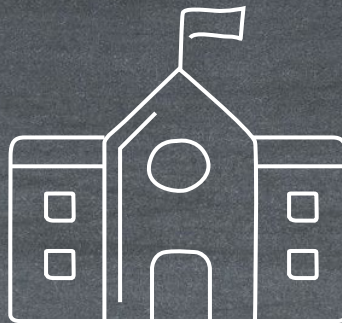
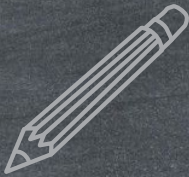


RESEARCH REPORT | JUNE 2020

STATE EDUCATION FINANCES

A Deep-Dive into School Education
Finances in Eight States



Mridusmita Bordoloi

| Sharad Pandey

| Vastav Irava

| Ruchi Junnarkar

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Research Team

Mridusmita Bordoloi
Sharad Pandey
Vastav Irava
Ruchi Junnarkar

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PREFACE

As part of the recent announcements made by the Finance Minister, under the theme 'Atmanirbhar Bharat Abhiyan' (Self-Reliant India campaign), to deal with challenges emerging due to COVID-19, the immediate need for a larger role of Information and Communications Technology (ICT) in India's public education space is clearly spelled out. The PM e-VIDYA programme covers digital, online and on-air education services, including e-content and a television channel earmarked for Grades 1 to 12. Radio is also being extensively used, pointing to a marked emphasis on alternate modes of education delivery during the COVID-19 pandemic.

At the same time, many State governments have started similar initiatives to ensure that students attending government schools suffered minimum loss during the lockdown period. Many of these have been new interventions that demand additional financial resources both from the Union government, as well as, from State governments. In a situation where the lockdown has severely hit the economy and shrunk

revenues, putting in additional finances for education is going to be a challenge in the near future. Soon after the COVID-19 pandemic broke out in India, most Union government departments, including Department of School Education and Literacy, were asked by the Ministry of Finance (MoF) to restrict their first quarter expenditure to 15-20 per cent of Budget Estimates (BE) for FY 2020-21, excluding those deemed essential to dealing with the pandemic.

However, given the role of education as a public good in human development and overall economic growth for the country, it is essential to ensure continuum of public education delivery, even in these difficult times. This requires estimation of the quantum of additional finances required for new interventions or re-prioritisation of funds among the existing interventions. This study is an attempt to provide an in-depth understanding of school education financing in India through analysis of past expenditures incurred in this area across eight states from FY 2014-15 to FY 2017-18.



EXECUTIVE SUMMARY

Education is a concurrent subject in India's Constitution, implying that the State governments as well as the Union government have contributed towards funding, designing, and administration of school education in the states. States however, have been at the frontline of education service delivery, contributing 83 per cent of total expenditure on 'Education, Art and Culture' in FY 2013-14. This report explores state finances by taking a deeper look at eight state budgets to understand the changing trends of school education financing in the country. Specifically, the study aims to understand prioritisation of different functional areas within school education, and the contribution of Union government schemes as opposed to state's own budgetary resources.

Given that major changes were introduced in centre-state financial relationship in terms of fund-sharing ratios for Centrally Sponsored Schemes (CSSs) and devolution of central taxes, it is also essential to look at the past trends since FY 2014-15 till now. The study is aimed at offering a comprehensive background for decision makers for education financing in the future.

Methodology

State budgets are the primary source of data for the study, along with other publicly available government data sources such as Finance Accounts and scheme-specific information systems. As much as possible, all budget heads related to school education, irrespective of department, were aggregated. The time period of the study covers four years from Financial Year (FY) 2014-15 till FY 2017-18. The reason for putting the cut-off as FY 2014-15 was a change in the fund flow mechanism. Prior to FY 2014-15, funds particularly for CSSs were routed through autonomous implementing bodies and were therefore not reflected in the state budgets. Since FY 2014-15, the funds are routed through the State Consolidated Fund, thereby allowing us to capture a comprehensive picture of total state education finances across states.

Key Findings

Relative priority of school education in overall state finances is usually higher for fiscally weaker states

Among the eight states (refer to **Table 2.1**) considered for analysis, government expenditure on school education as a share of Gross State Domestic Product (GSDP) ranged between 4.3 per cent in Bihar to 1.8 per cent each in Maharashtra and Tamil Nadu during FY 2017-18. Economically better-off states are generally observed to be spending relatively lower proportions of their GSDP on school education, with the exception of Himachal Pradesh. School education as a share of total budget expenditure ranged between 10 per cent in Madhya Pradesh to 17 per cent in Maharashtra and West Bengal, during FY 2017-18. Between FY 2014-15 and FY 2017-18, states such as Odisha, Bihar, Madhya Pradesh and Rajasthan experienced a slight increase in the share of school education expenditure in GSDP. However, this share declined in states such as West Bengal, Maharashtra and Tamil Nadu during this period.

Per-student expenditure is higher for secondary education compared to elementary

There is wide variation across states in average expenditure per-student. While Himachal Pradesh spent relatively higher per-student as compared to the other seven states, Bihar spent the lowest. Even though Maharashtra and Tamil Nadu invested considerably higher in absolute terms, the same is not reflected in per-student spending since these two states have many students attending government-aided schools. This brought down per-student expenditures as the funds going to these schools were less than those invested in schools fully managed by the government. Per-student expenditure at the secondary level is considerably higher than that at elementary. However, the gap between the two levels varies widely across states. In FY 2017-18, while per-student expenditure at secondary level was higher than that in elementary by only ₹2,000 for Bihar, it was ₹18,000 for Tamil Nadu.

Executive Summary

While State governments continue to be primary spenders, Union government's contribution is higher for fiscally weaker states

Majority of education financing of a state is contributed by the State government as opposed to the Union government. While contribution from the Union government was lowest in Maharashtra at 5 per cent, it was considerably higher in Bihar at 19 per cent in FY 2017-18. Between FY 2014-15 and FY 2017-18, the share of expenditure contributed by State governments had increased for most states, except Himachal Pradesh. It should be noted that Himachal Pradesh, being a Himalayan state, has not been subjected to any change in fund sharing ratio for CSSs, unlike the other states, post FY 2014-15.

Reliance on CSSs for elementary education financing is considerably high for Bihar and Rajasthan

Economically better-off states such as Maharashtra and Himachal Pradesh are seen to be less dependent on CSSs as an instrument of financing school education. In FY 2014-15 and FY 2017-18, the share of expenditure through CSSs stood at 6 per cent to 7 per cent in Maharashtra. Similarly, the CSSs share for Himachal Pradesh was 11 per cent. On the other hand, CSSs played a dominant role in Bihar, accounting for around half of the overall spending. Despite an overall decline in Union government devolution for CSSs between FY 2014-15 and FY 2017-18, there has been a considerable increase in the share of CSSs in Bihar. Moreover, contribution of CSSs is observed to be much higher in elementary education than in secondary. During FY 2017-18, Bihar financed almost two-thirds (65 per cent), and Rajasthan financed more than half (55 per cent) of their expenditures on elementary education through CSSs. Maharashtra and Himachal Pradesh, spent 10 per cent and 14 per cent, respectively through CSSs schemes on elementary education.

'Teacher Salaries' constitute an overwhelmingly large share of state education finances

Categorisation of school education finances across functional areas revealed that the share of 'Teacher Salaries' in school education expenditure ranged from 71 per cent in Odisha to 84 per cent in Rajasthan. As expected, the proportion of a state's own resources spent on salaries of teachers is higher than that of the Union government instruments. For instance, during FY 2017-18, while the share of states' own resources spent on 'Teacher Salaries' was around 90 per cent for Tamil Nadu and Himachal Pradesh, the share of

CSSs and Central Sector(CS) schemes spent for this purpose was much less at 33 per cent and 40 per cent, respectively.

'Incentives to Students' get second priority after 'Teacher Salaries'

State governments provide a range of incentives for students attending government schools that include uniforms, textbooks, Mid-Day Meals (MDM), merit scholarships etc., along with certain states providing bicycles for girls or travel costs to schools. Across all states, after 'Teacher Salaries', the second priority area for school education was 'Incentives to Students'. However, states such as Himachal Pradesh and Rajasthan dedicated similar shares of education finances to 'Administration' and 'Equity and Inclusion' as well. During FY 2016-17, the share of 'Incentives to Students' was highest in Bihar at 19 per cent, followed by West Bengal at 11 per cent. While Bihar's share declined to 13 per cent in FY 2017-18, there was only moderate change for the other states.

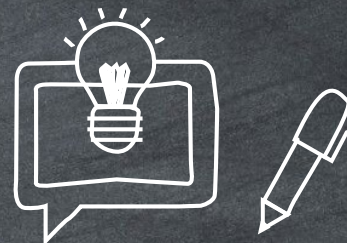
Share of education finances spent on 'School Infrastructure' ranged between 2 per cent to 5 per cent

'School Infrastructure' has been prioritised differently among states. While Bihar and Odisha spent 5 per cent to 6 per cent each of their school education budget on 'School Infrastructure', both in FY 2016-17 and FY 2017-18, Rajasthan spent only 2 per cent in FY 2016-17. This might be because the states that have basic school infrastructure largely in place, are no longer focussing on improving the quality of infrastructure. Similarly, the share of 'School Infrastructure' declined from 5 per cent to 2 per cent in Himachal Pradesh during these two years.

'Teacher Training' and 'Quality' have the least priority in school education finances

The share of education finances dedicated towards 'Teacher Training' has been extremely low and was less than or equal to 1 per cent for the six sample states during FY 2016-17. The situation was similar in FY 2017-18, except for Tamil Nadu, which spent 5 per cent of total school education funds on 'Teacher Training'. The proportion of school education finances dedicated towards 'Quality' initiatives including ICT infrastructure, ranged between 1 per cent to 3 per cent. Similarly, the share going into 'Monitoring and Inspection' of schools also ranged between less than 1 per cent to 3 per cent.

Background and Introduction



In India, the 21st century has seen an increased focus on the delivery of education as a public good with significant changes in education policy and legislation. Particularly, in the last decade, the education landscape in India has seen major shifts with the passing of the Right of Children to Free and Compulsory Education Act (RTE Act) in 2009. While most states in India have been able to achieve near universal enrolment at the elementary level, the enrolment rates have been far lower at the secondary level. Even at the elementary level, poor quality of learning in government schools, teacher vacancies and absenteeism, quality of infrastructure facilities, and low transition rates to secondary level, still remain major concerns. Most of these issues have been taken into consideration by the draft National Education Policy (NEP) released in 2019. The NEP has laid out the importance of quality education, and envisages universal and equitable access to school education from pre-primary to higher secondary stages for all children.

This increased emphasis on school education has also led to a marked shift in the domain of measuring progress and highlighted the need for effective supportive and monitoring mechanisms at the national level. Even though information captured by existing infrastructure-oriented databases such as Unified District Information System for Education (UDISE) have been well-recognised, contributions from Annual Status of Education Report (ASER) and the National Achievement Survey (NAS) have been significant steps in this direction, shining a light on the large learning deficits prevailing in the current education situation.

States on the frontline of education delivery

The subject of education in India is a joint responsibility of the State and Union governments for more than four decades now. The Union government has since played a central role in shaping the national agenda on education. Not only does it define the national policy direction and priorities through the Ministry of Human Resource Development (MHRD), but it has also intervened in the fiscal architecture for the financing of education delivery through the commencement of key CSSs. These contributions have indeed been critical, and commentary on education has rightly scrutinised the Union government's policies (Muralidharan, 2013).

However, in order to unpack the full story of education delivery in India, it is imperative to examine the role of the State governments. It is the administrative machinery of the State government that is responsible for frontline delivery of education services. Moreover, State governments spend over three-fourths of the total social sector expenditure on education in India through their own budgetary resources. For instance, between FY 2005-06 and FY 2013-14, the share of states in the total expenditure on 'Education, Art and Culture' in the country hovered around 77 per cent to 83 per cent (Chattopadhyay, 2018). However, a majority of the discussions on education in India tend to draw on aggregated national indicators of performance, which miss the wide inter-state variations.

Budget as a lens to understand government priorities

The growing resource bank of pan-India databases on learning assessments and school inputs have enabled a systematic triangulation of the inter-state differences, allowing for more accurate comparison across states. For instance, NAS, 2017 clearly identifies Rajasthan and Kerala to be among the top performing states in terms of learning outcomes at the elementary level, as opposed to Uttar Pradesh and Arunachal Pradesh, which were low performers. As per U-DISE, while 99 per cent schools in Punjab had a boundary wall during 2016-17, the corresponding proportion for Assam was only 29 per cent. Although the existence of these variations is well-recognised, there have been few attempts to better understand the inter-state variations through the budget lens.

Budgets are important indicators of government policy priorities, having been described as ‘policy statements expressed in money terms’ (Wagle & Shah, 2003). Given the fiscal constraints within which almost all governments operate, a budget is the single-most revealing indicator of what governments deem important, and their relative importance among all the competing demands on the government’s resources. In addition, a budget can also provide insights into a government’s strategic approach as it attempts to address large scale human development challenges such as those of health and education. Given the range and the number of interventions that have been deemed necessary for India to achieve its human development targets, budgetary analysis can reveal how a government approaches such requirements within its existing fiscal constraints.



OBJECTIVES OF THE STUDY

Keeping in mind the significantly important role that State governments play in delivery of public education services, this study analyses eight state budgets to achieve the following objectives:

- To estimate the total quantum of public expenditure on school education and thereby identify prioritisation of school education in overall state budgets. To identify relative shares of expenditures in the broad two levels of school education- elementary and secondary.
- To understand the source of school education financing in states by examining a break-up of finances from the Union government versus State government’s own budgetary resources.
- To explore the role of CSSs in the states’ elementary and secondary education, and how their contribution to school education has changed over time.
- To understand the prioritisation of different functional areas within school education finances by different State governments.

With the above objectives in mind, this report is structured as follows. **Chapter 2** discusses the detailed methodology adopted for analysis, data sources and limitations of the study. **Chapter 3** presents an inter-state comparison in terms of the overall quantum of expenditures on school education. **Chapter 4** analyses different channels of school education financing in the states and presents overall contributions made by CSSs and CS schemes versus the State governments’ own budgetary resources. **Chapter 5** takes a deeper look at the contribution of CSSs in school education financing separately for elementary and secondary education. **Chapter 6** presents how prioritisation varies between different functional areas within the total education budget and whether there are differences in prioritisation between elementary and secondary levels. Finally, **Chapter 7** concludes with a summary of key insights from the analysis and looks at the near future.

Methodology and Data Sources



This chapter details out the methodology adopted to identify and aggregate the total quantum of school education expenditure for the eight sample states considered for analysis in this report. It also describes the data sources, the rationale behind the years considered, and limitations. The approach adopted to disaggregate finances into functional areas has been discussed in **Chapter 6**.

2a. Estimating School Education Spending

State budgets report expenditures under two broad heads of accounts: 'Revenue' and 'Capital'. Again, within each of these two heads, expenditure is categorised as 'Plan' and 'Non-Plan'. After FY 2016-17, most states and the Union government discontinued the 'Plan' vs 'Non-Plan' differentiation. This report takes into account all types of expenditures including 'Revenue' and 'Capital' as well as 'Plan' and 'Non-Plan'.

- While some State governments organise their budgets through standardised budget heads irrespective of departments, some have sector-specific detailed demand-for-grants. Expenditure on school education can thus be found in the detailed demand-for-grants for school education, as well as under the budget heads '2202' and '4202', which are used for classifying revenue and capital expenditure on education. In order to be able to follow a standardised methodology across states, we have chosen to analyse school education expenditure identified by budget heads, and not only through demand-for-grants documents. This means that all expenditure incurred under the specific budget codes for education, irrespective of department, have been included.
- Under 'Revenue' head 2202 ('General Education'), the sub-major heads, namely, 'Elementary Education' (2202-01) and 'Secondary Education' (2202-02) have been considered. Similarly, under 'Capital' head, 4202-01 ('General Education'), the sub-heads on 'Elementary Education' (4202-01-201), and 'Secondary Education' (4202-01-202) have been considered. Within the school education department of a state, expenditures over and above

the two clearly identifiable categories (elementary and secondary) are also considered since these are ultimately spent on school education. This means that allocations under sub-major heads 'Language Development' (2202-05) and 'General' (2202-80) have also been included.

- However, it is important to highlight that not all expenditure on education is included under major heads 2202 or 4202. A considerable share of states' spending for disadvantaged communities such as Scheduled Castes (SC), Scheduled Tribes (ST) and minorities, is also spent towards enabling access to education to these communities. These are reported under major heads 2225 and 4225. In order to be comprehensive, all expenditure under the education minor head (277) have been considered, irrespective of the department.
- Under CSSs, while figures for Sarva Shiksha Abhiyan (SSA) and Rashtriya Madhyamik Shiksha Abhiyan (RMSA) are captured under the budget heads listed above, this may not always be the case of MDM, as some states classify MDM expenditure under budget heads for nutrition or rural development, as opposed to education. In such cases, we have included MDM even though it is listed under budget heads other than those previously stated. The specific budget codes used to identify school education spending have been presented in **Annexure Table A1**. A list of departments that reported expenditure under the selected budget heads for school education as defined for this analysis, is mentioned in **Annexure Table A2**.

2b. States Considered for Analysis

For the purpose of this analysis, eight Indian states were considered across different geographical zones. These states, and their key socio-economic features, are mentioned in **Table 2.1**.

Table 2.1: States selected for analysis

State	Zone	Per-capita NSDP, 2017-18 (₹)	Literacy rate, 2011 (%)
Bihar	Eastern	38,631	61.8
Himachal Pradesh	Northern	1,67,044	82.8
Madhya Pradesh	Central	82,941	69.3
Maharashtra	Western	1,76,102	82.3
Odisha	Eastern	84,496	72.9
Rajasthan	Western	99,366	66.1
Tamil Nadu	Southern	1,71,583	80.1
West Bengal	Eastern	93,711	76.3

2c. Source of Data

- **State budgets:** The base data on government expenditures and allocations in school education is sourced from the state budget documents released by the corresponding Finance Departments for four years-FY 2016- 17 to FY 2019- 20 (refer to links in **Annexure Table A4**).
- **Other data sources:** The study also uses data from a few other sources to support the analysis. These include responses received under Right to Information (RTI) Act from state project offices of CSSs, Annual Work Plan and Budgets (AWP&Bs) of CSSs (refer to links in **Annexure Table A3**), and Finance Accounts of different states certified by the Comptroller and Auditor General (CAG) of India. The Finance Accounts of a state present the accounts of receipts and expenditures of the State government, together with the financial results disclosed by the Revenue and Capital accounts, the accounts of the Public Debt and the liabilities and assets of the State government. The audit of these accounts is independently conducted through the office of the Accountant General (Audit) and certified through CAG of India.

