

# Budgeting for School Education in Uttar Pradesh: What Has Changed and What has not?

*Policy Brief*



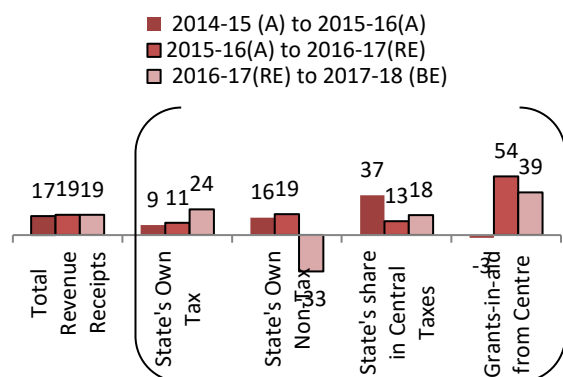
## Context

The landscape of fiscal policy and budgetary processes in India has witnessed a number of changes over the last few years. The 14th Finance Commission (FC) recommended increasing the share of states in the divisible pool of central taxes from the erstwhile 32 percent to 42 percent. On the other hand, the Union Government has pursued its fiscal consolidation by compressing expenditure, mostly on Central schemes in social sectors including school education. It is obvious that the new fiscal architecture will directly impact the public provisioning of education at the state level. In this changed fiscal space, this policy brief examines Uttar Pradesh governments' policy response to school education and attempts to assess the impact of the 14th FC recommendations on the current level of public spending on school education and identify areas where more resources need to be invested.

### Whether Uttar Pradesh has been able to enhance their resource envelope in the 14th FC period?

The size of revenue receipt of a state indicates the amount of resource in a state's exchequer. Revenue receipts comprise state's own tax, central tax devolution, non-tax revenue of the state government and grants received from Government of India.

**Figure 1: Change in resource envelope from 2014-15 (A) to 2017-18 (BE) (percent)**



Source: Budget at a glance, State Budget documents for 2016-17 and 2017-18

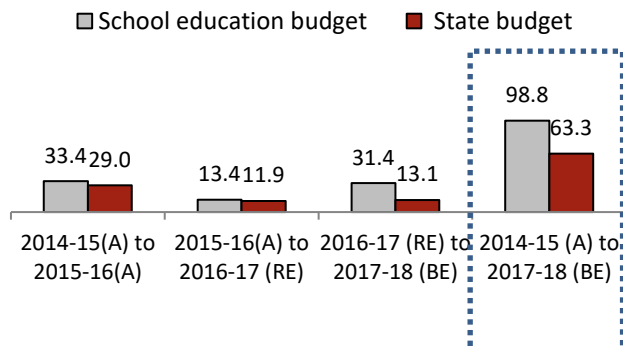
Figure 1 describes the change in total revenue receipts of Uttar Pradesh in the pre 14th FC (2014-15) period and first three years of 14th FC period (2015-16 to 2017-18 (BE)).

Figure above confirms that after the 14th FC recommendations, the state actually benefitted in terms of generation of additional resources. Uttar Pradesh increased its total revenue receipts between 2014-15 (A) and 2017-18 (BE). A larger contribution to this increase is from the state's own tax revenue and grants-in-aid from the Centre mainly to various CSS. Though there is a reduction in the grants-in-aid component between 2014-15 (A) and 2015-16 (A), the Centre increased its transfer under this head in the second and third year of the 14th FC period. Between 2016-17 (RE) and 2017-18 (BE), the state's own non-tax revenue decreased by 33 percent (Figure 1).

