schools and between aided and unaided private schools. More important, even at Rs.378 per pupil, the amount spent by households as a whole on the schooling of children aged six to 14 is a substantial 30 per cent of the total amount by all financial agencies — the government, households and others in the community, including private schools.

Does this contribution of households indicate their willingness and ability to pay, or should it be thought of as "forced commercialisation"of a sort? There are two ways of looking at this question. The first is to note that while for households as a whole the expenditure on schooling constituted 2.6 per cent of income, for the poorest section it is as high as 7.3 per cent. To put it mildly, educating children is a burden for poor households. On the other hand, well-to-do households may be prepared to pay even more than what they are paying now. A sample survey of households in Tamil Nadu showed that for collegiate education, including professional education, households were willing to pay 20 to 40 per cent more than what they were paying if the quality of education would improve.

Perhaps this willingness to pay or the demand factor, has resulted in the recent proliferation of self-financing educational institutions at all levels. One of the weaknesses of the volume is that this phenomenon does not get adequate attention. What is the financial motivation of these institutions that are providers of education? Are they net contributors of funds or is their main objective to make profits in a situation of excess demand? What is and what should be the structure of fees that they levy? How well are their teachers and other employees paid? On financing alone, these questions call for answers.

But on themes that it deals with, the volume provides plenty of information, competent analysis and thought-provoking observations. •