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**A GENERAL OVERVIEW OF THE
IMPLICATIONS OF LIBERALISATION FOR
THE EDUCATION SECTOR**

P. K. Umashankar

CENTRE FOR MULTI-DISCIPLINARY DEVELOPMENT RESEARCH

Jubilee Circle, DHARWAD-580001, Karnataka, India

Ph : 091-0836-447639, Fax : 447627

E-mail : cmdr@bgl.vsnl.net.in

PREFACE

The Centre for Multi-disciplinary Development Research (CMDR) is a social science research institute in a moffusil area of Karnataka and it is sponsored by the Indian Council of Social Science Research (ICSSR), New Delhi. The Centre aims at undertaking analytical studies of conceptual and policy significance on the socio economic and cultural issues using multi0disciplinary perspectives and micro level information.

As part of its publication programme the Centre has initiated a CMDR monograph series consisting of both invited contributions and the research studies completed at the Centre.

We are happy to present 5th in the monograph series under the title “A General view of the Implications of Liberalization for the Education Sector”

contributed by Shri P.K.Umashankar, Former Director, Indian Institute of Public Administration, New Delhi and also Former Secretary in the Ministry of Human Resource Development, Government of India. This contribution brings out clearly the different aspects of current policy of liberalization as relevant to the education sector. There are apprehensions in the general discussions about the adverse implications of the policy of liberalization so far as the objective of equality and justice is concerned. The present paper brings out a point of view about this issue as an experienced administrator would look at it.

CMDR expresses its grateful thanks to Shri P.K.Umashankar for contributing an analytical paper to CMDR monograph series.

P.R.Panchamuki

*Director,
Centre for Multi-Disciplinary
Development Research*

GENERAL VIEW OF THE IMPLICATIONS OF LIBERALISATION FOR THE EDUCATION SECTOR

P.K. UMASHANKAR

Retd. Director, Indian Institute of Public Administration, New Delhi

INTRODUCTION

It is not at all easy to examine the implications of liberalisation and associated fiscal measures for the education sector. First of all we are yet to be fully advised officially about the implications and dimensions of the new economic policy for the social sector of the economy. For the present, mainly the economic sectors seem to be involved. However, there are vague hints which would indicate that social sector may have to do with less allocations and may be required to generate their own resources. However, these remain only vague hints. There are also assertions that the priority sector like rural development and perhaps elementary and adult education will not suffer. But these also remain equally vague.

By studying the fiscal scene as it is developing, four important points emerge.

1. As a result of reducing the fiscal deficit and balancing the budget, it is most likely that the future allocation for education out of the budget, whether under plan or non-plan, may increase only marginally perhaps balancing the rise in costs. On the other hand economy measures may take their own toll.

2. With the economic sector moving towards market economy, the costs for many aspects of the education sector which bear subsidy in different forms and shapes may go up resulting in unexpected burdens.
3. With the Finance Minister announcing that full market economy will be in place in the next three-five years, many educational activities which are now heavily and widely subsidized will get buffered by the developments in the economy. Lacking both cost consciousness and cost effectiveness, education is bound to flounder in the new atmosphere.
4. Lastly, the value system in the community appears to be changing, which, when influenced by the new policies may have its own implications for the education sector.

This kind of development is prescription for disaster unless a strategy, plan and priorities are drawn up.

THE BACKGROUND

It would be interesting to briefly review the resources and subsidies position in the education sector.

The most important point is that perhaps 80% and more of the total expenditure on education is borne by the state, This is of our own making.

Government institutions were charging a little more. The state, as a matter of conscious policy, discontinued fees at school level and froze these at the higher levels. This covered the state level institutions in the first stage but was extended to private institutions in due course. And private institutions were given grant-in-aid which now perhaps covers almost all the costs. Thus fees now constitute a negligible portion of the resources for education.

The direct costs include staff salaries, maintainance and development costs. Non-plan funds cover staff and maintenance costs, while development or plan provision includes additional staff and expansion programmes.

Apart from fees, there is very little contribution from outside the state sources to these costs except in the form of some limited contributions for building, equipment, etc. Even these now are subsidized through other forms of grants.