### Whether state budget reflects improvement in prioritising school education in 14th FC period?

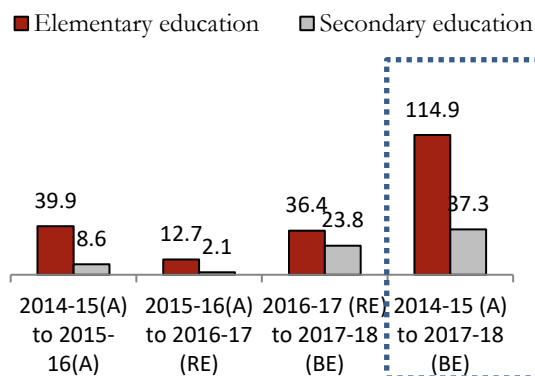
With the increased autonomy in setting spending priorities in the 14<sup>th</sup> FC period, Uttar Pradesh emerged as the state where there is an increase in both the total expenditure of the state, as well as education expenditure. The extent of increase in the total state budget in comparison to the increase in the school education budget shows between 2014-15 (A) and 2017-18 (BE), while the state budget increased by 63 percent, the expenditure on school education increased by 99 percent (Figure 2a). This indicates the priority for school education in Uttar Pradesh during the 14th FC period. Though Uttar Pradesh has experienced substantial increase in allocation for secondary education during the 14th FC period, but the increase in school education budget is mainly because of the increase in expenditure at the elementary level by 115 percent between 2014-15 and 2017-18 (BE) (Figure 2b).

**Figure 2a: Extent of change in the total state budget vis-à-vis change in allocation for school education (percent)**



Source: Detailed Demand for Grants, state budget documents for 2016-17 and 2017-18

**Figure 2b: Extent of change in elementary education and secondary education (percent)**

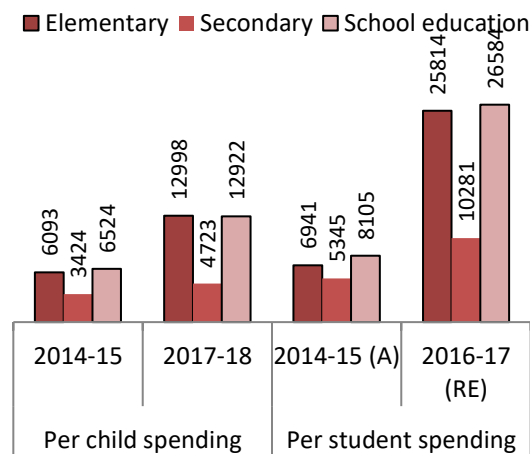


Source: Detailed Demand for Grants, state budget documents for 2016-17 and 2017-18

**How much Uttar Pradesh Government is spending on school education?**

Per child and per student spending on school education indicates resource availability for each school going child and each school enrolled child respectively. A comparison of both the indicators during the 13<sup>th</sup> and 14<sup>th</sup> FC period reveals an increase in both per child and per student spending in the 14<sup>th</sup> FC year as compared to the 13<sup>th</sup> FC year.

**Figure 3: Per Child and Per Student Spending on school education (Rs.)**



Note: The enrolment data for 2017-18 was not available.  
Source: State Budget documents, projected population of 6-17 age group from MHRD portal and DISE data

A disaggregated picture of the per child spending by level of education shows between 2014-15 and 2017-18, there is a 113 percent increase in elementary education, 38 percent in secondary education and 98 percent in school education (Figure 3).

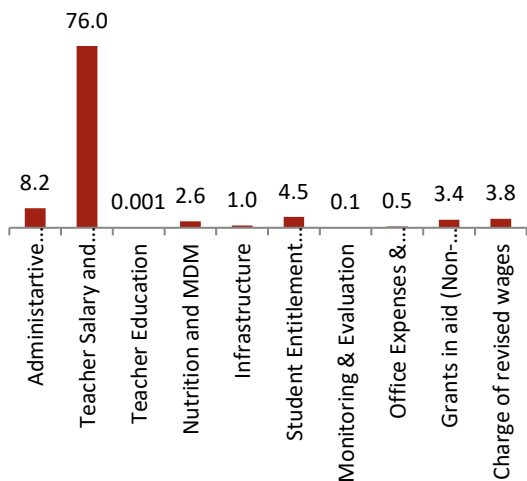
Like per child spending, Uttar Pradesh witnessed an absolute increase in per student spending in all levels of school education between 2014-15 (A) and 2016-17 (RE). This is reflected in an increase of 272 percent at elementary level, 92 percent at secondary level and 228 percent in school education. Though in 2014-15, the difference between per child and per student spending was marginal, the gap has increased substantially in the later period. This huge difference between per child and per student spending at all levels of education can be attributed to few factors. First, there is substantial increase in school education budget in absolute terms. Second, there is a decrease in enrolment in government and government aided schools due to increased privatisation of school education and thirdly a possibility of increase in

