

## REVIEW OF RESEARCH

### TRENDS IN FINANCING OF SCHOOL EDUCATION IN PUNJAB: PRE AND POST REFORM PERIOD



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#### Abstract :

Education is the significant instrument of empowerment of individual, society and nation. Realizing this growth enhancing values of school education, governments led to universalize the school education which led to the involvement of public resources in the school education sector. This public funding policy includes direct public provision, subsidies to private suppliers or some mixture of both the methods in the form of New PPP Pattern. The developing world in general and Asian countries in specific education sector has been facing a resource crunch and has been victim of low level of priority in pre reform region. The problem got further aggravated with the adoption of the new economic policy league which paved the way for commercialization of education, and it has turned education from being social service to a marketable commodity. The post reform era has been evident of declining trends in public expenditure in education and especially school education. India, being a developing country, is not an exception to this scenario. The present scenario is one in which the demand of finance for education is growing at geometric ratio, but the government is facing severe budgetary crunch. Education is a concurrent subject and state funding accompanying with nationally sponsored schemes is a significant contributor to educational expenditure. Within the school education sector, there are two major subsector: Primary and Secondary School education. The expenditure on education is classified under two heads: revenue expenditure (operational expenditure), and capital expenditure. Revenue expenditure comprises 95 per cent of total educational expenditure in Punjab. Punjab is one of the most developed states of the country, but it is not in the position to establish a lead in the country in terms of educational attainments. The analysis of the data of the public spending on education in the state is not in tune with its educational requirements, particularly in the context of weak educational outcomes and emerging challenges of human capital formation. It has been witnessed that Govt. of Punjab devote a relatively low share of the educational budget to elementary education, despite, it cover eight years of instruction and having good merit compared to the other levels of education. The effect of this squeeze of resources could be evident in the declining trends in allocations to elementary and secondary education after 1991. This situation shows that out of this inadequate budget, more than half goes to secondary education and the rest is share by other sectors of education with elementary education. The limited increase in education budget in real terms has in affects converted and reduced the education budget in to a salary budget. This pattern of financing of school education in the state has led to several social and economic consequences.

**Keywords:** Financing, Budget, Revenue expenditure, Resources, Pattern, PPP.

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### INTRODUCTION

Education is the significant instrument of empowerment of individual, society and nation. It has been given a place of great importance and provided by all civilized societies through centuries. Its contribution to development-economic growth, reduction in poverty and income inequalities, improvement in health and nutrition, reduction in population growth and improvement in life expectancy, reduction in crime and violence, deepening of democracy and in improving civil, social and political aspects of development is well recognized. Literacy is a crucial vehicle for social and economic developmental of the country. There is a strong link between educational attainments and economic growth of the country.

Primary education imparts functional literacy and treated as right of every child. It is being realized that while primary education gives the basic three R's, on the other hand, it is secondary education that provide skills that could be useful in the labour market which keep the people above poverty line without any danger of falling back into poverty trap. While elementary education forms foundation for education, and higher serves as the finishing stage of the education edifice, it is the secondary education that provides effective links between the two (Tilak,2007). Thus, after realization of growth enhancing values of school education, it becomes the priority of the government to universalize the school education which led to the involvement of public resources in the school education sector. Public expenditure on education becomes most significant aspect because there are serious 'MARKET FAILURES' of the private provision for the school education. This public funding policy includes direct public provision, subsidies to private suppliers or some mixture of both the methods in the form of New PPP Pattern.

The degree and manners of the public resource investment vary across the countries and within the various states and regions. The economic policies of western Europe and North American Countries based on 'Market Economy' as well as the 'Communist' system of pre-reform China and Cuba allocate 35 to 40 percent of their GDP to education whereas country like Netherland spends 50 percent of its GDP (Jha and others, 2008). On other hand, in developing world in general and Asian countries in specific, education sector has been facing a resource crunch and has been victim of low level of priority in pre reform region. The problem got further aggravated with the adoption of the new economic policy league which paved the way for commercialization of education, and it has turned education from being social service to a marketable commodity. The post reform era has been evident of declining trends in public expenditure in education and especially school education. India, being a developing country, is not an exception to this scenario.

