

The Cess in the Cesspool

Ila Patnaik

To provide access to quality basic education in India, the CMP has promised to raise education expenditure to 6 per cent of the GDP. Half of this money is proposed to be spent on primary and secondary sectors. The CMP is silent on how the other half will be spent and how it will provide access to basic education.

What has been promised in the CMP is an increase in expenditure. But does more spending ensure better outcomes? The experience of the last 15 years suggests that it does not. Public systems for producing education services seem to be functioning so badly that one must be sceptical about the usefulness of sending more money down dysfunctional channels.

The total central and state spending on education in 2003-04 is estimated to have been Rs 71,053 crore. This amounts to 2.8 per cent of the GDP. For the last 25 years, every year, about 3 per cent of the GDP has been spent on education. The most flaunted achievement in education is the literacy rate. This rose from 52 per cent in 1991 to 65 per cent in 2001. The literacy rate, however, hides the problems that are festering inside the system. Since a large share of the increased spending is going to be on primary education, let us look at the outcomes in primary schooling.

Focusing on the post-reform period, we see that in 1990-91, the primary school enrolment ratio—the number of children enrolled in primary school (Classes I-V) divided by the number of children of the appropriate age group (7-11)—was 100 per cent. In 2000-01, this number fell to 96 per cent! This was not a result of falling expenditure on education. A cumulative amount of Rs 4 lakh crore was spent on education during the decade, but the outcomes seem to have worsened. Well, actually, the story is perhaps a little more complicated. Aggregate primary enrolment ratios are not necessarily a good measure. The decline can indicate that the tendency of overage children attending primary school has fallen. Over this decade, children are increasingly attending the level of school appropriate for their age. This is true for boys over this period, whose enrolment ratio shows a decline from 114 to 105. However, what is disturbing is that the enrolment ratio for girls in primary school has stagnated at 86 per cent.

Another indicator of education outcomes is the dropout rate. This measures the percentage of students who drop out from a given class in a particular year. The dropout rate among children in Classes I to V in 1990-91 was 42.6 per cent. In 2000-01, this rate was roughly the same, at 40.7 per cent. Despite the enormously larger amounts of money being thrown at the education sector, the percentage of children dropping out of primary school did not improve!

Data for pass rates is not available for this segment. Even where it is, its quality is doubtful. To get a rough measure of pass rates, we make the assumption that children who pass Class V go on to Class VI. At least, that is what an 11-year-old child should be doing. It is our failure if she does not.

What does the data for enrolment in Upper Primary Schools (Class VI to VIII for ages 11 to 14) say? Are children completing primary school and going on to Class VI? Shockingly, 40 per cent of the children do not go on to Class VI. The enrolment rate in Upper Primary has also dropped since 1990-91. It was 62 per cent in 1990-91. In 2000-01, it had slipped to 58.6 per cent.

The authors of the CMP have a naive confidence that poor educational outcomes are a result of low spending on education. However, the empirical evidence contradicts this view. India is not lagging behind in spending on education. Public expenditure on education for the period 1991 to 2001, for which data on enrolments has been presented above, saw an increase in government spending on education by over 15 per cent per annum.

Thorough thinking about India's education problem inexorably leads to questions of institutional surgery, not additional spending. For example, issues like teacher absenteeism plague schools and cannot be addressed by more spending, because there is no accountability to local government and parents' bodies. In some parts of the country, teachers are missing for as much as

one-third of the time. These problems will not be addressed merely by greater spending. They need institutional reform.

What are the options available? The Government could continue to spend at the current levels on education. However, it could focus on elementary education. Instead of spending half of its education expenses on undefined purposes, it could fulfil its promise of “providing access to quality basic education” to the children of India.

There are around 250 million children in India in the age group 5 to 14. Government spending at 3 per cent of the GDP in 2004-05 translates into Rs 3,300 per year per child, if all children go to school. Is this money enough to provide education to each and every child? If we visualise a private school, and if we conceive of fees of Rs 3,300 per child per year, this level of spending suffices in running a plausible school for every child in India in the school-going age. It seems quite plausible to think of a school with 1,000 students being run using a revenue stream of Rs 3,300,000 (or Rs 33 lakh) per year. What is going wrong is bad institutions, and not an inadequacy of funds. The money is enough to move to 100 per cent enrolment at both primary and upper primary levels.

Moreover, the decisions of parents will also change. When a voucher entitling a child to a decent school education is handed to a parent, when her only option is no longer to send or not send her daughter to the badly run local public school, her decision to not send her child to school is more likely to change.

How can this idea of privately run schools be turned into practice? An “education voucher system” would represent an ideal ‘public-private partnership’ which would genuinely improve educational outcomes. Parents would be free to choose a school, pay with vouchers and the money would be collected by schools from the government using those vouchers. Entrepreneurs running schools would go out of business if their teachers do not teach. Successful schools would be those that deliver results. An education voucher system would bring about professionalism, like NIIT or Aptech, to elementary schools, and eliminate the problem of incompetent political party workers being recruited as teachers by government schools. The system allows us to mix the best of all worlds: more efficient public expenditure on education, empowerment of poor parents, choice in the hands of parents and competition between schools for attracting students.

Now that the Government has imposed an education cess and is already collecting additional revenue, it should at least spend all the additional money it is collecting through the above route. Budget 2004 fortunately did not commit the revenue collected from the cess to any specific use. The Finance Minister should start pilot projects for education vouchers in selected districts—the way he is doing with food-stamps, which operate on the same principles. It is an ideal opportunity to begin the much-needed reform of education in India.

The education cess is budgeted to yield Rs 5,000 crore in 2004-05. This money is enough to provide vouchers of Rs 3,300 to 15 million children. Pilot schemes can, therefore, be launched in 35 districts of the country!

If the Manmohan Singh Government is serious about its promise to the children of India, it needs to take up this challenge seriously. Merely charging a cess and shoving the revenue collected into mid-day meals that attract children to the same dysfunctional schools will show that the UPA does not really care to make the effort to reform the system.

Indian Express, August 13, 2004