

Budgeting for School Education in Tamil Nadu: What Has Changed and What has not?

Policy Brief



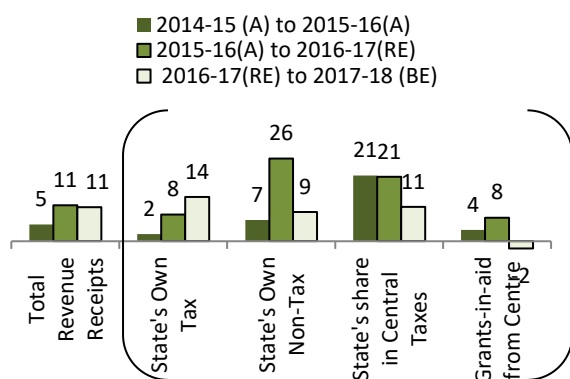
Context

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 Tamil Nadu 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 Tamil Nadu 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

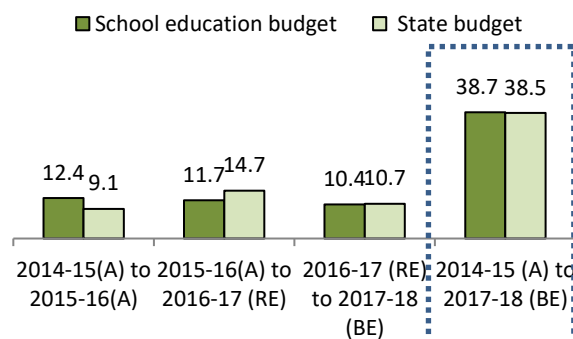
Figure 1 describes the change in total revenue receipts of Tamil Nadu in the pre 14th FC (2014-15) period and first three years of 14th FC period (2015-16 to 2017-18 (BE)).

The figure confirms that after the 14th FC recommendations, the state actually benefitted in terms of generation of additional resources. During the post 14th FC recommendation period, Tamil Nadu was able to increase and maintain the revenue receipts of the state. Between 2014-15 and 2016-17 (RE), the state gradually increased its revenue from state's own tax and non-tax collection. In 2017-18 (BE), there is a reduction in grants-in-aid from the Centre compared to the previous year (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 14th FC period, Tamil Nadu emerged as the state where there is an increase in both the total expenditure of the state, as well as education expenditure. At present, Tamil Nadu spends around 16 percent of the total state budget on school education.

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

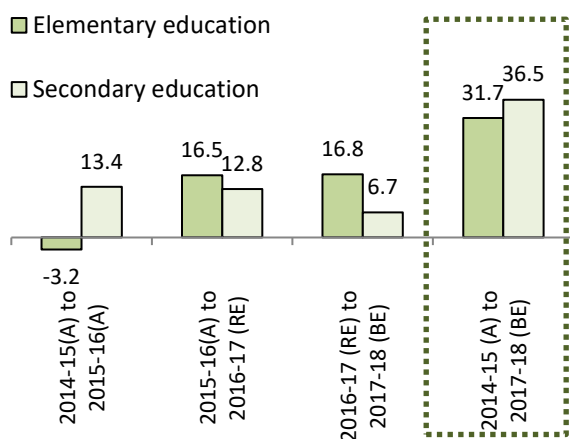


Source: Detailed Demand for Grants, state budget documents for 2016-17 and 2017-18

The priority for school education in Tamil Nadu is observed in the continuous increase in the state budget's share for school education. The state has given equal weightage to both elementary and secondary education (Figure 2b).

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 38.5 percent, the expenditure on school education increased by 38.7 percent (Figure 2a).

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

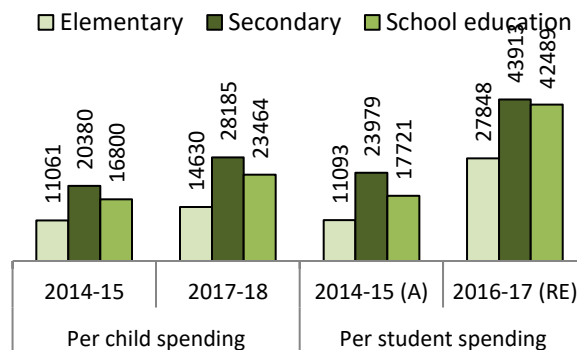


Source: Detailed Demand for Grants, state budget documents for 2016-17 and 2017-18

How much Tamil Nadu 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 13th and 14th FC period reveals firstly, an increase in both per child and per student spending in the 14th FC year as compared to the 13th 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

