

COMMUNITY CONTRIBUTION TO DEVELOPMENT OF EDUCATION

A CASE STUDY

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Chapter - I

INTRODUCTION

The Problem

Social expenditures, termed as 'Investment in Human Resources' (covering expenditure on education, health, housing sanitation and nutrition and some of the labour and social welfare programmes) are now recognized as growth promoting factors. Such expenditures result in the improvement of knowledge, skills, capabilities and efficiency of human beings as productive agents.

It is a generally accepted fact that prevalence of ignorance, illiteracy and the lack of necessary skill and training in the work-force pose formidable impediments in the process of rapid economic development in underdeveloped countries like India. An improvement in the educational level and health status of the people, therefore, is a dependable pathway for economic development of these countries. In this background, public expenditures on health and education in particular and social services in general play a significant role in improving the social infrastructure and human capital formation.

The economists and the policy makers have recognized the importance of social infrastructure. Alfred Marshall ¹, for example, recognized the importance of education as a national investment. He said, 'the most valuable of all capital is that invested in human beings'. Lewis maintains that if at the beginning of 18th century land was the source of wealth, at the end of 18th century human labour was so recognized. At the middle of the 19th century it was the turn of capital to be so recognized. By the beginning of 20th century the role of

¹ Alfred Marshall: *Principles of Economics* pp 176-179

organization and management was emphasized. But, according to him, now the fashionable candidate is education.² He further points out that the basic reason why poor countries remain poor is unquestionable, because they lack knowledge.³ While recognizing the significance of development of human resources through education for rapid economic development, VKRV Rao emphasized that it is not simply science education, which is important for acquiring skills and their proper utilization, general education is also necessary. He says, 'what economic development requires is not merely specific skills but also general skills'.⁴ A new philosophy has also now gained momentum that the role of public expenditure on social services like education should not be limited to capital formation alone but should aim at social justice, in the sense that education should help to reduce personal and inter-regional inequalities of income distribution as well.

Thus, education has both efficiency aspects promoting skill formation and also equity aspects contributing to social justice through reduction of various types of economic inequalities. Hence, in India, Education Commission (1964-66) referred to education as the only instrument of peaceful social change.

Since education is essentially the process of interaction between a teacher and the learner, the main source of its promotion seems to be confined to the individual and private initiative. However, since the benefits from education accrue not only to the learner but also to the society. The responsibilities for its promotion extend from the learner to the society as a whole. It is in this background, that we can appreciate the role of private and royal patronage for promoting

² W.A.Lewis : *Some Aspects of Economic Development* George Allen & Unwin 1969, p 19.

³ Ibid

⁴ V.K.R.V. Rao : *Essays in Econ.Development*, Asia Publishing House, 1966, p.161.

education. In recent years education is being considered as one of the fundamental rights of every individual in a civilized society. It is also considered as an important component of human development. Human Development Reports of the United Nations have explicitly recognized variables like literacy, school enrollment, etc., as the important components of Human Development Indicator.

Thus, education has now become in all countries primarily a public responsibility and decisions with respect to the amount and nature of educational expenditures are continuously being taken by public authorities, presumably in terms of some conception of the social goal that are to be served.⁵ Public Sector, consequently, in all developing countries is playing a major role in financing education as a necessary social service. There is no denying the fact that India has also made considerable progress, since Independence, in the sphere of education. The country reached a gross enrollment ratio of 105.7 (1992-93) at the primary level. There is about more than twenty fold increase in enrollment since 1947 in the field of secondary education. There are about 205 Universities and more than 9000 colleges in the field of higher education. This has significant implications for public spending since public institutions recover little of their costs of education through fees. Moreover student scholarships, subsidies and grants to private institutions add considerably to the fiscal burden. Education averages about 16% of public spending in all developing countries. In India about 20 % of the plan resources are allocated to social services. Expenditure on education constitutes about 3.5 to 4 % of the national income.