2d. Years considered for analysis

Till 2014, funding for CSSs was released by the Union government directly to State Implementing Societies (SISs) responsible for implementation of CSSs. As a result, the funds received by states and expenditure incurred were not always reflected in the state budgets. Since FY 2014-15, the fund-flow mechanism for the CSSs has changed in the country. Since then the Union government funds first flow through the state treasury and are then released to the SISs, which in turn distributes them across districts or beneficiaries.

The analysis of eight state budgets used in this report was completed in the first week of March 2020. Till then, the latest budgets for FY 2020-21 for all eight states had not been released. Therefore, the analysis does not include data from the latest state budgets.

2e. Limitations

Even though the methodology captures a large majority of the government’s expenditure on education in the states, it is not exhaustive. A small proportion of expenditure was excluded because of the difficulty in segregating only school education expenditure from a few broader components of education expenditure as a whole. For example, major heads 2204 and 2205 represent expenditure on ‘Sports and Youth Services’ and ‘Art and Culture’, and may include components relevant to school expenditure. However, these have been excluded as it is difficult to identify the amounts spent on school-going children versus college-going youth or on those outside schools.

Similarly, for education expenditure under budget heads 2225 and 4225 (‘Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities’), while specific line items are included, in cases where it was difficult to isolate school education clearly, the expenditure has been excluded. For example, expenditure on “Post-Matriculation Assistance” has been excluded since this can include expenditure for both higher secondary, as well as, higher education. States also have other overlapping expenditure which is not captured here. Thus, this report is limited to the budget heads mentioned in the methodology (sub-section 2a) above, in the interest of maintaining consistency across all eight states.

Overall Trends in School Education Financing



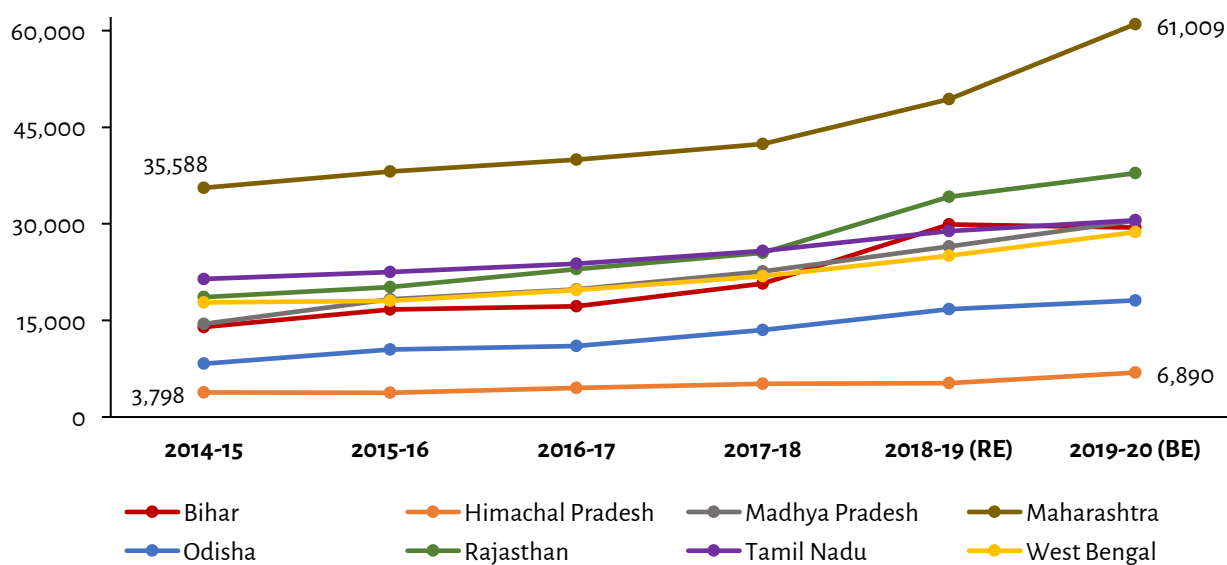
This chapter presents the overall quantum of funds dedicated to school education within states by the Union government and the State governments, in absolute terms as well as in relation to the overall size of the states' economies, over a period of six years, starting from FY 2014-15. It further looks at how school budgets are distributed across the two broad categories of school education- elementary and secondary, and presents a comparative analysis of the eight states in terms of per-student expenditures, and how these have changed over the years.

3a. Government Spending on Education: Quantum and Growth

Over the last six years, between FY 2014-15 and FY 2019-20, public financing of school education increased in absolute terms across all eight states. Maharashtra, the largest economy, measured in

terms of GSDP, was the highest spender on education and its level of spending was significantly higher compared to the others, with a budget allocation of ₹61,009 crore for FY 2019-20. Rajasthan saw a sharp increase in allocations for school education in FY 2018-19 and had the second-highest allocation for FY 2019-20, at ₹37,857 crore. Even though Tamil Nadu spent relatively more than Rajasthan in the initial years, the expenditure levels were almost similar in FY 2016-17 and FY 2017-18 for both states because of Tamil Nadu's relatively slower pace of growth. In terms of budget allocations for later years, Tamil Nadu was much below Rajasthan and was in fact at similar levels as Bihar and West Bengal in FY 2019-20. Himachal Pradesh and Odisha, both being relatively smaller economies, had spent much lower on school education in absolute terms and allocated ₹6,890 crore and ₹18,104 crore, respectively in FY 2019-20 (Figure 3.1).

Figure 3.1: Expenditure on school education across states from 2014-15 to 2019-20 (₹ crore)



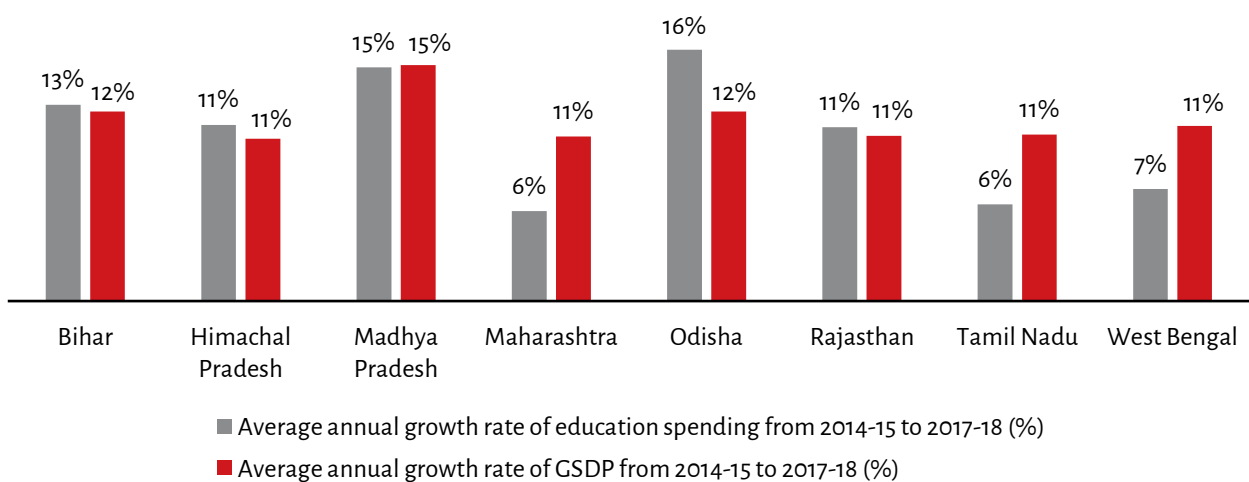
Source: State Budget documents from FY 2016-17 to FY 2019-20.

Note: Figures from 2014-15 to 2017-18 are actual expenditures, those for 2018-19 are Revised Estimates (REs) and those for 2019-20 are Budget Estimates (BEs). All figures are in ₹ crore.

A comparison of the annual average growth rates of GSDP and public spending on school education shows that among the eight states, Odisha has the highest annual rate of growth in education spending at 16 per cent, higher than the rate of growth in GSDP during the period from FY 2014-15 to FY 2017-18. Odisha was closely followed by Madhya Pradesh with a growth of 15 per cent, similar to its GSDP growth. On the other hand, while Tamil Nadu and Maharashtra grew at an average rate of 11 per cent in terms of GSDP, the average annual growth in education expenditure between FY 2014-15 and FY 2017-18, was relatively lower at 6 per cent per annum each (Figure 3.2). For the remaining states, the expenditure on school education grew at a similar or a slightly higher rate than the economy as a whole.

Between FY 2014-15 and FY 2017 - 18, average annual growth in school education expenditure was relatively higher for states like Odisha, Madhya Pradesh and Bihar, as compared to economically better-off states such as Tamil Nadu and Maharashtra.

Figure 3.2: Average annual growth rate in school education spending and GSDP: 2014-15 to 2017-18 (in current prices)



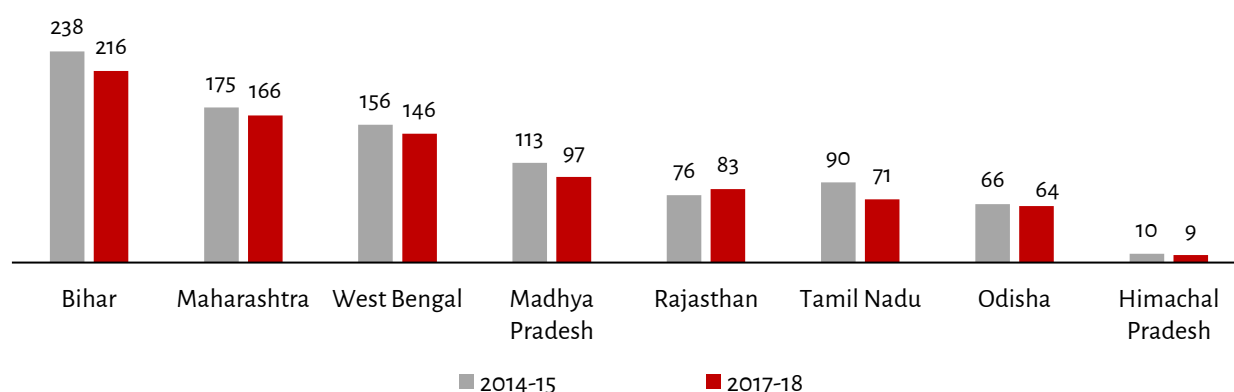
Source: State Budget documents from FY 2016-17 to FY 2019-20.



3b. Per-Student Expenditure on School Education

In order to understand whether a state’s expenditure on school education is sufficient with respect to the size of enrolment in the state, it is critical to look at the per-student expenditures. This reflects the quantum of financial resources available for each child enrolled in government or government-aided schools. For the purpose of this analysis, enrolment numbers are taken from the U-DISE to arrive at the per-student expenditure figures.

Figure 3.3: Enrolment in government and government-aided schools (lakh)



Source: Authors' calculations based on raw data accessed from U-DISE School Report Cards portal for the academic years 2014-15 to 2017-18, National Institute of Educational Planning and Administration (NIEPA).

In comparing per-student expenditures for elementary and secondary levels of education, it should be noted that the expenditures for elementary and secondary are minor underestimates as there exists a small proportion of expenditure on school education that cannot be categorised into elementary and secondary stages from the budget documents. The overall per-student expenditure, however, does incorporate these uncategorisable expenditures. Also, given that a proportion of school education expenditure is on Out of School Children (OOCs), looking at expenditure for only students enrolled may also be a slight overestimate.

To have a complete understanding of the variation in average per-student expenditures across states, it is also important to understand the size of enrolment in government and government-aided schools in these states. Even if two states have a similar quantum of expenditure in absolute amounts, the state with higher number of students enrolled will have a lower per-student expenditure. **Figure 3.3** highlights the differences in enrolment among the states and the change between FY 2014-15 and FY 2017-18. Among the eight states considered, Bihar had the largest number of students (216 lakhs) in government and government-aided schools in FY 2017-18. In contrast, Himachal Pradesh being the smallest among the eight states, had only 9 lakh students. All states have shown a declining trend in enrolment in government schools since 2014-15, with the exception of Rajasthan, where enrolment increased from 76 lakhs in FY 2014-15 to 83 lakhs in FY 2017-18. Over these

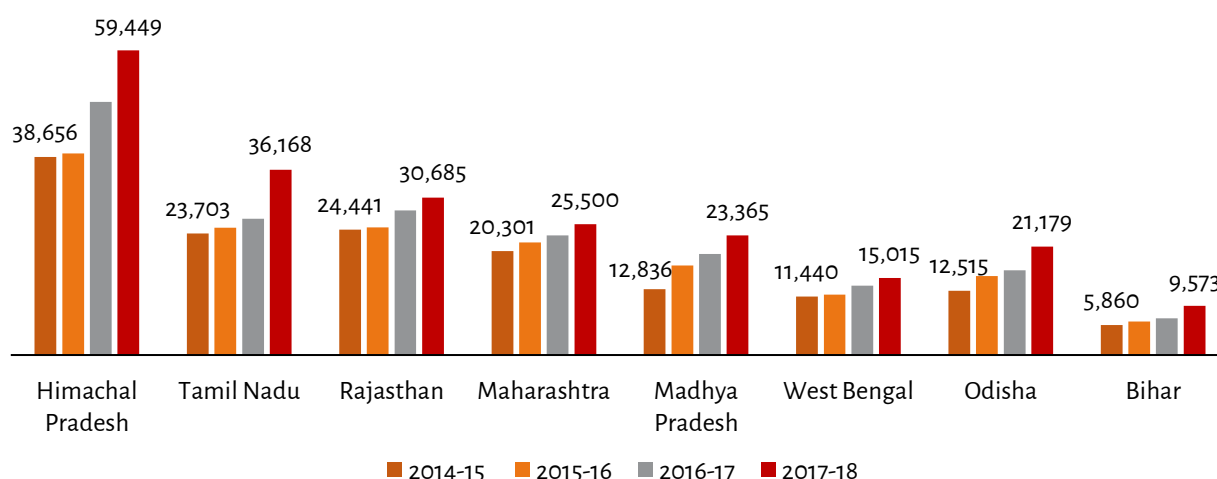
four years, the steepest decline has been observed in Bihar, with 22 lakh less students enrolled in government schools in FY 2017-18 than in FY 2014-15.

Overall per-student expenditures

There is significant variation across states in terms of per-student expenditures on school education ranging from ₹9,573 in Bihar to ₹59,499 in Himachal Pradesh in FY 2017-18. Similar trends were also observed in the earlier years (**Figure 3.4**).

Bihar's per-student expenditures are notably lower than other study states. However, this needs to be viewed in conjunction with the fact that Bihar also has the highest enrolment figures. It is encouraging to note that all states have shown notable increases in the per-student expenditure since FY 2014-15, with few states showing relatively higher increases than others, including Himachal Pradesh, Tamil Nadu, Madhya Pradesh and Odisha in FY 2017-18. However, it is important to recognise that part of this increase may be driven by falling enrolment numbers in government schools in some of these states. For instance, between FY 2016-17 and FY 2017-18, while school education spending in Tamil Nadu increased by 8 per cent, enrolment in government and government-aided schools declined by 20 per cent; thereby showing a jump in per-student expenditures. On the contrary, there was hardly any change in government school enrolment in Odisha and Himachal Pradesh during that period, suggesting actual increase in per-student expenditure.

Figure 3.4: Per-student expenditure (₹) on school education by states



Source: (1) Expenditure: State Budget documents from FY 2016-17 to FY 2019-20. (2) Enrolment: Authors' calculations based on raw data accessed from U-DISE School Report Cards portal for the academic years 2014-15 to 2017-18, National Institute of Educational Planning and Administration (NIEPA).

3c. Relative Priority of School Education in the State Economy

The relative importance of school education can be seen in two ways. First, a look at education expenditure as proportion of GSDP. The draft NEP, 2019 argues for public investment in education to be 6 per cent of Gross Domestic Product (GDP) of our country, in keeping with the recommendations of previous education policies. The report estimated that public expenditure on education in India in FY 2017-18 was 2.7 per cent of GDP. Second, to understand the relative importance of school education in a state economy, one can look at it as a proportion of the total expenditure of the state. The NEP, 2019 calls for a doubling of this proportion at the national level, from the current level of 10 per cent of total public expenditure to 20 per cent, over the next 10 years. Both analyses have been done from the perspective of school education.

School education as a share of GSDP

In FY 2017-18, expenditure on school education as a proportion of GSDP ranged from 4.3 per cent in Bihar to 1.8 per cent each in Maharashtra and Tamil Nadu (**Table 3.1**). Interestingly, economically better-off states, i.e. states with higher per-capita National State Domestic Product (NSDP), are generally observed to be spending relatively lower proportions of their GSDP on school education. For instance, the top two states in terms of economic status, i.e. Maharashtra and Tamil Nadu, spent lower shares of GSDP on education, even though the amounts spent in absolute terms were higher than most other states. In contrast, Bihar, which was ranked the lowest in per-capita NSDP among the eight states, spent the highest share of GSDP (4.3 per cent) on education. However, Himachal Pradesh did not follow this trend, and was second highest at 3.7 per cent in spite of being economically better-off than many others states.



Among the eight sample states, school education expenditure as a share of GSDP during FY 2017-18 was highest in Bihar at 4.3%, and lowest in Tamil Nadu and Maharashtra at 1.8%.