The subsidy on indirect costs in the education field covers a very wide area. Transport is subsidized through free passes and season tickets. Extra and co-curricular activities within and outside the institutions are also subsidized, as special fees have been frozen. Stationery items are subsidized at school level in

different ways. Electricity, water supply, canteens, hostels, health services, uniforms and various other services, however, inadequate and irregular, are subsidized. There is also in many states mid-day meals programme. Various concessions extending from tuition fees to hostel fees are provided to students from weaker sections which include scheduled castes, scheduled tribes, backward classes, girls, handicapped, wards of defense and para-military personnel who died in actions, and wards of freedom fighters, etc. These concessions and benefits have been introduced an expanded at random and on the whims and fancies of the political system that there is no comprehensive picture available evening the states. Earlier, the different departments whose beneficiaries benefited provided the subsidies, but realizing the costs and delay in the actual delivery system. Most of them have been converted into free ships and built into the education budget.

Thus while the resources are limited, the costs are very large indeed and growing. And under market economy which postulates that the costs may rise initially before they stabiles, the costs of education are bound to rise sharply in the beginning era of market economy.

THE PLIGHT

While the picture of resources available may convey a rosy picture, the

reality is dismal. Most of these resources are inadequate and do not in most cases meet the actual need. Many of them are mere sops than real. The reality is distressing. The major portion of education budget is under non plan and has to take the on-slaught of cuts and freezes. Hence buildings are not maintained, equipment are not replaced and staff are not recruited. The education survey reports issued by NCERT, NIEPA and UGC reveal the extent of inadequacy in this area.

The plan funds are hardly adequate to provide for expansion. Inadequate classrooms and furniture, absolute equipment, absence of essential facilities such as libraries, toilets, water, electricity and playgrounds are almost universal. We are still grappling with the problem of providing blackboards in schools and are still left with single teacher schools.

In other words, we have a long way to go in providing the minimum standards in our educational institutions.

While this is one side of the picture, the absence of cost effectiveness and cost consciousness is too obvious to be missed. Educational institutions are sanctioned where they are not needed. Institutions with low student strength and no prospects for growth are retained, urban school have excess of teachers while rural areas are short of teachers. Buildings and equipment are not fully

utilized. Inflating students strength to recruit staff and other irregular practices are not uncommon.

All the cadres have grown, There is demand for promotional opportunities and better service conditions. The personnel problem has become too large to be managed reasonably well, The management cadres are weak and ineffective. The whole system is lethargic, inefficient and flaccid. There is very little of initiative drive and leadership. The political and administrative leadership is not concerned with these issues, They favour buying peace at the cost of exercise of control and enforcing accountability.

Education has been an earmarked area for profligacy as a result of populism. Both the politicians and the administrator have been defensive positions. Progress of education in terms of universal literacy and elementary education, access and quality has been, to say the least distressingly poor. The administration, to escape blame, has been generous with concessions, proliferation and subsidies without enforcing and accountability and evaluation. Education is also an area where patronization and largesse can be dispensed rather freely. Political support has been bought by conceding to the demands of every group including caste, community and religion.

The teaching community has become a vote bank and a mobilize of

loyalties. It has extracted its pound of flesh and has become an empire by itself. It has extracted its pound of flesh and has become an empire by itself. It has organized itself on political, caste, community and religious lines.

The student community has been pampered in a manner that today no political party can apply reins to its student wings. Not only the political aspirants are from among the student wings, but the criminalisation of students has also taken place in a large scale. In the name of promoting democracy, election on political lines have been introduced among the student population without any guidance or restraint, resulting in irresponsible patterns of behavior. Given this Background, the academic community has very little of control over the student groups.

This is not to deny that there are even now excellent institutions all over the country plodding their steady way in the midst of all this disarray.

The politicians in their anxiety to maintain their control over educational administration and teaching community in their reluctance to be accountable, have kept the parents and the local community away. Efforts to entrust control of education to the local community and elected organization like Panchayati Raj bodies have been steadily and successfully resisted by these groups offering specious reasons.

This may look a deliberately distorted picture but any person dispassionately looking at the scene in our country will recognize these features.

