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# Growth and Financing of Elementary Education in Uttar Pradesh: A Province in India

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**Abstract**
The present article attempts to study financing patterns of elementary education in Uttar Pradesh. A review of educational development in the state reveals that the goal of universalizing elementary education in a resource-poor state seems to be elusive in the near future. Neither the financing pattern of education per se nor elementary education in particular is conducive to achieving the target of universal elementary education. The magnitude of out-of-school children (leaving or dropped-out children) vis-à-vis the resources allocated toward elementary education provides a gloomy picture in the state. Financing the additional resources required to universalize elementary education in the state would require significant reallocations in overall expenditure with federal assistance, since the fiscal situation in Uttar Pradesh is highly imbalanced. The state and central government should bear the entire responsibility of funding and ensure the twin principles of equity and efficiency in the public education system in the state. This requires an indomitable political commitment in terms of reorientation of spending priorities and improving the efficiency of resource use in the state. This study reaffirms that the goal of universal elementary education could become a reality only if there is a joint commitment between the federal and state polities.

## Introduction

Investment in basic education contributes immense of benefits and further perpetuates the benefits into the future generations. Benefits of education include the economic and social returns; decline in poverty and income distribution; fertility, population and health outcomes; political and economic development; dynamic externalities associated with education and above all better quality of life. The importance and hence the provision of free and compulsory elementary education is well recognized in the international and national arena. At the international level, in Article 26 of Universal Declaration of Human Rights, (UN,1950); Articles 13 and 14 of the International Covenant on Economic, Social and Cultural Rights (1966) and Article 28 of the Convention on the Rights of the Child(1989) (Note 1), Human capital revolution around 1960s, World Conference on Education For All at Jomtien in 1990 and adoption of World Declaration on Education for All (EFA) in the same conference and its assessment at Dakar in 2000 have well established the importance of education in the social, economic and political development of a nation.

The Government of India in its preamble in the Constitution under Article 45, made a resolution to provide free and compulsory education up to the age of 14 within a period of 10 years. The National Policy on Education, 1986 and the Programme of Action in 1992 reiterated the Constitutional Directive that free and compulsory education of satisfactory quality be provided to children up to the age of 14 years before the 21st century. Though this target period has been revised time and again, recently the bill on Elementary Education as a Fundamental Right has been passed in the parliament in its 93rd Amendment. Elementary education as a fundamental right underlines the paramount significance of the Central government in achieving universal elementary education.

In the educational planning and development strategy, though the underlying principles are promoting regional equity and efficiency in the system, still there exists a great deal of variation in the educational development across states. In the continuum, at one end, we have Bihar with the lowest literacy rates (47 percent in 2001 census) and on the other Kerala with near 100 percent literacy rates (91 percent in 2001 census). Few states, especially Himachal Pradesh and Tamil Nadu, exhibit outstanding success in educational development within a short time span. Himachal Pradesh is one of the educationally developed states after Kerala, Goa and Maharashtra according to the 2001 census. The progress in educational development is a recent phenomenon in this state since the 1980s, and it progressed at a much faster rate than other states. On the contrary, experience of economically and educationally least developed and at the same time one of the most populous and geographically largest, Uttar Pradesh provides a hard reality of an Indian state. It is in this light, the causes for such backwardness in the educational development of Uttat Pradesh deserve to be studied. The present study examines a very specific aspect, viz., that of financing elementary education in Uttar Pradesh, one of the important determinants in achieving universal elementary education. It is to be noted that there are number of other equally important factors which also determine the educational progress in a state.

The present study attempts to examine major issues on financing elementary education in Uttar Pradesh in the recent two decades, from 1980-81 to 1999-2000. The scheme of the study is as follows: First a brief account of the socio economic development and a review of educational development in the state is presented. Then the discussion brings out the importance of education in the overall state plan and non-plan resources *per se*. The next section is devoted to the analysis on financing elementary education in particular, besides the role of central government in and external aid to financing elementary education. The last section provides the concluding remarks. The information for the study is culled from various sources, viz, Analysis of budgeted expenditure on Education and Selected Educational Statistics published by MHRD, state five-year plan documents, national and state statistical abstracts, and the like.

## Background

Uttar Pradesh is one of the least developed states in India with the lowest per capita income of Rs.7743 in 1996-97. Only three states (Assam, Orissa and Bihar) have a lower per capita income than Uttar Pradesh. Economic growth has decelerated in Uttar Pradesh since 1991, while growth accelerated in other states of India. The gap between Uttar Pradesh and the rest of India widened substantially in the 1990s as annual growth in per-capita income slowed down to 1.2 percent in Uttar

Pradesh (Ahluwalia, 2000). Poverty and unemployment are the two chronic problems of the state. Though the percent of population living below the poverty line in terms of head count ratios has come down, from 45 per cent in 1987-88 to 31 per cent in 1999-00 (Note 2), the labour force participation in secondary and tertiary sectors is limited due to low literacy levels of the population. In the primary sector, the inherent problems of low levels of productivity and high levels of under employment persist.

Severe fiscal crises hinder the state from investing enough to provide economic growth and improve social conditions. The overall fiscal deficit increased to a high of 7.7 percent of gross State Domestic Product (SDP) in 1998-99, among the highest across India. The share of debt service in total state revenues has increased from 13 percent in 1985-86 to more than 39 percent in 1998-99. Salaries, pensions, and interest payments absorbed more than three-quarters of the total revenues in 1998-99. Poor governance has resulted in a narrowing of the tax base (a 25 percent decline in the number of taxpayers between 1993 and 1997), and unsustainable growth in the government's wage bill. High and growing deficits for more than a decade, together with the slow pace of economic growth, have resulted in an unsustainable level of indebtedness in the state (World Bank, 2000).

Social indicators for the state are pitiful. Life expectancy at birth (1993-97) is 57.6 years and remains second from the bottom compared to all other states; IMR in 1999 was 84 and stood third from the bottom; maternal mortality rate per 100,000 live births in 1998 was 707 worst among all states (Note 3); the death rate in 1999 was second highest; the birth rate was the highest at 32.8 in 1999 (Note 4). Uttar Pradesh is one of the most populous states in the country, and there are no signs of reducing the rate of growth of population in the state. For three decades from 1971 to 2001, the rate of growth of population was persistently 2.5 per cent per annum, indicating that the state is still in its primitive stages of demographic transition. This could be mainly on account of low levels of education and restricted role of women in society besides the poor functioning of public services (see, Dreze and Gazder, 1996, Kurian, 2000).

**Crude Birth Rate and Infant Mortality Rate by Natural Divisions in Uttar Pradesh**

| Region | CBR | IMR |
|---|---|---|
| Uttaranchal | 23.7 | 66.1 |
| Eastern | 33.8 | 77.7 |
| Southern | 34.0 | 82.2 |
| Central | 34.1 | 96.7 |
| Western | 36.2 | 97.2 |

Source: SRS 2000 Data, ORG

## The Education Scenario in Uttar Pradesh

Uttar Pradesh is one of the most educationally backward states in India with 43 per cent of the population as non-literate according to the 2001 census. The progress in literacy rates has been at a snail's pace in the state for three decades from 1961 to 1981 as can be seen from Table 1. Only in the previous two decades were there signs of improvement in literacy rates. The gender gap in literacy rates exhibits the extent of deprivation of women education in the state. In the knowledge based era of the 21st century not even half of the female population is literate.

**Table 1**
**Literacy Rates in Uttar Pradesh**

| | Male | Female | Person | (Note 5) Gender Gap[1] |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| 1961 | 32.63 | 8.43 | 21.13 | 24.20 |
| 1971 | 36.69 | 12.46 | 25.44 | 24.23 |
| 1981 | 38.9 | 14.42 | 27.4 | 24.48 |
| 1991 | 54.82 | 24.37 | 40.71 | 30.45 |
| 2001 | 70.23 | 42.98 | 57.36 | 27.25 |

Source: Census of India.

Elementary educational institutions in the state at the time of independence numbered 38,433 and increased to 118,642 in 1999-2000, about three and a half times. Children enrolled in elementary schools were 30.8 lakhs (a “lakh” is 100,000) in 1950-51 and increased to 166 lakhs in 1999-2000, a five fold increase. Though, it has increased over a long period of time, in recent decades, there is a decline in the children enrolled in primary and upper primary levels of education as can be seen from the simple growth rates estimated for the period 1980-2000 as a whole and between the decades 1980s and 1990s, (see Table 2).