Table 3.1: School education expenditure as a share of GSDP (%)

State	Ranking based on per-capita NSDP, 2017-18 (1=Highest)	2014-15	2015-2016	2016-2017	2017-18
Bihar	8	4.1%	4.5%	4.1%	4.3%
Himachal Pradesh	3	3.7%	3.3%	3.6%	3.7%
Rajasthan	4	3.0%	3.0%	3.0%	3.1%
West Bengal	5	2.5%	2.3%	2.3%	2.2%
Madhya Pradesh	7	3.0%	3.4%	3.1%	3.1%
Odisha	6	2.6%	3.2%	2.8%	3.1%
Maharashtra	1	2.0%	1.9%	1.8%	1.8%
Tamil Nadu	2	2.0%	1.9%	1.8%	1.8%

Source: (1) State Budget documents from FY 2016-17 to FY 2019-20. (2) GSDP and NSDP: National Accounts Statistics, Ministry of Statistics and Programme Implementation (MoSPI). Available online at: <http://www.mospi.gov.in/data>.

If we observe this ratio over time, Odisha has seen a 0.5 percentage point increase from 2.6 per cent in FY 2014-15 to 3.1 per cent in FY 2017-18. States such as Bihar, Madhya Pradesh and Rajasthan also experienced a slight increase in this share. Expenditure as a proportion of GSDP has however, declined in states such as West Bengal, Maharashtra, and Tamil Nadu.

School education as a share of total state budget expenditures

School education as a proportion of total state budget expenditures ranged between 10 per cent in Madhya Pradesh to 17 per cent in Maharashtra and West Bengal, during FY 2017-18. Bihar was the third highest spender with 15 per cent of the total expenditure spent on school education, followed by Rajasthan at 14 per cent.

Table 3.2: School education expenditure as a share of total state budget expenditures (%)

State	2014-15	2015-2016	2016-2017	2017-18
Bihar	15%	15%	14%	15%
Himachal Pradesh	12%	13%	13%	15%
Madhya Pradesh	9%	13%	11%	10%
Maharashtra	20%	17%	18%	17%
Odisha	12%	10%	11%	12%
Rajasthan	15%	14%	13%	14%
Tamil Nadu	14%	14%	12%	13%
West Bengal	15%	12%	12%	17%

Source: State Budget documents from FY 2016-17 to FY 2019-20.

A look at trends over time suggests that three states namely Maharashtra, Tamil Nadu and Rajasthan saw a decline in shares of total state budget spent on school education, in the range of 1 to 3 percentage points. In contrast, while Madhya Pradesh had the lowest relative investment in education, the share of spending increased marginally by one percentage point between FY 2014-15 to FY 2017-18. In case of West Bengal and Himachal Pradesh, the proportion saw a considerable increase of 2 to 3 percentage points in these four years.

3d. Levels of School Education: Elementary vs Secondary

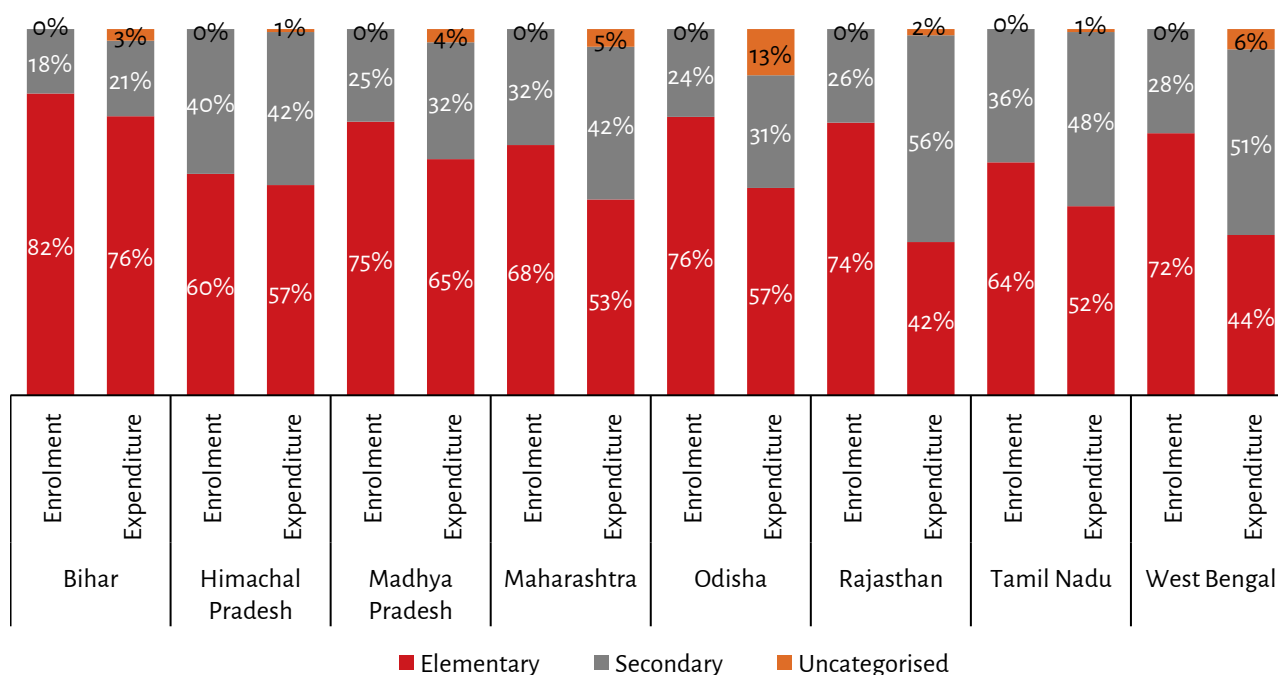
School education in India can broadly be divided into two levels- Elementary (Grades I to VIII) and Secondary (Grades IX to XII). As part of the RTE legislation passed in 2009, every child in the 6 to 14 years age group is entitled to free and compulsory elementary education in India. Unlike elementary, till now universal access to secondary education is not mandated in India under the RTE Act. Similarly, the funding needs of secondary schools are quite different from elementary as there are requirements for specialised subject

teachers as well as infrastructure facilities such as science laboratories and scientific equipments. In FY 2018-19, with the three key CSSs on school education coming together under one umbrella scheme 'Samagra Shiksha', there is a stronger willingness by the Union Government to consider school education as a continuum from pre-primary to secondary levels. Therefore, it becomes interesting to look at the differences in funding pattern across the two levels of education.

Share of funds spent on elementary and secondary

There is notable variation in the distribution of expenditure across elementary and secondary education among the states (Figure 3.5). During FY 2017-18, while Bihar spent the largest share of its total school education expenditure on elementary level at 76 per cent, Rajasthan spent the lowest at 42 per cent. It is important to mention here that share of expenditure dedicated to a particular level of education is likely to be directly proportional to the share of total enrolment in government and government-aided schools at that level.

Figure 3.5: Distribution of enrolment and expenditure in government and government-aided schools: Elementary vs secondary education, 2017-18



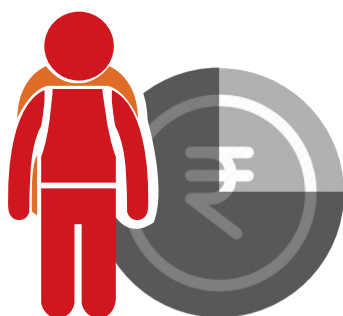
Source: (1) Expenditure: Authors' compilations using State Budget documents from FY 2016-17 to FY 2019-20. (2) Enrolment: Authors' calculations based on raw data accessed from U-DISE School Report Cards portal for the academic years 2014-15 to 2017-18, National Institute of Educational Planning and Administration (NIEPA).



Unlike universal access to elementary education for all children in 6 to 14 years age group, access to secondary education is yet not mandated in India under the Right of Children to Free and Compulsory Education (RTE) Act.

Among the sample states, Bihar had the highest share of both enrolment (82 per cent) as well as expenditure (76 per cent) at elementary level. Rajasthan along with West Bengal spent more than half of their total school education funds on provisioning of secondary education. This is despite the fact that both states had a relatively lower share of total enrolment in secondary classes. Thus, while only 26 per cent total school enrolment in Rajasthan was in the secondary classes, the proportionate share of expenditure going to secondary education was much higher at 56 per cent. Similarly, compared to 28 per cent of total students in secondary classes in West Bengal, the share of government funds spent on secondary education was considerably higher at 51 per cent.

In contrast, total funds were distributed almost equally between elementary and secondary levels of education during FY 2017-18 in states such as Maharashtra and Tamil Nadu. Himachal Pradesh, which spent 57 per cent on elementary education, is one state where distribution of expenditure across the two levels, was similar to that of enrolment and it also happens to be economically better off than the others. Even though Odisha's share of expenditure on elementary was similar to that of Himachal Pradesh, a considerable share of 13 per cent expenditure, primarily contributed by departments other than school education department, could not be segregated into the two levels of education. This proportion of spending spreads across entire school education and the budget codes do not specify the exact level for which this is spent. Therefore, the eventual share of spending on elementary education in Odisha is expected to be a little more than 60 per cent.



While only 26% total enrolment in government and government-aided schools in Rajasthan was in the secondary classes, the proportionate share of expenditure going to secondary education was much higher at 56% in FY 2017-18.

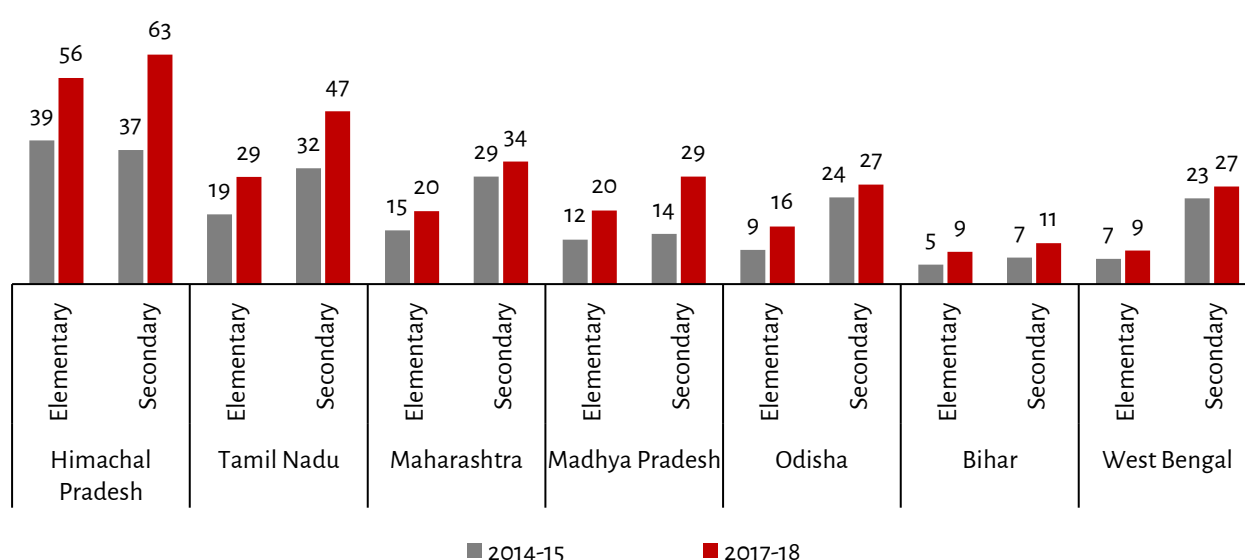
Per-student expenditures in elementary vs secondary education

While disaggregation of total quantum of expenditure across elementary and secondary indicates the relative shares going to the two levels of school education, per-student expenditures reflect how much on an average, is spent on a student enrolled in one level as compared to the other. Segregation of per-student spending by level of education in Rajasthan is not presented in this section since there was a temporary change in the budget accounting process for teacher's salaries during this period. Between academic years 2014-15 and 2017-18, approximately 16,000 elementary schools in Rajasthan were merged and upgraded to create secondary schools and in that process, a section of teachers have been promoted to teach from elementary level to secondary. As a result, difference in per-student expenditure between elementary and secondary might be due to a shift in accounting of teacher's salary from one level to the other and not because of actual increase in average expenditure per-student.

As can be seen in **Figure 3.6**, per-student expenditures at the secondary level were higher than at the elementary level across all seven states, although the extent of difference and the trends over the years have been varied. During FY 2017-18, while Himachal Pradesh spent the highest per-student at both elementary and secondary levels, Bihar spent the lowest. Even though average funds spent per-student at secondary level has been higher than that in elementary, the gap between the two levels of school education varies widely across states. The average per-student expenditure in Himachal Pradesh at secondary level was higher than that in elementary by only ₹7,000.

On the contrary, average expenditure per-student across both levels of school education was the lowest in Bihar, closely followed by West Bengal. In fact, both Bihar and West Bengal governments had incurred similar expenditures per-student for elementary education in FY 2017-18. For instance, during FY 2017-18, on an average ₹9,000 was spent on a student enrolled in elementary level in Bihar, as compared to ₹11,000 for a student in secondary level. West Bengal spent relatively higher on a student at secondary level at ₹27,000 per annum, which was similar to that in Odisha.

Figure 3.6: Per-student expenditure on elementary and secondary education (₹ thousand)



Source: (1) Expenditure: Authors' compilations using State Budget documents from FY 2016-17 to FY 2019-20. (2) Enrolment: Authors' calculations based on raw data accessed from U-DISE School Report Cards portal for the academic years 2014-15 to 2017-18, National Institute of Educational Planning and Administration (NIEPA).

Who Finances School Education in India?



Education falls under the Concurrent list and thus provision of education is the joint responsibility of both the Union and State governments. This also means that both the Union government and the states can legislate on any aspect of education in the states. Union government financing for education in India has mostly been in pursuit of an equitable distribution of resources among the states, with a view to minimise regional variation in educational outcomes. There are two main instruments through which the Union government designs and finances schemes for education. These are: CSSs and CS schemes.

Funds for CSSs are shared between the Union and State governments. At present for most CSSs pertaining to school education, the fund-sharing ratio is 60:40, as compared to 75:25 prior to FY 2015-16, except for the North-Eastern and Himalayan states, for which the ratio remains 90:10. The CS schemes are 100 per cent funded by the Union government. These include various scholarship schemes for SCs/STs and other disadvantaged groups, funds for Sainik Schools and Kendriya Vidyalayas, etc. States, on the other hand, are primarily responsible for the maintenance and operation of government schools, regulation of curriculum and teaching methods, establishment of school boards to conduct examinations, monitoring and supervision of schools, recruitment of teachers, and payment of salaries. Moreover, states can choose to run their own schemes to support school education.

This chapter first presents the break-up of school education expenditure in the states across the two broad sources: Union and State governments. While the Union government's contribution to school finances in a state is inclusive of central share of CSSs and CS schemes, the State government's contribution includes state share in the CSSs and all other

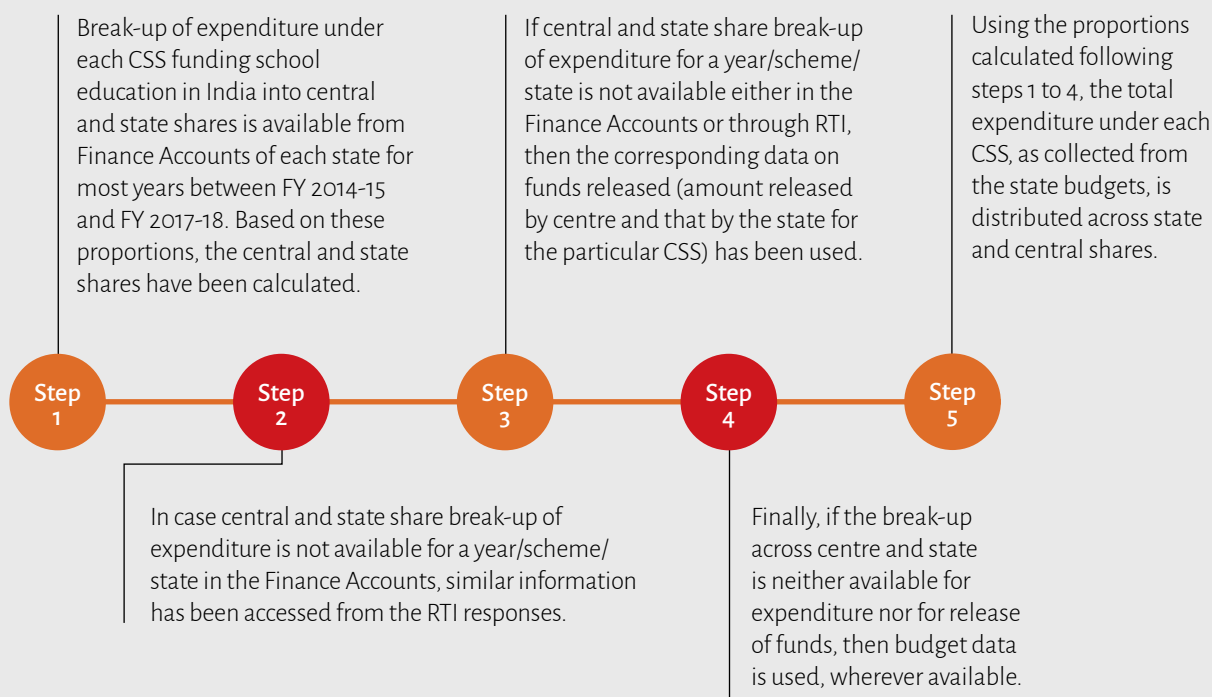
expenditures incurred by the state, including those under the state schemes. In the next sub-section, school education finances is further segregated across the broad three instruments of financing: CSSs, CS schemes, and states' own budgetary resources including state schemes. Before presenting the findings of this analysis in sub-sections 4b and 4c, let us first look at the methodology adopted to segregate CSSs expenditures into centre and state shares (sub-section 4a).

4a. Methodology to Disaggregate Expenditure under CSSs

Very few state budgets in India provide a break-up of CSSs expenditure into Union and State government shares. This is mainly because funds for a CSS coming from the state and the Union ministry, are released to the implementing societies created for each scheme, through the state treasury route. Once funds reach the implementing society's account, they are then spent from a common pool. As a result, not all states maintain separate records for expenditures corresponding to the amounts released by the Union government and the state. Even though a few states have recently started providing this break-up in their budgets, most of them do not have similar classification for the earlier years.

Therefore, in order to understand this phenomenon, we used Finance Accounts of different states certified by the CAG of India. However, only proportions (central and state shares) have been used from Finance Accounts and total CSS expenditures collected from the state budgets have been distributed across central and state shares using these proportions. In case, break-up of expenditure for a CSS for a specific year is not available in Finance Accounts, data was accessed through RTIs. This broad approach used to segregate CSSs has been described in **Box 1**.

