

# Withering Commitments and Weakening Progress

## State and Education in the Era of Neoliberal Reforms

*There is a weakening of progress in the education sector on several key dimensions during the reforms period. An analysis of budgetary provisions during the last decade in elementary, secondary and higher education, and certain significant institutional changes reveals a number of negative developments. The weakening of progress and the negative developments are organically connected with the neoliberal policies pursued by successive governments.*

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I  
The period since the early 1990s, characterised by an explicit strong push to a neoliberal reform programme, has fundamentally altered the role of government intervention in the economy and society in India, with far-reaching and pervasive implications. Like other arenas, the so-called social sectors have also been undergoing significant changes, many of which are undesirable and organically linked with the neoliberal policies. In this paper, an attempt is made to track the adverse impacts of such policies. But before we do that, a couple of qualifications may be noted right at the outset.

First of these has to do with the multidimensional diversity and heterogeneity of the Indian economy and society, with a variety of causal connections. With respect to educational achievements, some of the differences have to do with the fact that as per the Constitution of India, public provisioning of education has primarily been a responsibility of states, and thus state-specific factors have obviously been important in throwing up a diversity of outcomes. In this note, we are primarily concerned with the aggregate country-level scenario, and not state-specific stories.

Secondly, unlike many other countries in the developing world, India's experience of neoliberal economic reforms is not a simple replica of World Bank and IMF driven classic textbook model of stabilisation and structural adjustment. This is, to a large extent, on account of substantial opposition to the neoliberal agenda from several quarters. Nonetheless, beginning mid-1991, there has been a rapid and sharp shift in policy regime which justifies the view of the Indian case as a transition from a state-led development paradigm to a neoliberal paradigm. Thus, during this period, even though the trajectory of India's economic policy has been a chequered one, it has certainly been on the neoliberal track. Since the days of Jawaharlal Nehru to the 1980s, India was, arguably, among the most important bastions of third world dirigisme. Hence, this shift was a momentous development and a leading World Bank economist reportedly celebrated it as among the "three most important events of the twentieth century", alongside the collapse of the Soviet Union and China's transition to "market reforms".

The recent change of the government at the centre, in May 2004, when the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) was replaced by the Congress-led United Progressive Alliance (UPA), has generated hope that there might be some rethinking in official circles as regards the pursuit of neoliberal economic policy. Such a hope is premised on the fact that the electoral debacle of the earlier regime was, in substantial measure, on account of the accelerated neoliberal policy course; this hope was strengthened further by the adoption of the so-called National Common Minimum Programme which appears to stall, if not initiate a shift away from, neoliberal trajectory and reiterates the significance of state intervention for improving the well-being of the people. However, we must hasten to add that not much has happened on the ground since the new government came to power to provide concrete content to this optimism.

Thirdly, precisely because of substantial opposition to neoliberalism in the Indian polity, the political and the bureaucratic elite in India have often worked hard to sell the idea that the policy changes since the early 1990s do not amount to renegeing on the broad development agenda of yesteryears but are only necessary corrective steps to pursue the same developmental goals. Moreover, the impression sought to be conveyed for public consumption is that the policy changes are home-grown and not driven by external agencies such as the World Bank, IMF, etc; thus, if India and Bretton Woods Institutions (BWIs) or other external agencies/forces, etc, have arrived at identical/similar policy packages, it is simply a matter of happy coincidence!

Fourthly, consistent with the public posturing mentioned in the foregoing, it is not easy to establish direct connections (in terms of diktats, fiats, policy briefs, etc) between the BWIs and the policies adopted by either the central or the state governments in India, except in the case of loans from these institutions and the attendant conditionalities. Nonetheless, it would be a fair assessment that the IMF-World Bank perspective has been very well entrenched in shaping the policies of the central as well as a number of state governments. For instance, in the case of central government, the key economic ministries have been headed, almost uninterruptedly since the early 1990s, although political parties heading the government have been tossed around

quite a bit by the electorate, by some of the staunchest advocates of neoliberalism. Obviously, the 'entrenchment' becomes more than manifest when the key government positions are handled by the ex-personnel of the BWIs.

Fifthly, based on the recent experience, it appears that the key economic (i.e., finance, commerce, etc) ministries have overwhelming influence in shaping the overall macroeconomic as well as social policies. Sure enough, there are reasonably well-laid mechanisms through which the central (or state) government's budgets get formulated and enacted, and democratic discussions are supposed to guide such processes, the reality resembles the proverbial Orwellian world where some are more equal than others. Thus, it is the ministry of finance that seems to have the decisive power and the lesser entities like the social sector ministries simply have to operate within the constraints imposed by the former. And, as already indicated earlier, the ministry of finance has been on the neoliberal track since the early 1990s, chugging along slowly sometimes and racing at others. Throughout this period, the BWIs have operated, in subtle ways, to ensure that the momentum of this journey does not slacken. True, for various reasons, including the size of its economy and polity, India has had grater elbow room, compared to the overwhelming majority of the developing countries that have been victims of the BWIs' brute economic power through the imposition of conditionalities; nonetheless, very significant adverse impacts of neoliberal macroeconomic policies on education and other social sectors are clear. Given that the attainments in the field of education were among the most disappointing aspects of the pre-reform post-independence scenario, the negative developments during the reform era make the task of addressing educational deficits, with reference to the official commitments repeated frequently, even more daunting.