ADMINISTRATIVE-ACADEMIC CULTURE

We can discern a distinct atmosphere per-meeting academic environment in our institutions. This resists any effort at accountability in the name of academic freedom. There is very little identification with an institution. Utilization of resources and maintenance of assets do not bother the system. Admission figures and student strength are fudged to justify additional grants and creation of posts. If rumors are to be believed, money is collected for recruitment of teachers both in state and aided institutions. Donations are collected by aided institutions schools for admissions. Purchase of equipment and stores is often controversial and purchase of library books is done in an indifferent manner. The academic calendar is neglected, examinations are not held, students are not periodically evaluated, and parents rarely involved. The supervisory administration is woefully inadequate, poorly trained and is demoralized. The higher echelons have expanded with some states boasting of more than ten directorates with very little co-ordination. Universities are being sanctioned for each district in a cavalier manner. The administrative procedures are archaic and the system is

packed with regulations and restrictions which should have been given up long back.

The budget allocations are nowhere near the actual requirements and are distributed in an ad hoc and unimaginative manner resulting in all activities being adversely affected.

IMPLICATIONS

It is in this background that one must examine the implications of liberalization for education. We can consider these under various headings such as education and the Constitution, the role of education in nation building, resources and priorities for education, and community and education.

Our Constitution has clearly and indirectly envisaged a role for education. Article 45 says that we shall provide free and compulsory education to all children up to the age of 14. This would cover elementary education. We are still far away from fulfilling this objective. Even if free education is very narrowly interpreted this would cast a heavy burden in future. Article 46 calls upon the state to promote the educational interest of weaker sections particularly the SC & ST. The weaker sections will now include SCs and STs, backward classes, women and handicapped. A fairly formidable task. Under Article 30, education institutions run by minorities are entitled to support by the state. Article 15 envisages special

provision of advancement of socially backward citizens. Broadly speaking the Constitution provides for support for elementary education and special measures at all stage of education for weaker sections. The recent Supreme Court judgment upholding the Right to Education adds a new dimension to this problem. All these constitutional provisions would need to be kept in mind while looking at efforts to raise resources for education.

Role of education in nation-building is not merely a question of social equity and equipping persons for securing employment. It is much more than that and this is universally recognized, In Indian context, with the prevailing atmosphere of illiteracy, obscurantism, social and economic discrimination, limited access and wide variations vital and crucial. We are yet to put elementary education on sound lines both in terms of access and success. Inaccessibility, drop-outs and indifferent quality are major worrying factors. All the weaker sections are lagging behind. Regional disparities are glaring. The private sections record in reaching the weaker sections has not been very noteworthy. Our educational pyramid is narrow and its base needs to be widened considerably. It is rather difficult to identify a role for private enterprise in this area. The private enterprise can no doubt win in metropolis and urban areas but rural

and remote areas would still require state initiative. With the increase in the numbers at elementary and secondary education level, the pressure on higher education cannot be under estimated. Our earlier efforts to link higher education to employment opportunities and also hold up expansion have been rejected by political parties. Our efforts to promote private participation have not succeeded because these efforts in this area. The World Bank too seems to recognize the responsibilities of state in this area. Education would remain one of the basic services development through a multi-layered broad based pyramidal system of education would be an important strategy of nation building in our country.

Organizing resources in various forms including public mobilization and voluntary collections were attempted in the earlier days of post-independence era. But these faded into the background and state involvement has grown into the dominating factor. It is possible to contemplate and in stages move towards mobilization of local and community support for educational efforts, care being exercised to ensure that this does not adversely affect equity and access and success to weaker sections. Contract, part-time and voluntary systems to support teaching and non-teaching staff services and community support for non-recurring assets, such as land, buildings and equipment can all be

explored. It is possible to argue that these not efficient systems but we have learnt that state ownership and full time paid services are not necessarily more efficient. Both effectiveness and efficiency of all the educational services are not necessarily more efficient. Both effectiveness and efficiency of all the educational services need to be intensively purchased. Optimum utilization of facilities, curbing of waste and duplication, real-location of facilities and other appropriate measures to promote efficiency must be ruthlessly enforced. It is not as though the educational services have become placid and sloth by design; they have drifted into such a situation more due to apathy and lack of direction. It must also be recognized that with the limited resources that we can mobilize for education, priorities will have to be evolved and enforced. We have been claiming priorities of resources without enforcing them. Priorities do not necessarily mean denial of resources but a gradation in the availability of resources. The present practice of lackadaisical allocation of resources will have to go. We need to give greater attention to consolidation. This certainly implies slowing down expansion. We have been saying this but have done nothing concrete. New schemes, projects and fancy pursuits have diverted the slender resources from strengthening and developing existing

schemes and programmes. While these have suffered, new ones have fared no better. Perhaps there should be a moratorium on new schemes and projects. The personnel system has become rigid. The teaching community has been split into groups and not be interchanged with the result that shortages and excesses are a regular features.

