

Expenditure on Education in India:

A Short Note

Subhanil Chowdhury & Prasenjit Bose

1. The importance of education in economic development is accepted across the ideological divide in economic theory and policymaking. However, what remains common to the recent phase of market-oriented reforms in India and the earlier phase of state-led development planning is the failure to ensure access to basic education for the masses. The limited spread of literacy and elementary education till date along with a miniscule proportion of the population having access to higher education provides a pathetic spectacle, especially in the backdrop of tall claims regarding high rates of economic growth and technological advances achieved during the phase of economic liberalization. The post-liberalization period has actually witnessed a gradual withdrawal of the state from the sphere of education, adversely affecting both the spread as well as the quality of education in the country. The advent of the BJP-led government at the Centre in 1998 further witnessed the consolidation of two regressive trends in Indian education: motivated attempts to subvert its secular and democratic character; and reckless commercialization, particularly of higher education.

2. Following the defeat of the BJP-led government in the recently concluded Lok Sabha elections, a great deal of enthusiasm to reverse the process of communalization of education seems to have been generated within the policy circles. It needs to be understood, however, that the drive towards such 'detoxification' would remain half-hearted at best, if larger questions regarding the role of the state in education remain unattended. For instance, even if the communally tampered textbooks of the NCERT are replaced by secular ones, the number of schools which would adhere to such curriculum is too scarce to be able to outcompete, let alone totally replace, the enormous apparatus of school education put in place by the RSS and its affiliates. Similarly, no matter how honestly the purging of RSS hacks from the state-run institutions of higher learning is carried out, the passage of the Private Universities Bill or even the continuance of the current dubious practice of granting deemed university status to all and sundry by the UGC, would pave the way for their eventual rehabilitation. A genuine effort to reverse the process of communalization of education would therefore imply reinventing

the vital role of the state in this sphere. That of course cannot be achieved without making a departure from the marketization/commoditization paradigm, the scope for which has been provided by the commitment to spend 6% of GDP on education made in the Common Minimum Programme of the UPA government.

3. Table 1 below shows the combined expenditure of the Central and State governments on education as a percentage of GDP in the recent years. It can be easily observed that the total state expenditure on education in the country has hovered around 3% of GDP, far below the 6% of GDP benchmark set by the Kothari Commission way back in 1968.

Table 1	
Year	Central and State Governments' Combined Expenditure on Education as a percentage of GDP
1999-00	3.3
2000-01	3.1
2001-02*	3.1
2002-03**	3.1
Source: Economic Survey, 2002-03.	
Notes: * Revised Estimate, ** Budget Estimate.	

The inadequacy of resources has stemmed primarily from the unwillingness of the Central government to undertake adequate expenditure on education. Table 2 amply demonstrates the negligible proportion of resources spent for education through Central Budgets in recent years, with the percentage of expenditure on education never exceeding 2.5% of total budgetary expenditure.

Table 2	
Year	Expenditure on Education as percentage of Total Central Budgetary Expenditure
1999-00*	2.41
2000-01*	2.49
2001-02*	2.21
2002-03**	2.39
Source: Calculated from Expenditure Budget and Demand for Grants, various years.	
Notes: * Revised Estimate; ** Budget Estimate	

The larger burden of expenditure on education is already being borne by the State governments, which are almost without exception caught up in a fiscal mess, thanks to the squeeze on transfer payments to the States and higher interest rates charged on their borrowings. It follows therefore that the promise of spending 6% of GDP on education contained in the Common Minimum Programme can only be achieved through a stepping up of Central government expenditure on education.

4. Despite the fact that the proportion of Central Budget expenditure on education did not experience any increase during its tenure, the NDA government proclaimed to have 'prioritized' elementary education by allocating a greater proportion of resources towards it. This so-called 'prioritization' can be seen from Table 3 where there is increase in the proportion of total budgetary allocation on education spent on elementary education (from 39% in 1999-00 to 43.96% in 2002-03) with a concomitant fall in the proportion of expenditure on university and higher education (from 29.58% in 1999-00 to 17.34% in 2002-03).