## II

India currently houses the largest absolute number of illiterates compared to any other country and every third illiterate in the world is an Indian. Close to one-fifth to a quarter of the total population of children in the primary school-going age (6 to 14 years) segment are reported to be out of school by the major official data sources. Gender gaps continue to be among the widest in the world. Likewise, deprivation levels among the relatively vulnerable social and occupational groups are extremely high. For instance, the latest available estimates from the National Sample Survey put the incidence of illiteracy for male and female workers from agricultural labour households at 56 and 81 per cent respectively, and almost 40 per cent of children from such households in the 6 to 14 years age segment are reported to be out of school.

These are, indeed, numbing figures. As indicated earlier, in part, this depressing scenario reflects the failure of the state right since the early days of independence. Government expenditure on education, even during the pre-reform period, tended to be well below the targets suggested by various experts to match the generally accepted basic levels of attainment. For instance, the Kothari Commission had suggested way back in 1968, that public expenditure on education should be about 6 per cent of the country's Gross Domestic Product (GDP). However, during the entire post-independence period, this ratio has been well below the recommended figure. Obviously, inadequate spending over time has meant that the burden of addressing the unfinished task

has been shifted to a forever shifting future date. It is worth recalling here that the Indian state through its several pronouncements over the years since independence, has promised highest priority to the public provisioning of basic education.

**Table 1: Growth of Recognised Educational Institutions in India, 1990-91 to 2001-02**

Years	Primary	Upper Primary	High/Hr Sec/Inter/ Pre Jr College	Colleges for General Education	Colleges for Professional Education (Engg, Tech, Arch, Medical Education Colleges)	Universities/ Deemed Univ/Inst of National Importance
1990-91	560935	151456	79796	4862	886	184
1991-92	566744	155926	82576	5058	950	196
1992-93	571248	158498	84608	5334	989	207
1993-94	570455	162804	89226	5639	1125	213
1994-95	586810	168772	94946	6089	1230	219
1995-96	593410	174145	99274	6569	1354	226
1996-97	603646	180293	103241	6759	1770	228
1997-98	619222	185961	107140	7199	2075	229
1998-99	626737	190166	112438	7494	2113	237
1999-2000*	641695	198004	116820	7782	2124	244
2000-01*	638738	206269	126047	7929	2223	254
2001-02*	664041	219626	133492	8737	2409	272

Note: \* Provisional.

Source: Website of the Ministry of Human Resource Development (MHRD), Government of India (Gol).

**Table 2: Public Expenditure in Education as a Percentage of GDP**

	1981-82	1985-86	1990-91	1995-96	1999-2000	2001-02
Total education	2.49	3.00	3.59	3.60	4.22	4.18
Elementary	1.09	1.39	1.58	1.44	1.58	1.66
Secondary	0.81	0.92	1.10	0.98	0.94	0.98
Higher	0.38	0.42	0.36	0.37	0.47	0.43

Note: Data for the combined expenditure on education, disaggregated by categories, are not available for more recent years. Also, as is well known, the actual expenditure data from government budgets are generally two years old. However, it may be noted that the provisional estimates for overall public expenditure on total education, in the more recent years, has hovered around 4 per cent of GDP.

Source: Website of the Ministry of Human Resource Development (MHRD), Government of India (Gol).

**Table 3: Additional Financial Commitment Needed for Universalisation of Elementary Education during 1998-99 to 2007-08, as Recommended by Tapas Majumdar Committee**

Year	Additional Public Expenditure (in Excess of the Prevailing Public Expenditure on Education) Required			
	Recurring (in Rs crore)	Non-recurring (in Rs crore)	Total (in Rs crore)	Total Additional Expenditure as Per Cent of GDP
1998-99	100	0	100	0.007
1999-00	1500	2000	3500	0.24
2000-01	4000	3000	7000	0.46
2001-02	6000	4000	10000	0.62
2002-03	8500	4000	12500	0.73
2003-04	10000	4000	14000	0.78
2004-05	13000	4000	17000	0.9
2005-06	16000	4000	20000	1.01
2006-07	20000	4000	24000	1.16
2007-08	27250	1572	28822	1.32
Total	106350	30572	136922	0.72 per cent of the sum total of estimated GDPs of 1998-99 to 2007-08

Source: Tapas Majumdar Expert Committee Report, 1999, MHRD, Gol.

In recent years, this is reflected in India's endorsement of the development goals at the UN Millennium Summit or through the adoption of the relevant targets in the ongoing Tenth Five-Year Plan. For instance, as per the latter, all children in the primary school age segment should have been in school by 2003, and ought to complete five years of schooling by 2007. The ground reality, as we know, is nowhere near such a reasonable expectation.

Not only the ground reality is far from satisfactory, the prospects for addressing the glaring deficits have not quite brightened during the neoliberal reform period since the early 1990s. Furthermore, India's education system is undergoing significant structural changes, many of which have worrisome implications, as we discuss in the following. But before that, a couple of words on the presumed achievements in the neoliberal era may be in order.

As per the official data, the incidence of literacy increased at an accelerated pace during the 1990s, compared to the earlier decade, and the literacy rate for the country as a whole went up from 52.2 per cent in 1991 to 64.8 per cent in 2001. In fact the 1990s had the fastest decadal growth in the literacy rate since independence and the data would suggest an improved spread as well. For instance, there was a narrowing of the gender gap, from 25 in 1991 to 22 per cent in 2001, and of the rural-urban gap, from 28.4 to 20.9 over the same period. The number of recognised educational institutions also continued to grow, as may be seen from Table 1.

Sure enough, the pressure on the state, through a variety of channels and mechanisms to address at least some of the deprivations, (in particular, with reference to the universalisation of the elementary education), has been huge and in part, improved quantitative indicators may be linked to the fact that there was no decline in the public expenditure on education as a proportion of GDP. In the aggregate, the data suggest that this ratio continued to witness a reluctant growth in the 1990s, although at a sluggish pace compared to that in the 1980s, as may be seen from Table 2.