out of school children in this period. In this context, it is also important to highlight that *Kendriya Vidyalayas*, considered to be ‘model’ government run schools in terms of providing quality education, spent Rs.35,664 per student in 2016-17(RE) for school education, which was Rs. 32,263 in 2014-15(A).

**How Uttar Pradesh is allocating its school education budget across different components?**

How does a state design its school education budget? Is teacher salary appropriating allocations required for other components? The distribution of components of school education in the total school education budget of Uttar Pradesh for 2017-18 (BE) gives a holistic picture on how the state is designing its school education budget.

**Figure 4: Component wise distribution of school education budget as % of state budget**



Source: Detailed Demand for Grants, state budget documents for 2017-18

Figure 4 shows that teacher salary constitutes the largest share of the Uttar Pradesh school education budget. In the last few years, Uttar Pradesh has taken several policy initiatives to make education more accessible and affordable to children. Thus, the second highest spending is

on entitlements and incentives for children. The State Government also has a scheme for providing grants for marriage and further education of 10th pass Muslim girls in BPL families. Mid-Day Meal (MDM) and other nutritional interventions, which is also an incentive for children to increase and retain enrolment occupies around 2.6 percent of school education budget. Uttar Pradesh government has launched a unique scheme called ‘Cloud Telephony’ for helping the state to monitor whether daily mid-day meals are being delivered in government schools or not. However, the state is spending nominal on teacher training and school inspection and monitoring. About 3.8 percent of budget is reported as ‘charge of revised wages’ and 3.4 percent of school education budget in Uttar Pradesh is recorded as grants in aid (non-salary). From these two component heads, it is difficult to understand where the money is getting spent from the budget documents of the state.

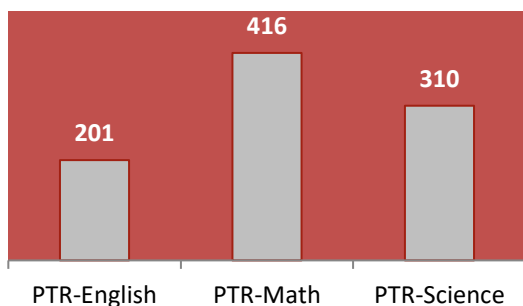
**What is the pattern of allocation and spending for teachers in Uttar Pradesh? Is there any change in the 14<sup>th</sup> FC period?**

Teachers are the fulcrum of the school education system. Professionally qualified teachers are a prerequisite for improving the quality of education. However, a common feature of the Indian education system is shortage of qualified teachers.

As per the minutes of the SSA Project Approval Board (PAB) meeting, 224329 teacher posts are vacant in Uttar Pradesh, which is 29.5 percent of the total sanctioned post.

At the upper primary level, there is a need not only for teachers but subject specific teachers with command over their respective subject areas. However, In Uttar Pradesh, there are 46 percent upper primary schools where subject teachers are not available as per RTE and the problem is more acute at secondary level.

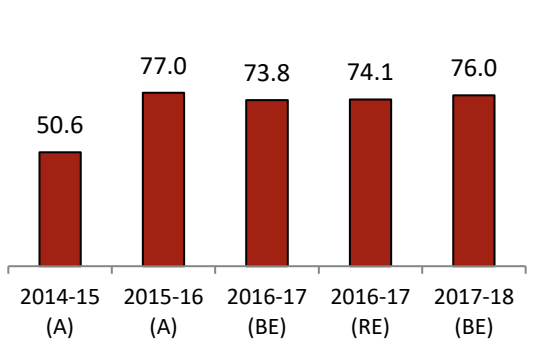
**Figure 5: The pupil teacher ratio (PTR) for subject teachers at the secondary level**



The third RMSA Joint Review Mission (JRM) highlighted the fact that shortage of science and mathematics teachers had far reaching implications in India. This included the present cohort of students not being able to acquire skills and competencies needed in these subjects. This also meant that these students were less likely to seek scientifically oriented degrees and employment, which in turn further reduces the supply of such teachers (RMSA, 2014).