**Table 2**
**Growth Rates (Note 6) in Elementary Educational Institutions in Uttar Pradesh**

| | Institutions | | | Enrollment | | | Teachers | | |
|---|---|---|---|---|---|---|---|---|---|
| | Pry | UP | Elem. | Pry | UP | Elem. | Pry | UP | Elem. |
| 1980-1990 | 0.66 | 2.31 | 0.95 | 3.02 | 10.33 | 4.28 | 0.95 | 4.63 | 1.83 |
| 1991-2000 | 2.80 | 3.88 | 2.98 | -0.68 | -0.85 | -0.71 | 2.21 | 1.08 | 1.91 |
| 1980-2000 | 1.59 | 2.12 | 1.68 | 2.16 | 4.04 | 2.48 | 1.13 | 2.13 | 1.37 |

Source: Estimated based on Selected Educational Statistics

That the growth rate in enrollment is negative for the latest decade is a cause for concern. But, growth in the number of teachers in elementary education has been quite high, from 84,804 teachers in 1950-51 to a five fold increase of 426,680 teachers. Though, growth in teachers is almost in pace with increase in enrollment over the long period, if we closely look at the growth rates in enrollment and teachers in 1980s and 1990s, it can be noticed that the growth in number of teachers is positive in the 1990s as against the negative growth rate in enrollment both in primary and upper primary levels. Growth rates indicate that though there have been efforts to employ teachers, but no such effort was generated to increase the enrollment of the children.

**Table 3**
**Gross Enrollment Ratio in Elementary Educational Institutions in Uttar Pradesh**

| | Primary | | | Upper Primary | | |
|---|---|---|---|---|---|---|
| Year | Boys | Girls | Person | Boys | Girls | Person |
| 1980-81 | 90.8 | 45.7 | 68.9 | 54.5 | 19.3 | 37.5 |
| 1985-86 | 86.4 | 50.3 | 69.4 | 56.7 | 22.4 | 40.7 |
| 1990-91 | 89.1 | 51.0 | 71.1 | 63.2 | 25.6 | 45.5 |
| 1991-92 | 104.9 | 66.9 | 86.9 | 67.9 | 33.4 | 51.6 |
| 1992-93 | 103.7 | 72.0 | 88.6 | 73.4 | 35.7 | 55.6 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1993-94 | 103.9 | 72.8 | 89.3 | 72.2 | 35.4 | 55.0 |
| 1994-95 | 105.1 | 72.7 | 89.8 | 73.1 | 35.3 | 55.4 |
| 1995-96 | 104.3 | 72.0 | 89.1 | 72.3 | 34.9 | 54.7 |
| 1996-97 | 85.2 | 59.9 | 73.4 | 62.4 | 32.6 | 49.0 |
| 1997-98 | 74.1 | 48.9 | 62.3 | 50.3 | 27.7 | 40.0 |
| 1998-99 | 76.0 | 49.3 | 63.4 | 48.9 | 26.4 | 38.6 |
| 1999-00 | 78.4 | 50.2 | 65.0 | 48.7 | 25.8 | 38.1 |

Source: Selected Educational Statistics, various issues

This is because the teachers and the teacher unions are vocal in the polity (Muazzmil and Kingdon,2001). It is unfortunate that the strength of teachers has not been used to universalize in a broader perspective for the development of education. Gross enrollment ratio as well suggests that there has been a drastic decline in the ratio in recent years. The decline is sharp from 1996-97 onwards, in both boys and girls and also in primary and upper primary enrollment ratios as shown in Table 3 (Note 7). In the year 1999-2000, 25 per cent of the boys and 50 per cent of the girls of the eligible age group children are not enrolled in any schools at the primary level. The situation is far bleak at the upper primary level that 50 per cent of the boys and 75 per cent of the girls are not enrolled at upper primary level.

**Table 4**
**Children Enrolled in Different Management by Region in 1993 (in %)**

| Primary | Government* | Private Aided | Private Unaided | All (in lakhs) |
|---|---|---|---|---|
| Rural | 88.7 | 2.5 | 8.8 | 103.4 |
| Urban | 35.9 | 10.7 | 53.4 | 27.0 |
| Total | 77.8 | 4.2 | 18.0 | 130.5 |
| Upper Primary | | | | |
| Rural | 39.5 | 32.2 | 28.3 | 30.7 |
| Urban | 22.8 | 47.5 | 29.6 | 14.7 |
| Total | 34.1 | 37.2 | 28.7 | 45.4 |

* Includes local bodies; Source: NCERT(1998), Vol.II. Enrollment in Schools.

It is often argued that the decline in enrollment (which corresponds to enrollment in government and private aided schools) might be on account of increasing numbers of children enrolled in private unaided schools. However, it can be seen in Table 4 that, in the early 1990s enrollment in government / local bodies schools is predominant in the state. Enrollment in private unaided schools is a phenomenon only in the urban area. However, the PROBE (1999) survey found that even in rural areas the children, particularly males, are increasingly enrolled in private unaided schools.

The information from the household surveys on attendance rates suggests an improvement in the middle and late 1990s as shown in Table 5. Attendance rate is a better indicator when there is a large gap between children enrolled and actually attending schools.

**Table 5**
**Attendance Rates in Uttar Pradesh**

| | Rural | | | Urban | | | Total |
|---|---|---|---|---|---|---|---|
| | Male | Female | All | Male | Female | All | |
| Primary(1995-96) (Note 8) | 67 | 49 | 59 | 73 | 69 | 72 | 61 |
| Upp.pry (1995-96) | 77 | 46 | 63 | 80 | 72 | 76 | 66 |
| Primary(1998-99) | 83 | 71 | 78 | 87 | 83 | 85 | 79 |
| Upp. Pry (1998-99) | 80 | 57 | 70 | 81 | 80 | 81 | 72 |

Source: NSSO(1998), pp.A41-47 correspond to year 1995-96; IIPS(2001) NFHS –II; 1998-99

Though there has been improvement in the attendance rates, still there is a huge number of children dropping out. The rate of drop-out is higher among girls in primary and elementary levels of education and it has been increasing over the years (see Table 6).

**Table 6**
**Drop-out Rates in Uttar Pradesh**

| | 1997 | | 1998 | | 1999-00 | |
|---|---|---|---|---|---|---|
| | Total | Girls | Total | Girls | Total | Girls |
| Primary | 49.85 | 55.98 | 49.88 | 57.49 | 56.64 | 62.16 |
| Elementary | 52.45 | 57.28 | 53.11 | 57.9 | 53.01 | 57.94 |

Source: Selected Educational Statistics, various years.

While investigating the relationship between work and education of children in two villages of Uttar Pradesh, Lieten (2000) found that the drop-out factor is more likely to be associated with push factors internal to the school than to the pull factors emanating from the labour market. In addition to the children who dropped out, 1.6 crores (a “crore” equals 10 Million) children in the age group 6-14 were never enrolled in school. Percentages of out-of-school children estimated based on the 1991 Census in Uttar Pradesh in the age group 6-11 is 63 per cent and in the age group 11 –14 is 47 percent as against 48 and 36 percent for the country (Note 9). It is a challenge for the state as well as for the central government to bring these out-of-school children into schools and retain them in schools. Then only can the unaccomplished goal of universalizing elementary education can become a reality. The recent NFHS survey identified that 38 per cent of the urban male never enrolled children cited that it costs too much to enroll in schools. As noted earlier, the twin chronic problems of poverty and unemployment ill-resulted in children never enrolled and even if enrolled drop out due to the grip of the vicious circle of poverty and child labour combined with poor quality of schooling. The glaring fact from this quick review is that the goal of universalizing elementary education in a resource poor state seems to be elusive in the near future. The goal could become a reality only if there is indomitable and concomitant will between the federal polities combined with social mobilization within the state.

## Public Expenditure on Education in Uttar Pradesh

The role of State assumes paramount significance in reaching the goal of providing free and compulsory education up to the age of 14. The amount of resources required for accomplishing the unfinished agenda remains high. This section highlights the major issues relating to financing education in Uttar Pradesh, viz., the relative importance of education in the overall economic development of the state in terms of planned and non-planned expenditures; the relative share of education expenditure in planned and non-planned accounts, and education and other departments’ contribution to education focusing the period from 1980-81 to 1999-2000.

In India, at the central and state level, it is the task of the Planning Commission and state planning

boards at the state level to allocate planned resources to various sectors of the economy. The maintenance of the investment made in the planning framework is taken care of by another statutory body, namely the finance commission. The share of plan education expenditure in the total plan expenditure of the state and similarly the share of non-plan education expenditure in the total non-plan expenditure is reported in Table 7 for selected years.

In the total plan expenditure of the state government, from 4 to 14 per cent of expenditure is allocated to education expenditure in the plan account. In the early 1980s, the share of plan expenditure was in single digit and improved in the late 1980s and again declined drastically in the beginning of 1990s. It could be mainly on account of the structural adjustment program, which began in the 1990s. From the middle of 1990s onwards, there has been improvement in the plan allocation for expenditure on education. However, the major problem in the state is low economic growth, 4 per cent growth of SDP (1.2 per cent growth of per capita SDP) and hence the overall resources available within the state itself are meager.