The point worth emphasising here is that there is no urgency whatsoever to scale-up public spending to meet either the National Development Goals (NDGs) contained in the Tenth Five-Year

Plan or the Millennium Development Goals (MDGs). The allocations during recent years have continued to fall short of the recommendations of the Tapas Majumdar Committee that had spelt out the financial requirements, as may be seen from Table 3, for the universalisation of education over a 10-year time frame (1998-99 to 2007-08).

The actual allocations in the last few years have been just about a small fraction of the estimated requirement which clearly is not in tune with the rhetoric often repeated by the official agencies in the past.

There are a number of other financial issues of concern vis-à-vis public provisioning for education that we will discuss briefly in a moment, but before that it is important to note that the aforementioned achievements in terms of some of the quantitative indicators may be overstated. In particular, this may be so for the enrolment and literacy figures. During the last couple of decades there has been a mushrooming of ill-equipped private schools in large parts of the country. In many instances, even when a child is enrolled in a private school, she or he may be simultaneously registered in a government school as well as it has negligible financial implications. Parents may do so for their children either because it is a time for testing waters, or because of the provisioning of mid-day meals, or rations in lieu of it, in the government schools. Should such instances be significant, as is my guess based on casual observations in a couple of states, clearly the reported rates for literacy, enrolment, etc, comes under a cloud of shadow.

In passing, we may also note that the mushrooming of private schools has a lot to do with the systemic neglect of government schools over the years. In the time of neoliberal reforms, such neglect has acquired added legitimacy and the choice between languishing government schools and ill-equipped shops in the name of private schools is hardly a choice.

Now let us look at some important financial issues that are particularly relevant in terms of public provisioning. First of all, let us look at some aspects of the provision for education by the central government to contextualise it better.

Table 4 presents the budgetary expenditure of the union government in India on the education sector, over the years from

**Table 4: Budgetary Allocation to Education by the Central Government**  
(in Rs crore at current prices)

Year	Revenue Expenditure			Capital Expenditure on Education, Sports, Art and Culture (Rs crore)	Central Government's Total Expenditure on Education (Rs crore)	3 as Per Cent of 5	4 as Per Cent of 5	Centre's Total Expenditure (Rs crore)	Centre's Expenditure on Education (5) as a Proportion of Its Total Expenditure (8) (in Per Cent)
	General Education (Rs crore)	Technical Education (Rs crore)	Total (Rs crore)						
	1	2	3 (1+2)	4	5 (3+4)	6	7	8	
1993-94	1168.85	399.89	1568.74	6.09	1574.83	99.6	0.4	141853	1.11
1994-95	1509.31	456.45	1965.76	224.53	2190.29	89.7	10.3	160739	1.36
1995-96	2191.29	485.44	2676.73	13.6	2690.33	99.5	0.5	178275	1.51
1996-97	2509.63	511.92	3021.55	13.16	3034.71	99.6	0.4	201007	1.51
1997-98	3481.6	582.25	4063.85	12.94	4076.79	99.7	0.3	232053	1.76
1998-99	4771.49	804.72	5576.21	12.51	5588.72	99.8	0.2	279340	2.00
1999-00	4912.89	980.05	5892.94	14.33	5907.27	99.8	0.2	298053	1.98
2000-01	5128.6	1064.9	6193.5	14.11	6207.61	99.8	0.2	325592	1.91
2001-02	5368.28	1185.25	6553.53	17.27	6570.8	99.7	0.3	362310	1.81
2002-03	7330.91	1364.38	8695.29	18.42	8713.71	99.8	0.2	413248	2.11
2003-04	8420.13	1368.71	9788.84	26.05	9814.89	99.7	0.3	471368	2.08
2004-05 RE	10633.21	1416.32	12049.53	49.52	12099.05	99.6	0.4	505791	2.39
2005-06 BE	13138.21	1570.71	14708.92	70.95	14779.87	99.5	0.5	514344	2.87

Source: Compiled from Annual Financial Statement (Major Head 2202 for Revenue Account Disbursement on 'General Education', Major Head 2203 for Revenue Account Disbursement on 'Technical Education', and Major Head 4202 for Capital Account Disbursement on 'Education, Sports, Art and Culture') and Expenditure Budget Vol I (Annexure 3 for 'Total Expenditure' by the central government as documented in its budgets), Union Budget, different years.

1993-94 to 2002-03. As is evident, an overwhelming proportion of the budgeted amount is for revenue expenditure, i.e., basically to meet the running expenses (and it may be worthwhile to note here that the significant increase in revenue expenditure in the year 1997-98 over that of the previous year was mainly due to the Pay Commission awards). In union budget documents of India, capital expenditure on education is given as inclusive of the capital expenditure on Sports, Art and Culture. Thus, if we exclude the capital expenditure on the latter activities, the minuscule figures would be even smaller. This indicates the fact that budgetary support from the union government for expanding educational infrastructure (or the physical resources for provision of public education) in the country has been at a very low level.

Table 5 presents a comparison of the centre's expenditure on defence and expenditure on education by the centre and all states taken together, expressed in per capita levels at constant (1993-94) prices. It clearly shows that the centre's per capita real expenditure on defence is comparable to the per capita real expenditure on education incurred by centre and all states taken together. Secondly, in the recent years, especially since 1999-2000, the per capita real expenditure on education has been stagnant around Rs 420 per annum. It is often argued, in the context of such comparisons, that education is a responsibility of the state governments primarily, while defence is entirely the responsibility of the centre. However, given the worsening condition of state governments' finances and the deterioration in devolution of funds from centre to states (which we try to capture in some of the subsequent tables), expenditures on education incurred by the centre are obviously crucial for augmenting the total allocations for this sector. However, the low increases in the centre's expenditure on education, on a base that is already quite small, have not been able to compensate for the declining (per capita real) expenditure on education by the states.