Despite understanding the urgent need recruitment of additional teachers in Uttar Pradesh has not kept pace with rapidly growing enrolment. The limited fiscal space available to the state is the key reason that causes low recruitment rates or no recruitment situation.

**Figure 6: Share of teacher salary and incentives for teachers in the total school education budget (percent)**

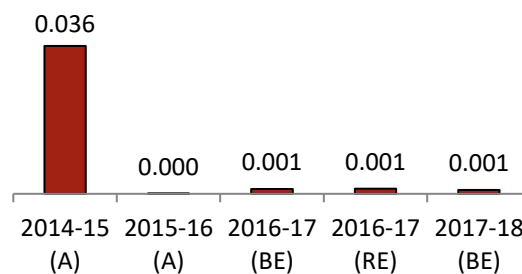


Source: Detailed demand for grants, State Budgets for 2016-17 and 2017-18

Figure 6 shows that around 76 percent of school education budget in Uttar Pradesh goes for teachers in terms of salaries, pensions and any other incentives like awards, incentives to children of teachers, transfer allowance, etc. It also shows a substantial increase in share during the 14th FC period compared to 2014-15 (A). But given the huge shortage of teachers, this component should be much higher than what it is at present. However, as the overall resource envelope for education is small, it is difficult for states to increase spending on the other important component for quality education – teacher education.

Section 23 of the RTE Act mandates that all government school teachers should possess minimum qualifications laid down by the National Council for Teacher Education (NCTE). Those not qualified had time until 31st March, 2015 to complete the training. However as per DISE, in Uttar Pradesh 11 percent of teachers at elementary level and 22.6 percent at secondary level were professionally unqualified (DISE, 2015-16). Because of poor allocation for teacher education, the state has failed to build adequate teacher training institutes and institutional capacity to train teachers. Moreover, low unit cost of in-service teacher training under SSA and RMSA, made it impossible for teachers to develop an understanding of subject matter with pedagogy.

**Figure 7: Share of teacher education in total school education budget (percent)**



Source: Detailed demand for grants, State Budgets for 2016-17 and 2017-18

Building institutional capacity for teacher education is resource-intensive and Uttar Pradesh has not invested in it for long. It seems that even with additional resources received after the 14th FC recommendation, the state has not increased the spending on teacher education in the 14th FC period compared to 2014-15 (A). This might have impact on the deadline set by the government under the RTE Act to impart required training to all professionally unqualified teachers by 2019.

### **What is the pattern of allocation and spending for school infrastructure in Uttar Pradesh?**

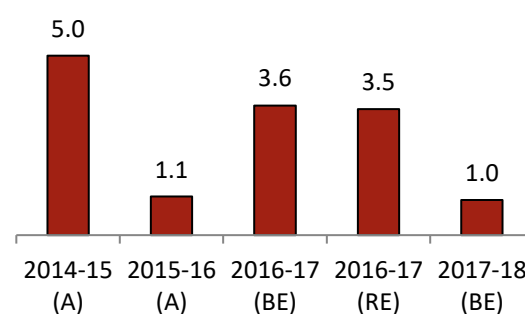
Along with teachers, school infrastructure plays a key role in quality education. It includes not only available facilities but also the extent to which they are utilised. The RTE Act has clearly specified norms for school infrastructure. The Act states that each school should have 1) at least one classroom for every teacher, 2) office cum-store-cum-head teacher’s room 3) separate usable toilets for girls and boys 4) safe and adequate drinking water facility 5) a kitchen in the school where the mid-day meal can be cooked 6) playground and 7) arrangements for securing the school building by boundary wall or fencing. However, there is a huge continuing deficit in infrastructure despite eight years since RTE’s inception. While infrastructure alone cannot ensure learning outcomes, it is undoubtedly necessary. However, despite immediate requirement, civil works in state are happening at a slow pace. Firstly, states are not getting regular funds for civil work from the Union Government. Secondly, the schedule of rate for construction (SORC) is very low and has not been revised since a long time. Moreover, as states have limited resources for education, states find it difficult to allocate additional resources for infrastructure building after paying teachers’ salaries and other expenses.