Box 1: Disaggregation of CSSs into central and state shares

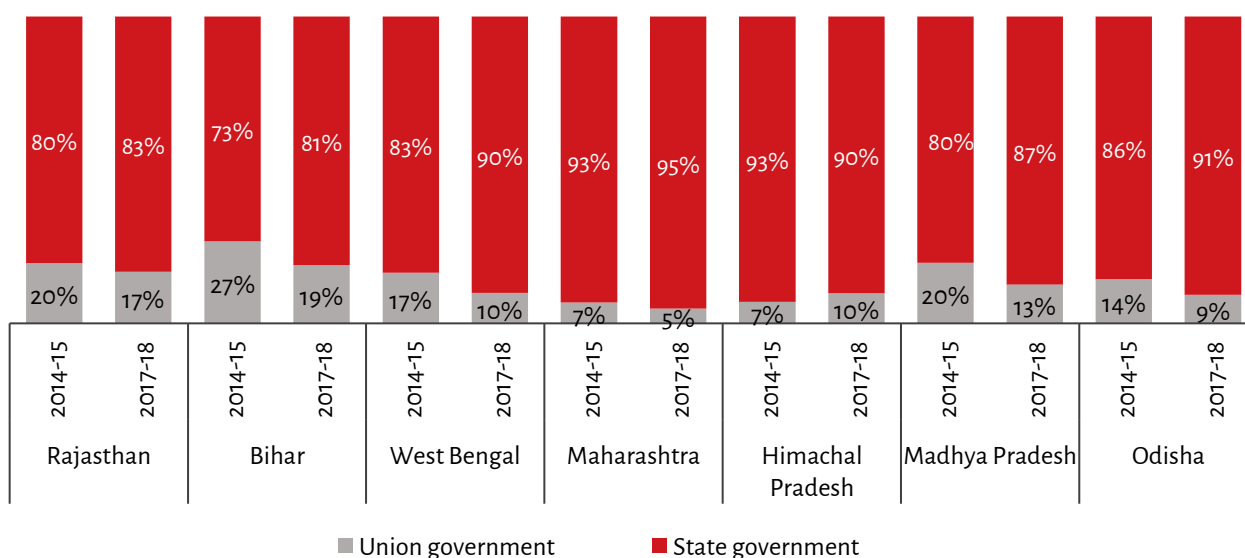


4b. Source of Financing School Education: Union vs State Government

Contributions of the Union government and the State governments in states' school education finances during FY 2014-15 and FY 2017-18 is presented in **Figure 4.1**. A look at the distribution indicates that school education has largely been the responsibility of the State governments with limited role of the Union government. During FY 2017-18, contribution of the Union government was highest in Bihar at 19 per cent, followed by Rajasthan at 17 per cent. On the other hand, Maharashtra was least dependent on the Union government finances, which contributed only 5 per cent to the state's total school education expenditure.

Between FY 2014-15 and FY 2017-18, the Union government's contribution in school education finances declined for most states, excluding Himachal Pradesh. It should be noted that Himachal Pradesh, being a Himalayan state, has not been subjected to any change in fund sharing ratio for the CSSs unlike the other states, post FY 2014-15. Bihar experienced a relatively higher decline in the Union government share (8 percentage points between FY 2014-15 and FY 2017-18). Bihar was closely followed by West Bengal and Madhya Pradesh, both experiencing a 7 percentage point decrease in Union government's share.

Figure 4.1: Distribution of school education expenditure across sources of funding: 2014-15 vs 2017-18



Source: (1) State Finance Accounts, Comptroller and Auditor General of India. Available online at: <https://cag.gov.in/state-accounts>. (2) RTI responses from Odisha and Bihar's state project offices of SSA, RMSA and MDM (3) State budgets documents.

4c. Instruments of Financing School Education: CSSs, CS Schemes and States' Own Resources

Figure 4.2 demonstrates the contribution of CS schemes, CSSs and states' own budgetary resources, including state schemes, to the overall school education financing within states. The CSS category in this case is inclusive of both the central and, the state shares of the schemes.

There are wide variations in the contribution of different instruments in overall education spending across the states. However, in seven out of the eight sample states, financing through states' own resources accounted for 70 per cent to 93 per cent of the total school education expenditure. Fiscally richer states with higher per-capita GDP such as Maharashtra and Himachal Pradesh are less dependent on CSSs as an instrument of financing education. Between FY 2014-

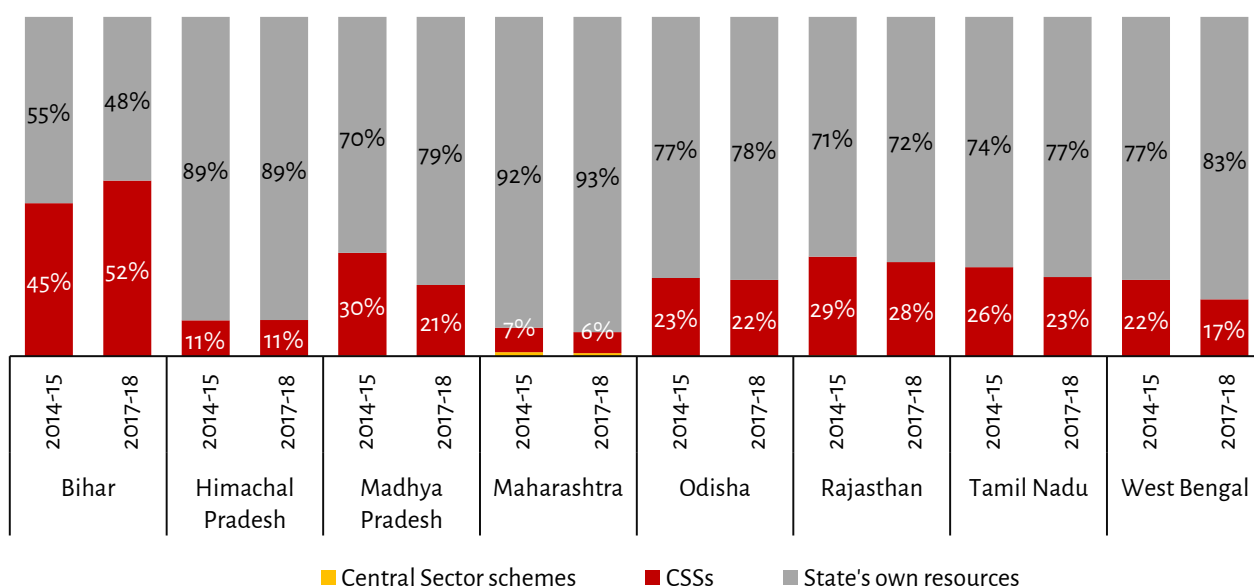
15 and FY 2017-18, expenditure through CSSs stood at 6 per cent to 7 per cent in Maharashtra, with the remaining 90 per cent coming through states' own budgetary resources. Similarly, 89 per cent of the total expenditure in Himachal Pradesh was through state's own resources. On the other hand, CSSs play a dominant role in Bihar's school education spending, accounting for half of the overall spending within the state. Moreover, expenditure through CSSs in Bihar has increased over the years from 45 per cent in FY 2014-15 to 52 per cent FY 2017-18.

It is interesting to note that the share of CS schemes in the overall school education finances is negligible at 1 per cent or less, across all eight sample states. Between FY 2014-15 and FY 2017-18, Madhya Pradesh and West Bengal experienced relatively higher percentage point increases in the share of states' own budgetary resources in education financing, unlike most other states.



Excluding Bihar, in the other seven sample states, 70% to 93% of total school education expenditure was financed through states' own budgetary resources. In contrast, 48% of Bihar's school education expenditure was channelled through CSSs.

Figure 4.2: Distribution of school education expenditure across instruments of financing: 2014-15 vs 2017-18

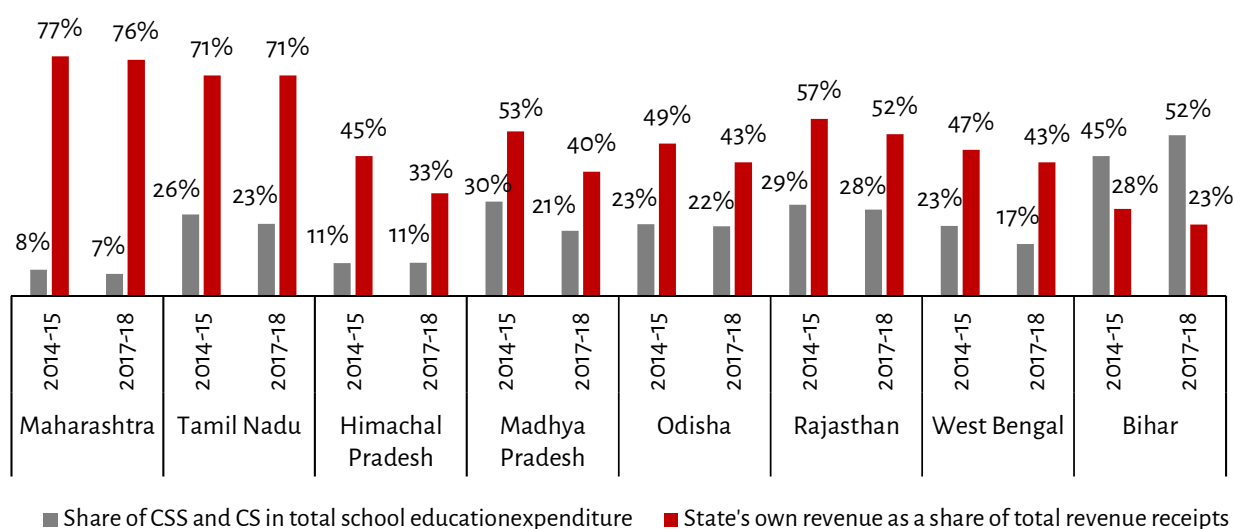


Source: State Budget documents from FY 2016-17 to FY 2019-20.

As presented in **Figure 4.3**, for some states, it can be observed that when the capacity to raise their own revenue is relatively higher, they tend to be less dependent on Union government instruments. For instance, among the sample states, while contribution of own source revenue to total revenue receipts in Maharashtra has been high (76 per cent in FY 2017-18), Bihar had one of the lowest (23 per cent in FY 2017-18). Accordingly, Maharashtra and Bihar have had the lowest and the highest shares of funds respectively,

coming from CSSs and CS for school education. However, for the other states, the correlation is not always straightforward. For instance, even though 77 per cent of total revenue receipts in Tamil Nadu was from its own sources as compared to 43 per cent in Odisha, still the proportion of funds coming from Union government schemes in both states was similar during FY 2017-18. In Himachal Pradesh, in spite of having relatively lower share of own source revenue, its dependency on CSSs or CS schemes is relatively lower.

Figure 4.3: Share of CSSs in school education expenditure vs share of own source revenues in total revenue receipts



Source: State Budget documents from FY 2016-17 to FY 2019-20.

Centrally Sponsored Schemes in School Education



CSSs play an important role in states' school education finances. They are essentially specific-purpose programmes designed by the Union government and implemented by the states. Over time they have become the primary mode through which the Union government promotes development initiatives across the country by supplementing the efforts made by State governments. The funds for CSSs are shared between the Union and State governments.

There has been a decline in the Union government's share in CSSs post FY 2014-15 since the beginning of the Fourteenth Finance Commission (FFC) period. Since CSSs are designed to cater to specific purposes

set by the Union government, majority of these finances are tied to pre-designed budget line-items and states do not have the flexibility of using these funds for any other activity.

This chapter takes a deeper look at the CSSs, their contribution in school education financing, differences in their role in elementary as opposed to secondary education, and how these roles have changed over time. The CSSs with respect to the school education sector in the eight sample states include a number of individual schemes presented in **Table 5.1**. A few of these schemes under the 'Others' category might not have been implemented by each of the eight states, across all years.

Table 5.1: List of CSSs in school education in eight states

Centrally Sponsored Schemes (CSSs)	Applicable stage of school education
Sarva Shiksha Abhiyan (SSA)	Elementary
Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Secondary and Higher Secondary
Teacher Education (TE)	Primary to Higher Secondary
Samagra Shiksha (Applicable from 2018-19)	Pre-primary to Higher Secondary
Mid-Day Meal (MDM)	Elementary
Scholarship schemes <ul style="list-style-type: none"> · Pre-Matric Scholarship for Scheduled Caste Students · Post-Matric Scholarship for Scheduled Caste Students · Pre-Matric Scholarship for Needy Scheduled Tribe Students · Post-Matric Scholarship for Scheduled Tribe Students · Pre-Matric Scholarship for OBC Students · Post-Matric Scholarship for OBC Students 	Secondary and Higher Secondary
Others <ul style="list-style-type: none"> · Scheme to Provide Quality Education in Madrasas (SPQEM) · Sakshar Bharat · Appointment of Language Teachers 	Elementary and Secondary

Source: State Budget documents from FY 2016-17 to FY 2019-20. (Detailed sources are mentioned in **Table A1**).

5a. Contribution of CSSs in Total School Education Financing

The past trends show that the CSSs route of funding has shrunk or remained similar at below 30 per cent, for most of the sample states during the FCC period post FY 2014-15, except for Bihar (Figure 5.1). Bihar's situation is quite different from the other states in two ways. First, the extent of reliance on CSSs, and secondly, the fact that this reliance has grown over time unlike other seven states. With the highest CSS share among the eight states at 45 per cent in FY 2014-15, Bihar's dependence on these schemes increased further over the years to reach 52 per cent during FY 2017-18. On the contrary, Maharashtra happens to be on the other side of the spectrum where only 7 per cent of school education spending happened through the CSS route in FY 2014-15, which reduced even further to 6 per cent in FY 2017-18.

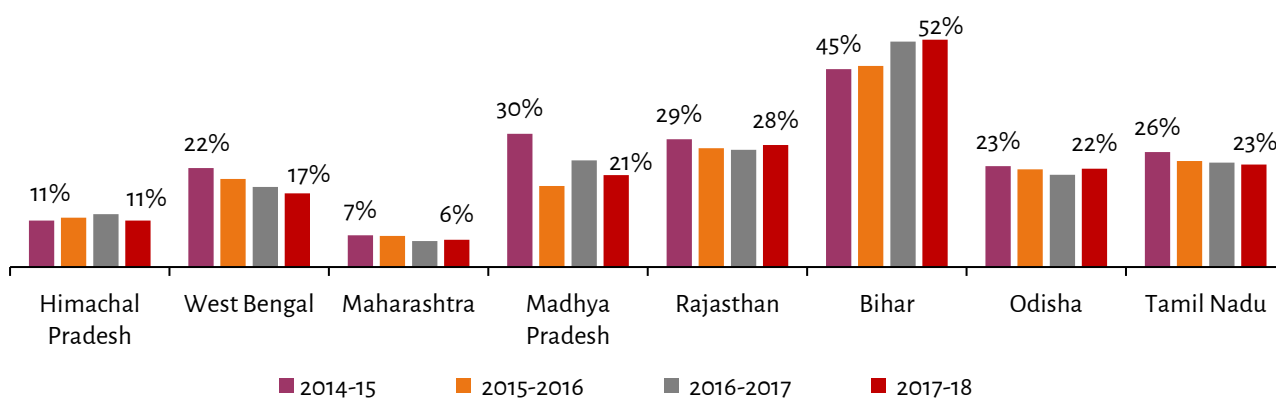
For states such as West Bengal and Madhya Pradesh, the contribution of CSSs has decreased significantly between FY 2014-15 and FY 2017-18. For instance, while 30 per cent of Madhya Pradesh's education expenditure was through CSSs in FY 2014-15, it was only 21 per cent in FY 2017-18. In contrast, for states like Maharashtra, Rajasthan, and Odisha, the contribution of CSSs has remained similar over the four years. The share of CSSs in Himachal Pradesh has remained almost constant

at 11 per cent over these years. It should be noted that unlike the larger states, the share contributed to CSSs by the Union government for Himachal Pradesh, has not changed post FY 2014-15.

Elementary education

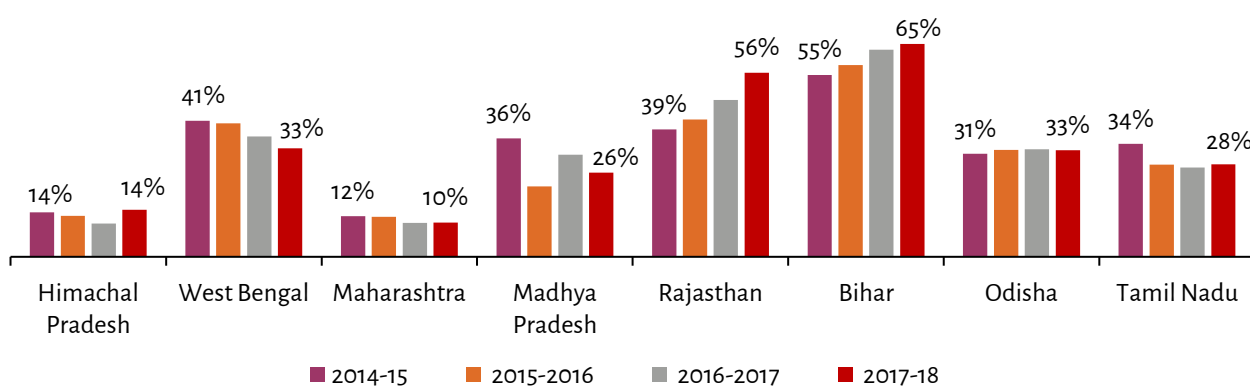
A breakdown of expenditure on elementary education indicates that the reliance on CSSs across the eight states has been considerably high (Figure 5.2). During FY 2017-18, Bihar spent almost two-thirds through CSSs (65 per cent), and Rajasthan spent slightly more than half (56 per cent) through these schemes on elementary education. Maharashtra and Himachal Pradesh, the two states that are least reliant on CSSs, spent 10 per cent and 14 per cent through these schemes on elementary education. Four states i.e. West Bengal, Madhya Pradesh, Tamil Nadu and Maharashtra, showed a declining trend in CSS share in elementary education spending between FY 2014-15 and FY 2017-18. One of the steepest declines could be observed in Madhya Pradesh where this proportion came down from 36 per cent in FY 2014-15 to 26 per cent in FY 2017-18. In the case of Rajasthan and Bihar, reliance on CSSs in elementary education increased consistently every year since FY 2014-15. In contrast, while Odisha registered a 2 percentage points increase in CSSs share in elementary education during this period, Himachal Pradesh did not show any change in this share.