**Table 7**
**Share of Plan and Non-plan Education Expenditure in Total Plan and Non-plan Expenditures**

| Year | % of edn plan to state plan | % of edn non plan to state non plan |
|---|---|---|
| 81-82 | 5.0 | 24.5 |
| 82-83 | 7.1 | 24.5 |
| 84-85 | 7.5 | 24.7 |
| 89-90 | 13.11 | 26.7 |
| 90-91 | 7.33 | 25.94 |
| 92-93 | 4.4 | 22.64 |
| 93-94 | 5.26 | 20.0 |
| 94-95 | 10.91 | 20.7 |
| 95-96 | 14.01 | 19.85 |
| 96-97 | 12.69 | 21.38 |
| 97-98 | 12.15 | 19.63 |
| 98-99® | 10.04 | 20.14 |

Source: Analysis of Budgeted Expenditure in the Education Sector, MHRD, various years.

In the non-plan account, the share of education expenditure fluctuates from 20 to 25 percent in the state during the last two decades. Though, in the recent finance commissions, the non-performing states like Uttar Pradesh have been allocated a higher share of transfers (based on backwardness index, infrastructure index, etc.), given the extent of backwardness and dysfunctional governance in the state makes it more difficult for any signs of improvement and development in the state.

**Table 8**
**Share of Expenditure on Education by Department of Education & Other Departments in Uttar Pradesh**

| Year | Education dept | Other dept | Total |
|---|---|---|---|
| | (in %) | | (Rs.in Crs) |
| | | | |

| | | | |
|---|---|---|---|
| 1980-81 | 91.70 | 8.30 | 378.30 |
| 1985-86 | 89.78 | 10.22 | 855.73 |
| 1990-91 | 90.60 | 9.40 | 2295.68 |
| 1991-92 | 88.60 | 11.40 | 2240.39 |
| 1992-93 | 88.80 | 11.20 | 2783.90 |
| 1993-94 | 87.85 | 12.15 | 2639.35 |
| 1994-95 | 88.47 | 11.53 | 3302.87 |
| 1995-96 | 90.12 | 9.88 | 4400.30 |
| 1996-97 | 86.38 | 13.62 | 4426.00 |
| 1997-98 | 93.37 | 6.63 | 4431.31 |
| 1998-99 | 85.38 | 12.32 | 6471.52 |
| 1999-00® | 85.38 | 14.62 | 6873.10 |
| 2000-01(B) | 91.68 | 8.32 | 4241.11 |

Source: Analysis of Budgeted Expenditure in the Education Sector, MHRD, various years.

Education expenditures primarily flow from the education department of the government. In addition, other departments such as Ministry of Health, Ministry of Welfare, etc., spend on education. About 10 to 12 percent of the total expenditures on education flow from other departments (see Table 8).

The problem among the developing countries is that the majority of expenditures is allocated for non-plan, i.e., salary and other expenditure as education is predominantly a labour-intensive sector. In this resource-starved state as well, about 10 percent of the expenditure on educationaccount for developmental activity, viz., building of schools, acquiring additional class rooms, infrastructure, etc. The major share of the expenditure is taken away for the non- developmental activity of maintenance of the system. Growth rates in both plan and non-plan expenditures in the 1980s are higher than in the 1990s.

**Table 9**
**Share of Plan and Non-plan Expenditure on Education in Uttar Pradesh**

| Year | Plan | Non-plan | Total |
|---|---|---|---|
| | (in %) | | (Rs.in Crs) |
| 1980-81 | 4.22 | 95.78 | 346.92 |
| 1985-86 | 6.05 | 93.95 | 768.27 |
| 1990-91 | 7.46 | 92.54 | 2079.84 |
| 1991-92 | 8.23 | 91.77 | 1984.95 |
| 1992-93 | 3.91 | 96.09 | 2472.04 |
| 1993-94 | 5.18 | 94.82 | 2318.67 |
| 1994-95 | 10.31 | 89.69 | 2922.19 |
| 1995-96 | 14.59 | 85.41 | 3965.37 |
| 1996-97 | 10.85 | 89.15 | 3823.24 |
| 1997-98 | 9.78 | 90.22 | 4137.51 |
| 1998-99 | 6.86 | 93.14 | 5674.42 |

| | | | |
|---|---|---|---|
| 1999-00® | 10.10 | 89.90 | 5868.25 |
| 2000-01(B) | 13.14 | 86.86 | 3888.06 |
| Growth rates | | | |
| 80-81 to 89-90 | 28.02 | 17.13 | 17.88 |
| 90-91 to 00-01 | 17.82 | 10.30 | 10.90 |
| 80-81 to 00-01 | 18.93 | 15.18 | 15.49 |

Source: Analysis of Budgeted Expenditure in the Education Sector, MHRD, various years.

This is against the experience of some of the other states; for example, for Karnataka, Himachal Pradesh, and Tamil Nadu in the 1990s, the growth ofplan expenditures in total expenditure are much higher. It is because plan funding from Center has increased after adoption of National Policy on Education 1986 which gave a meaningful definition to the concurrency of education enshrined in the Constitution through its 42nd amendment. But in Uttar Pradesh even with central funds, the growth rates in plan expenditures during 1990s are less compared to 1980s. This indicates that the state funds are not coming forward even when there is central support, (see, Bashir, 2000). This unambiguously illustrates the state's lack of financial commitment to education.

## Allocation of Resources

Yet another important dimension of financing education is looking at the allocation of resources to education. There are three important aspects relating to allocation of resources to education: a) allocation of resources to education vis-à-vis other sectors, referred as inter-sectoral allocation of resources; b) intra-sectoral allocation of resources within education, i.e., allocation to different levels of education; and c) inter-functional allocation of resources to different activities such as teaching, administration, student welfare, etc. (Tilak, 2002).

### Inter-sectoral allocation of resources

Inter-sectoral allocation of resources is examined by looking at a couple of important indictors, viz., share of education expenditure in total income of the state and share of education expenditure in total revenue expenditure in Uttar Pradesh. Share of education expenditure in SDP reflects the relative priority given to education in the state economy. Uttar Pradesh allocated on average 3.4 percent during 1980s and increased this amount to 4.5 percent in the 1990s, (see Table 10). In a resource poor state, even a lesser expenditure would show a higher share as income itself is growing at a slower rate. The data in Table 10 suggest that there is fluctuation in both the share of SDP and share of revenue budget in the state.

**Table 10**
**Share of Total Education Expenditure in SDP and State Budget in Uttar Pradesh**

| Year | % of SDP | % of State Budget |
|---|---|---|
| 1980-81 | 2.70 | 22.04 |
| 1985-86 | 3.47 | 23.11 |
| *Average* | *3.42* | *22.63* |
| 1990-91 | 4.64 | 24.07 |
| 1991-92 | 3.92 | 21.54 |
| 1992-93 | 4.49 | 21.94 |

| | | |
|---|---|---|
| 1993-94 | 3.78 | 19.87 |
| 1994-95 | 4.17 | 21.41 |
| 1995-96 | 4.97 | 25.06 |
| 1996-97 | 4.30 | 23.04 |
| 1997-98 | 3.92 | 19.97 |
| 1998-99 | 5.72 | 24.82 |
| 1999-00® | 4.17 | 22.48 |
| 2000-01(B) | 3.93 | 19.66 |
| *Average* | 4.36 | 22.17 |

The national share of education expenditure to GDP was around 3.4 per cent in 1999-00; thus, neither Uttar Pradesh nor the nation has followed the recommendations of Education Commission(1966) which fixed a target of 6 percent of GDP to investment in education from public exchequer by 1986.

**Table 11**
**Share of Education Expenditure in State Domestic Product (SDP) & State Budget in Major States in India in 1989-90 and 1997-98**

| | 1989-90 | | 1997-98 | |
|---|---|---|---|---|
| States | % of SDP | % of Budget | % of SDP* | % of Budget |
| Andhra Pradesh | 4.6 | 24.5 | 2.9 | 16.6 |
| Assam | 6.0 | 25.5 | 9.1 | 33.4 |
| Bihar | 6.3 | 28.1 | 6.9 | 29.8 |
| Gujarat | 4.3 | 24.3 | 4.0 | 21.2 |
| Haryana | 3.1 | 18.6 | 4.0 | 14.7 |
| Himachal Pradesh | 8.8 | 22.6 | 7.2 | 21.3 |
| Karanaka | 4.3 | 22.1 | 3.5 | 21.8 |
| Kerala | 6.5 | 30.4 | 4.4 | 23.9 |
| Maharashtra | 5.0 | 24.2 | 2.8 | 23.9 |
| Madhya Pradesh | 3.2 | 21.1 | 4.2 | 23.4 |
| Orissa | 5.4 | 24.2 | 5.9 | 24.4 |
| Punjab | 3.5 | 22.7 | 3.6 | 17.2 |
| Rajsathan | 5.3 | 26.5 | 5.3 | 25.2 |
| Tamil Nadu | 5.0 | 23.7 | 4.1 | 22.2 |
| Uttar Pradesh | 4.6 | 24.0 | 4.0 | 20.0 |
| West Bengal | 5.4 | 30.4 | 4.6 | 24.1 |
| India | 4.9 | 13.7 | 3.9 | 13.2 |

Source: Analysis for Budgeted Expenditure on Education, 1997-98 to 1999-2000.

