

Average Education Spending Per Student Varies Widely Across States, Differences Likely to Deepen During COVID-19

New Delhi, 25 June 2020: Since the countrywide lockdown, the Union and state governments have put in place various broadcast (leveraging Doordarshan and AIR to name a few) and e-learning programmes. This includes placing special emphasis through the Atmanirbhar economic package on the continuation of school education in spite of the temporary closure of schools due to the pandemic. However, for quality education to truly reach all students, a reprioritisation of activities will be needed, and a relook of education finances will be essential.

The Accountability Initiative at the Centre for Policy Research has recently released a report entitled '[State Education Finances: A Deep-Dive into School Education Finances in Eight States](#)' which presents actual government expenditures on school education in states from financial years (FY) 2014-15 to FY 2017-18. Specifically, the study uncovered five major trends:

Firstly, while public school education is primarily funded by the state's own budgetary resources, the Union government's contribution is relatively higher for fiscally weaker states (such as Bihar). Contribution from the Union government was lowest in Maharashtra at 5 per cent (which is economically better-off than some sampled states), it was considerably higher in Bihar at 19 per cent in FY 2017-18.

Secondly, states' dependency on Centrally Sponsored Schemes (CSSs) has been higher for elementary education than for secondary. During FY 2017-18, Bihar financed almost two-thirds (65 per cent), and Rajasthan financed more than half (56 per cent) of their expenditures on elementary education through CSSs. On the contrary, the shares of CSSs in secondary education spending were 6 per cent and 11 per cent for Rajasthan and Bihar respectively, during the same year. Thus, any shortfall in release of CSSs funds due to the steep decline in government's revenue collection during the pandemic, is likely to impact elementary education financing more.

Thirdly, per-student expenditure differs to a great extent among states and even for education levels. While Himachal Pradesh spent relatively higher per-student (at ₹59,499) as compared to the other seven states, Bihar spent the lowest (at ₹9,573). The gap between the elementary and secondary education levels varies widely too. In FY 2017-18, while per-student expenditure at the secondary level was more than that in elementary by only ₹2,000 for Bihar, it was ₹18,000 for Tamil Nadu.

Fourthly, interventions aimed at improving learning levels of children, such as 'Teacher Training' and 'Quality' have had the least priority in school education finances over the years from FY 2014-15 to FY 2017-18. The share of spending on 'Teacher Training' was less than or equal to 1 per cent for states like Bihar, Odisha, Himachal Pradesh, and West Bengal in FY 2017-18. 'Quality' initiatives include creation of model schools with all required resources, efforts towards improvements in pedagogy, learning assessments, and Information, Communication and Technology (ICT) facilities (which is critical during the pandemic). The share of school education expenditure on Quality ranged between 1 per cent to 3 per cent in FY 2017-18 for most states.

Lastly, ‘Teacher Salaries’ constituted an overwhelmingly large share of where the funds were going. Expenditure ranged from 71 per cent in Odisha to 84 per cent in Rajasthan. Also, the proportion of a state’s own resources spent on salaries of teachers was higher than that of the Union government instruments. For instance, during FY 2017-18, the share of states’ own resources spent on ‘Teacher Salaries’ was around 90 per cent for Tamil Nadu and Himachal Pradesh. In contrast, the share of CSSs spent on salaries was 33 per cent in Tamil Nadu and 40 per cent in Himachal Pradesh during the same year.

With the pandemic having placed state finances under duress (refer to our recently released Working Paper on the [Status of State Finances in 2020-2021](#)), prioritisation of public education and the various activities within, remain to be seen.

*“Our report on the status of education spending in 8 states between 2014-2018 is important for one major reason. Government budgeting is a complex process and who allocates funds, how much and **where** the money is being allocated, reflects the priorities of the government. Given the wide disparity in states’ economies, what they are able to offer students enrolled in the public school education system also differs. A comprehensive cross-state comparison can thus provide valuable insights for future planning,”* says Avani Kapur, Director of Accountability Initiative and Fellow at the Centre for Policy Research.

“As the report finds, ‘Quality’ interventions including ICT infrastructure were under-prioritised by states in their budgets till FY 2019-20, which is currently the need of the hour. Hopefully, this comprehensive understanding will be helpful for both citizens and policy-makers for future financial planning of school education in the states,” says Mridusmita Bordoloi, lead researcher on the report and a Senior Researcher at Accountability Initiative at the Centre for Policy Research.

About Accountability Initiative:

Accountability Initiative is a research group which has worked since 2008 on strengthening transparency and accountability in governance. We have done this through evidence-based research on state capabilities and factors affecting efficient public services delivery in India. We are operational in 5 states - Bihar, Himachal Pradesh, Madhya Pradesh, Maharashtra and Rajasthan. Our research studies have been multi-sectoral and include studies on budgets, governance processes, and public administration across social sectors like education, health and nutrition, and sanitation.

Our vision is to enable Responsive Governance. We believe this can be achieved if government institutions are designed in a transparent and accountable manner and are responsive to citizen demands, and an informed and mobilised citizenry which can draw upon these platforms. Our mission is to increase both through research and dialogue.

We are a part of the Centre for Policy Research, one of India’s leading public policy think tanks.

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Additional Notes:

- The 8 states are: Bihar, Himachal Pradesh, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, West Bengal.
- For the complete methodology, refer to page 11 of the Report.
- For a complete list of key findings, refer to page 7 of the Report.