Figure 5.1: Share of CSSs in State government expenditure on school education



Source: State Budget documents from FY 2016-17 to FY 2019-20.

Figure 5.2: Share of CSSs in State government expenditure on elementary school education



Source: State Budget documents from FY 2016-17 to FY 2019-20.

Secondary education

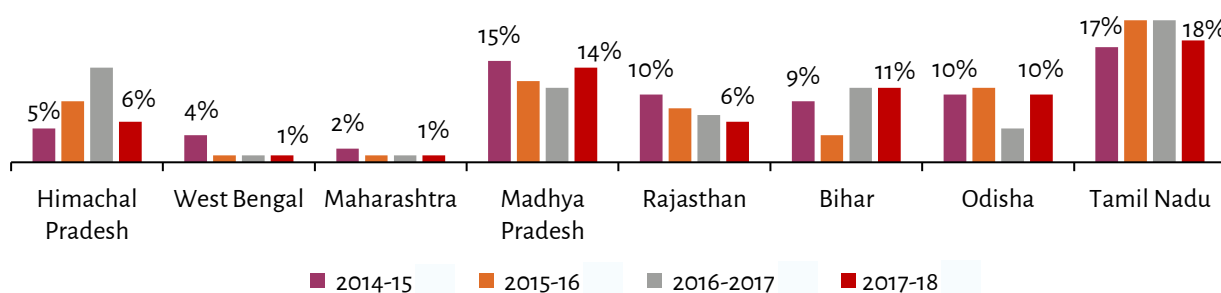
The contribution of CSSs in secondary education has been significantly lower than that in elementary (Figure 5.3). During FY 2014-15, the share of CSSs in secondary education varied widely across states from a negligible 2 per cent in Maharashtra, to 17 per cent in Tamil Nadu. Maharashtra and West Bengal, the sample states that had low CSSs shares, have experienced further reduction in this share between FY 2014-15 and FY 2017-18. This shows that secondary education in these two states, is almost entirely funded by their own budgetary resources.

Surprisingly, a state like Bihar whose reliance on CSSs to fund elementary education has increased steeply over these four years, has displayed a different trend in the case of secondary education. While a staggering 55

per cent of Bihar's elementary education expenditures came from CSSs, a much lower share of only 9 per cent was funded through this route for secondary education during FY 2014-15. This share increased moderately to 11 per cent by FY 2017-18. In contrast, states such as Madhya Pradesh and Tamil Nadu had relatively higher CSS shares for secondary education in FY 2014-15 at 15 per cent and 17 per cent, respectively. Over the four years, there has been very little change in these shares for the two states.

Between FY 2014-15 and FY 2017-18, share of CSSs in secondary education has remained almost similar for states such as Madhya Pradesh, Bihar, Odisha, Himachal Pradesh and Tamil Nadu. Rajasthan displayed a declining trend in CSS share in secondary education, as opposed to a continuous upward trend in elementary education in the state.

Figure 5.3: Share of CSSs in State government expenditure on secondary school education



Source: State Budget documents from FY 2016-17 to FY 2019-20.

5b. A Closer Look at CSSs

This part of the chapter takes a deeper look at expenditures incurred through CSSs, without considering overall school education spending in the sample states. It explores the rates at which the CSSs expenditures have grown over the four years, the distribution of CSSs funds across the two levels of education and contribution of individual schemes to overall CSSs expenditures.

Average annual growth in CSSs spending

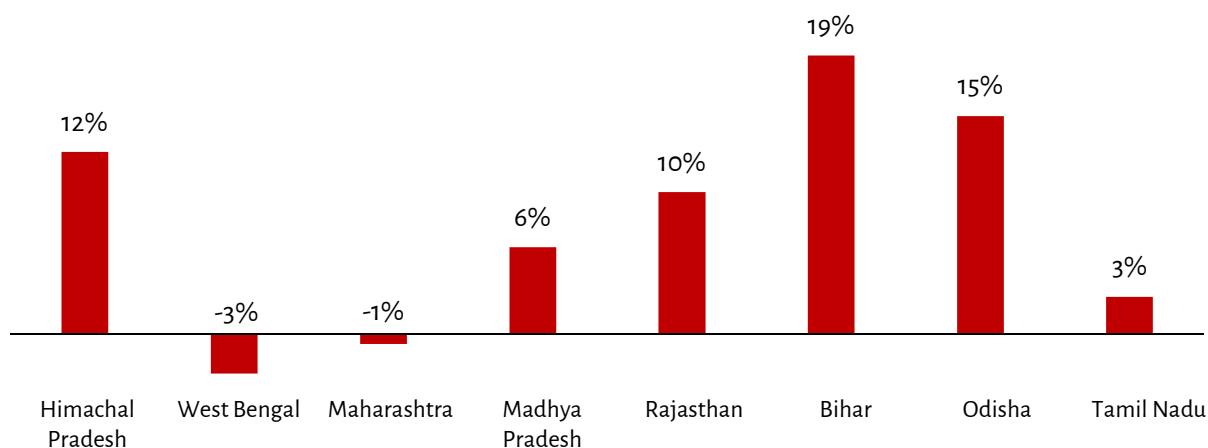
Figure 5.4 presents average annualised growth rate of expenditure incurred through CSSs in the years between FY 2014-15 and FY 2017-18. It was observed that the an average annual rate of growth in CSSs expenditures was highest in Bihar at 19 per cent,

followed by Odisha at 15 per cent during this period. Tamil Nadu registered one of the lowest annual growth in CSSs spending at 3 per cent. However, both Maharashtra and West Bengal actually registered a decline in CSSs spending over these four years. While expenditures in Maharashtra declined by 1 per cent, those in West Bengal declined even more at the rate of 3 per cent.

Distribution of CSSs spending across levels of education

Figure 5.5 presents how expenditure of CSSs was distributed across elementary and secondary levels of education in FY 2014-15 and FY 2017-18. The bulk of the funds under CSSs was spent in elementary education across all sample states. However, there are variations in proportions across states and over time.

Figure 5.4: Average annual growth rate in CSSs expenditure, 2014-15 to 2017-18

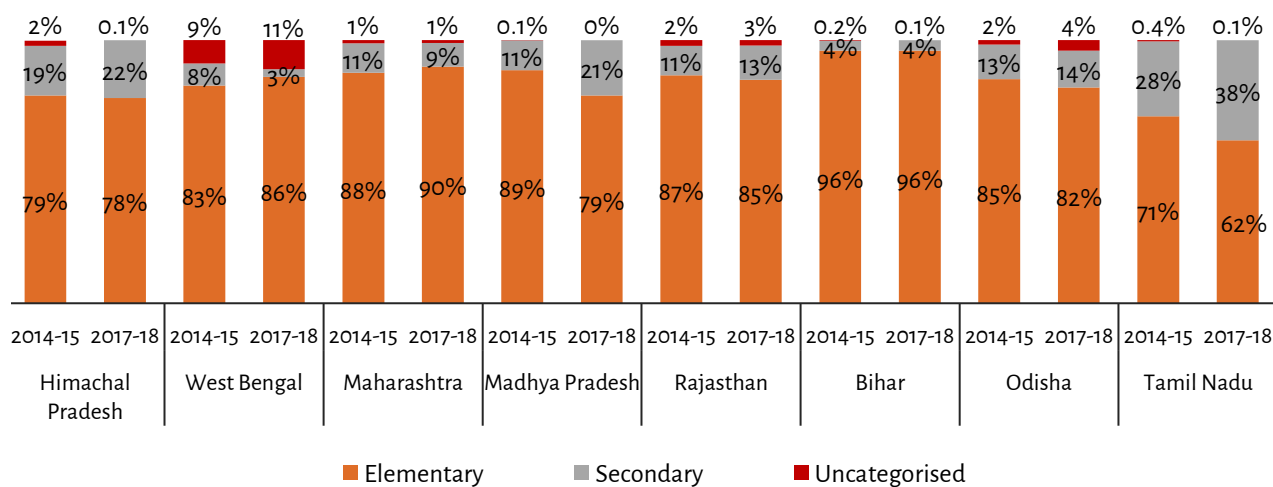


Source: State Budget documents from FY 2016-17 to FY 2019-20.



Average annual growth in CSS expenditures at nominal prices during the four years between FY 2014-15 and FY 2017-18, was highest in Bihar at 19%, followed by Odisha at 15%. While Tamil Nadu registered one of the lowest growths, there was an overall decline in CSSs spending in Maharashtra and West Bengal.

Figure 5.5: Distribution of expenditure under CSSs across elementary and secondary education: 2014-15 vs 2017-18



Source: State Budget documents from FY 2016-17 to FY 2019-20

Disaggregation of total CSSs expenditure across individual schemes

Till now we have discussed CSS finances as a whole. However, there are multiple schemes that contribute to the total CSS funds spent on school education in a particular state. The key schemes are discussed below.

SSA, was introduced by the Union government in the year 2000 as an instrument to finance elementary education, with the overall objective of universalisation of elementary education in India. Accordingly, SSA has been the primary vehicle to implement the RTE Act, between 2009 and 2018. To promote attendance and child nutrition, the Union government implemented the MDM scheme that provides cooked meals for

students in elementary level in government and government-aided schools. Apart from SSA and MDM, the other two equally important CSSs were RMSA and Teacher Education (TE). While RMSA focussed on ensuring secondary education to children, TE aimed at providing training to government school teachers. Moreover, a number of supplementary schemes including Swachha Vidyalaya, Padhe Bharat Badhe Bharat, and a few scholarship schemes have also contributed to total CSS finances. In 2018, three key CSSs i.e. SSA, RMSA, and TE, were merged into one umbrella scheme called Samagra Shiksha to ensure quality school education to all children in the country from pre-primary to higher secondary levels, in an equitable and inclusive manner.

Table 5.2: Disaggregation of total CSSs expenditure across individual schemes (%), 2017-18

States	MDM	SSA	RMSA	TE	Scholarships and others	Total CSS expenditure
Himachal Pradesh	16%	58%	20%	5%	1%	100%
West Bengal	43%	44%	14%	0%	0%	100%
Maharashtra	49%	41%	9%	2%	0%	100%
Madhya Pradesh	18%	59%	20%	1%	2%	100%
Rajasthan	10%	75%	12%	1%	2%	100%
Bihar	17%	79%	4%	0%	1%	100%
Odisha	25%	59%	15%	1%	0%	100%
Tamil Nadu	23%	49%	27%	1%	0%	100%

Source: State Budget documents from FY 2016-17 to FY 2019-20.

Table 5.2 and **Table 5.3** present a snapshot of how individual CSSs contributed to total CSS expenditure in the sample states during FY 2017-18 and FY 2014-15.

During FY 2017-18, SSA constituted the largest share to total CSS expenditures on school education in seven out of the eight sample states, except for Maharashtra. In Maharashtra, while 49 per cent of CSS spending was contributed by MDM scheme, the share from SSA was slightly lower at 41 per cent. However, it should also be kept in mind that in total school education finances in Maharashtra, the dependence on CSSs was considerably lower compared to the other seven states. On the other hand, Bihar, where the reliance on CSSs was far much, as high as 79 per cent of total under CSSs was spent through the SSA scheme. After SSA, while some states prioritised MDM, others spent more through RMSA. For instance, while one-fourth of CSS spending (25 per cent) was through MDM in Odisha, it was 43 per cent in West Bengal. However, in states such as Madhya Pradesh, Rajasthan and Tamil Nadu, similar shares were spent through RMSA and MDM. For most states, expenditures incurred on teacher training through the TE scheme, was significantly low in comparison to total CSSs. It was in the range of less than 1 per cent to 2 per cent of total CSSs expenditures.

Among the sample states, the only exception was Himachal Pradesh where 5 per cent of total CSSs expenditures was routed through the TE scheme. Similarly, the contribution of other smaller schemes including scholarships towards CSSs was also observed to be negligible in most states and was below 2 per cent.

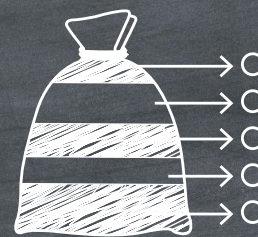
There has been a considerable change in the shares contributed by different schemes towards total CSSs spending in the states between FY 2014-15 and FY 2017-18. The proportion of SSA went up considerably for four out of the eight sample states. These were Maharashtra, Himachal Pradesh, Bihar and Odisha. This was accompanied by a corresponding decline in the contribution coming from MDM for these states. Odisha registered the highest percentage point increase in SSA share from 48 per cent in FY 2014-15 to 59 per cent in FY 2017-18. For Madhya Pradesh, while share of MDM remained similar across both years, there was a 9 percentage point increase in RMSA alongside a similar decline in SSA share. The other two sample states that had considerable increase in the share of RMSA, were Tamil Nadu and Himachal Pradesh, where the RMSA share increased by 7 percentage points each.

Table 5.3: Disaggregation of total CSSs expenditure across individual schemes (%), 2014-15

States	MDM	SSA	RMSA	TE	Scholarships and others	Total CSSs expenditure
Himachal Pradesh	22%	53%	13%	9%	3%	100%
West Bengal	38%	44%	17%	0%	0%	100%
Maharashtra	53%	34%	11%	1%	0%	100%
Madhya Pradesh	19%	68%	11%	1%	1%	100%
Rajasthan	10%	76%	9%	1%	4%	100%
Bihar	27%	69%	3%	0%	1%	100%
Odisha	37%	48%	13%	2%	0%	100%
Tamil Nadu	24%	55%	20%	1%	0%	100%

Source: State Budget documents from FY 2016-17 to FY 2019-20.

Prioritisation of Functional Areas within School Education



There are various factors that determine how states prioritise their limited budgetary resources on school education, such as their socio-economic status, level of implementation of RTE Act, teacher vacancies, and share of OOSC. Distribution of financial resources across different activities or interventions gives a sense of prioritisation of a state within the public education sector.

This chapter attempts to categorise total school education expenditure incurred by State governments into broad functional areas to understand states' prioritisation of school education budget, and whether there has been any change in these patterns over time.

6a. Segregating Education Finances across Functional Areas

For the purpose of this analysis, school education expenditure has been segregated into eight broad categories based on the functions for which the funds were spent. Of the eight states considered for analysis, the categorisation has been presented in this chapter for six states only, excluding Maharashtra and Madhya Pradesh. This is because, for both these states, considerable proportions of expenditure were incurred through the local bodies, which could not be categorised into functional areas since the state budgets did not provide detailed break-up of such spending. This share of uncategorisable local body grants was around 35 per cent of the total budget expenditure on school education for Madhya Pradesh and around 10 per cent for Maharashtra. **Table 6.1** presents these broad functional areas and types of expenses.

Table 6.1: Functional areas of school education expenditure

Functional areas	Budget items considered
Administration	Direction and administration, rents and taxes, water charges, electricity bills, other miscellaneous charges etc.
School Infrastructure	Construction and renovation of buildings, maintenance and repair of schools and hostels, school and teacher grant under SSA to purchase bookshelves, blackboards, benches etc., construction of kitchens under MDM scheme etc.
Teacher Salaries	Salaries, Grants-in-Aid, travel and medical allowances.
Equity and Inclusion	Expenditure related to implementation of RTE, scholarships, and incentives to backward and disadvantaged communities.
Monitoring and Inspection	Established costs related to inspection, salary and allowance of inspectors, training costs to inspectors, coordinators etc.
Teacher Training	Teacher training, expenses to run teacher-training institutions, salaries, and allowances to trainers etc.
Incentives to Students	Uniforms, textbooks, mid-day meal in elementary schools, bicycles, laptops, and other incentives like merit scholarships.
Quality	Modernisation and improvement of schools, establishment of ICTs, creation of model schools, and improvements in pedagogy and quality.

Methodology of segregation

- The allocations and expenditures are booked in state budgets using a detailed six-tier system of budget codes including major heads, sub-major heads, minor heads, group heads, sub-group heads (or detailed heads) and object heads, along with their descriptions. In order to identify the functional areas, each budget line-item was considered and assigned to one of the eight broad categories. For the category called 'Administration', majority of the expenditures were identified by looking at the third-level (group head) budget codes, since it was clearly identifiable from that level. However, to identify 'Teacher Salaries', which include travel allowances (TA), daily allowances (DA) and medical allowances, every object head needed to be looked at. This exercise was done separately across multiple departments that reported school education expenditure.
- The state budgets do not provide a detailed break-up of CSSs in terms of the components or interventions for which the funds are spent. In order to categorise CSS expenditure into the functional areas, component-wise expenditures under each scheme such as SSA, RMSA and MDM were collected from individual scheme's Management Information Systems (MISs) or costing sheets that were available along with Project Approval Board (PAB) minutes. The states for which this information was not available online, data was collected through RTI requests from respective state project offices. For two states (Rajasthan and Tamil Nadu) where RMSA expenditure was not available, component-wise break-up of approved allocations have been used.
- Each detailed component under these CSSs is categorised into one of the eight functional areas defined. Accordingly, the percentage distribution of expenditure under each CSS has been calculated across the eight functional areas. The total expenditure for each CSS collected from the state budget was eventually distributed across the functional areas using these distributions. However, such categorisation of CSSs could be conducted for two years only (FY 2016-17 and FY 2017-18) because of difficulties in accessing component-wise expenditures for the earlier years.

6b. Overall Prioritisation in School Education

Table 6.2 presents percentage distribution of expenditures incurred by six sample states across functional areas during FY 2016-17 and FY 2017-18. Each of these are described below.

Teacher Salaries

'Teacher Salaries' accounted for the largest share in school education expenditure. There is no doubt whatsoever that teachers are the backbone of any school education system and payment of salaries on a regular basis, is a basic minimum requirement. However, there are debates over how despite spending relatively lower amounts on 'Teacher Salaries' in private schools, some of them have been able to achieve better learning outcomes as compared to government schools. Moreover, it is well recognised that having the requisite number of teachers alone is not sufficient to ensure proper teaching-learning environment in schools, unless strong monitoring and support mechanisms are put in place.