Lastly the relationship between the community and the education system is non-existent. Earlier the local bodies including metropolitan bodies were managing schools but the states under pressure from staff and public took them over in the name of efficiency. We have now schools in most places managed by urban bodies states and private agencies. These represent almost three-tier system, the poorest and weakest going to the municipal schools, the lower middle class and the lower bureaucracy favoring the private schools. This is doing considerable damage to our aim of equality of access and success. The much vaunted neighborhood system never took off.

Efforts since independence to hand over educational services to Panchayati Raj institutions have been successfully and consistently resisted by the teaching community, bureaucracy and politicians, all in the name of efficiency. It is also a fact that when these services are handed over to the community, immediately they are starved of resources. The one

ostensible reason for handing over these institutions to local bodies is to escape the responsibility for funding them. The local bodies who are already under considerable duress, naturally fail when they are given this additional burden. Unless we have a more enlightened approach in this area, the self-hearted efforts here will boomerang and entail fresh problems for the state.

FUTURE

The picture presented above may look dismal. Undoubtedly in spite of these handicaps we have been bumping along and in some areas of human resources development our achievements are not inconsiderable. But that our social development is weak and lack of education has held back progress in rural development, health social welfare and other sector of development is an acknowledged reality.

If liberalization and free market economy would imply liberalization of education from unnecessary shackles, meaningless regulations and resource constraints then it must be welcome. But if it merely implies freezing of state funding and reliance on private resources then we may find ourselves in a worsening situation. It may also result in a massive aggressive response from the teaching and student community. This is a delicate and sensitive area and as large numbers and sensitive issues are involved, we would need to move carefully and in a planned manner.

All sections of public, the community at large, the politician, the student and teaching community have a poor impression of the education system. They also regard it as weak and immobile. The first effort must be directed towards improving the internal efficiency and organization. The communities at large will not receive favorably any move to raise resources for education at its cost unless it perceives changes taking place in the system which benefit it and its wards, the students. A moratorium on establishment of new institutions, improvements in the internal administration of the system, visible improvement in the academic activities, efficient management of the academic calendar, extensive utilization of existing facilities, more vigorous scrutiny of deployment of resources to promote efficiency and to avoid duplication and waste are measures which can convey a message to the people. It is not as though these measures would require to be designed afresh. Reports, evaluation studies and recommendations are available on these issues with the States and Centre and Planning Commission. NIEPA and NCERT can mobilize these at short notice. But the political and administrative will to move must become apparent. We must be careful about central projects if the central government is serious about decentralization. Centrally sponsored projects in

the educational sector, Central Schools, Navodaya Vidyalayas, Sainik Schools, Railway Schools, Public Sector Schools, Regional Engineering Colleges, Central Examining Bodies and the plethora of centrally sponsored schemes have created a placed additional burdens on the center and states. Our existing and additional resources if any must be put to most effective use in nurturing the existing institutions.

We then need to look at all the sectors of education and organize the priorities in regard to development and expansion. It is no longer possible to allow the situation to drift further and allow expansion in all the sectors and consequently suffer from lack of support in terms of resources. The scene would vary from state to state and in many cases from region to region within a state. It may not be possible to bar all expansion and development in any sector excepting perhaps in the area of specialized and professional education. But graded expansion is possible. At higher levels of education we can turn to privatization as a supporting measure. The expansion in most sectors of education in metropolitan, urban and semi-urban areas can perhaps be taken care of by fee collecting private institutions. But care must be taken to ensure access to weaker sections.

The third measure must be to review the subsidies available in the various sectors and decide on their

discontinuance, scale down and replacement. This has to be done carefully and the approach has to be with reference to the sector, promotion, support to weaker sections and possible impact on access.

Last must come measures for raising fees and other measures intended to raise direct resources. The fees cannot be raised by large margins in one stroke. There may have to be gradual raising of the tuition and other fees over a period of time. While it would be unrealistic to expect any sector of education at the present stage to become self supporting, the raising of fees must be based upon a formula to be laid down for different sectors and it may have a relationship to the costs involved. It is a fact that we do not have any costing of educational institutions or category of institutions or even sector-wise. Hence this has to be necessarily an approximation.