**Table 1: Status of school infrastructure at the elementary and secondary level**

Elementary	%	Secondary	%
Govt. primary schools with SCR > 30	39.5	Single classroom schools	0.04
Govt. upper primary schools with SCR > 35	27.9	Schools with buildings	99.9
Schools with drinking water facility	98.7	Schools with girls' toilets	99.7
Schools with girls' toilet facility	99.8	Schools with toilets for CWSN	33.6
Schools with ramp	86.5	Schools with electricity	79.5
Schools with playground	70.5		
Schools with boundary wall	71.6		
Schools with kitchen shed	82.3		
Schools with electricity	40.5		

Source: DISE, 2015-16

**Figure 8: Share of infrastructure in total school education budget (percent)**



Source: Detailed demand for grants, State Budgets for 2016-17 and 2017-18

Despite of huge shortfall in basic infrastructure, the infrastructure budget for Uttar Pradesh has decreased in 2017-18 (BE) as compared to 2014-15 (A) (Figure 8). Instead of imposing

conditionality on fund utilisation, states should allow schools to meet their infrastructure requirements by permitted them to use resources as per need.

**How sensitive is the school education budget towards OOSC and children with special needs (CWSN) in Uttar Pradesh?**

In the last ten years, there has been substantial improvement in the coverage of elementary education in terms of increased enrolment in the state. Despite this, there do exist a large number of OOSC in Uttar Pradesh (table 2). To achieve the goals of education in a timely manner, the government needs to bring back the large numbers of OOSC into the formal schooling system.

**Table 2: Number of OOSC in Uttar Pradesh by different Survey**

States	Census (2011)	SRI-IMRB (2014)	SSA (2017-18)
Uttar Pradesh	106 lakh	16.12 lakh	18910

Source: Census 2011, MHRD (2014, 2017)

At present, the provisions for OOSC are mainly channelled through SSA and RMSA in the form of special training programmes. As per the policy guidelines of these programmes, state government is responsible for planning, designing and implementation of programmes to bring back OOSC to formal education in age appropriate classes. This process is resource intensive. Financial assistance is provided on the basis of assessment of OOSC and provisions made in the District Plan. The analysis of the SSA budget of Uttar Pradesh shows huge disparity between approved outlays and actual expenditure in mainstreaming OOSC. With substantial numbers of OOSC, the state had approved an outlay of only Rs. 5 crore for special

training of these children in 2016-17 this outlay has further reduced to Rs. 4 crore in 2017-18. The outlay for mainstreaming OOSC in 2016-17 was only 0.03 percent of total approved outlay for SSA and of this; Uttar Pradesh has spent only Rs. 1 crore for the special training in 2016-17.

The situation is more severe at the secondary level. Between 2015-16 and 2016-17, the state has witnessed an increase in the dropout rate. Despite provisions for training OOSC under RMSA, there is no demand for resources from the state in the Annual Work Plan and Budget (AWP&B) of the states.

**Intervention for Children with Special Need (CWSN)**

Any discussion on inclusive education must include discussion on children with special needs (CWSN). However, there is not enough literature that analyses the policies for children with special needs from a budgetary lens. India is home to 4.9 million disabled children in the age group of 6-17 years and the six states together constitute 60 percent of disabled children in India. Of these, only 67 percent children attend any educational institutions and the remaining 33 percent have either dropped out or never attended any educational institutions (Census 2011). A key reason for this large number of OOSC is supply side bottlenecks. The approved outlay for CWSN under SSA and the actual expenditure confirms under allocation and underutilisation of resources for CWSN children.