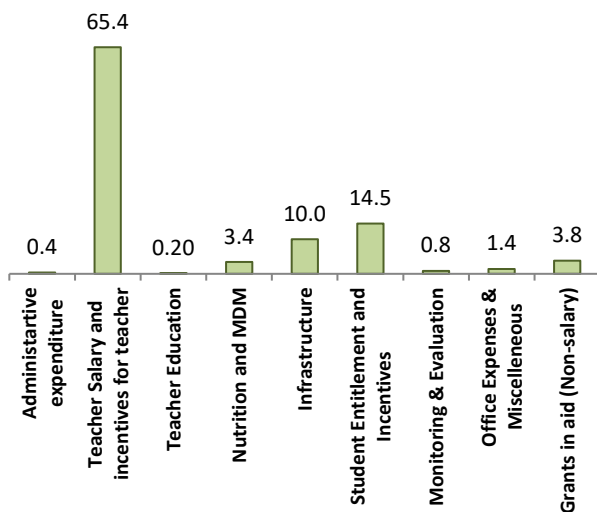
A disaggregated picture of the per child spending by level of education shows between 2014-15 and 2017-18, there is a 76 percent increase in elementary education, 72 percent in secondary education and 72 percent in school education (Figure 3). This can be attributed to two factors. First, an absolute increase in the school education budget post the 14th FC recommendation and second, the decline in the growth rate of population in the 6-17 years age group.

Tamil Nadu is one of the Indian states, which spends relatively higher amount of resources per enrolled children. Like per child spending, Tamil Nadu witnessed an increase in per student spending in all levels of school education between 2014-15 (A) and 2016-17 (RE). An increase of about 40 percent at elementary level, 55 percent at secondary level and 42 percent at school education is observed in Tamil Nadu. The huge difference between per child and per student spending at all levels of education can be attributed to the growing rate of privatisation of school education in Tamil Nadu. 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 Tamil Nadu is allocating its school education budget across different components?

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



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

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 Tamil Nadu for 2017-18 (BE) gives a holistic picture on how the state is designing its school education budget. Figure 4 shows that teacher salary constitutes 65.4 percent of the Tamil Nadu’s school education budget. This not only includes salaries of teachers in government schools, but also those in government-aided high schools and higher secondary schools, schools for the differently-abled and de-notified community schools. The government has also introduced a special provident fund and gratuity scheme for municipal and corporate elementary schools, and aided educational institutions.

Among other budget components, Tamil Nadu spends a relatively higher amount on incentives. It has launched several schemes in the last 10 years to increase enrolment and reduce the cost of schooling for parents. The government provides financial aid to children whose parents are dead or permanently incapacitated; children of migrant workers; children of prisoners; children of poorer widows; or under the chief minister’s farmer security scheme, to children who have passed class X. This reflects in the incentive component exceeding 14 percent in the budget pie. However, the components like teacher education, monitoring and evaluation are severely resource-starved. About four percent of school education budget in Tamil Nadu is recorded as grants in aid (non-salary). It is difficult to understand where the money is getting spent from the budget documents of the state.

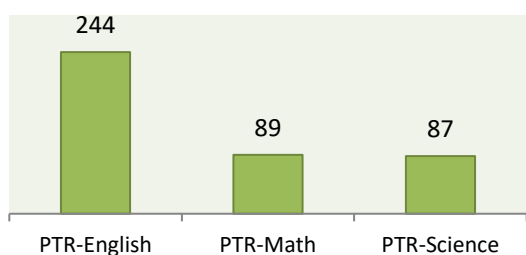
What is the pattern of allocation and spending for teachers in Tamil Nadu? Is there any change in the 14th FC period?

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, 3788 teacher posts are vacant in Tamil Nadu, which is 2.6 percent of the total sanctioned post.

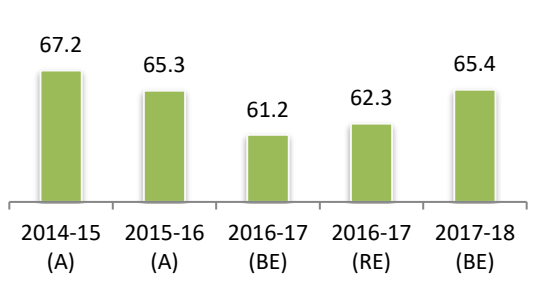
At the upper primary level, there is a need not only for teachers but subject specific teachers with command over their respective subject areas. However, In Tamil Nadu, there are 37 percent upper primary schools where subject teachers are not available as per RTE and the problem is more acute at secondary level.

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



As per government records, the PTR for English in Tamil Nadu is as high as 244:1, for mathematics is 89:1 (Figure 5). 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).