Other measures such as levy surcharge, cess and other taxation measures may be contemplated. But these will accrue to the general revenues and not to the education sector. We had experimented with donations and lottery systems. But these in terms of the receipts and its relation to the total requirement seem insignificant particularly in view of the efforts involved. Various Committees and Commissions in the past, both at the central and state levels, had proposed various measure to mobilize resources for education. These may now be reviewed.

It is likely that considering the huge resources required to manage different sectors of education, the initial efforts to trim the subsidies and raise resources may not produce significant results. It may be possible to plan measures at one stroke which can mobilize a substantial portion of the resources required. In the initial stages, it may form an insignificant portion of the resources required. In fact this would be done on the reasons advocated to discontinue the efforts. But that would be a wrong step. Once the plan to mobilize resources is brought into position, it would be possible to discourage fresh concessions and subsidies. Additional allocation would add to the availability of resources. The fees and other sources could be upgraded in stages on a carefully prepared prior plan. In other words, this would encourage efforts to locate and mobilize resources on the basis of institutional efforts. It would promote cost consciousness and generate cost saving efforts. In the process, the institutions would develop their identify, autonomy and self confidence. But it must be recognized that educational institutions excepting a few can never become fully self supporting. The state's responsibility for funding, the educational institutions would remain. The extent of funding, its nature and features would vary from sector to sector. The planners must recognize the important role education has still to play in national development

and while guiding the different sections to raise their own resources, must continue to support.

Education has been perceived as a sector where commercial considerations cannot prevail. Cost recovery, cost consciousness, and cost effectiveness have been frowned upon as unethical considerations polluting a noble endeavor. To import these considerations into the education sector now would require prior preparation of the constituents; in this case-the community, the students, the academic and non-academic staff, the bureaucracy and the political system. They would have to be advised about the situation on the ground and the prospects.

Moving education sector into the free market economy would imply careful and prudent prior planning and preparation. Expert group which may have representation from economists, sociologists, educationists and educational planners, should formulate carefully considered proposals for raising resources for education and gradual reduction of the dependence on the state. These proposals need to be prepared for the different sectors but keeping the picture as a whole in view. The involvement of states must be full and without reservation. In fact, each state must be asked to prepare proposal for themselves. The center may then put them together evolving guidelines for the adoption of the states. The central

initiative in this regard would provide states with alibi for placing the blame at the door of the center. These proposals then has to be discussed in different forum to give them wider publicity and prepare the community for receiving them. There may have to be consultations with political parties, students wings and faculty groups for arriving at a broad consensus. The media would have a very important role to play.

These measures will not be popular. The parent and the community would resent what they may perceive as a sudden move to increase the burden on them. The student wing will not relish the brightening of the subsidies and the atmosphere in the educational institutions. The academic staff and the bureaucracy would resist effort to make them accountable. The political parties who have other issues to pick up with the state, may find this an issue on which they can mobilize public opinion. The media have never moved close to the education scene but they may align themselves on the side of students and public. Hence the whole matter would have to be managed with care and consideration.

The educational world is a cynical one. It has encountered crises from time to time including that of resource crunches. It has come out of them battered, out of shape but nonetheless intact. It may hope to weather the latest

and formidable challenge in the same manner as in the past. It is for the planner to face this task in a resolute manner.

This is indeed an excellent opportunity for planners to release education from the shackles and whims of state financing and put it on sounder lines. This could help to promote the status and autonomy of the institutions. While it would appear to upset the existing norms and patterns, it may usher in more serious and purposive pursuit of education.

On the other hand, if we miss this opportunity we may be doing tremendous harm to cause of education. The policy of allowing the present situation to continue would result in more serious reductions in allocations for the education sector with few alternate sources in sight. The response of the administration may be time-tested, one of reducing the allocation to

all sectors across the board without purpose or a plan. This results in gradually paralyzing the activities of the various sectors resulting in a situation where staff are demoralizing than this development. It is often normal functioning once they slip into inertia. Whatever we do, we must avoid this approach which does in-calculable harm to institutions in the education sector. This situation will become worse where other sectors move in the market economy and education sector finds itself left behind.

There is no instant solution for the problems that the education sections will encounter due to the fiscal reforms under implementation. The only logical course of action is to prepare for the development so that the shocks are minimized, adverse impacts are softened and maximum advantage is derived. The present seminar may be seen as a move in this direction.