Share of school education funds spent on salaries ranged from 68 per cent in Odisha to 86 per cent in Rajasthan FY 2016-17. Between FY 2016-17 and FY 2017-18, there is a moderate increase in this share for Bihar, Odisha and West Bengal. While Bihar witnessed a 4 percentage point increase in this share, Odisha had a 3 percentage point increase. For the other four states, either this share remained unchanged or declined slightly.

Teacher Training

Numerous research studies have found strong positive correlations between fresh and in-service training of teachers and quality of teaching in schools (Rao & Muhammad, 2018; Rahman et al, 2011). Teacher development initiatives help them to keep abreast with latest pedagogy and eventually in creating an effective learning environment in classrooms. After the implementation of RTE, in order to meet the prescribed norms of pupil-teacher ratios at the elementary level, many states were compelled to recruit contractual teachers. This trend still continues in many states. As a result, a considerable section of teachers remain professionally untrained. According to the U-DISE data, among the six sample states, Bihar had the highest proportion of untrained teachers at 37 per cent, followed by West Bengal at 28 per cent during FY 2016-17.

Table 6.2: Distribution of total school education expenditure across functional areas in 6 states

Functional area	Bihar		Himachal Pradesh		Odisha		Rajasthan		Tamil Nadu		West Bengal	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
Administration	4%	3%	3%	3%	2%	2%	4%	3%	2%	2%	6%	4%
Equity and Inclusion	2%	2%	1%	2%	8%	8%	2%	3%	1%	1%	1%	1%
Incentives to Students	19%	13%	3%	3%	11%	8%	3%	4%	10%	8%	11%	12%
School Infrastructure	5%	6%	5%	3%	5%	5%	2%	1%	3%	2%	2%	3%
Monitoring and Inspection	0.2%	0.4%	2%	3%	2%	2%	1%	1%	3%	3%	1%	1%
Quality	1%	1%	1%	1%	3%	3%	1%	2%	1%	1%	3%	2%
Teacher Salaries	69%	73%	84%	84%	68%	71%	86%	84%	79%	77%	76%	77%
Teacher Training	0%	0.4%	1%	1%	1%	1%	0%	2%	1%	5%	0%	1%
Total expenditure	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: (1) State Budget documents for FY 2018-19 and FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

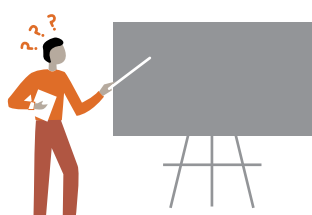
Despite lack of trained teachers, spending on their training has been neglected by most State governments. It is important to highlight here that the share of funds dedicated towards training of school teachers was less than or equal to 1 per cent for each of the six sample states during FY 2016-17. Similar was the scenario in FY 2017-18 as well, except in Rajasthan and Tamil Nadu. Bihar spent the lowest proportion across both years, even though more than one-third of its teachers were untrained in 2016-17 as per U-DISE data. Tamil Nadu was in a relatively better position with 5 per cent of total school education expenditure dedicated towards the training and development of teachers in FY 2017-18, despite having less than 1 per cent professionally untrained teachers in 2016-17.

transportation etc. The primary objective of these incentives is to improve attendance of students, and to ensure equity in access to education.

Across all six states, the second largest share of expenditure was on 'Incentives to Students'. However, states such as Himachal Pradesh and Rajasthan dedicated similar share of education finances to 'Administration' and 'Equity and Inclusion'. During FY 2016-17, the share of funds spent on incentives was highest in Bihar at 19 per cent followed by West Bengal at 11 per cent. However, Bihar registered a decline in this share by 6 percentage points in FY 2017-18 to reach 13 per cent. For the other five states there is only moderate change in this share over the year.

Incentives to Students

State governments provide a range of incentives to students attending government schools such as uniforms, textbooks, MDM, merit scholarships,



According to U-DISE data for 2016-17, among the sample states, Bihar had the highest proportion of untrained teachers at 37%, followed by West Bengal at 28%. Despite this, expenditure on teachers' training is not prioritised by most State governments.

School Infrastructure

Despite the shortfall in infrastructure facilities in schools, in most states, there have been limited expenditures for development or maintenance of 'School Infrastructure'. As compared to the other states, share of education spending towards 'School Infrastructure' was relatively higher in Odisha and Bihar. While both these states spent 5 per cent each of their education budget on 'School Infrastructure' during FY 2016-17, the share increased to 6 per cent for Bihar and remained the same for Odisha in FY 2017-18.

On the other hand, Rajasthan spent only 2 per cent of its total budget on 'School Infrastructure' in FY 2016-17, which was one of the lowest among the sample states. This might be because the states that have basic school 'School Infrastructure' more or less in place, are hardly focussing on improving the quality of 'School Infrastructure' such as building concrete boundary walls, water supply to the toilets to make them usable or ensuring proper sitting arrangements inside classrooms with tables and benches for all elementary classes, etc. In fact, as compared to FY 2016-17, Rajasthan's share on 'School Infrastructure' came down slightly in FY 2017-18. Similarly, share of 'School Infrastructure' declined from 5 per cent to 2 per cent in Himachal Pradesh and 3 per cent to 2 per cent in Tamil Nadu.

Quality, Monitoring and Inspection

The expenditures incurred towards modernisation and improvement of schools, creation of model

The expenditures incurred towards modernisation of schools, creation of model schools, improvement in pedagogy, and establishment of ICT in schools etc, are grouped under the broad category 'Quality'. For the six sample states, share of total school education finances dedicated to 'Quality' ranged between 1% to 3% in FY 2017-18.

schools, improvement in pedagogy, and establishment of ICT in schools etc, are grouped under the broad category called 'Quality'. The category 'Monitoring and Inspection' includes costs related to inspection, salary and allowance of inspectors, training costs to inspectors, coordinators, etc. For the six sample states, share of total school education finances dedicated towards 'Quality' ranged between 1 per cent to 3 per cent during FY 2016-17 and FY 2017-18. Similarly, the expenditure share going into 'Monitoring and Evaluation' of schools was also observed to be considerably low and was less than 3 per cent across all states. Among the six states, Himachal Pradesh and Tamil Nadu spent relatively higher at 3 per cent each, on this category during FY 2017-18. In contrast, Bihar had spent the lowest at less than 1 per cent.

Administration

Budget spent on administrative expenses of departmental and CSS project offices, including salaries of staff, are clubbed under the functional area of 'Administration'. The share of school education expenditure spent in this area was in the range of 2 per cent to 4 per cent in FY 2017-18 across the six states. As compared to FY 2016-17, while this share remained unchanged in Himachal Pradesh, Odisha and Tamil Nadu, it declined slightly for the other three states. The highest decline was for West Bengal which decreased from 6 per cent to 4 per cent.

6c. Prioritisation of States' Own Resources vs Union Government Instruments

As discussed in the previous chapter, for most states considered for analysis, more than three-fourths of school education finances are contributed by states' own budgetary resources, with the exception of Bihar. Ideally, CSSs are meant to equalise the expenditure levels of the states to achieve the minimum standards in respect of specified services (Rao, 2017). By design, they are supposed to focus on non-wage issues such as improving quality of education services and minimising social gaps in accessing education.

Table 6.3 and Table 6.4 present a comparative picture of prioritisation of states' own resources and those funds under CSSs or CS schemes for FY 2017-18 and FY 2016-17, respectively.

Table 6.3: Distribution of expenditure across functional areas: states' own resources vs Union government instruments, 2017-18

Functional area	Bihar		Himachal Pradesh		Odisha		Rajasthan		Tamil Nadu		West Bengal	
	State	CSS & CS	State	CSS & CS	State	CSS & CS	State	CSS & CS	State	CSS & CS	State	CSS & CS
Administration	3%	3%	2%	6%	0%	8%	2%	5%	1%	6%	3%	12%
Equity and Inclusion	2%	2%	2%	4%	9%	2%	2%	6%	1%	2%	1%	3%
Incentives to Students	10%	16%	2%	14%	2%	28%	2%	8%	4%	19%	5%	43%
School Infrastructure	11%	3%	2%	12%	4%	8%	0%	4%	2%	5%	1%	10%
Monitoring and Inspection	0%	1%	2%	10%	2%	3%	1%	2%	1%	9%	1%	0%
Quality and Teacher Training	1%	1%	1%	13%	1%	14%	1%	14%	0%	27%	1%	10%
Teacher Salaries	72%	74%	90%	40%	79%	37%	92%	62%	90%	33%	88%	21%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: (1) State Budget documents for FY 2018-19 and FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

Table 6.4: Distribution of expenditure across functional areas: states' own resources vs Union government instruments, 2016-17

Functional area	Bihar		Himachal Pradesh		Odisha		Rajasthan		Tamil Nadu		West Bengal	
	State	CSS & CS	State	CSS & CS	State	CSS & CS	State	CSS & CS	State	CSS & CS	State	CSS & CS
Administration	4%	4%	2%	6%	0%	9%	4%	4%	1%	5%	3%	16%
Equity and Inclusion	1%	2%	1%	2%	9%	3%	2%	5%	1%	3%	1%	1%
Incentives to Students	15%	23%	2%	13%	4%	37%	1%	9%	7%	19%	3%	45%
School Infrastructure	6%	5%	2%	26%	5%	8%	0%	8%	2%	8%	1%	9%
Monitoring and Inspection	0%	0%	2%	7%	2%	3%	1%	2%	1%	10%	1%	2%
Quality and Teacher Training	1%	1%	1%	10%	1%	12%	1%	3%	0%	5%	2%	7%
Teacher Salaries	73%	65%	90%	35%	79%	28%	92%	69%	88%	51%	89%	20%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source:(1) State Budget documents for FY 2018-19 and FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

Prioritisation of states' own resources

Unsurprisingly, for all six sample states, majority of states' own resources were spent on 'Teacher Salaries'. During FY 2017-18, while share of states' own budgetary resources spent on 'Teacher Salaries' was 73 per cent for Bihar, it was 90 per cent or more for states like Tamil Nadu, Himachal Pradesh and Rajasthan. A combination of low 'Teacher Salaries' and high vacancies probably contribute to this low share in Bihar. As per latest government data, during FY 2018-19, Bihar had the highest share of vacant posts for teachers at both elementary (34 per cent) and secondary levels (59 per cent) among the six states presented here.

Again, Bihar with the highest number of drop-outs in the country, had dedicated 10 per cent of state funds to 'Incentives to Students' during FY 2017-18, which was even higher at 15 per cent in FY 2016-17. Interestingly, Bihar also dedicated a considerable share of 11 per cent state funds to 'School Infrastructure' unlike other states. In case of Odisha, the second priority area for state's own budgetary resources for school education, seems to be mainstreaming of students from backward groups by allocating 9 per cent of expenditure to 'Equity and Inclusion' during FY 2017-18. Like Bihar, Tamil Nadu also dedicated a moderate



Unlike states' own budgetary resources, the priority for Union government instruments (CSSs and CS schemes) have not always been payment of teachers' salaries, with the exceptions of Bihar and Rajasthan.

share of state funds towards 'Incentives to Students'. However, this share reduced from 7 per cent in FY 2016-17 to 4 per cent in FY 2017-18. For the other three states i.e. Tamil Nadu, Rajasthan, and Himachal Pradesh, after spending 90 per cent or more of state scheme funds on 'Teacher Salaries', the remaining funds were distributed across other functional areas without any obvious prioritisation.

Prioritisation of Union government instruments

As far as prioritisation of Union government instruments are concerned, it is observed that payment of 'Teacher Salaries' has not always been their key focus, with the exceptions of Bihar and Rajasthan. Share of CSSs and CS schemes in Bihar spent on 'Teacher Salaries' went up from 65 per cent in FY 2016-17 to 74 per cent in FY 2017-18. Rajasthan's share on 'Teacher Salaries', although remain high, declined marginally from 69 per cent in FY 2016-2017, to 62 per cent in FY 2017-18.

For all six states, another priority area for the Union government instruments has been the provision of 'Incentives to Students'. West Bengal and Odisha spent significantly higher shares of their CSSs and CS scheme funds on 'Incentives to Students' attending government schools at 43 per cent and 28 per cent, respectively.

In recent times, there has been substantial policy focus on the quality of education, and thereby improving learning levels. Even the new Samagra Shiksha scheme attempts at providing a renewed push to achieve quality education, from pre-primary to higher secondary levels. Efforts have also been initiated to improve quality by upgradation of the syllabi, teacher training, investment in computer laboratories in schools and digital boards in classrooms, conducting national and state level learning assessments, etc. However, the degree of such initiatives and share of CSSs expenditure on 'Quality' vary across states. In five out of the six sample states, the combined shares of expenditure under CSSs and CS schemes on 'Quality' and 'Teacher Training', ranged from 1 per cent in Bihar to 27 per cent in Tamil Nadu during FY 2017-18. In fact, share spent on quality improvement has increased between FY 2016-17 and FY 2017-18.

Regular monitoring and supervision of implementation processes of different interventions under school education and the related outputs across levels of governance are extremely important to achieve quality. However, monitoring and inspection has got least priority across state schemes and Union government instruments for most states. The exceptions are Tamil Nadu and Himachal Pradesh, both relatively better-off states, which dedicated 9 per cent and 10 per cent of their CSS and CS expenditures towards monitoring and inspection in FY 2017-18.

6d. Prioritisation of Elementary vs Secondary Education

This part of the chapter attempts to explore any differences in functional areas across elementary education finances as opposed to secondary. Intuitively, since access to elementary schools has been achieved to a large extent by states, infrastructure should be relatively less prioritised within elementary than in secondary. Similarly, since incentives such as MDM, textbooks and uniforms are

mandatory in elementary level, states are expected to put in higher share of elementary education finances into incentives. **Table 6.5** and **Table 6.6** present a comparative picture of prioritisation of expenditures within the elementary and secondary education, for FY 2017-18 and FY 2016-17, respectively.

As expected, majority of funds in both elementary and secondary levels of education are spent on 'Teacher Salaries'. Except in the case of Bihar, share of funds spent on salaries at secondary level is either similar to or higher than that spent at elementary level. For instance, in FY 2017-18, Himachal Pradesh and Tamil Nadu had similar share of expenditure on 'Teacher Salaries', across the two levels of education. West Bengal, on the other hand, spent a much higher share at the secondary level (91 per cent) than at the elementary (67 per cent). Bihar was the exception as it spent a higher proportion on 'Teacher Salaries' at the elementary level (79 per cent), compared to the secondary level (53 per cent). Similar trends were observed in FY 2016-17.

Table 6.5: Distribution of expenditure across functional areas: elementary vs secondary education, 2017-18

Functional area	Bihar		Himachal Pradesh		Odisha		Rajasthan		Tamil Nadu		West Bengal	
	Elementary	Secondary	Elementary	Secondary	Elementary	Secondary	Elementary	Secondary	Elementary	Secondary	Elementary	Secondary
Administration	3%	6%	3%	3%	3%	1%	5%	2%	3%	2%	8%	1%
Equity and Inclusion	2%	0%	2%	2%	1%	0%	5%	1%	2%	1%	1%	1%
Incentives to Students	13%	14%	4%	2%	12%	4%	6%	3%	11%	3%	19%	1%
School Infrastructure	1%	25%	1%	5%	2%	7%	2%	1%	1%	3%	3%	3%
Monitoring & Inspection	0%	1%	4%	1%	2%	2%	1%	1%	5%	1%	1%	1%
Quality & Teacher Training	1%	0%	2%	2%	1%	11%	3%	6%	1%	12%	2%	3%
Teacher Salaries	79%	53%	85%	85%	79%	76%	79%	87%	77%	78%	67%	91%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source:(1) State Budget documents for FY 2018-19 and FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

Table 6.6: Distribution of expenditure across functional areas: elementary vs secondary education, 2016-17

Functional area	Bihar		Himachal Pradesh		Odisha		Rajasthan		Tamil Nadu		West Bengal	
	Elementary	Secondary	Elementary	Secondary	Elementary	Secondary	Elementary	Secondary	Elementary	Secondary	Elementary	Secondary
Administration	3%	8%	3%	2%	3%	0%	4%	3%	2%	1%	10%	2%
Equity and Inclusion	1%	0%	1%	1%	1%	0%	4%	1%	2%	1%	0%	0%
Incentives to Students	20%	21%	4%	2%	14%	9%	6%	1%	12%	4%	24%	1%
School Infrastructure	2%	19%	1%	9%	3%	6%	2%	3%	1%	5%	2%	2%
Monitoring & Inspection	0%	0%	3%	1%	3%	1%	1%	1%	5%	1%	1%	0%
Quality & Teacher Training	1%	0%	1%	3%	2%	7%	1%	2%	1%	2%	1%	4%
Teacher Salaries	74%	51%	87%	81%	74%	76%	82%	90%	76%	87%	61%	91%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source:(1) State Budget documents for FY 2018-19 and FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

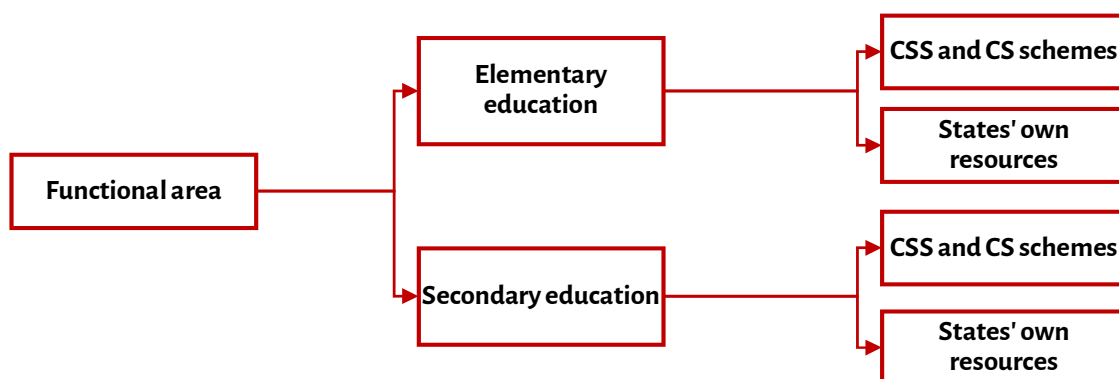
It is observed that 'Incentives to Students' has not been a key focus of secondary education. During FY 2017-18, share of elementary education expenditure was higher than that of secondary for five sample states, except Bihar where similar shares from both levels went into 'Incentives to Students'. West Bengal spent 19 per cent of its elementary funds on 'Incentives to Students' during FY 2017-18 and 24 per cent in FY 2016-17, as compared to only 1 per cent of secondary funds during both years. On the other hand, development of 'School Infrastructure' has received a relatively higher importance in secondary education than in elementary in four out of the six sample states. Interestingly, of the total secondary education spending in Bihar during FY 2017-18, almost one-fourth was spent on infrastructure during FY 2017-18, which reflects relatively higher gap in terms of access to secondary schools in the state. On the contrary, only 1 per cent of elementary funds was spent on development of 'School Infrastructure'. During the same year, 7 per cent of secondary education funds in Odisha went towards 'School Infrastructure' as compared to only 2 per cent of elementary education funds.