Table 6 and Chart 1 show the trends in per capita expenditure at constant (1993-94) prices on different levels of education, viz., elementary/primary education, secondary education and higher education. A comparison of these trends reveals that while budgetary support for elementary education has increased over the last decade that on secondary education has stagnated and the same on higher education has in fact declined drastically over 2000-01 to 2002-03. Thus, we may argue that increased budgetary support from the union government for elementary/primary education has come up at the cost of reduced budgetary support to higher education and secondary education in the country. This is in tune with the policy of the union governments in India, in

**Table 6: Per Head\*\* Expenditure on Different Levels of Education by the Central Government**  
(Constant (1993-94) prices in Rs)

Year	Elementary	Secondary	University and Higher Education
1994-95	20.5	28.1	34.8
1995-96	52.6	30.8	35.9
1996-97	53.7	28.0	33.6
1997-98	73.0	26.1	41.43
1998-99	82.0	33.9	64.4
1999-2000	81.2	34.2	82.5
2000-01	82.2	35.2	90.4
2001-02	88.5	34.4	54.4
2002-03	88.5	32.4	54.6

Notes: These are based on Revised Estimates for all years.

\*\* For Elementary Education – population figures for the age group of 5-14 years, for Secondary Education – population figures for the age group of 15-19 years, and for Higher Education – the same for the age group of 19-29 years, have been used for calculating per head expenditures. These age groups may not be accurate for representing the sections of India's population that need access to the respective levels of educational services, but they can be taken as a fair approximation of the same.

Source: Compiled from Union Budgets of different years.

**Table 5: Per Capita Expenditure on Defence and Education\* by Centre and All States**  
(at constant (1993-94) prices)

Year	Centre's Total Expenditure on Defence (in Rs)	Centre's Revenue Expenditure on Education (in Rs)	Centre's Capital Expenditure on Education (in Rs)	Centre's Total Expenditure on Education (in Rs)	States' Revenue Expenditure on Education (in Rs)	States' Capital Expenditure on Education (in Rs)	States' Total Expenditure on Education (in Rs)	Centre and States' Total Expenditure on Education (in Rs)
1994-95	225.53	21.64	2.18	23.82	242.34	3.85	246.19	270.01
1995-96	238.07	26.33	0.12	26.45	256.29	4.03	260.32	286.77
1996-97	243.79	27.39	0.11	27.49	273.20	4.17	277.37	304.86
1997-98	275.04	34.61	0.10	34.71	289.71	4.16	293.87	328.58
1998-99	288.76	43.54	0.09	43.63	330.38	4.71	335.10	378.73
1999-2000	319.76	43.41	0.10	43.51	379.94	2.83	382.77	426.29
2000-01	311.66	42.41	0.09	42.50	375.75	2.77	378.52	421.02
2001-02	324.44	43.40	0.10	43.50	359.78	3.68	363.47	406.97
2002-03	316.56	54.03	0.10	54.14	354.92	3.28	358.20	412.33
2003-04**	319.08	56.33	0.14	56.47	366.09	5.74	371.82	428.29
2004-05***	373.72	62.85	0.24	63.09	352.65	5.85	358.50	421.59

Notes: (1) \* Expenditure on education, both by the centre and all states includes their expenditure on sports, youth services, art and culture as well. This was necessary for the sake of consistency since some of the data sources referred to (for the purpose of this comparison) present the relevant data under the combined expenditure head of "Education, Sports, Art and Culture".

(2) \*\* For 2003-04, all figures for the central government are based on Actuals, while all figures for states are based on Revised Estimates.

(3) \*\*\* For 2004-05, all figures for the central government are based on Revised Estimates, while all figures for States are based on Budget Estimates.

(4) For all previous years (i.e., 1994-95 to 2002-03), figures for both centre and states relate to Actuals.

(5) For calculation of per capita figures, total population of the country has been used; and for expressing the figures at constant (1993-94) prices, WPI (all commodities, all India) have been used.

Sources: (1) Annexure 3 of Expenditure Budget Vol I of Union Budget (different years) for data on centre's expenditure on Defence.

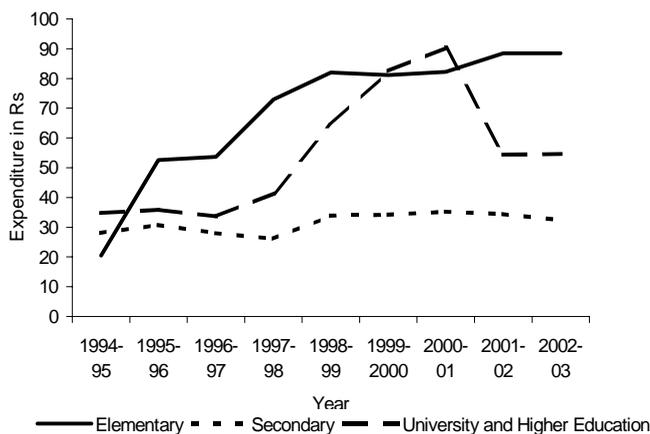
(2) Annual Financial Statement of Union Budget (different years) for data on Centre's expenditure on Education (Major Heads 2202 for Revenue Account Disbursement on "General Education", 2203 for Revenue Account Disbursement on "Technical Education", 2204 for Revenue Account Disbursement on "Sports and Youth Services", 2205 for Revenue Account Disbursement on "Art and Culture", and Major Head 4202 for Capital Account Disbursement on "Education, Sports, Art and Culture").