Share of education expenditure in SDP in Uttar Pradesh vis-à-vis other major states in the country in the year 1989-90 suggests that only four states (Madhya Pradesh, Punjab, Haryana and Gujarat)

allocated a lesser share of SDP than Uttar Pradesh (see Table 11). But in 1997-98, the allocation marginally declined. Education expenditure as percent of revenue expenditure indicates the relative priority given to education in the government budget. The share ranges between 19 and 25 percent in Uttar Pradesh. This share is much less than Kerala, which allocates 30 and 24 percent of revenue expenditure to education in 1989-90 and 1997-98, respectively, (see Table 11). Uttar Pradesh is placed at the middle and allocated 24 per cent during both periods. Only three states Andhra Pradesh, Haryana and Punjab allocated lesser government expenditure on education than Uttar Pradesh.

Expenditures on education indicate to what extent the education sector is accorded importance in the five year plans of a state. The inter-sectoral allocation in the five year plans in the state exhibits three phases, (see Table 12). The first phase consists of the period from first to third plan, where allocation of resources to the education sector ranged between 6 to 13 percent in the total plan expenditures. The second phase consists of (declining period) from annual plans to the seventh plan, the resources allocated to education ranged between 3 to 6 percent of the total plan expenditures. At the national level and many of the educationally progressing states like Himachal Pradesh and Tamil Nadu, the increasing plan allocation could be found from the sixth plan onwards, while such a trend seems evident in Uttar Pradesh only from the annual plans (1990-1992) truly from eight plan onwards. This is the third phase of increasing trend of resources allocated to education.

**Table 12**
**Inter-Sectoral Allocation in Five-Year Plans in Uttar Pradesh (in%)**

| | I plan | II plan | III plan | Annual plans | IV plan | V plan | VI plan | VII plan | Annual plans | VIII plan |
|---|---|---|---|---|---|---|---|---|---|---|
| Agriculture & allied | 25.5 | 30.7 | 29.3 | 29.3 | 20.7 | 14.6 | 13.7 | 19.1 | 17.7 | 21.6 |
| Irrigation, flood control & energy | 36.6 | 35.2 | 39 | 49.9 | 54.2 | 57.8 | 49.4 | 41.2 | 48.5 | 37.6 |
| Industry & minerals | 4.2 | 5.5 | 3.7 | 4 | 3.6 | 6.2 | 6.5 | 5.8 | 2.95 | 2.7 |
| Transport & comm. | 4.5 | 6.6 | 5 | 3.7 | 6.7 | 8.5 | 10.3 | 10.7 | 8.7 | 11.7 |
| Social Sector | 29.2 | 16.3 | 15.0 | 13.0 | 14.8 | 12.9 | 20.1 | 23.2 | 21.7 | 24.8 |
| Education | 12.8 | 6.1 | 8.0 | 2.7 | 5.6 | 3.7 | 3.3 | 4.0 | 6.2 | 5.3 |
| Health | 8.5 | 4.2 | 4.4 | 3.4 | 4.9 | 3.2 | 2.9 | 3.8 | 4.0 | 2.6 |
| Total (Rs. In crs) | 153 | 233 | 560 | 455 | 1165 | 2909 | 6594 | 11948 | 6903 | 21679 |

Source: Various State Plan Documents, Uttar Pradesh.

It can be noted that Uttar Pradesh is lagging behind by fifteen years that of the educationally progressive states in terms of the plan resource allocated to education. It is because though earlier plan documents commit for educational development in the state, the same does not get reflected in the resource allocation under five year plans. It is more important to maintain and further enhance the plan resources for education in the tenth plan as well.

**Intra-sectoral allocation**

Allocation of resources within education sectors reflects the relative priorities assigned to different levels of education. The educationally backward state needs to allocate a higher share to elementary education, which is found to be true in the state under various five year plans. But the disturbing trend is that it fluctuates a great deal over various plans (see Table 13). In the first plan, the highest share of 70 percent of the total expenditure on education was spent on elementary education. This has been fluctuating and had fallen to a drastic low level of 42 percent in sixth plan. This is against the trend observed at the national level and in many of the educationally progressing states. In the eighth plan, the share touches 60 per cent of the total expenditure, which again declines to 50 per cent in the ninth plan. (Note 10)

**Table 13**
**Intra-sectoral Allocation of Plan Expenditure in Education in India in the Five-Year Plans**

| | Elementary | Secondary | Higher | Others | Total (Rs. In lakhs) | % of Plan Education Expenditure in Total Plan Expenditures |
|---|---|---|---|---|---|---|
| I plan | 70 | 7 | 2 | 20 | 1807 | 12.8 |
| II plan | 59 | 21 | 12 | 8 | 1431 | 6.1 |
| III plan | 66 | 17 | 11 | 6 | 4471 | 8.0 |
| Annual plans | 59 | 19 | 19 | 2 | 1231 | 2.7 |
| IV plan | 66 | 17 | 11 | 5 | 5701 | 5.6 |
| V plan | 53 | 28 | 13 | 6 | 9404 | 3.7 |
| VI plan | 42 | 35 | 14 | 9 | 21483 | 3.3 |
| VII plan # | 56 | 21 | 16 | 7 | 48225 | 4.0 |
| VIII plan* | 61 | 19 | 15 | 5 | 115775 | 5.3 |

# Up to 1983-84, actual expenditure and 1984-85 – anticipated expenditure; * outlay

Source: Various State Plan Documents, Uttar Pradesh.

The pattern of resources allocated under various plans for overall education and for elementary education in the state leaves much to be desired. The ray of hope visible in the eighth plan for education seems to disappear in the reduced allocations towards elementary education in the ninth plan.

The financing pattern of education in Uttar Pradesh in terms of any of the indicators (viz., share of plan education expenditures to total plan expenditures, share of non-plan education expenditures to total non-plan expenditures, share of education and other departments in education expenditures, share of education expenditures in SDP and revenue expenditures, resource allocation under various five year plans and for elementary education) exhibits a pessimistic outlook. The magnitude of out-of-school children besides the dropped-out children vis-à-vis the resource allocated toward education in terms of any of the indicators provides a gloomy picture in the state.

## Financing Elementary Education in Uttar Pradesh

Financing elementary education in Uttar Pradesh can be analysed by examining the relative importance given to elementary education in state's income, government budget expenditure and in the total education expenditure covering a period of about two decades from 1980-81 to 1999-00. It can be observed from Table 14 that around 1.2 to 2.4 percent of the State domestic product is allocated for elementary education over a period of 20 years. To bring back the 2 crores of out-of-school children into schools, the resource allocation to elementary education needs to be enhanced. The relative importance of elementary education in the state budget ranges from 8 to 13 percent. However, there is fluctuation among various years specifically in the period of 1990s, which could be attributable to its slow growth of income and fiscal crisis and to some extent the impact of structural adjustment program and economic reforms.

As far as the share of elementary education expenditure in the total expenditure on education is concerned, it ranges from 39 to 64 percent in the state. In many years, it is between 40 to 50 percent. In the 1990s, when there was greater mobilization of resources and various movements towards achieving the goals of education for all, the norm in many states with regard to intra-sectoral allocation

for elementary education was 60 percent. In Uttar Pradesh, the share of elementary education was only 49 percent even in 1998-99.