Few states such as Tamil Nadu and Odisha spent relatively higher shares of their secondary education funds into 'Quality' and 'Teacher Training' than that of their elementary education funds. In FY 2017-18, out of total secondary education expenditures, Tamil Nadu and Odisha spent 12 per cent and 11 per cent, respectively in interventions related to 'Quality'. However, the share coming from elementary education expenditures were negligible at 1 per cent for both states.

6e. Deep-Dive into Key Functional Areas

In this section, we dive deep into three major functional areas under school education. These are 'Teacher Salaries', 'Incentives to Students', and 'School Infrastructure'. For each functional area, we first try to understand how much funds are spent on elementary education as opposed to secondary. Thereafter, for expenditure incurred on a particular level of education, we look at the proportion that is funded through state schemes as opposed to that funded through the Union government instruments (CSSs or CS schemes) (Figure 6.1).

Figure 6.1: Approach adopted to understand fund-flow under a functional area



Teacher Salaries

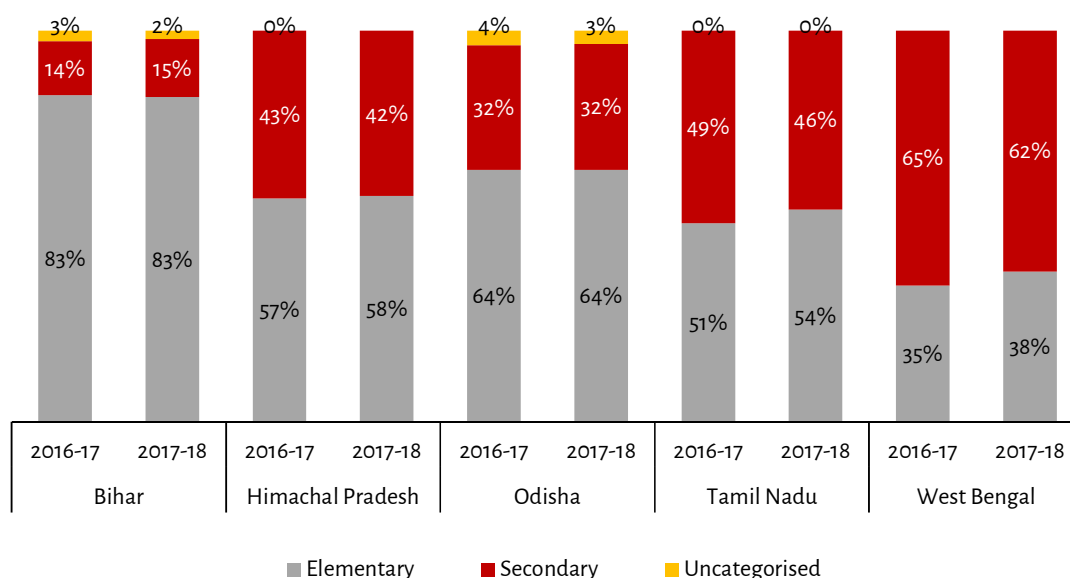
Among the sample states, share of salaries directed towards elementary education is maximum in Bihar at 83 per cent, followed by Odisha at 64 per cent during both FY 2017-18 and FY 2016-17 (Figure 6.2). On the contrary, West Bengal spent more than half of its budget for salaries on secondary education. This might be a function of various factors such as higher number of teachers at secondary level due to more schools providing secondary education, and higher average salary at secondary level than at elementary.

states' own resources, separately for elementary and secondary education.

Except Bihar, all other states were mostly dependent on states' own resources, to pay salaries of school teachers at the elementary level. In contrast, Bihar's salaries paid through CSSs increased from 57 per cent in FY 2016-17 to 61 per cent in FY 2017-18. On the other hand, Himachal Pradesh and West Bengal were observed to be least dependent on CSSs, with these states spending only 4 per cent and 11 per cent of salaries respectively, through CSSs. Between FY 2016-17 and FY 2017-18, proportion of salaries paid through CSSs remained almost unchanged for states like West Bengal, Tamil Nadu and Himachal Pradesh.

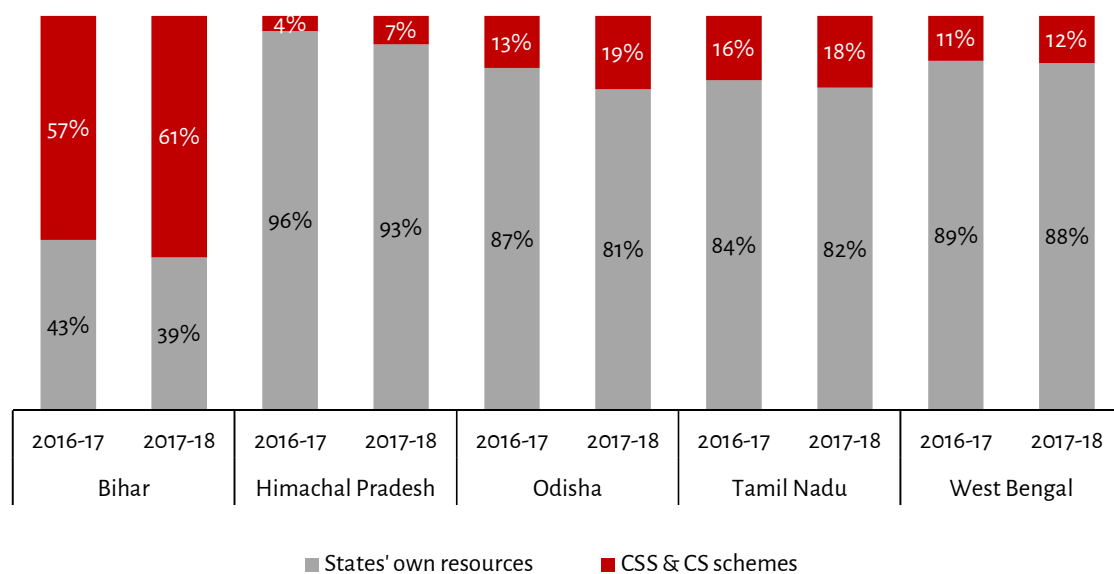
Figure 6.3 and Figure 6.4 present the distribution of funds spent on 'Teacher Salaries' across two broad instruments of funding: CSSs and CS schemes vs

Figure 6.2: Distribution of expenditure on 'Teacher Salaries' across levels of education: 2016-17 vs 2017-18



Source: (1) State Budget documents for FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

Figure 6.3: Contribution of CSSs and states' own resources in expenditure on 'Teacher Salaries' in elementary education

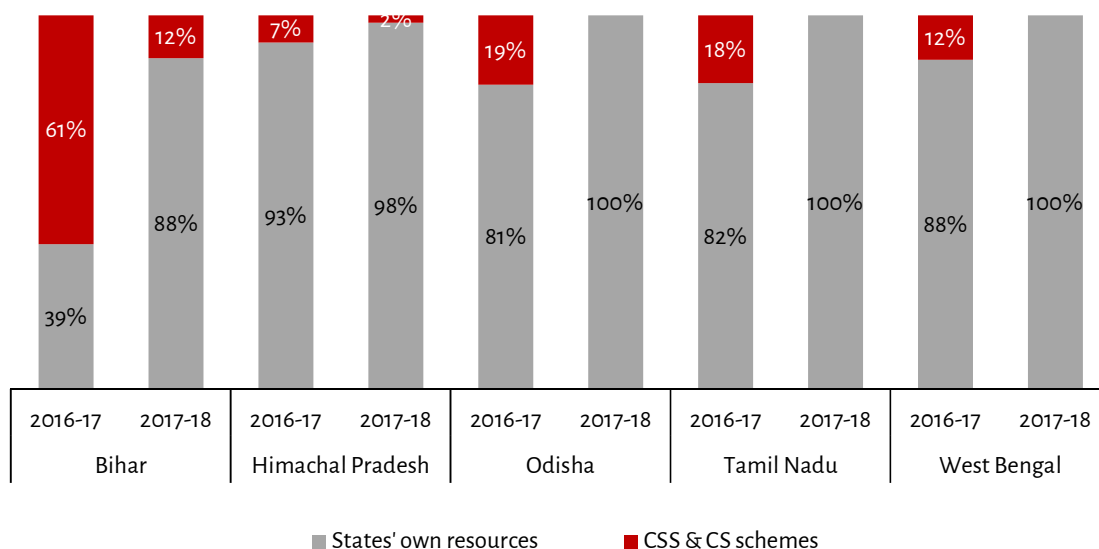


Source: (1) State Budget documents for FY 2019-20 . (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

During FY 2016-17, similar to elementary education, Bihar was dependent on CSSs for paying salaries to teachers teaching in secondary classes as well. However, this pattern got completely altered during FY 2017-18 when the share of CSSs abruptly decreased to 12 per cent. For Odisha, West Bengal and Tamil

Nadu, less than one per cent of 'Teacher Salaries' were routed through CSSs at the secondary level. In case of Himachal Pradesh, while 7 per cent was coming from CSSs in FY 2016-17, the share came down to 2 per cent in FY 2017-18.

Figure 6.4: Contribution of CSSs and states' own resources in expenditure on 'Teacher Salaries' in secondary education



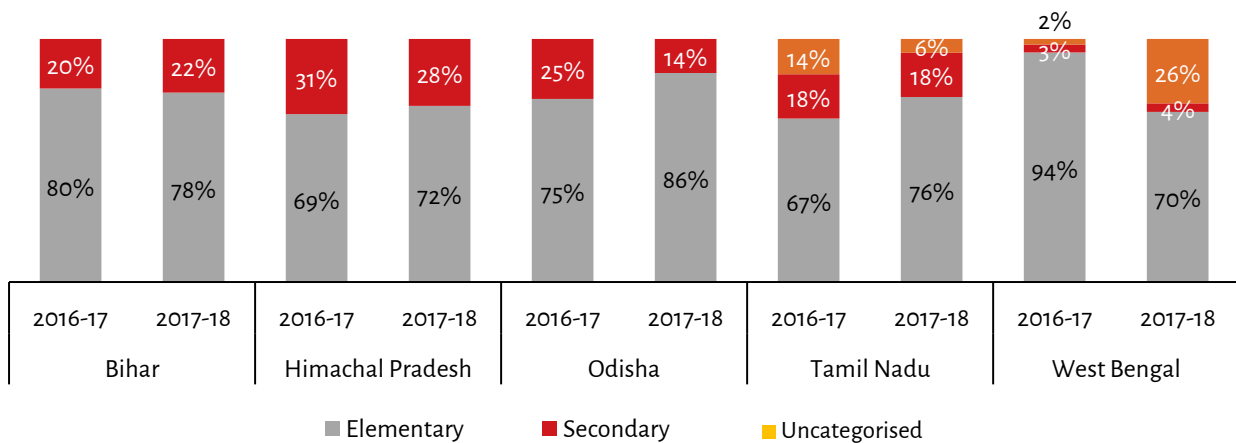
Source: (1) State Budget documents for FY 2019-20 . (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

Incentives to Students

This category specifically includes those benefits that are provided to all students attending government schools irrespective of their socio-economic background. It is important to note that scholarships targeted towards students from socially or economically disadvantaged groups, or towards children with disabilities, are not included in this functional area. As can be seen in **Figure 6.5**, majority (ranging from 69 per cent to 94 per cent) of expenditure on 'Incentives to Students' are incurred for the elementary education level across the five states, in both years. In FY 2017-18, the share of 'Incentives to students' going to secondary education, was highest in Himachal Pradesh at 28 per cent.

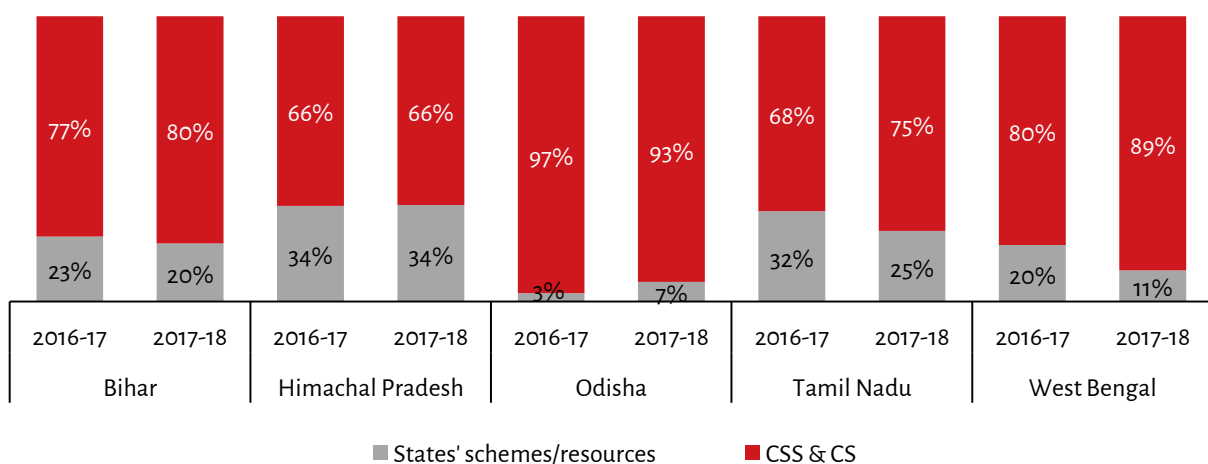
Interestingly, at the elementary level, CS schemes and CSSs seem to be the primary mode for financing 'Incentives to Students'. Among the five states presented in **Figure 6.6**, Odisha had the highest share of 'Incentives to Students' being funded through Union government instruments at 97 per cent in FY 2016-17, which slightly declined to 93 per cent in FY 2017-18. It is followed by West Bengal where 89 per cent of 'Incentives to Students' at the elementary level are funded through CSSs or CS schemes. On the contrary, Himachal Pradesh accessed two-thirds of these funds through CSSs and CS schemes across both years, which was lower than the other four states. In Tamil Nadu and West Bengal, the shares of state funds spent on 'Incentives to Students' at elementary level, have reduced considerably between FY 2016-17 and FY 2017-18.

Figure 6.5: Distribution of expenditure on 'Incentives to Students' across levels of education: 2016-17 vs 2017-18



Source: (1) State Budget documents for FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

Figure 6.6: Contribution of CSSs and states' own resources in 'Incentives to Students' in elementary education



Source: (1) State Budget documents for FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

In the case of secondary education, the situation is entirely different. Almost the entire expenditure on 'Incentives to Students' at the secondary level is funded through state schemes or state's own resources. Only in a few states such as Odisha, Rajasthan and Tamil Nadu, a negligible proportion of 1 per cent or less is funded through CSSs or CS schemes.

School Infrastructure

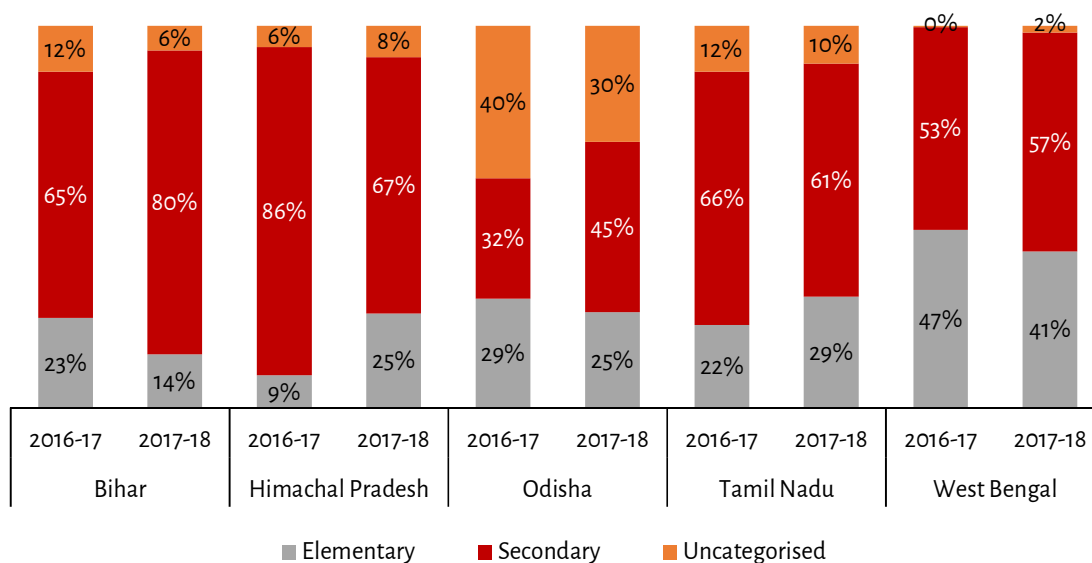
Even though Union government instruments such as SSA, along with initiatives by states, successfully ensured physical access to elementary schools to a large extent, the situation is not the same in case of secondary education. Moreover, even after a decade of RTE, there exist wide variations across states in terms of the availability of mandated school infrastructure facilities at the elementary level such as boundary walls, proper playgrounds, and separate toilet facilities for boys and girls with water supply. As discussed above, the share of total school education budget spent on infrastructure development was in the range of 1 per cent to 6 per cent in the sample states during FY 2017-18.