Although Government of India has resolved after Independence to give due priority to school education, but after about six and half decades of development planning and five and half decades after deadline stipulated by the constitution, It is strongly felt that school education suffered in India. India which was spending 2.7 percent of its GDP in 2001-02 on education, presently allocate 2.9 percent of its GDP. The present scenario is one in which the demand of finance for education is growing at geometric ratio, but the government is facing severe budgetary crunch and intense competition for its scarce resources from several sectors. Resources provide a necessary, however not a sufficient condition in achieving Universal Elementary and Secondary Education (Tilak 2003 and 2008).

Recently, there has been growing fear that under the effects of neo-economic reforms, India has led to reduction in public spending and change in the pattern of educational financing. The most harmful impact of this decline of expenditure could be traced in the form of widening inequality and inability of weaker sections from availing quality education. The problem becomes more complicated because the so called free education in the country is not truly free as it involves many charges besides tuition fee(Tilak,1996).

The situation of educational development is also non-uniform across the country. At one end of the spectrum, there is Kerala with practically every child completing elementary school and transiting to the secondary level; and almost every school having at least five teachers and five classrooms. At the other end, there is Bihar where only one out of two children in the relevant age group is in the school; majority of children entering school fail to complete the elementary cycle; many schools are invariably understaffed; and teachers are untrained and barely have any academic support mechanism. But on other hand, there are states like Punjab which are economically sound unlike Bihar, but have not performed well in the field of School education. Education scenario to school education in Punjab, which was spending 17.5 percent of its state budget in 1966-67 presently allocate 12 percent of state budget(15.1 per cent to community services including youth welfare and education services) and 2.89 percent of GSDP in 2013-14, also present a disappointing picture and in light of these fact, the investigator has attempted to analyses the trends of financial allocations to school education in Punjab during pre and post reform period.

### STRUCTURE OF SCHOOL EDUCATION IN PUNJAB:

Punjab's School Education is based on the national pattern of 12 years (10+2) of schooling, which consists of Elementary and Secondary levels of education. In 2002, the Punjab Government has merged the primary education (I-V) and the middle education (VI-VIII) levels into the elementary education to synchronize it with the national level by forming an elementary directorate. So, school education consists of eight years of compulsory elementary education (I-VIII), and the 4 years of secondary education (IX-XII) consisting two years of secondary education (IX-X) and two

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years of senior secondary education (XI-XII). Although, after Xth class some students join the Industrial Training Institute (ITI's), Polytechnics etc. for diploma level course which are equivalent to 10+2.

### STATE'S EDUCATIONAL DEMOGRAPHY AND ECONOMIC PROFILE:

Punjab is one of the most developed states of the country, but it is not in the position to establish a lead in the country in terms of educational attainments. Punjab which is popularly known as, "Food basket and the Granary House of India" with only 1.5 percent of geographical area of the country produces 20 percent of wheat, 14 percent of rice and 14 percent of cotton of the total produce under these crops in the country, is comparatively lagging behind in the development of its human resources. Punjab, which occupied 1st position in per capita income for three decades after its inception from 1966, is now at 11<sup>th</sup> position in per capita income in India. Punjab's rank among the states of India on the bases of literacy mark is 21<sup>st</sup> with 76.7 percent total literacy (Censu, 2011). 22,924 Govt. schools, 27.05 lac students are enrolled. In 24,127 Private schools, 28.44 lac students are enrolled. In 47051 total schools (Govt. & Private) of Punjab, 55.49 lac students are enrolled. Pupil Teacher Ratio in government Primary, Upper Primary, Secondary and Senior Secondary schools is respectively 28.03, 22.22, 19.53 and 34.55. Net Enrolment Ratio at Primary, Middle and Secondary level is respectively 90.45, 86.17 & 51.98, but 100% enrolment is a matter of concern. In spite of considerable expansion in the educational infrastructure, it is still far away from achieving the goal of Universalization of Elementary Education. This situation calls for a number of questions to be answered: What are the trends in financing of school education during pre and post reform period in Punjab? What is the share of different levels of school education in total financial allocation to general education in Punjab. The present research paper is intended to study the financing trends of school education in Punjab in pre and post reform period.

### PUBLIC RESOURCES ON EDUCATION:

Education is a concurrent subject and state funding accompanying with nationally sponsored schemes is a significant contributor to educational expenditure. Within the school education sector, there are two major subsector: Primary and Secondary School education. The expenditure on education is classified under two heads: revenue expenditure (operational expenditure), and capital expenditure. Revenue expenditure comprises 95 per cent of total educational expenditure in Punjab. However, capital expenditure often made from ad-hoc grants to educational institutions are not captured well by the present classification. Further, all expenditure is also divided into plan and non-plan expenditure. The plan expenditure reflects investment/expenditure on new schemes, whereas non-plan expenditure represents maintenance/current expenditure on old schemes.