⁵ H.S.Parnes : *Forecasting Educational needs for Economic and Social Development*, O.E.C.D. Paris, 1962, p.8

On account of the communication revolution of the past few decades and also on account of strengthening of competitive forces in the modern liberal and opened-up economies, the extended benefits of education appeared to be increasingly less personalized and more 'socialized'. The technological developments contributing to specific skill formation (such as use of computer and other useful gadgets), are on the other hand aiming at strengthening the forces of personalization of the benefits of education. Such benefits obviously are the immediate benefits, which tend to be personalized though the extended benefits, which may be termed as the ultimate gains from education, accrue to the society as a whole. Education embodies obviously a continuous process of transformation of personal benefit into the extended social gain. In the background of the above-mentioned technological changes, this process gets accelerated. It is in this background, that the importance of certain initiatives to protect the individual gains can be appreciated. For example, in the global context of recent years the Intellectual Property Rights (IPR), aiming at recognizing the educational and research efforts of the countries for originating certain ideas, which have now benefited the entire world, have become a crucial subject of the international debate and a basis for policy making.

In this process of transformation of individual benefits of education into social gains, a clear picture seems to be emerging about the role of the individual beneficiary and the society, in supplying and providing for education. On efficiency grounds, the responsibility for financing of education in this background, should therefore vest increasingly with the community as a whole or its representative in the form of the government.

There is another point here that is worth considering. In the course of liberalization, privatization and globalization of the

developmental process, giving rise to competitive forces, there is also a need to protect the interests of the less privileged groups of the society, which exist in all societies at any point of time. In the context of countries like India the problem of safeguarding the interests of the underprivileged sections of the society hardly needs reiteration. Obviously, such groups cannot survive or can face the powerful competitive forces. It is in this background also that the role of the public sector for financing education needs to be recognized. However, there are limits to the resource mobilization of the public sector. Also the demands on these limited resources are also increasing. In this background and also in the background of the fact that there is an increasing emphasis on the promotion of competitive forces the role of the private sector is being emphasized in recent years.

Though private participation in education has generally been rejected as running counter to the principle of public education there has been, of late, renewed interest in devices for altering the mix of public and private finances of education in favour of private finance. Psacharopoulos⁶ has supported by evidence that this fact is applicable more to developing countries where tightening fiscal constraints have limited the ability of the public sector to expand its provision of free public education. Moreover, there is under investment in education largely because of restriction on the private sector. Therefore, some studies have suggested that to improve equity and efficiency and also to meet excess demand for education control over the private provision of education services should be relaxed.

Another argument in favour of a policy for private sector participation in a predominantly public education system is the cost-

⁶ Psacharopoulos : *Public Vs Private Schools in Developing Countries, Evidence from Columbia and Tanzania*, International Journal for Educational Development, 1997-98 No.1.

effectiveness. In the United States, a debate⁷ concluded that private schools are more effective than public schools in helping students to acquire cognitive skills with school's resources, (though non-school factors like socio-economic background, innate ability and individual motivation of students do affect achievement) that too at lower unit costs than in public schools. Further, classroom practices also (time spent in maintaining order and doing class room exercises) appeared to be important explanations for the private school's advantage. Besides revenue mobilization, reason for allowing private sector to assume a greater role in the provision of education is that it would increase efficiency as private administrators become more responsive to the needs of students and their parents. This evidence although cannot be used as an argument for massive privatization, it does indicate that government policy need not restrain private sector participation in education especially in poor countries like India where demand for schooling is projected to increase dramatically in the coming decades. Although this evidence has come forth from the studies covering only secondary schools, such results cannot be ruled out if higher educational institutions are covered looking to the trends in examination results in public and private institutions.

In the past, major source of finances for all types of education happened to be the private sector. The private sources of finance consist mainly of fees, donations and charitable contributions. While fees are of non-tax nature (i.e. there is a *quid-pro-quo* between the fee payer and the fee receiver in contrast to the tax finance where there is no explicit *quid-pro-quo*), they are like prices or charges paid in return for the services rendered. Donations on the other hand are by

⁷ Coleman, James, Thomas Hoffer and Sally Kilgore : *High School Achievement, Public, Catholic and Private Schools Compared*, 1982, New York, Basic.

definition not constrained by these *quid-pro-quo* relations between the learner and the donor. However, it appears that there is a *quid-pro-quo* relationship in general terms between the extended gains for the society from education and the donor, representing the society's interests. The nature of such a relationship is brought out from the implications of donations.

Donations for education have several implications, some of which are outlined below ⁸.