When we tried to segregate expenditure on infrastructure across level of school education, it was observed that the share of infrastructure funds spent on secondary education was significantly higher

than that on elementary. This is understandable considering that the majority of elementary school infrastructure is currently in place in most parts of the country (**Figure 6.7**). Among the five states, West Bengal deviates slightly from this trend, with 47 per cent of 'School Infrastructure' funds in FY 2016-17 still spent on elementary education, which declined slightly to 41 per cent in FY 2017-18. Even in a relatively low-performing state such as Bihar, 80 per cent of total 'School Infrastructure' spending was for secondary education in FY 2017-18. Odisha on the other hand, saw one of the highest shares of 'School Infrastructure' spending that could not be categorised into any one of the two levels. For instance, while 30 per cent funds could not be categorised in FY 2017-18, still the share spent on secondary education was at least 45 per cent. The actual share of 'School Infrastructure' expenditure going towards secondary education in Odisha is likely to be much higher assuming that at least half of the uncategorised share would move towards secondary.

If we look at the instruments of funding 'School Infrastructure' at the elementary level, in four out of the five states CSSs or CS schemes contribute majority share (**Figure 6.8**). The two states where considerable shares were spent from their own budgetary resources, were Himachal Pradesh at 37 per cent and West Bengal at 20 per cent in FY 2017-18.

Figure 6.7: Distribution of expenditure on 'School Infrastructure' across levels of education: 2016-17 vs 2017-18

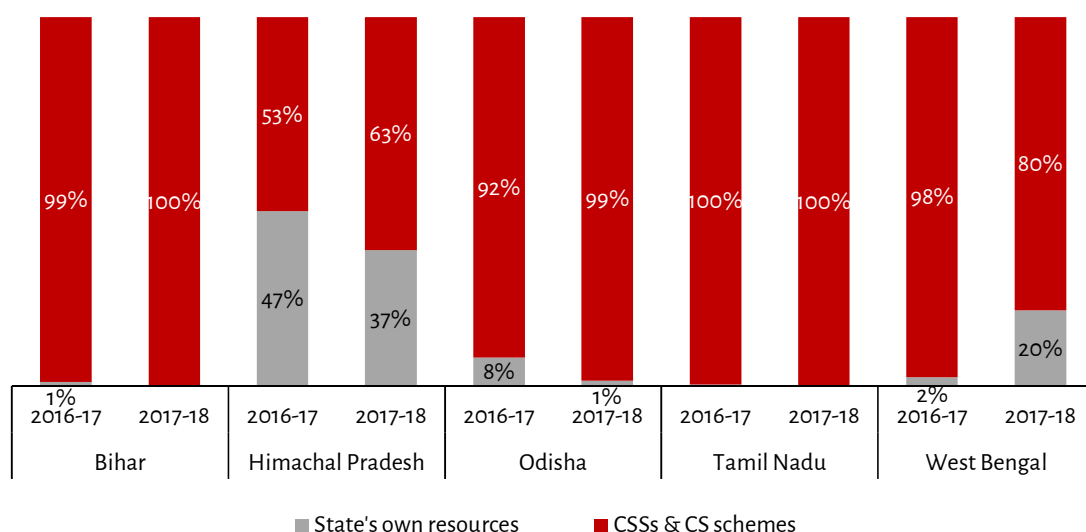


Source: (1) State Budget documents for FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

At the secondary level, states behave quite differently in terms of instruments used to fund 'School Infrastructure' development work (Figure 6.9). Dependence on states' own resources to fund 'School Infrastructure' for secondary education, was considerably higher in Bihar and Odisha, as compared to that in the other four states. For instance, the share of expenditure on 'School Infrastructure' funded through the state's own resources was 92 per cent in Bihar and 78 per cent in Odisha in FY 2017-18. On the contrary,

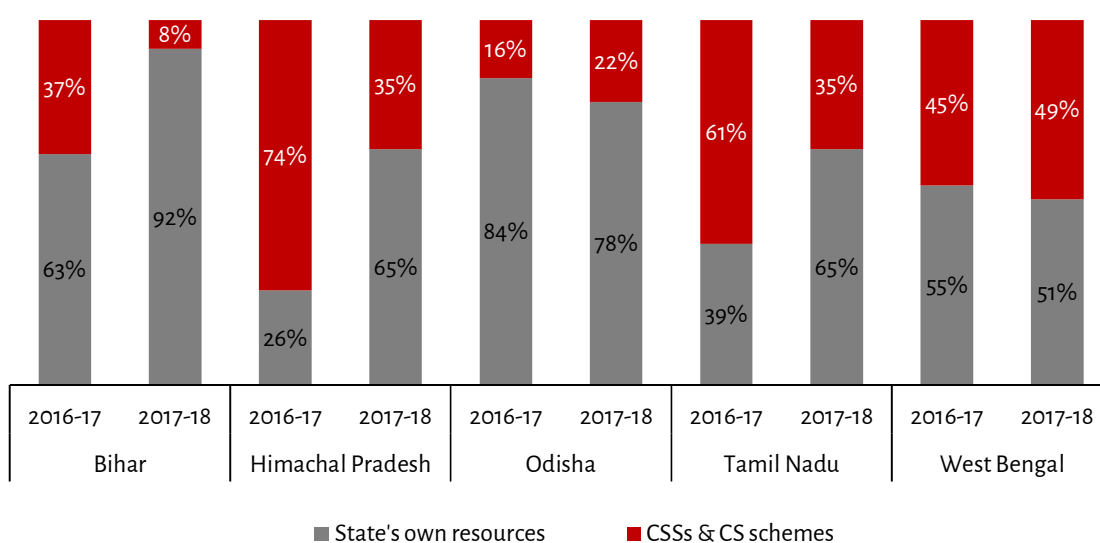
the expenditure incurred on 'School Infrastructure' by West Bengal was shared between CSSs and the state's own budgetary resources. For these three states, the pattern of expenditure distribution was similar in FY 2016-17 as well. However, in the case of Tamil Nadu, while dependence on CSSs to fund infrastructure work at secondary level was much higher in FY 2016-17, the situation was opposite in FY 2017-18 with 65 per cent of expenditure in this area channelled through the states' own resources.

Figure 6.8: Contribution of CSSs and states' own resources in 'School Infrastructure' in elementary education



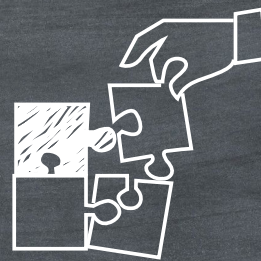
Source: (1) State Budget documents for FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

Figure 6.9: Contribution of CSSs and states' own resources in 'School Infrastructure' in secondary education



Source: (1) State Budget documents for FY 2019-20. (2) MDM: Project Approval Board (PAB) meeting minutes. (3) SSA expenditure: PAB minutes and costing sheets from School Education Shagun portal of MHRD. (4) RMSA Approved allocations: RMSA PAB minutes from the MHRD portal. (5) RTI responses from state project offices of Samagra Shiksha, SSA and RMSA.

Conclusion



Multiple government departments contribute towards funds utilised for school education within a particular state. Therefore, a complete understanding of the quantum of finances, their distribution across functional areas and the sources of finances, is only possible by aggregating such information across all relevant departments. With this broad objective in mind, the present study analysed detailed data on State government expenditures on school education from eight state budgets, along with additional information from Finance Accounts and CSS-specific Management Information Systems (MISs) for these states. The findings of the study have shed light on not only the quantum of finances and its components, but also on the role of Union government instruments in school education financing.

Depending on a range of state-specific factors including status of its economy, share of total enrolment in government schools, availability of school infrastructure facilities, teacher vacancy, and schemes run by State government, the relative priority of school education varies across states. Among the eight states considered for analysis, government expenditure on school education as a share of GSDP ranged between 4.3 per cent in Bihar to 1.8 per cent each in Maharashtra and Tamil Nadu during FY 2017-18. It is interesting to observe that the average annual growth in school education finances between FY 2014-15 and FY 2017-18 was similar to that of GSDP for states like Bihar, Rajasthan, and Madhya Pradesh. However, rate of growth in education spending was considerably lower than that of GSDP for economically better-off states like Tamil Nadu and Maharashtra. Odisha stands out with highest growth in education spending among the sample states at 16 per cent per annum, which was far higher than its GSDP growth.

Again, there are considerable variations in average expenditure incurred per-student by different states. Between FY 2014-15 and FY 2017-18, there was a rise in average per-student expenditure across the eight sample states. This rise was contributed partly by the increase in total quantum of expenditure in the states,

and partly by the decline in enrolment, except in the case of Rajasthan where enrolment in government and government-aided school increased during this period. Even though per-student expenditure at secondary level is higher than that in elementary for all states, the gap between the two levels is generally lower for states with lower per-capita GSDP.

The study reconfirms that irrespective of the contributions made by the Union government in a state's education finances through CS schemes or central share of CSSs, school education has been the key responsibility of the State governments. Including states' share for CSSs, the proportion of funds contributed by the States governments in school education ranges from 81 per cent in Bihar to 95 per cent in Maharashtra. Moreover, the share of expenditure contributed by the State governments has increased for most states between FY 2014-15 and FY 2017-18, except in the case of Himachal Pradesh. Specifically exploring the role of CSSs in school education, it was found that economically better-off states, such as Maharashtra and Himachal Pradesh, are less dependent on CSSs as an instrument of financing school education. However, CSSs played a significant role in Bihar's school education financing, accounting for around half of the overall spending within the state. Moreover, contribution of CSSs is observed to be much higher in elementary education than in secondary. In FY 2017-18, Bihar spent almost two-thirds (65 per cent), and Rajasthan spent slightly more than half (55 per cent) through CSSs for elementary education.

As expected, among the various components of expenditures, 'Teacher Salaries' constitute an overwhelmingly large share, and were in the range of 73 per cent to 86 per cent during FY 2016-17 and FY 2017-18 in the sample states. Among the remaining funds after excluding 'Teacher Salaries', a relatively higher share is spent on 'Incentives to Students' that include uniforms, textbooks, MDM, merit scholarships etc. The next two functional areas are 'Administration' and 'School Infrastructure' with similar or slightly different shares spent on each of them. The category 'Equity and

Inclusion' that includes scholarships and incentives to backward and disadvantaged communities, interventions towards OOSC children or specific interventions towards girls etc., receives considerably lower share of funds. Interestingly, Odisha spent a relatively higher share on this functional area at 8 per cent, unlike most other states who contributed 1 per cent to 3 per cent only. Similarly, 'Monitoring and Inspection' and 'Quality' are the other two areas receiving around 1 per cent to 3 per cent each. It is important to note that the focus of State governments on 'Teacher Training' has been considerably low and around 1 per cent of total school education expenditures went into this area for most states except Tamil Nadu, which spent 5 per cent in FY 2017-18.

Going forward

Since March 2020, the COVID-19 pandemic has hit the entire economy including the education sector in a manner that no one could have imagined. Due to sudden closure of schools, many State governments have implemented certain stop-gap solutions to reduce disruptions to studies in government schools through radio, television and mobile based tutorial sessions. While a considerable proportion of private schools have started live online classes, government schools have not been able to adapt to this mode of delivering interactive sessions. Lack of digital infrastructure, poor or no internet connectivity, and high costs of ICT infrastructure, are some challenges. Considering the present situation, it is evident that social distancing norms have to be strictly followed for a long time to come, and even when schools reopen, there might be a need to adopt a mixed approach of teaching through digital media and limited face-to-face classroom interactions. The Union government has also recently reinforced the need to use ICT platforms, and an exclusive television channel to deliver education for students from Grades I to XII. Keeping this in mind, there might be a need to bring in some changes in the prioritisation of functional areas within school education finances of states. Compared to the trend in the previous years, relatively higher shares of funds might need to be allocated towards quality, ICT infrastructure development, and teacher training on pedagogy and technical aspects on teaching remotely using ICT platforms. Since, parents also have an equally important role in ensuring access to children to these

digital learning platforms, there has to be a renewed focus on school management committee trainings as well. As observed in the study, a vast majority of school education finances is contributed by the State governments from their revenue receipts. Again, a considerable share of a state's revenue receipts come from the devolution of the Union government taxes. The sudden halt in economic activities because of COVID-induced lockdown, has led to the unprecedented shrinkage in tax collection, which is likely to reduce the quantum of funds available to states through this route. This in turn, could adversely affect education financing by the State governments. At the same time, the Union government's order to the Department of School Education and Literacy, along with many other departments, to restrict first quarter expenditure to 15 per cent of FY 2020-21 budget estimates, might also delay and restrict the flow of grant-in-aid to states, especially the central shares of CSSs. The situation is no better even for states that are less dependent on Union transfers and have larger share of own tax revenues. Moreover, the Union government has recently announced that all new schemes announced in FY 2020-21, will stand suspended till 31st March 2021, except those that were part of the COVID-19 relief packages. At present, possible implications of this decision are still unclear.

As indicated in the analysis, in six out of eight sample states, CSSs play a crucial role in school education funding, with Bihar being the most dependent. If we look at the past trends, areas such as 'Incentives to Students', 'School Infrastructure', etc, have received higher focus from CSSs than from the State governments' own budgetary resources spent on school education. With the expectation that there will not be major cuts in central share of CSSs in the current financial year, there might be a possibility of reorienting some of CSS funds to focus more on issues that are urgent, which might not be easy to do through State government funds that are majorly spent on committed liabilities.

It will be critical during this time to take measures to ensure that all children have equal access to school education and no one is left behind in multi-mode attempts at education delivery.

Disclaimer: The analysis of eight state budgets used in this report was completed in the first week of March, 2020. Till then, the latest budgets for FY 2020-21 for all eight states had not released. Therefore, the analysis does not include data from the latest state budgets.

ANNEXURE

Table A1: Budget heads and codes to identify school education expenditures and allocations

Major head	Sub-major head	Minor head	Line item guidelines
2202 – General Education	01 – Elementary Education	All	Include all expenditure under 2202-01
	02 – Secondary Education	All	Include all expenditure under 2202-02
	05 – Language Development	All that are applicable to school education	Include expenditure booked in school education demand or department pertaining to elementary and secondary education only, based on description of line items
	80 - General	Same as above	Same as above
4202 – Capital Outlay on Education, Sports, Art and Culture	01 – General Education	201 - Elementary Education	Include all expenditure under 4202-01-201
		202 - Secondary Education	Include all expenditure under 4202-01-202
		789 - Special Component Plan for Scheduled Castes	Include expenditure booked in school education demand or department pertaining to elementary and secondary education only, based on description of line items
		796 - Tribal Areas Sub-Plan	Same as above
2225 - Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	01 – Welfare of Scheduled Castes	277 - Education	Consider all expenditures noted in school education demand or department and any other demand or department pertaining to elementary and secondary education only
	02 – Welfare of Scheduled Tribes	277 - Education	Same as above
	03– Welfare of Other Backward Classes	277 - Education	Same as above
	04– Welfare of Minorities	277 - Education	Same as above
4225 – Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	01 – Welfare of Scheduled Castes	277 - Education	Consider all expenditures noted in school education demand or department and any other demand or department pertaining to elementary and secondary education only
	02 – Welfare of Scheduled Tribes	277 - Education	Same as above
	03– Welfare of Other Backward Classes	277 - Education	Same as above
	04– Welfare of Minorities	277 - Education	Same as above

Table A2: Department names or demand-for-grants that report school education expenditure

State	Department or demand-for-grant
Bihar	<ul style="list-style-type: none"> · Education Department · Minorities Welfare Department, · Rural Development Department · SC and ST Welfare Department · Higher and Technical Education Department, · Mass Education Extension & Library Service, · Social Welfare and Nutrition Meal Programme Department, · Social Justice and Special Assistance Department
Madhya Pradesh	<ul style="list-style-type: none"> · Education Department, · Rural Development, · Tribal Welfare, · Schedule Cast Scheme under Panchayati Raj · Schedule Cast Welfare Backward Classes Welfare Department
Maharashtra	<ul style="list-style-type: none"> · School Education and Sports Department, · Tribal Development Department, · Higher and Technical Education Department, · Social Justice and Special Assistance Department, and · Vimukta Jaatis, Nomadic Tribes, Other Backward Classes and Special Backward Classes Welfare Department.
Himachal Pradesh	<ul style="list-style-type: none"> · Education Department, · Planning and Backward Area Subplan, · Tribal Development, · Scheduled Caste Subplan
West Bengal	<ul style="list-style-type: none"> · Mass Education Extension & Library Services, · School Education · Minority Affairs & Madrasah Education · Backward Classes Welfare Department
Odisha	<ul style="list-style-type: none"> · School and Mass Education Department · Scheduled Tribes & Scheduled Caste Development · Minorities & Backward Classes Welfare Department
Tamil Nadu	<ul style="list-style-type: none"> · School Education Department · Social Welfare and Nutrition Meal Programme Department · Backward Classes, Most Backward Classes and Minorities Welfare Department

Table A3: Links to CSS financial data

States	Data Sources
MDM scheme financial data	http://mdm.nic.in/mdm_website/
SSA scheme PAB minutes and costing sheets	https://seshagun.gov.in/pab-minutes?field_pab_no_value=&field_financial_year_target_id=All&field_states_target_id=All&page=2
RMSA PAB minutes	https://mhrd.gov.in/minutes?field_scheme_names_tid=77

Table A4: Links to the state budget documents

States	Data Sources
Himachal Pradesh	http://ebudget.hp.nic.in/BudHome.aspx
West Bengal	http://www.wbfin.nic.in/New_Fin/Pages/Budget_Publication.aspx
Maharashtra	https://beams.mahakosh.gov.in/Beams5/BudgetMVC/MISRPT/MistBudgetBooks.jsp?year=0
Madhya Pradesh	http://www.finance.mp.gov.in/budget_publication.htm
Rajasthan	http://finance.rajasthan.gov.in/aspfiles/statebudget.aspx
Bihar	http://finance.bih.nic.in/
Odisha	https://finance.odisha.gov.in/Budget.asp?GL=Budget&PL=1&TL=1&FL=1
Tamil Nadu	http://www.tnbudget.tn.gov.in/demands.html

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