(3) Handbook of Statistics on State Government Finances, RBI, 2004 (available at www.rbi.org.in), for data on States' expenditure on Education during the years 1994-95 to 2001-02.

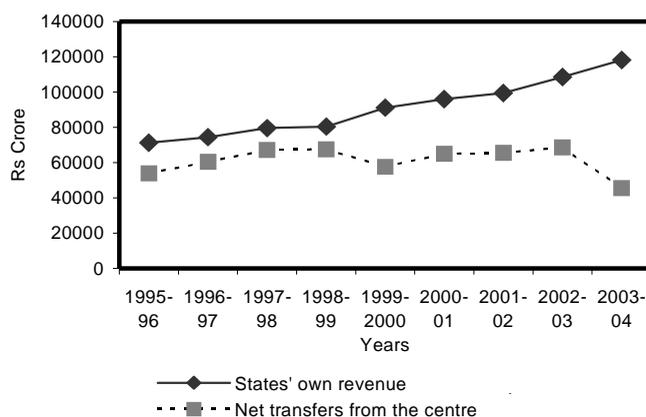
(4) State Finances: A Study of Budgets of 2004-05, RBI, December 2004, for data on States' expenditure on Education in the years 2002-03 to 2004-05.

(5) Economic Survey 2004-05, Government of India, for data on country's Total Population and Wholesale Price Indices (all commodities, all India).

**Chart 1: Per Head\*\* Expenditure on Different Levels of Education by the Central Government**  
(Constant (1993-94) Prices)



**Chart 2: Comparison of Own Revenue of the States and Transfers (to States) from the Centre**  
(Constant (1993-94) Prices)



Note: Please refer to the Annexure.

the recent past, of withdrawing support from the secondary and higher education sectors expecting the same to come from the private sector. However, the desirability of such a policy is highly questionable, and what is needed is a just and equitable policy in this regard.

Table 7 captures the declining trend in transfers to states in terms of a number of indicators.

Many of the social sector activities, like provision of education and healthcare facilities, etc, in India, are primarily the responsibility of the state governments, although the central government has an important role to play. The States, however, are largely dependent on the flow of funds from the centre for taking new initiatives in these areas as well as for implementing the ongoing programmes. In such a scenario, the decline in devolution of funds from the centre to the states, which clearly emerges from the above two tables, means that social sector expenditure by the states is severely undermined. This is so because the states, when faced with a resource crunch, cannot afford to cut down expenses for salaries and interest payments (which are committed expenditures), and consequently they end up curtailing their expenditures for expansion in the social sector. With respect to education, Table 8 reflects the fact that the states' ability has been progressively constrained, but still there has been no significant upscaling of resource allocations from the central government.

### III

It should be clear from this brief perusal of financial issues that with respect to public provisioning for education, trouble has been brewing on a variety of fronts. Apart from the inadequate quantum of resources, issues such as the drying up of capital expenditure, slow but sure crippling of the financial health of the state governments, among others, have emerged as critical concerns in the recent years. As hinted at the beginning of this note, many of these are organically linked with the logic of the neoliberal economic policy.

As is well known, one of the centrepieces of the neoliberal economic reform programme is that the fiscal deficit must be minimised if not eliminated. While advocating reduction of fiscal deficit, such a programme, typically, also pushes strongly for tax-cuts across the board, on grounds of incentives for investments,

thus curtailing the ability of the state to mobilise more revenues. The obvious outcome, of course, is that the prospects of expanding public expenditure get constrained. Moreover, it is typically public investment and welfare expenditure that bear the brunt of the adjustment.

The Indian experience during the reform period is, more or less, in line with these canonical outcomes. During the 1990s, looking at the union government finances, although there was no trend reduction in fiscal deficit as a proportion of GDP, it was capital expenditure that witnessed a sharp contraction; as a proportion of GDP, it came down from 6.78 per cent in 1985-90 to 3.08 per cent in 1996-2001. Over the same period, the tax-GDP ratio declined from 11.18 per cent to 8.89 per cent.

**Table 7: Decline in Total Transfers to States with Respect to Several Indicators**

Year	Gross Devolution and Transfer of Resources to States (Rs crore)	Total Expenditure of States (Rs crore)	GDP at Market Prices (Rs crore)	Transfer to States as Per Cent of State Expenditure	Transfer to States as Per Cent of GDP
1980-81	9,433.4	22,664.00	143764	41.6	6.6
1981-82	10,358.6	25,169.50	168600	41.2	6.1
1982-83	12,179.6	28,742.00	188262	42.4	6.5
1983-84	14,403.1	33,540.30	219496	42.9	6.6
1984-85	16,525.8	39,856.90	245515	41.5	6.7
1985-86	21,950.8	44,866.60	277991	48.9	7.9
1986-87	23,071.6	51,785.10	311177	44.6	7.4
1987-88	26,969.1	59,871.90	354343	45.0	7.6
1988-89	30,332.7	67,078.00	421567	45.2	7.2
1989-90	32,861.4	76,781.30	486179	42.8	6.8
1990-91	40,859.1	91,088.10	5,68,674	44.9	7.2
1991-92	45,142.6	107,929.30	6,53,117	41.8	6.9
1992-93	51,438.5	119,334.70	7,48,367	43.1	6.9
1993-94	57,980.5	134,648.50	8,59,220	43.1	6.7
1994-95	64,141.4	161,553.80	10,12,770	39.7	6.3
1995-96	69,643.7	177,583.90	11,88,012	39.2	5.9
1996-97	81,974.3	202,768.80	13,68,209	40.4	6.0
1997-98	95,404.5	228,134.90	15,22,547	41.8	6.3
1998-99	103,627.1	266,360.80	17,40,985	38.9	6.0
1999-2000	96,333.2	313,888.40	19,36,831	30.7	5.0
2000-01	107,483.7	346,970.30	2089500	31.0	5.1
2001-02	119,958.1	377,311.40	2271984	31.8	5.3
2002-03(RE)	143,146.7	442,639.70	2463324(P)	32.3	5.8
2003-04(BE)	160,110.0	488,359.90	2760025(Q)	32.8	5.8

Note: P: Provisional Estimate; Q: Quick Estimate.