**Table 14**
**Budget Expenditure on Elementary Education as Percent of SDP, Revenue Expenditure & Total Expenditure on Education in Uttar Pradesh**

| Year | % of SDP | % of rev expr | % ele in total edn* |
|---|---|---|---|
| 1980-81 | 1.22 | 9.99 | 45.32 |
| 1981-82 | 1.25 | 9.88 | 44.37 |
| 1982-83 | 1.33 | 9.88 | 41.74 |
| 1983-84 | 1.36 | 9.60 | 41.83 |
| 1984-85 | 1.57 | 10.23 | 42.67 |
| 1985-86 | 1.54 | 10.26 | 44.41 |
| 1986-87 | 1.63 | 10.21 | 64.11 |
| 1987-88 | 1.50 | 8.99 | 39.52 |
| 1988-89 | 1.79 | 10.48 | 45.08 |
| 1989-90 | 2.43 | 13.21 | 50.10 |
| 1990-91 | 2.45 | 12.70 | 52.75 |
| 1991-92 | 1.86 | 10.25 | 47.58 |
| 1992-93 | 1.75 | 8.56 | 39.00 |
| 1993-94 | 1.60 | 8.41 | 42.31 |
| 1994-95 | 1.80 | 9.23 | 43.09 |
| 1995-96 | 2.10 | 10.61 | 42.32 |
| 1996-97 | 2.07 | 11.09 | 48.14 |
| 1997-98 | 1.99 | 10.15 | 50.82 |
| 1998-99 | 2.82 | 12.23 | 49.27 |
| 1999-00® | 1.90 | 10.25 | 45.57 |
| 2000-01(B) | 1.92 | 9.61 | 74.63 |

* Includes expenditure on education by department of education and other departments.
Source: Analysis of Budgeted Expenditure in the Education Sector, MHRD, various years.

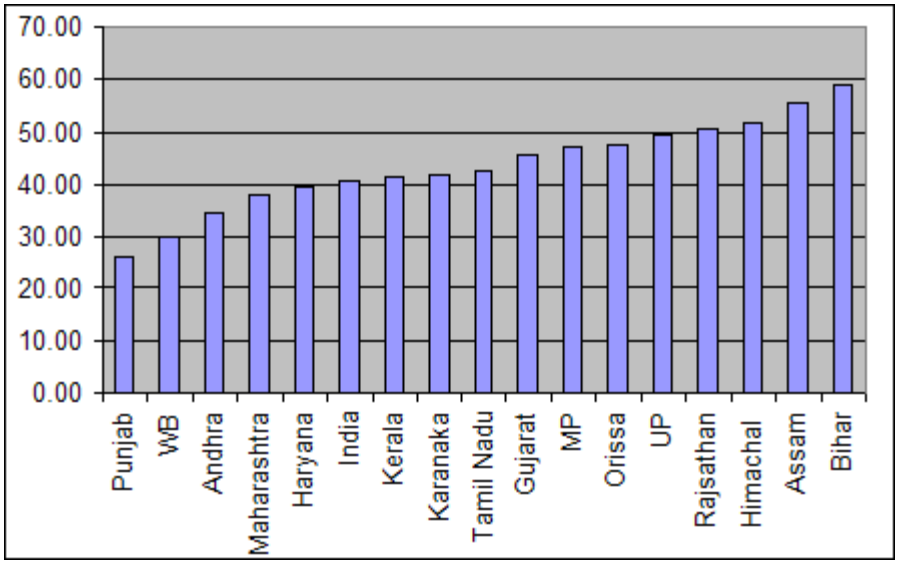


**Figure 1. Share of elementary expenditures to total education expenditures in major states in India in 1998-99.**

These figures confirm that the resource poor state is spending much less on elementary education than the national average. It indicates the need for a larger presence of the central government in resource sharing specially in a poor state like Uttar Pradesh, which is not able to generate sufficient resources to meet the challenges of universalizing elementary education. However, in the recent years, there have been efforts made by the state to allocate more resources to elementary education vis-à-vis other major states in India (see Figure 1). Given the enormous number of out-of-school children in the state, the financial commitment needs to be greater than in other states and also sustained for a longer time.

The share of plan expenditure in elementary education ranges from 3 to 13 percent of total expenditures, (see Table 15). Plan expenditures grew at a faster rate than non-plan expenditures in the 1980s than 1990s.

**Table 15**
**Plan, Non-plan and Per Student Budget Expenditure on Elementary Education in Uttar Pradesh**

| Year | Plan (in %) | Non-plan (in %) | Elementary Expenditure (Rs. In lakhs) (In current prices) | Elementary Expenditure (Rs. In lakhs) (in real prices) | Per Student Elem. Expr. Current prices | Per Student Elem. Expr. Constant prices |
|---|---|---|---|---|---|---|
| 1980-81 | 3.33 | 96.67 | 17145 | 17145 | 158 | 158 |
| 1981-82 | 4.38 | 95.62 | 18829 | 17968 | 165 | 157 |
| 1982-83 | 4.48 | 95.52 | 23360 | 20532 | 190 | 167 |
| 1983-84 | 4.78 | 95.22 | 26501 | 21811 | 203 | 167 |
| 1984-85 | 7.77 | 92.23 | 33694 | 25577 | 245 | 186 |
| 1985-86 | 6.50 | 93.50 | 38002 | 26144 | 290 | 199 |
| 1986-87 | 7.03 | 92.97 | 44401 | 28864 | 305 | 198 |
| 1987-88 | 7.50 | 92.50 | 45653 | 27717 | 298 | 181 |
| 1988-89 | 11.12 | 88.88 | 65549 | 37464 | 435 | 249 |
| | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1989-90 | 13.08 | 86.92 | 101083 | 52165 | 625 | 322 |
| 1990-91 | 8.34 | 91.66 | 121094 | 55732 | 765 | 352 |
| 1991-92 | 8.06 | 91.94 | 106591 | 42619 | 582 | 233 |
| 1992-93 | 4.85 | 95.15 | 108576 | 40450 | 568 | 212 |
| 1993-94 | 6.30 | 93.70 | 111676 | 37881 | 572 | 194 |
| 1994-95 | 5.69 | 94.31 | 142333 | 43742 | 717 | 220 |
| 1995-96 | 12.84 | 87.16 | 186218 | 52467 | 938 | 264 |
| 1996-97 | 13.52 | 86.48 | 213065 | 55481 | 1073 | 279 |
| 1997-98 | 12.95 | 87.05 | 225216 | 54489 | 1397 | 338 |
| 1998-99 | 8.09 | 91.91 | 318874 | 77149 | 2032 | 492 |
| 1999-00® | 14.33 | 85.67 | 313235 | 75785 | 2015 | 487 |
| 2000-01(B) | 11.92 | 88.08 | 316506 | 76636 | na | na |
| Growth rates | | | | | | |
| 80-81 to 89-90 | 37.13 | 18.52 | 19.74 | 11.20 | 14.82 | 6.64 |
| 90-91 to 99-00 | 22.24 | 12.89 | 13.73 | 6.37 | 13.73 | 5.02 |
| 80-81 to 99-00 | 22.47 | 16.03 | 16.53 | 7.49 | 14.00 | 4.88 |

Source: Analysis of Budgeted Expenditure in the Education Sector, MHRD, various years.

The increase in growth is on account of resources in the plan account through the centrally sponsored schemes such as Operation Blackboard, Non-formal education and Teacher education in the middle of 1980s (Note 11). Lesser growth rates in the 1990s may be on account of lesser growth of income, fiscal imbalances of the states and structural adjustment programs, which jointly resulted in a cut in the education budget and eventually in elementary education growth as well.

The same levels of elementary education expenditure viewed in constant process reveal much lower growth rates in 1990s (see Figure 2), the growth rate was mere 5 percent. The decline would be detrimental to the growth of the school system in Uttar Pradesh. While in many of the educationally progressing states the growth rate of plan expenditure was much higher during 1990s because of central assistance to elementary education. With regard to Uttar Pradesh, it suggests the state's inability to absorb the center's assistance through plan transfers under various schemes. Pressures of non- plan expenditures (basically salary component) have forced to reduce plan expenditures and thus growth of the system being hampered.

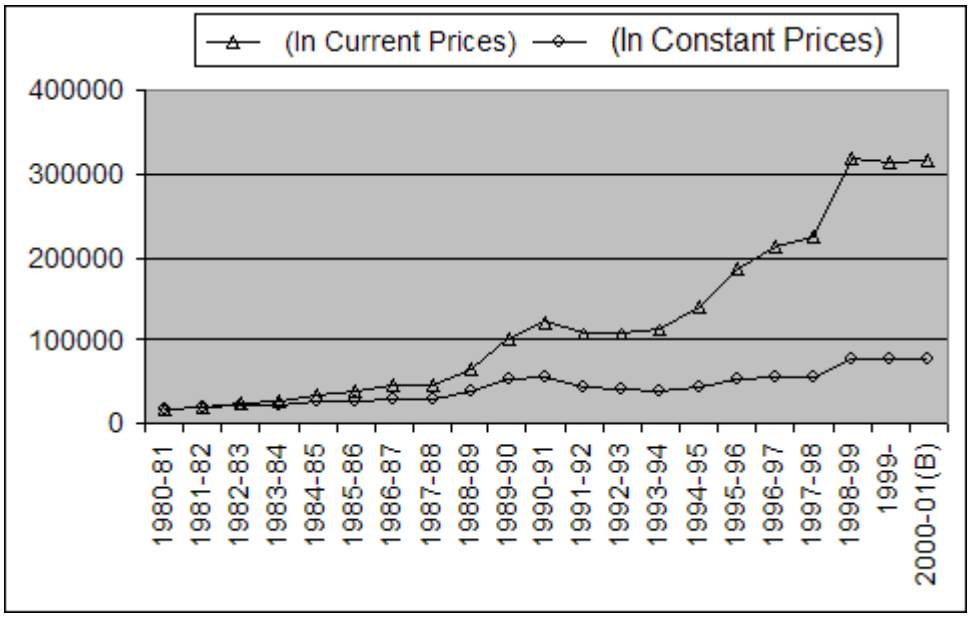


**Figure 2. Budget Expenditure on Elementary Education in Uttar Pradesh in current and constant prices.**

Source: Analysis of Budgeted Expenditure in the Education Sector, MHRD, various years.