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



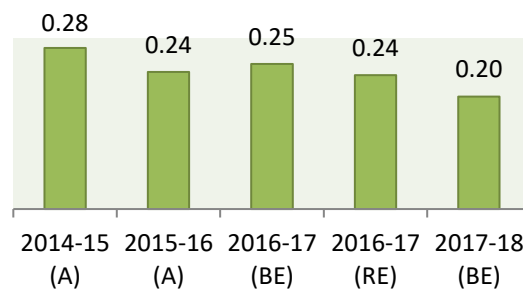
Source: Detailed demand for grants, State Budgets for 2016-17 and 2017-18

Despite understanding the urgent need recruitment of additional teachers in Tamil Nadu 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 shows that around 65 percent of school education budget in Tamil Nadu goes for teachers in terms of salaries, pensions and any other incentives like awards, incentives to children of teachers, transfer allowance, etc. There is not much difference in the expenditure pattern between 14th FC period and 2014-15 (A). But given the shortage of teachers, especially subject 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. Tamil Nadu is among the states, as a policy which has always appointed professionally trained teachers for schools. Thus only 0.8 percent of elementary teachers and 1.4 percent of secondary teachers in Tamil Nadu were professionally unqualified (DISE, 2015-16). This is also reflected in the low share of teacher education in Tamil Nadu’s school education budget. Moreover, the share of spending on teacher education has decreased in the 14th FC period compared to 2014-15 (A).

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

What is the pattern of allocation and spending for school infrastructure in Tamil Nadu?

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. The state has 18 percent government primary schools with student classroom ratio more than 30; only 22 percent secondary schools have toilets for CWSN.

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.

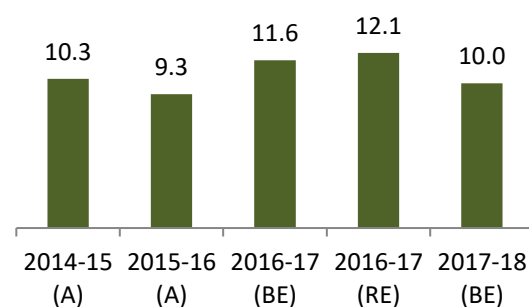
Table 1: Status of school infrastructure at the elementary and secondary level

Elementary	%	Secondary	%
Govt. primary schools with SCR > 30	17.6	Single classroom schools	0.92
Govt. upper primary	29.8	Schools with buildings	99.9

schools with SCR > 35			
Schools with drinking water facility	100.0	Schools with girls' toilets	100.0
Schools with girls' toilet facility	99.9	Schools with toilets for CWSN	21.7
Schools with ramp	72.8	Schools with electricity	37
Schools with playground	77.0		
Schools with boundary wall	79.6		
Schools with kitchen shed	96.3		
Schools with electricity	98.7		

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

Due to huge shortfall in basic infrastructure, Tamil Nadu has invested substantially on building school infrastructure. The infrastructure budget for Tamil Nadu has always remained between 10-12 percent of total school education budget (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 Tamil Nadu?

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 Tamil Nadu (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 Tamil Nadu by different Survey

States	Census (2011)	SRI-IMRB (2014)	SSA (2017-18)
Tamil Nadu	8.20 lakh	57529	36930

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. Tamil Nadu has developed a Child Tracking System for all OOSC which has provisions of unique ID and photograph. The analysis of the SSA budget of Tamil Nadu shows gap between approved outlays and actual expenditure in mainstreaming OOSC. With substantial numbers of OOSC, the state had approved an outlay of Rs. 21 crore for special training of these children in 2016-17. This outlay has further reduced to Rs. 18 crore in

2017-18. The outlay for mainstreaming OOSC in 2016-17 was only 0.8 percent of total approved outlay for SSA and of this; Tamil Nadu has spent only Rs. 17 crore for the special training in 2016-17.

The situation is more severe at the secondary level. 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 Tamil Nadu, against a population of 1.4 lakh children of (6-14) years age group, an outlay of Rs. 41 crore was approved in 2016-17, which is 1.5 percent of the total outlay approved by SSA. Of the total approved outlay for CWSN, state has able to utilise around 86 percent. 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, Tamil Nadu

government has approved Rs. 11.8 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. In 2015, Central Board of Secondary Education (CBSE) made it compulsory for its affiliated schools to appoint a special educator (Singh, 2017). However, it is observed in the AWP&B of the last few years that states have 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 Tamil Nadu in the last five years considering all educational interventions for CWSN by different departments. The existence of a separate department for disabled people in Tamil Nadu since 1993 is probably the reason for the relatively higher allocation and expenditure in the state. 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.

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 91 percent of government and government aided schools in Tamil Nadu 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 reported that only Rs. 17.7 crore for SMC training and community mobilisation was approved in the meeting, of which only Rs.7.5 crore was spent. 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 Tamil Nadu.

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)
58.9	53.0	68.2	68.6	66.3

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,

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.

- Tamil Nadu needs to adequately invest to overcome the shortage of subject specific teachers at the upper primary and secondary level.
- Teacher education and infrastructure building should be immediate priority for the state.
- State should design its' school education budget by allocating more funds for interventions towards marginalised children, especially for OOSC. As a first step, it should revisit the amendment for scrapping the 'no detention policy' and prioritise the need for bringing back all children in school.
- Tamil Nadu 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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