Source: Handbook of Statistics on State Government Finances, July 2004, Reserve Bank of India.

Combining state finances with union finances, the tax-GDP ratio came down from 17.1 per cent in 1990-91 to 15.80 per cent in 2001-02, and the provisional estimates for the subsequent years show a further dip. It is worth noting that such decline has taken place even when India has among the lowest tax-GDP ratios in the world. In sum, fiscal conservatism seems to have dug deep roots during the neoliberal era; furthermore, with the Fiscal Responsibility and Budget Management (FRBM) Act, which was enacted by the NDA government and notified by the current UPA government soon after it assumed power in May 2004, there is little scope for much needed reversal of the contractionary policies.

The Fiscal Responsibility Bill was initially tabled in Parliament by the government in 2000 and, after some dithering, was finally enacted and notified in 2004. This irrational and unwarranted legal ceiling on government deficits is particularly inappropriate for a country like India which is burdened with pervasive and deep deficits on various development fronts including education. We have already referred to some key statistics in the foregoing, and may also note that as per the UNESCO's recently released (January 2005) *Education for All: Global Monitoring Report*, India continues to be in the lowest attainment category, and ranks a low 105 out of 127 developing countries covered by the study. Moreover, the Report is quite sceptical about the prospects of the MDG targets being fulfilled. Such a situation demands vibrant state activism and not adherence to fiscal conservatism parading as 'fiscal prudence'. The FRBM Act slams the door in the face of such a possibility and it is difficult to see, in spite of all the good intentions of the newly elected central government as well as several well-meaning governments at the state level, any significant up-scaling of expenditure on education. The FRBM Act aims to eliminate the revenue deficit by March 2009 and proposes that the ceiling for the fiscal deficit, of 3 per cent GDP, be reached by March 2008. The Act also stipulates that the country's central bank (i.e., Reserve Bank of India) cannot lend to its own government, against bonds, beyond March 2006!

This patently absurd urge to have legal limits by the government on its own spending is among the cornerstones of the neoliberal policy programme and viewed as the litmus test of 'good governance', 'right economic policy' and the like by the BWIs. We need not explore the political economy underpinnings of this drive to fiscal conservatism here; however, it is worth noting that such a move primarily serves the interest of the finance capital in particular and metropolitan powers in general. True, the idea of legal restraint on government's fiscal behaviour first took concrete shape in the US, where in the mid-1980s the Balanced Budget and Emerging Deficit Control Act came into being, but the recent US experience shows that such legal niceties are meant only to be violated whenever it creates difficulties for this leading metropolitan power. In any case, the US has had a most distinguished record of preaching what it does not practise itself.

It was mentioned earlier that India's education system is witnessing a number of adverse structural changes which have clear connections with the ascendant policy regime. As has been the experience of almost every country under the sway of neoliberal economic policy, privatisation and informalisation in the provisioning of education at different levels has gathered momentum in India also. The pitiable state of the country's public education system, particularly at school level, started creating space quite some time ago for ill-equipped private schools, mainly targeted at low-income groups desperate to see their children in the mobility channel. To many of them, schooling at English-medium

private schools was seen as the first necessary step towards salvation from drudgery and poverty. The degeneration of government schools over the years obviously strengthened such a perception. Available data tell us that the number of private unaided primary schools in the country increased sixfold and private recognised schools threefold between 1970 and 2002; over the same period, the number of government and local body schools went down by more than 10 percentage points. There are reasons to believe that the number of private unaided and nonrecognised (by the government) schools may be substantially more than what we know from the available government data as there has been a virtual mushrooming of teaching shops, particularly in the recent years, that are hardly visible. Many of these are operating in the lowest age category of 2-year plus generally in urban areas, which are supposed to be feeders to English-medium teaching shops.

A study by Yash Aggarwal (2001), sponsored by NIEPA, reported that between 1986 and 1993, the enrolment (to primary classes) in private aided schools increased at a compound annual growth rate of 9.5 per cent whereas the comparable figure for government/local body schools was as low as 1.4 per cent. The recent data from the National Sample Survey Organisation show that the proportion of students in private primary schools continued to rise through the 1990s. Also, it is worth stressing that the distribution of enrolment estimates between public and private schools from government sources are huge underestimates for the latter. In a recent survey of a large number of field-based studies, published in *Frontline* (Vol 21, No 16, 2004), Asha Krishnakumar notes that figures for the share of enrolment in private schools are much higher, often by many times compared to the government figure, in almost every part of the country. Some of the educationally and otherwise most backward states, such as Uttar Pradesh, Bihar and Rajasthan show rapid increases in private schools in the recent years even though increasing privatisation is an all-India phenomenon.