A number of departments other than the education department are also spending on education at state level, including the GOI and Govt. of Punjab, Ministry of Health, Ministry of Water and Sanitation, Ministry of Social Welfare, Ministry of Public Works, Ministry of Power and Ministry of Telecommunication etc. Educational Expenditures are provided either through national schemes like SSA and RMSA or state programmes like 'PRAVESH' for basic education. The area of the research paper deals with the allocations of public finance on school education only. Revenue expenditure comprises 95 percent of total educational expenditure in Punjab, so present paper will investigate the trends in allocation of revenue expenditure to school education during pre-reforms and post-reform period by starting from the inception of Punjab in 1966.

### TRENDS OF PUBLIC FINANCING:

School education is sub-divided at two important levels as elementary and senior secondary education. At each level there are mainly three types of school which contribute in the field of education to provide access to education service to the citizens of the state i.e. Govt., Govt. aided and local bodies school which receive share out of the budgetary allocation to school education. The analysis of the data of the public financing as per the table-A given below indicate the following trends in financial allocations to school education during pre and post reforms:

### TRENDS DURING PRE-REFORM PERIOD:

- The percentage of revenue expenditure of elementary education, secondary education and other levels in 1966 was 29.20, 44.83 and 25.97 percent respectively.
- The share of elementary education in 1967 shows a slight increase and jumped to 32.43 percent whereas share of secondary education also shows a rising trends with 46.25 percent.
- After 1968 the share of elementary education continuously witness a sharp declining trends and dipped to 25.59 in 1972, but the share of secondary education shows a rising trends with upward swing in 1972-73 and touched highest ever mark with 54.38 percent in financing history of pre-reform period.
- In 1975-76 the elementary education got special attention in terms of financial allocation as its share reached to 36.52 percent and in 1977 it touched 37.82 percent mark the highest ever evident in history of financial allocations of

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elementary education. But the share of secondary education witnessed a declining trends and dipped to 45.51 in 1977 from 54.38 in 1972. In 1980-1981, when allocations to elementary education was 37.21 percent of the total revenue expenditure of the educational budget. Allocation to secondary education evident declining trends during this period with 45.69 percent in 1978-79, but there is little rise in the share of secondary education with 48.34 percent in 1980-81 out of total revenue expenditure to general education.

➤ Between 1981 and 1991, the share of elementary education tends to fall continuously and declined from 34.46 percent in 1981 to 30.46 percent in 1991, whereas the share of secondary education tends to rise continuously during this period from 47.42 in 1981 to 51.34 in 1991.

### ➤ TRENDS DURING POST REFORM PERIOD:

➤ With joining LPG league of economic reforms govt. of India as well as Punjab State have withdrawn their hands from social responsibilities which results in sharp declining trends in overall allocation to school education. The share of elementary education out of overall revenue expenditure to school education in Punjab which was 30.46 percent in 1991 dipped to one digit and reached to just 9.73 percent in 1995.

➤ The share of secondary education to overall revenue expenditure shows a fluctuating trends, but able to retain its position of high priority sector in school education during the post reform period. The share of secondary education which was 49.65 in 1991 evident upward trend and reached to 65.47 percent in 1995.

TABLE A: Percentage of Revenue Expenditure on Each Subsector of School Education to Total Expenditure on Education in Punjab (1965-66 to 2013-14)