Another important dimension that needs to be looked into is for which of the items / activities, the expenditures are incurred. The intra-sectoral allocation or intra functional allocation of resources in elementary education in Uttar Pradesh suggests that the lion's share of expenditures on elementary education goes to private aided schools (see Table 16). The highest share of government resources is allocated to private schools only in Uttar Pradesh for just around 15 % of private aided elementary schools in the state in 1993 (Note 12) compared to Kerala, where more than 60 % of the schools are private aided but the resources allocated to them are about 55 % of the elementary expenditures. It is argued that this kind of a situation is on account of the political economy of education in Uttar Pradesh (Muzammil and Kingdon, 2001). In a resource-poor state, the government resources are increasingly utilized by the private schools because of the state's inability to divert the resources for government schools. As far as the states are concerned, the financial commitment and utilizing the resources efficiently for universalizing elementary education do not seem to be strong.

Government investment in incentives for education will be more influential for the children from low-income families to enroll in schools. Nonetheless, it can be seen in Table 16 that hardly any expenditure is incurred for student incentives such as scholarships and textbooks.

**Table 16**
**Intra Sectoral Allocation of Public Expenditure on Elementary Education in Uttar Pradesh (in %)**

| | '90-91 | '91-92 | '92-93 | '93-94 | '94-95 | '96-97 | '97-98 | '98-99 | '99-00® | '00-01(B) |
|---|---|---|---|---|---|---|---|---|---|---|
| Direction Inspection Admn. | 1.7 | 1.9 | 1.8 | 1.5 | 1.7 | 3.0 | 2.0 | 1.5 | 1.8 | 1.9 |
| Assistance to Govt schools | 0.2 | 0.2 | 0.5 | 0.3 | 0.2 | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 |
| Asst. to Private schools | 90.9 | 91.8 | 90.4 | 91.0 | 88.4 | 91.2 | 87.1 | 92.9 | 85.8 | 91.8 |
| Asst. to Local Body Schools | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Teacher Training | 1.4 | 1.9 | 3.8 | 1.7 | 1.3 | 0.4 | 0.5 | 0.4 | 0.5 | 0.5 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Non-Formal Education | 1.2 | 2.2 | 1.6 | 2.2 | 0.8 | 2.1 | 2.0 | 0.9 | 1.78 | 2.14 |
| Scholarships | -- | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Textbooks | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other | 4.7 | 1.9 | 1.9 | 3.4 | 7.6 | 3.0 | 8.1 | 4.1 | 9.9 | 3.3 |
| Total (Rs in crs) | 1210 | 1065 | 1085 | 1116 | 1423 | 2130 | 2252 | 3189 | 3132 | 3165 |

Source: Analysis of Budgeted Expenditure in the Education Sector, MHRD, various years.

Even the National mid-day meal scheme, a centrally sponsored scheme, provides ration to the enrolled children in Uttar Pradesh as against the provision of cooked meals in other states. Further, it is noted that the scheme failed to set any target for enrollment and attendance from 1995 to 1999. It is because of poor governance, increased corruption, declining performance, and lack of concern for the poor that ineffective public programs and delivery in the state are manifest (Hasan, 2001). But, the scenario in other states is much different (see Table 17).

**Table 17**
**Distribution of Expenditure on Elementary Education in Major States in India in 1996-97**

| | Direction Inspection & Admn | Govt. primary School | Asst. to non-govt primary school | Asst. to LBs for primary education | Teacher training | Non-formal education | Scholarships | Text-books | Other expend. |
|---|---|---|---|---|---|---|---|---|---|
| Andhra P | 0.53 | 3.84 | 9.20 | 76.92 | 2.66 | 3.69 | 0.07 | -- | 3.08 |
| Bihar | 1.62 | 93.90 | 1.02 | --- | 0.34 | 2.87 | -- | -- | 0.27 |
| Gujarat | 0.69 | -- | -- | -- | 89.41 | -- | 0.02 | 0.89 | 8.99 |
| Haryana | 3.20 | 89.65 | 1.13 | 0.01 | -- | -- | 1.82 | 3.52 | 0.67 |
| Himachal | 2.72 | 91.07 | 0.29 | -- | 0.48 | -- | 1.35 | -- | 4.08 |
| Karnatak | 0.20 | 0.45 | 0 | 88.35 | 0.65 | -- | 3.18 | -- | 7.16 |
| Kerala | 1.34 | 35.80 | 57.16 | 5.09 | 0.50 | -- | 0 | -- | 0.10 |
| Madhya P | 5.27 | 86.19 | 3.67 | 4.07 | 0.33 | -- | 0.04 | 0.32 | 0.11 |
| Maharash | 1.66 | --- | 0.06 | 96.55 | 0.76 | -- | -- | -- | 0.97 |
| Punjab | 2.83 | 96.26 | 0.76 | 0 | --- | -- | -- | -- | 0.14 |
| Rajastha | 1.68 | 50.30 | 1.73 | 36.72 | -- | 0.58 | -- | -- | 9.0 |
| Tamil Na | 0.06 | 61.81 | 31.94 | 0.42 | --- | -- | -- | 2.49 | 3.28 |
| Uttar Pra | 3.03 | 0.26 | 91.23 | -- | 0.44 | 2.07 | 0.03 | -- | 2.95 |
| West Ben | 1.54 | 0.06 | 92.83 | --- | 0.48 | 0.08 | 0.44 | 1.87 | 2.69 |

Source: Analysis of Budgeted Expenditure on Education, Ministry of Human Resource Development, New Delhi, 2000.

So far, various dimensions of financing education *per se* and financing elementary education in particular in Uttar Pradesh have been discussed. Expenditure on elementary education in relation to the number of enrolled students is yet another important and comparable indicator across place and time. Per student public expenditure on elementary education in 1980-81 was a mere Rs.158 and increased at the rate of 14 percent in 1999-00 to Rs.2015. But the per student expenditures converted to real prices suggest that increase is about 5 percent over the same period, (see columns 6 and 7 of Table 15).

## Centrally Sponsored Schemes

The role of central government in financing elementary education is limited in many of the states and in Uttar Pradesh as well. The education commission (1966) suggested that the central government should assume a larger financial responsibility for education by expanding central and centrally sponsored sectors. Since 1986 with the National Education Policy, central government support was organized into a number of centrally sponsored schemes (CSS). The rationale for central transfers to states is to promote regional equity in the education system. Besides plan and non-plan transfers from the central government, depending upon the priorities of the central government, it funds a number of schemes. These schemes are fully or partially financed by the central government and administered by state governments. The funding pattern of central and state government varies from scheme to scheme from 50% for co-educational non-formal education centers to 100% for girls non-formal education centres and 100% for operation blackboard (teaching-learning equipments), etc.

**Table 18**
**Centrally Sponsored Schemes in Elementary Education in Uttar Pradesh (in %)**

| | '92-93 | '93-94 | '94-95 | '95-96 | '96-97 | '97-98 | '98-99 |
|---|---|---|---|---|---|---|---|
| Operation Blackboard | 30.3 | 0.0 | 1.0 | 0.0 | 15.4 | 18.3 | 52.5 |
| Non-Formal Education | 37.4 | 69.6 | 88.0 | 87.9 | 77.8 | 34.1 | 27.9 |
| Teacher Education (Note 13) | 32.3 | 30.4 | 11.1 | 12.1 | 5.9 | 3.7 | 9.7 |
| DPEP | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 | 43.8 | 9.8 |
| CSS in Elementary (Rs. In lakhs) | 4108 | 3651 | 3697 | 4593 | 5530 | 12430 | 13236 |
| % of elementary in total | 73.3 | 54.3 | 53.9 | 64.7 | 79.3 | 90.5 | 84.7 |
| Total-CSS (Rs. In lakhs) | 5603 | 6724 | 6854 | 7095 | 6977 | 13729 | 15619 |

Source: Education – Profile of States/Union Territories, Government of India, MHRD, New Delhi, 1998 & 1999.