As mentioned earlier, the primary cause behind the mushrooming of private schools is systematic abdication of government's responsibility of providing a most important public good. It is certainly not the case that private schools in general provide a minimally decent infrastructure; in fact, there is plenty of damning evidence to the contrary, and every once in a while, wake-up calls can be heard seeking to address not only the inadequate and poor, but positively dangerous, conditions prevailing in many of them. The fire tragedy that occurred about a year ago in a private school in *Kumbakonam*, Tamil Nadu, which claimed the lives of 93 children and scarred many more for life, was of course

**Table 8: Share of Expenditures by the Centre and the States in Total Public Expenditure on Education in India**  
(In per cent)

Year	Elementary Education		Secondary Education		Higher Education	
	Centre	States	Centre	States	Centre	States
1980-81	1	99	2	98	20	80
1985-86	1	99	4	96	20	80
1990-91	3	97	7	93	21	79
1995-96	8	92	7	93	18	82
1996-97	9	91	6	94	17	83
1998-99	11	89	6	94	26	74
1999-2000	10	90	5	95	27	73
2000-01	10	90	6	94	25	75
2001-02	11	89	6	94	19	81

Source: P Geetha Rani (2004): 'Economic Reforms and Financing Higher Education in India', NIEPA, New Delhi.

a most gruesome reminder of the state of affairs in these schools. However, should we bother to look around carefully, less spectacular but pretty hard-hitting evidence about a large number of private schools being unsafe and grossly inadequate with reference to reasonable, almost minimalist, benchmark infrastructure stares us in the face as was clearly brought out in the well-known PROBE survey towards the end of 1990s. Consistent with the neoliberal orthodoxy, the governments in many states of the country have encouraged the mushrooming of ill-equipped private schools by providing them all kinds of incentives, including subsidies.

It really is immensely sad that on such a sensitive subject, India's policy-makers refuse to learn a powerful lesson from history, which is: a decent quality infrastructure for school education accessible to all sections in society, particularly in the early to middle stages of economic development, has to be primarily the responsibility of the state. Even now, in most OECD countries only about 10 per cent of students attend private primary schools (a section of which are dependent on government support). There is no historical script that points to any other way, apart from the strong public provisioning in this sector. Relying on profiteers to address the problem of a low-cost, decent quality, universal primary school system is simply barking up the wrong tree and recent experiences from developing countries corroborate this further.

As regards higher education, India started almost on a blank slate after independence, although there were a few institutions catering almost exclusively to the elite. During the next three to four decades, the spread of higher education was significant, and by the late 1980s, the country had the third largest reservoir of scientific and technical professionals. Also, there had been some democratisation of higher education by this time as close to one-third of the enrolments was on account of lower socio-economic strata. Sure enough, in neither respect (i.e., spread as well as democratisation), India's achievement can be considered spectacular or may be even very impressive; nonetheless, given the track-record prior to independence, progress made can certainly not be written off as insignificant. Furthermore, this progress was almost entirely due to the efforts of the state. The country's first prime minister, Jawaharlal Nehru, is often credited with giving a big push to the creation of diverse scientific and teaching infrastructure.

However, with the onset of neoliberal policies, higher education has come to be viewed as more of a luxury than a public good. In fact, since the early 1990s, most references to education in plan documents, finance ministers' budget speeches or other government pronouncements about supportive public policies almost invariably are either confined to primary education and literacy programmes or accord very low priority to higher education. It is often asserted that given limited resources, there is a conflict between primary and higher education and the former ought to come first; such a view finds much support, strangely enough, even among those who normally one would not associate with neoliberal orthodoxy. For instance, the late Myron Weiner once said: "India's policy-makers have not regarded mass education as essential to the country's modernisation, leading to all the ills facing the country today. Instead they put their resources into higher education that, it believes, is capable of creating and managing a modern enclave economy." However, the simple point is that presuming such a dichotomy is utterly irresponsible. India's effort in education in general, and at different tiers, has been inadequate all through since independence. Invoking this

conflict only starves one tier more than the other. This is precisely what has happened in India since the early 1990s. As the government of India declared in 1994, the higher education system in the country is now sufficiently developed to meet the nation's requirements. The unmet demand for higher education is not considered economically viable. Such a claim seems almost ludicrous in the light of the fact that till date enrolment in higher education institutions, for the 17-23 age group population in the country, has been below 10 per cent, and the picture becomes even more bleak for different marginalised groups. Furthermore, with reference to both quantity and quality, inter-regional variations were quite marked and a matter of concern even in the pre-reform period; post-reform, as one may expect, there has been a worsening on these counts.

Compression of public expenditure on higher education has been quite sharp, if we look at the trend in per student expenditure, from the early 1990s onwards; at constant (1993-94) prices the magnitude of decline between 1990-91 and 2001-02 was almost 25 per cent and such a drastic fall has affected almost every aspect of the educational infrastructure. Also, during this period, in conformity with the structural adjustment policies, government has tried to give a big push to privatisation and a variety of mechanisms to facilitate it have been unleashed. There has been a mushrooming of private colleges and other institutions in the higher education category at an accelerated pace in the last couple of decades. Self-financing capitation fee institutions in the country have proliferated at a rapid rate, and in engineering, management, medicine, etc, such institutions now outnumber public institutions in many states, and may be for the country as a whole as well. In Andhra Pradesh, for instance, in 2000-01, there were 95 private self-financing engineering colleges, compared to 11 government colleges. Of the total number of medical colleges in the state in the same year, there were only 25 government colleges compared to 303 private colleges. In some states, such as Chhattisgarh, private universities have sprung up in surprisingly large numbers overnight. Essentially, crass commercialism has been allowed to have a field-day, with little concern for quality, and the state has been a willing accomplice, if not the dramatis persona, in this unfolding scenario. Not surprisingly, issues relating to equity are treated as, explicitly or implicitly, a dispensable nuisance.