Table 3		
Year	Expenditure on Elementary Education as percentage of Total Budgetary Expenditure on Education	Expenditure on University and Higher Education as percentage of Total Budgetary Expenditure on Education
1999-00*	39.00	29.58
2000-01*	37.74	31.02
2001-02*	44.32	20.45
2002-03**	43.96	17.34
Source: Calculated from Expenditure Budget and Demand for Grants, various years.		
Notes: * Revised Estimate; ** Budget Estimate		

However, this counterpoising of elementary and higher education, in the name of 'prioritizing' the former, is nothing but an apology for not undertaking adequate expenditure in either of the two levels. This becomes evident from Table 4 that shows only a marginal increase in the expenditure on elementary education as a proportion of total budgetary expenditure in the recent years (0.94% in 1999-00 to 1.05% in 2002-03), which calls the bluff as far as 'prioritization' of elementary education is concerned, while there is a significant fall in the expenditure on university and higher education as a proportion of total budgetary expenditure (0.71% in 1999-00 to 0.41% in 2002-03).

Table 4		
Year	Expenditure on Elementary Education as percentage of Total Budgetary Expenditure	Expenditure on University and Higher Education as percentage of Total Budgetary Expenditure
1999-00*	0.94	0.71
2000-01*	0.94	0.77
2001-02*	0.98	0.45
2002-03**	1.05	0.41
Source: Calculated from Expenditure Budget and Demand for Grants, various years.		
Notes: * Revised Estimate; ** Budget Estimate		

Such diversionary tactics need to be strictly avoided. The Union government should accept the fact that Central Budgetary allocation on education is abysmally low for all levels and expenditure needs to be stepped up for elementary as well as higher education.

5. Free and compulsory education was made a Fundamental Right for all children in the age-group of 6-14 years through the 86th Amendment of the Constitution enacted in December 2002. The law suffers from the lacuna that the children below six years of age have been excluded from its purview. Moreover, the constitutional obligation towards free and compulsory education has been shifted from the State to the parents/guardians by making it their Fundamental Duty under Article 51A (k) to 'provide opportunities for education' to their children in the 6-14 age group. While setting these anomalies right remains to be an important objective, what should be of immediate concern is the financial commitment that this legislation entails. The Tapas Majumdar Committee appointed by the government had suggested a required expenditure of around Rs. 1.37 lakh crores over a ten year time frame (1998-2007) to bring all the children in the 6-14 age group under the purview of school education by 2008. Contributing its bit to the 'India Shining' campaign on the eve of the elections, the Ministry of Human Resource Development had publicly claimed through media advertisements that 3 crores out-of-school children were already brought back to school after spending Rs. 16,000 crores under the Sarva Siksha Abhiyan. It amounted to achieving 60% of the target in universalizing elementary education (i.e. 3 crores out of the estimated 5 crores out-of-school children brought back to school) by spending only 0.11% of the total expenditure of Rs. 1,36,922 crores estimated by the Tapas Majumdar Committee.

This was nothing but a perfidious claim being made by the NDA government in order to conceal its sheer lack of commitment towards universalizing elementary education.

6. The budget estimates for total expenditure on education in the interim budget placed by the NDA government this year was Rs. 11,062 crores, which amounted to around 2.41% of total budgetary expenditure. Out of this, the budget estimates for elementary education stood at Rs. 6004 crores. The Tapas Majumdar Committee on the other hand had suggested an expenditure of Rs. 17,000 crores in 2004-05 for meeting the requirements of universal school education alone. The gap between the requirement and what the government is willing to spend is so large as to make a mockery of the goal of universal school education. It is here that the UPA government has to make a decisive break from its predecessor. And it would do well to remember that the mobilization of adequate resources for universal elementary education would necessarily involve taxation of the rich and privileged. A cess on corporate taxes, personal income tax and customs duties on luxury imports, to mobilize additional resources for the Sarva Siksha Abhiyan can be a good beginning as far as the first budget of the UPA government is concerned.