**Centrally sponsored schemes**

| | 1985-90 | 1990-91 | 1991-92 | 1992-93 | 8th plan |
|---|---|---|---|---|---|
| Education CSS | 1213 | 276 | 476 | 606 | 2440 |
| Elem. Education | 630 | 155 | 355 | 332 | 1272 |
| Non Formal Education | 302 | 139 | 177 | 172 | 315 |
| OB | 316 | 10 | 150 | 150 | 917 |
| Adult Education | 351 | 82 | 61 | 84 | 422 |
| Rural funct. literacy | 309 | 65 | 35 | 56 | 280 |
| All Css program | 24633 | 8723 | 11025 | 12122 | 67309 |

Source: Draft Eighth plan volume –III.

There are four important schemes in elementary education through which the resources allocated are available (see Table 18). The share of elementary education expenditures under centrally sponsored schemes fluctuates between 50 and 70 percent until DPEP is implemented in the state. The share of

allocation to non-formal education is substantial in the state, greater than towards either operation black board or teacher education.

The distribution of funds under non-formal education in Uttar Pradeash vis-à-vis other major states has been relatively skewed, with Uttar Pradesh obtaining the highest share, 28 % in the 1990s. The preference for non-formal education over operation blackboard or teacher education may be related to the reluctance to take over the high recurrent costs associated with operation blackboard and teacher education (Bashir, 2000). This could be one of the major reasons for a low growth rate in plan expenditures on elementary education in the 1990s in the state. This clearly brings out the state's inability to absorb central assistance for an improvement in the formal education system. The state is reluctant to reallocate the resources in favor of formal elementary education to absorb the center's resources for schemes such as Operation Blackboard and Teacher Education. At the same time, it may be noted that the state allocates 90 per cent of its elementary expenditures to private aides schools (see Table 16)

## Foreign Aid and Education

External assistance to primary education is a recent phenomenon in India since the early 1990s. As a follow-up to the macro economic reforms package, expenditure compression has been advocated. Soft sectors like education are the worst impacted by budget cuts. Hence, in order to offset the adverse impacts of Structural Adjustment Programme, World Bank and other UN agencies have initiated social safety net measures. Other important agencies include UNICEF, UNDP, Overseas Development Agency (ODA) and Swedish International Development Agencey (SIDA). Finances from the World Bank, its sister concern IDA and the USAID are playing significant roles in supporting specific educational schemes in certain areas of Uttar Pradesh.

The first externally assisted funding scheme in elementary education in the state was Uttar Pradesh Basic Education Project (UPBEP) initiated in 1993 with International Development Agency funding. This project covered ten districts for a total cost of US$193.86 million. Non-formal education has a very specific role in this project. The World Bank provides finances to the schemes of Education for All in Uttar Pradesh; Education for All phase II; District Primary Education Project (DPEP)- phase II and DPEP – phase III. DPEP is an important social safety net measure and the main focus of this program is primary education. It is the largest externally funded program in education covering 22 states of India in three different phases. In Uttar Pradesh, DPEP II in 1997 covered 22 districts and further in phase III of DPEP covered another 38 districts in addition to 10 districts covered under UPBEP, brining almost the whole state under the ambit of the primary education project. Finances for DPEP come through the central government and a 15 percent share is borne by the Government of Uttar Pradesh. DPEP in Uttar Pradesh attempts to improve girls' education in a number of ways such as positive discrimination against girls, community support, more female teachers and school environments, more incentives and support systems such as mid-day meals, scholarships for SC/ST, free textbooks, and the like. USAID provides special assistance for promoting girls' education at the primary level.

The Uttar Pradesh (UP) Basic Education Pilot Project and the national India District Primary Education Project exemplify good social development practices. The pilot project in UP to assist girls in achieving better education proved so successful that it was scaled up to the national level. The guiding principle of both projects is to improve education by building capacity at the community level.

## From a Pioneering Pilot to a National Project

In 1992, the Government of India presented an educational reform proposal to the World Bank. The objective was to assist Uttar Pradesh through a statewide primary educational initiative targeted at improving the status of women and girls. The female literacy rate in Uttar Pradesh is the third lowest in India, and the estimated enrollment rate of 6-10 year olds is the fourth lowest. The project aimed to increase female enrollment, reduce dropout rates, improve learning achievement, and strengthen community ownership of schools. From its inception, the project sought community involvement. Social assessment aided a decentralized approach to project preparation. Surveys and focus group discussions identified a wide-range of educational issues at the village level. Problems ranged from

caste discrimination to debate on the language of instruction to the impact of weather on educational opportunities. In some villages, girls were not attending school because of their responsibility to care for younger siblings. In other places, the issue was girls' safety.

One of the key elements of the Uttar Pradesh pilot project was the development of local Village Education Committees (VECs) with representation of women and minority groups. VECs are involved in school construction, community mapping, monitoring teacher attendance, and processing the funds from the government. Capacity building through NGO involvement also occurs through *Mahila Sakhya* , the women's empowerment movement. It works to improve enrollment, to increase attendance retention of girls, and to make accessible early childhood education and alternative schooling. NGOs are involved in decision making through representation on the General Council and Executive Committee of the UP Education for All Project Board. Teacher Associations, including district-level chapters, are consulted and involved in implementing curriculum, instructional materials development and training programs.

By the mid-term review in 1993, the Uttar Pradesh project had developed an in-service teacher training program, which was also decentralized at the level of village blocks and clusters. These local efforts were supported by improved capacity building for Institutes of Education and Training at the district level and through the creation of a State Institute of Educational Management and Training. Capacity building also occurred for Indian scholars through grants to conduct research and assessments. The World Bank compiled an implementation training manual to translate World Bank experience into applicable steps. The Uttar Pradesh project built on good practices from prior Indian primary education projects. Throughout the Uttar Pradesh project, the Government of India independently hired highly trained education specialists to shadow the World Bank staff. The government had been accustomed to running top-down programs, so developing a program that took its directions from the ground up was a new approach.

Local politicians have promoted the Uttar Pradesh project's educational objectives. Local politicians were pleased to find an approach that worked at the community level and that they could champion as their own, regardless of which government was in power at the state level. Targets set for female participation in primary education were exceeded. The enrollment gap between boys and girls decreased, and dropout rates for girls were halved. Learning achievement improved in 8 of the 10 districts, particularly in the second grade. Due to this project, two million girls are in school who otherwise would not be.

One of the major hurdles in the project was convincing the central government that the World Bank could provide useful technical advice to an educational project. In reviewing the outcomes of the project, the government agreed that the decentralized approach worked effectively and decided that the Uttar Pradesh project was exactly the kind of primary education program needed nationally. By scaling up the project to the national level, this proposal became the District Primary Education Program Project (DPEP), which was implemented in 1995.

## Lessons Learned

During the preparation phase, the DPEP (District Primary Education Project) relied heavily on beneficiary assessments that included an emphasis on girls and tribal children. In addition, Indian educational institutes conducted learning achievement tests of 40,000 children and extensive teacher interviews. Given India's geographic, cultural, and linguistic diversity, a major challenge for the DPEP was how to supervise the national program. The project benefited from the collaboration of India's education officials and researchers, who possessed specific regional and local expertise, with Bank staff, who provided technical advice. Foreign donors collaborated through creating one vehicle for channeling funding, which enabled institutions to work together toward the same objectives.

The two projects are good examples of flexibility in project design, scaling up and increasing the capacity of a successful pilot program, and sustainability of the program over the long-term. These projects also offer a model for country centered ownership. The project has helped establish monitoring and evaluation systems that have been adopted by the state governments.

External funding facilitates additional central assistance for augmenting state's resources as 30 percent of the funds comes as a grant. The problem with DPEP in general is that though external finance is growing, domestic resources either stagnate or decline, resulting in what is referred to as "borrowed growth." Sustainability of borrowed growth is questionable. States' own plan resources grew slowly in some states or stagnated and declined in real terms. However, there needs to be a concomitant increase in the state level resources as well. In this sense, DPEP has not promoted significant additional resources for education from the state. With regard to Uttar Pradesh, the available information reported in Table 18 do not seem to suggest the financial impact of DPEP. It is to be noted that external financing of education could not be significant for a large state like Uttar Pradesh where the size of the education budget and also the magnitude of the problem are huge.