In Uttar Pradesh, for a population of 7.5 lakh 6-14 age group children with special needs, an outlay of Rs. 50 crore was approved in 2016-17, which is 0.3 percent of the total outlay approved by SSA. Of the total approved outlay for CWSN, 89 percent has been utilised. Similarly, under the RMSA, a programme called 'Inclusive Education of Disabled at Secondary Stage' (IEDSS) has been implemented to provide an opportunity to students with disabilities, to complete four years

of secondary schooling in neighbouring schools in an inclusive and enabled environment. In 2017-18, Uttar Pradesh government has approved Rs. 11.9 crore for IEDSS, which is 3.8 percent of the total RMSA outlay.

The appointment of special educators for CWSN is an intervention under both SSA and RMSA. However, it is observed in the AWP&Bs of the last few years, that state has not budgeted for special educators.

In addition to MHRD, Department of Empowerment of Persons with Disabilities has a financial provision for the education of CWSN. Table 3 shows an increase in allocation and expenditure of Uttar Pradesh in the last five years considering all educational interventions for CWSN by different departments. However, in respect to the need, this allocation towards CWSN is very low mostly because of the absence of realistic estimates of the numbers of children coping with various types of disabilities.

**Table 3: Budgetary interventions for school education of children with disabilities (Rs. Crore)**

2014-15(A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
30.6	24.3	32.5	30.2	29.5

Source: Detailed demand for grants, State Budgets for 2016-17 and 2017-18

**Decentralised planning for school education: Priority for School Management Committee and community mobilisation in state budgets**

For inclusive quality education, responsible need-based planning, budgeting, management, monitoring, supervision, reporting, and maintenance are required. To have a bottom up approach, community mobilisation and active participation of community members in implementation of school education is extremely critical, not only in effective planning and

implementation of interventions in schools, but also in effective monitoring, evaluation and ownership of the government programmes by the community. DISE reported that more than 97 percent of government and government aided schools in Uttar Pradesh has constituted SMCs. More than 90 percent of schools with SMCs have bank accounts to avail and facilitate the entitlement of SMCs over grant expenditure. The state PAB meeting minutes for 2016-17 shows that Rs. 122.1 crore was approved for SMC training and community mobilisation in the meeting. Scanty allocation towards the training of SMC and SDMC members has failed to bring about effective capacity building at the ground level. As a result, decentralised planning remains on pen and paper in Uttar Pradesh.



### Policy Recommendation

In the light of findings, the policy brief suggests immediate and long-term policy measures that state could implement to provide quality school education which is accessible to all sections of the society.

- Teacher education and infrastructure building should be the immediate priority for Uttar Pradesh. Given the huge shortage of professionally qualified teachers, there is an immediate need to create adequate teacher training institutes in the state.
- The state needs to adequately invest to overcome the shortage of subject specific teachers at the secondary level.
- Uttar Pradesh should design its' school education budget by allocating more funds for interventions towards marginalised children, especially for OOSC and children with disabilities. As a first step, it should identify the exact number of OOSC and prioritise the need for bringing back all children in school.
- It should design policies of mainstreaming OOSC in a more focused manner and support the policies with adequate resource for implementation.
- Uttar Pradesh should prioritise training of community members on a regular basis and allocate adequate funds for community mobilisation.
- State governments need to substantially step up and sustain investments on education for a longer period, in order to reap the benefits from this sector.

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**Author: Protiva Kundu**

For further information, please write to: [protiva@cbgaindia.org](mailto:protiva@cbgaindia.org)

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B-7 Extn./110 A (Ground Floor), Harsukh Marg, Safdarjung Enclave, New Delhi - 110029.

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**Child Rights and You (CRY)**

189/A, Anand Estate, Sane Guruji Marg, Mumbai – 400011.

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