Year	Elementary Education	Secondary Education	Higher & Other	Total
1966-1967	29.20	44.83	25.97	100.00
1967-1968	32.43	46.25	21.32	100.00
1968-1969	28.33	50.11	21.56	100.00
1969-1970	27.51	49.63	22.86	100.00
1970-1971	26.35	50.02	23.63	100.00
1971-1972	25.12	51.92	22.96	100.00
1972-1973	25.59	54.38	20.03	100.00
1973-1974	30.40	53.40	16.20	100.00
1974-1975	30.24	53.23	16.53	100.00
1975-1976	36.52	46.73	16.75	100.00
1976-1977	36.61	46.85	16.54	100.00
1977-1978	37.82	45.51	16.67	100.00
1978-1979	36.12	45.69	18.19	100.00
1979-1980	35.96	45.24	18.80	100.00
1980-1981	37.21	48.34	14.45	100.00
1981-1982	34.46	47.42	18.12	100.00
1982-1983	33.59	49.66	16.75	100.00
1983-1984	33.52	49.19	17.29	100.00
1984-1985	33.52	48.23	18.25	100.00
1985-1986	34.33	48.38	17.29	100.00
1986-1987	32.94	47.17	19.89	100.00
1987-1988	33.10	49.08	17.82	100.00
1988-1989	31.31	49.85	18.84	100.00
1989-1990	33.67	50.82	15.51	100.00
1990-1991	32.55	49.65	17.80	100.00
1991-1992	30.46	51.34	18.2	100.00
1992-1993	32.37	49.12	16.29	100.00
1993-1994	32.61	49.78	17.61	100.00
1994-1995	31.55	51.19	17.26	100.00
1995-1996	9.73	65.47	24.8	100.00
1996-1997	30.51	53.36	16.13	100.00
1997-1998	28.77	57.19	14.04	100.00
1998-1999	30.25	56.14	13.61	100.00
1999-2000	30.19	53.46	16.35	100.00
2000-2001	27.74	57.61	14.65	100.00
2001-2002	25.94	62.29	11.77	100.00
2002-2003	28.41	56.54	15.05	100.00
2003-2004	24.96	60.52	14.52	100.00
2004-2005	24.59	64.14	11.27	100.00
2005-2006	23.96	63.45	12.59	100.00
2006-2007	22.82	66.07	11.11	100.00
2007-2008	na	na	na	na
2008-2009	25.66	65.19	9.15	100.00
2009-2010	22.21	63.56	14.23	100.00
2010-2011	25.84	66.20	7.96	100.00
2011-2012	24.54	65.20	10.26	100.00
2012-2013	25.59	64.03	10.38	100.00
2013-2014	30.42	60.92	8.66	100.00

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Sources (i): From 1966-67 to 2005-06: Financial Statistics of Education. Ministry of Human Resource Development, Govt. of India, New Delhi.

(ii): From 2006-07 to 2013-14: Annual Budget Reports of Govt. of Punjab

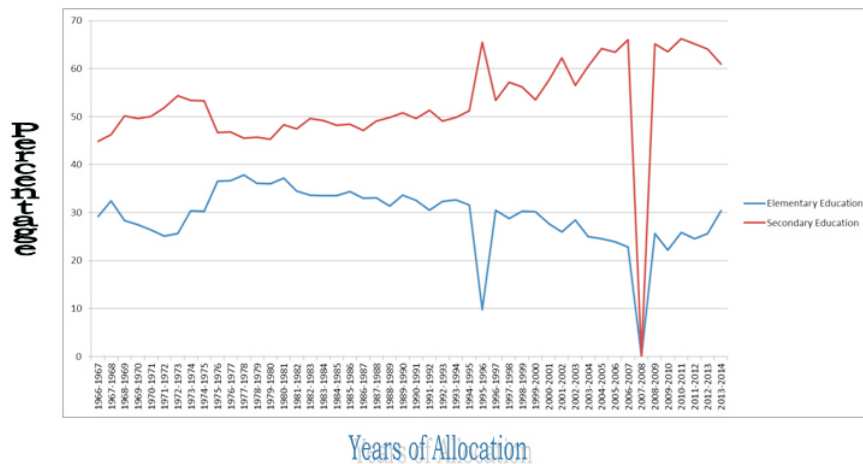


Figure A: Showing Percentage revenue expenditure allocations to Elementary and Secondary Education out of General education in Punjab during 1966-2013

➤ In 1996 the share of elementary education shows reviving trend and reached to 30.51 percent with huge increase from 9.73 in 1995. But the share of secondary education showed a sharp decline and dipped to 53.36 percent in 1996 from 65.47 in 1995.

➤ The share of school education to revenue expenditure shows a static trends as the share of elementary education fluctuate between 30.51 in 1996 and 30.19 in 1999 with a meager decline of 0.3. percent whereas share of secondary education fluctuates between 53.36 in 1996 and 53.46 in 1999 with a little rise of 0.10 percent.