Several new schemes have been launched to encourage the education of the children in the country. The national literacy mission has an important role to play in changing the attitudes and perception of non-literate men and women toward educating their children besides the adult population themselves becoming literate. This effort has generated social mobilization towards education as could be seen from the experiences of Kerela, Tamil Nadu, Andhra Pradhesh and Karnantaka. But in Uttar Pradesh, it has hardly made any impact on the social mobilization of the public for education and attaining higher literacy rates. Further, it is to be noted that some of the specific center/state sponsored schemes have made a substantial impact on literacy and educational progress even among educationally backward states. For instance, the program on Lok Jumbish in Rajasthan is making important strides towards girls' education. But no such positive effect is visible in Uttar Pradesh, except in the northern hill areas of Uttar Pradesh consisting of 10 districts where there has been improvement of female and overall literacy rates from 1951 to 1991 (McDougall, 2000). It is to be noted that these 10 districts comprise only 16 percent of the total districts in the state.

Yet another centrally sponsored scheme, namely *SarvaShiksha Abhiyan*, is launched in all non-DPEP districts for achieving universal elementary education. It attempts to subsume many of the centrally sponsored schemes under one umbrella. Despite all these efforts, elementary education in Uttar Pradesh has yet to make the desired impacts.

## Resources Required for Universalising Elementary Education

Given the magnitude of never-enrolled children in the age group 6 to 14 in the state, the resources required to universalize elementary education would be very high. Various committees and studies have estimated the financial requirements of universalizing elementary education in the decade of the 1990s. The financial requirements of universalizing elementary education in the state was estimated as Rs.3646.84 crs based on the per student expenditures of 1995-96 and various other requirements. The estimated additional financial requirement was to cover 66.91 lakhs of out-of-school children in 1996. Yet another committee, MHRD (1999) attempted a detailed costing exercise by activity components such as investment in basic teaching facilities, infra-structure building, teacher training for quality improvement in classrooms and out-of-classroom teaching practices and expenditure on teacher salaries. Based on such detailed estimation of costs of each item consisting of various non-recurring costs and incentives on access and retention and the non-recurring cost to be incurred on curriculum and text books, the financial requirements for universalizing elementary education was estimated by MHRD (1999).

**Table 19**
**Additional Requirement of Resources for UEE in Uttar Pradesh (Rs. In Lakhs)**

| | Primary | Upper primary |
|---|---|---|
| Access and retention: Non-recurring costs | 9920.86 | 9349.48 |
| Access and retention: Special needs—Non-recurring costs | 334.15 | 202.81 |
| Access and retention: Incentives-Recurrent costs | 889.76 | 683.64 |
| Curriculum and text books: Non-recurrent cost | 114.4 | 43.52 |
| Total | 11259.17 | 10279.45 |

Source: Expert Group Report on Financial Requirements for making Elementary Education a Fundamental Right (Tapas Majumdar Committee), MHRD, 1999.

It is estimated that an additional financial requirement of Rs. 21538.62 lakhs over a period of ten years from 1998-99 to 2007-08 (see Table 19 for macro details and Appendix for micro details) would be needed to cover the estimated 87.57 lakh out-of-school children in primary education and to cover 72.90 lakh children in upper primary level in Uttar Pradesh. However, the estimates of resource requirements of the Majumdar committee (1999) is six times higher than that of the Saikia committee (1997) to cover 2.4 times as many out-of-school children based on the estimates of the Majumdar Committee over the Saikia Committee.

It has been repeatedly lamented that a shadow (dual) state operates in Uttar Pradesh (Hasan, 2001); access to schools for the poor and in rural areas remains limited due to ill-equipped and ill-functioning government schools (Dreze and Gazder, 1997). In addition to these findings, it was also found that education attainment (and more specifically female educational attainment) is influenced by civic engagement and political Conscientisation, (McDougall, 2000). Consequently, the political and financial commitment of the state is acutely warranted. Only then could there be absorption of the central assistance in addition to the state's own financial commitment for educational progress and universalizing elementary education in the future.

## Conclusion

The economic, social and demographic profile of the state is not conducive to its overall development *per se* and accomplishing the target of universal elementary education in particular. A quick review of educational development in the state reveals that the goal of universalizing elementary education in a resource-poor state seems to be elusive in the near future. Resources required for achieving that goal remains high. Added to this, the financing pattern of education in Uttar Pradesh in terms of any of the indicators (share of plan education expenditures to total plan expenditures, share of non-plan education expenditures to total non-plan expenditures, share of education and other departments in education expenditures, share of education expenditures in SDP and revenue expenditures, resource allocation under various five year plans, and for elementary education) exhibit a pessimistic prospect.

Considering the magnitude of out-of-school children and the dropped-out children vis-à-vis the resource allocated toward elementary education, the state has not yet allocated the required resources to achieve the goal of universalizing elementary education. Acquiring the additional resources required to universalize elementary education would require significant adjustment in overall expenditures with federal assistance. Further, pressures of non-plan expenditures (basically salaries) have forced reductions in plan expenditures, which is essential for the growth of the school system in the state. It is to be noted that the northern hill region of Uttar Pradesh shows improvement in literacy rates and enrollment with active involvement of the government and community participation.

The analysis reaffirms that resources allocated to financing elementary education in Uttar Pradesh are greatly inadequate; the public education system in the state is extremely inefficient. It is to be reiterated that given the public value of elementary education, the state and central government should shoulder the entire responsibility of funding and ensuring the twin principles of equity and efficiency in the public education system. This requires an indomitable political commitment in terms of spending priorities and improving the resource-use efficiency in the state.

## Notes

1. As quoted in UNESCO(2000).

2. Economic Survey, 2001-02

3. Only three African countries are reported to have a higher maternal mortality rate than Uttar Pradesh (HDR,2001).

4. Economic Survey, 2001-02

5. Gender gap refers to the difference between male and female literacy rates.

6. Refers to simple growth rates based upon trend lines.

7. The reasons for such a decline in enrollment since 1996-97 may be attributable to the change in the base of the 6-14 age group population from 1981 census to that of 1991 census. It is to be noted that even from 1996-97 onwards, which is comparable, there is a decline in gross enrollment ratios. Further, negative growth rate from actual enrollment figures confirm the sharp decline in enrollment in the recent period in the state.

8. Refers to age-specific attendance ratios.

9. Selected Educational Statistics,(2000).

10. Corresponds to 9th plan outlay on elementary expenditure.

11. Allocation towards these centrally sponsored and externally funded schemes are discussed later.

12. NCERT(1998)

13. Teacher education is not exclusively for elementary education but primarily for the development of elementary education, while other three schemes are exclusively for elementary education.

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## Appendix

**Additional Requirement of Resources for UEE in Uttar Pradesh (Rs. In Lakhs)**

| Item | Primary | Upper primary |
|---|---|---|
| Access and retention: Non recurring costs | | |
| A1 Construction of schools with community supervision | 3538.92 | 3115.47 |
| A2 Provision of school equipments by decentralised procurement | 42.7 | 223.24 |
| A3 Establishment of new DIET's and upgradation of existing DIET's | 3150 | |
| A4 Establishment of cluster centers | 19.37 | 9.68 |
| A5 Establishment of block resource centers | 83.07 | 3348.39 |
| Access and retention: Recurring costs | | |
| A6 Teachers salaries | 2733.54 | 2556.24 |
| A7 Teachers support material and aids | 37.78 | 31.9 |
| A8 Maint. & repair of school infrastructure with community support | 38.73 | 32.28 |
| A9 Provision for sustainable replacement/repair/maint. of school equipment | 38.73 | 32.28 |
| A10 salaries of DIET staff | 222.34 | |
| A11 Salaries of block level institutions | 15.68 | |
| Access and retention: Special needs-Non recurring costs | | |
| B1 Integrated education for disables children | 256.68 | 164.07 |
| Access and retention: Special needs-Recurring costs | | |
| B2 Teachers for disables children | 77.47 | 38.74 |
| Access and retention: Incentives-Recurrent costs | | |
| C1 Free uniforms | 267.37 | 170.91 |
| C2 Mid-day meals | 213.9 | 136.73 |
| C3 Scholarship | 237.37 | 170.91 |
| C4 Teaching and learning equipment for students | 171.12 | 205.09 |
| | | |

| | | |
|---|---|---|
| Curriculum and text books: Non recurrent cost | | |
| D1 curriculum and text book improvement | 0.15 | 31.9 |
| Curriculum and text books: Recurrent cost | | |
| D2 | 52.9 | |
| D3 | 12.91 | |
| D4 Community based monitoring supervision and research | 12.6 | |
| D5 Advocacy environment building and mobilisation | 12.6 | |
| D6 Classroom observations by resource persons | 23.24 | 11.62 |
| Total | 11259.17 | 10279.45 |

Source: Expert Group Report on Financial Requirements for making Elementary Education a Fundamental Right (Tapas Majumdar Committee), MHRD, 1999.

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