Along with privatisation, not unexpectedly, informalisation across the entire educational spectrum has been a prominent development in the recent years. Both these, i.e., privatisation and informalisation, have clear associations, as already mentioned in the foregoing, with the neoliberal economic policy framework. Governments at the centre, and more so in the states, have come under tremendous pressure to compress their development expenditures and to contain the public sector wage bill. In the process, concerns of quality have been given a short shrift as governments have, due to public pressure, struggled to keep their nose above water while putting on display smokescreens of nice-sounding numbers. The reality on the ground is that the children and young people from the marginalised and poorer sections are either simply shutout of educational institutions or have access to sub-standard non-formal ghettos. Furthermore, the formal institutions themselves are getting informalised in a variety of ways and we may conclude this note by looking at one of its most obvious and significant manifestations, which is the so-called para teacher schemes. But before that, it is worth stressing the obvious point that such informalisation, in most states of the

country, affect the quality of education in critically grievous ways, as even during the pre-reform period there were serious question marks on quality considerations. Thus, it is hardly surprising that according to a nationwide survey conducted in June and August 2004 by Pratham, an organisation working in the field of primary education in India, an average of 25 per cent of all school children up to the age of 14 years could not write a dictated sentence!

Now a few words on the aforesaid para teacher schemes. Such schemes rely for education delivery on contract teachers whose recruitment procedures, remuneration, service conditions, etc, are entirely different from regular teachers. Essentially, the segment of para teachers resembles a flexible labour market. This category covers a wide spectrum ranging from those hired in formal schools to those employed in a variety of part time and ad hoc education programmes like Non-Formal Education (e.g. Adult Education Scheme), Alternative Schooling Centres, etc. The practice of para teachers in public provisioning came into being on a significant scale in India from the late 1970s with the launching of the Adult Education Scheme. However, the use of para teachers in regular primary schools was initiated through the 'Volunteer Teachers Scheme' by the Government of Himachal Pradesh, in 1984. But, it is during the 1990s, after the launch of the World Bank supported 'District Primary Education Programme', that the country has seen a phenomenal rise in the number of para teachers from primary to senior secondary schools (For details, see *Seventh All India Educational Survey, NCERT, 2002*).

More than 280 thousand para teachers were engaged in full time/regular schools by September 30, 2002, and the figures for them in selected states are: Andhra Pradesh – 50,504; Assam – 4,451; Gujarat – 64,236; Himachal Pradesh – 3,882; Kerala – 2,653; Orissa – 9,828; West Bengal – 1,732; Uttar Pradesh – 48,523; Rajasthan – 8,863. Given that this practice has become more firmly entrenched in almost every state of the country, the present count, comprising both part time and para teachers, is approximately 400 thousand, according to this survey.

Recruitment procedures and service conditions of these teachers, variously known as 'Shiksha Karmi', 'Guruji' 'Vidya Sahayak', 'Shikhan Sevaks', 'Vidya Volunteers' 'Sahyoginis', 'community teacher', 'voluntary teachers', etc, vary considerably across the states, as also the underlying stated rationale. In some, such schemes were visualised as interim or exceptional measures, due to specific circumstances, whereas, in case of others, these are in the nature of long term policy. Madhya Pradesh comes in the latter category, where the regular teacher cadre is being done away with. Gradually, the exception appears to become the 'norm' all over the country. Often such a move is justified in financial terms as for one regular teacher's salary, 3 to 5 para teachers can be appointed, and government liability does not extend beyond salary.

As regards the assessment of such schemes, the advocates take the view that these have helped in expanding the access to education. However, there are some recent field-studies which suggest that such schemes may have little merit and apart from creating 'dualism' within public provisioning itself, the damage to even minimally acceptable quality has been huge. Of course, the World Bank's assertion, in a report published in April 2003, is completely at variance with such field-studies and it views Madhya Pradesh as providing 'the most promising developments in primary education where communities have been allowed to hire informal teachers at much lower wages than possible in the civil service with much better performance in terms of attendance as well as educational outcomes'. The only problem with this

assertion is that the presumed wonderful outcomes continue to be closely guarded secrets and are not visible on the ground!

## IV

The well known economist, John Kenneth Galbraith, once made a remark to the effect that there is, in our time, no well-educated literate population that is poor; and there is no illiterate population that is other than poor. Galbraith may have overstated his case but it would be difficult to disagree with the view that there is a strong instrumental connection between education and well-being. Also, it is quite clear that in a developing country like India, with huge deficits in terms of quantity and quality, the state has to shoulder the primary responsibility for the provisioning of education. Instead, in the neoliberal era, we are witnessing a roll-lack of the state and abandoning of the commitments for formal education. Bit-by-bit existing structures are being nibbled at in some states whereas in others they are getting dismantled. The alternative mechanisms being put in place are at best like 'social safety nets' for those being pauperised in the process of economic reforms; at worst, strategies to show case the numbers anyhow are fundamentally retrogressive in many ways. As we tried to show in the foregoing, these negative developments need to be contextualised in still ascendant neoliberal policy discourse. ■■

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### Annexure: Decline in Net Transfer of Resources from Centre to the States (constant (1993-94) prices)

Year	States' Own Total Revenue (Rs crore)	Net Resources Transferred to State and UT Government (Rs crore)
1995-96	71348.36	53882.40
1996-97	74405.66	60452.04
1997-98	79568.67	67173.95
1998-99	80428.29	67560.77
1999-2000	91161.05	57631.11
2000-01	95976.56	65006.42
2001-02	99428.15	65505.89
2002-03	108506.6	68672.26
2003-04	118181.00	45524.73

Source: Compiled from relevant Budget Documents and Handbook of Statistics on State Finances, RBI, 2004.

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