➤ After 2000 elementary education has been facing total neglect of policy makers which was witnessed by a huge decline from 27.74 in 2000 to 22.82 in 2006. But the share of secondary education shows rising trends from 57.61 in 2000 to 66.07 in 2006 highest ever in the history of allocation to secondary education.

➤ The declining trends in allocation to school education continue with 22.21 percent to elementary education and 63.56 percent to secondary education in 2009.

➤ After implementation of RTE in April, 2010 elementary education got priority in financial allocation which was evident from the upward swing in allocation to elementary education as it rose to 25.84 percent in 2010 and 30.42 percent in 2013.

➤ The allocation to secondary education showed declining trends in allocations during 2010 to 2013 as it fell from 66.20 in 2010 to 60.92 in 2013.

## CONCLUSIONS:

From the analysis of the data the investigator reached on the following conclusions:

➤ The public spending on education in the state was not in tune with its educational requirements, particularly in the context of weak educational outcomes and emerging challenges of human capital formation.

➤ It has been witnessed that Govt. of Punjab devoted a relatively low share of the educational budget to elementary education, despite the fact that it cover eight years of instruction and has good merit compared to the other levels of education.

➤ The analysis of the data shows that policy of financing to school education in Punjab does not endorse the priority that must be given to elementary education.

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- For all years except one 1995-96 since 1966, the share of elementary education in the total budget has been fluctuating between 20 to 30 percent and has declined more rapidly during the post reform period.
- Low spending on elementary education is commensurate with poor elementary education indicators of Punjab.
- In 1975-76 the elementary education got special attention the effect was evident in term of financial allocation to elementary education as its share got an upward swing and touched the highest position ever evident in history of financial allocations with 37.82 percent to elementary education in 1977-78.
- The problem has more aggravated during post reform period which witnessed squeeze of overall resources to social and community services including education in total budgetary resources. The effect of this squeeze of resources could be evident in the declining trends in allocations to elementary and secondary education after 1991.
- Allocations to elementary education, which fluctuated between 25 to 37 percent during pre-reform period, evident a sharp declining trend during Post reform period and fluctuate between 22 to 32 percent except one year when it dipped to 9.73 percent lowest ever in 1995-96.
- The secondary education received high share in revenue expenditure, which fluctuated between 44 to 66 percent.
- This situation shows that out of this inadequate budget, more than half goes to secondary education and the rest is shared by other sectors of education with elementary education.
- The state government has been witnessed to escape from the responsibility of intervening effectively in school education during 1981 and 1991, which could be recognized from the declining trends of revenue expenditure on school education. These facts have also been endorsed by Gill, Singh and Brar (2008).
- The post-reform period witnessed a sharp decline in the share of education budget to state budget. Out of this inadequate budget, more than half goes to secondary education and the rest is share by other sectors of education with elementary education.
- The limited increase in education budget in real terms has in affects converted and reduced the education budget in to a salary budget and the salary bill of teaching and non -teaching staff constituted 91 per cent of the total expenditure of all schools.
- It is concluded that too much is spent on teacher salaries and comparatively not enough is spent on buildings, infrastructure, instructional materials and other facilities.
- This situation leave the institutions without any option for the implementation of new strategies of teaching, experimentation, development, research and innovation in teaching learning process.
- This pattern of financing of school education in the state has lead to several social and economic consequences. The variation in fees and funds collected from students at secondary and senior secondary level have created a social divide in the society.
- The inadequacy of educational spending has also been reflected in the context of national norms and experts consensus pertaining to the desired proportion of state income. There have been significant distortions in the budget of the school education with less availability of funds.
- The impact of this inadequate funding reflects in the moderate educational attainments of the state in overall literacy mark(Census,2011).
- Trends in allocations to school education do not show any dramatic shift in the recent years as clear from the figure A, although some alignment of expenditure in favour of elementary education is evident after implementation of RTE.

### SUGGESTIONS:

The policy makers should note that higher public spending on the supply of schools and related infrastructure is only way to expand access of school education and achieve long cherished objective of UEE and success of RTE in the state. Furthermore, the higher spending results in better access to quality educational services for children. It is opined that to get a lead in educational attainments among the states of India, Punjab should allocate nearly 30-40 percent of its budgetary resources and 6 percent of its SDP to general education. The sectorial allocation in education should be in ratio of 50 percent to elementary education, 30 percent to secondary education and rest for other levels of education. Govt. should also provide funds under capital heads to promote creativity, research and innovation in teaching learning process.

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