1. Government can supplement its own financial efforts with the help of donations for the purpose of development of education both qualitatively and quantitatively.
2. Since donors would like to stipulate certain conditions while making donations it follows that the governmental policy with regard to educational development would be moulded by the private contributions to education particularly when they are in sizeable quantum. In this sense, the governmental decision making would be affected by the donors' decision making.
3. Starting of schools and colleges with the help of private donations may also have implications for governmental expenditures particularly on the items of infrastructure like, development of approach roads, supply of electricity and water, provision of sanitation facilities, etc. This may be termed as the expenditure effect of private expenditures on government expenditures.

⁸ For a detailed discussion of the effects of donations see P.R.Panchamukhi: *Economics of University Finances*, CMDR, KHRS, Dharwad, 1977, Ch.II & III.

In the Indian context, there is a heavy pressure on the governmental resources in view of the compelling demands from different sectors. In the past, education particularly elementary education was de-facto considered as a residual item of expenditure by the government in many developing countries. For example, in India, in the 20 Point Programme, education was at number 13 or 14, implying that only after decisions are taken about resource allocations to the priority sectors including irrigation and power, industrial development, etc. which would comprise the first 4 or 5 items, the items of social sector including education came for consideration. Obviously, this would mean that these are only the less priority items of expenditure even the thinking of the governmental decision makers. However, the picture seems to have changed in recent years particularly after the passage of National Educational Policy (NEP) in 1986 and the Programme of Action later. During the recent decades, the policy discussions have been attaching significantly high priorities to the items of social sector particularly education. It is worth noting that the Unnikrishnan vs. Govt. of Andhra Pradesh case and Supreme Court judgment indicating education as a fundamental right, the appointment of Tapas Mujumdar Committee to estimate the resource requirements for universal elementary education in the country, the Constitutional amendment declaring education as a fundamental right, the recent Sarva Shiksha Abhiyan (SSA) contemplated by the Government of India, innovative schemes like Educational Guarantee Scheme (EGS) in Madhya Pradesh, District Primary Education Programme (DPEP), Operation Blackboard (OB) scheme initiated by Govt. of India, etc., bear ample testimony to the resolve of the national and state governments regarding universal elementary education. In the same way, the concern for educational development of the less developed communities has also been receiving special attention of the governments at the union and the state levels. Indeed, it seems to have

been recognized that investing in education is costly; however, not doing so is costlier from the point of view of the long-term development of the country.

In the course of economic reforms initiated during early 90's the social sector including education seems to get lesser allocation from the government in practice though there is a general appreciation of the importance of education and the need for larger allocation to it. In the course of second-generation reforms in progress currently, this fact seems to be receiving a serious attention of the policy makers. However, in view of the growing demands for education and increasing pressures on the scarce resources at the disposal of the government it is becoming clear that the government alone cannot handle the situation.

In this background, the role of the private sector and the community as a whole, becomes all the more important in providing for the development of education. It may not be easy to determine the optimum combination of the expenditures on education by the government and by the private sector. This optimum mix would vary from state to state and from country to country depending upon the stage of educational and socio economic development. All the same, it has to be recognized that in the coming years the private sector and the community as a whole have to play a significant role in the development of the educational sector in the country.

The present study proposes to examine the role of the community in the development of education in India. At present, there is very little authentic information about how much resources are contributed by the non-governmental sector, which is normally termed as the community, to the development of different components of the social sector. Unfortunately, with regard to education, the financial

data about private sector's contribution, which, at one time were being published in governmental reports, are not available at all in the required details. The information about non-fee contribution from the community is totally lacking. It is in this background that the present study can be considered to be topical in developing the information base about educational finance.

OBJECTIVES OF THE STUDY

The present study aims mainly at estimating the community¹⁰ contribution -both financial and physical, to educational development in Karnataka. Broad objectives of the study are listed below:

1. To develop a methodology to estimate the total resources contributed by the community to education;
2. To illustrate the use of this methodology to estimate the community contribution at different levels of education – Primary, Secondary and Higher;
3. To develop a methodology to estimate the money value of the physical resources contributed; and finally
4. To identify the factors responsible for community contribution and to estimate their influence on the community contribution to education with reference to selected regions of Karnataka.

The study thus proposes to develop an approach to quantifying the contribution of the community to education with an illustration from one of the medium developed states of the country viz., Karnataka. Karnataka is chosen primarily because it happens to be in the middle position in the ranking of the states of the country so far

¹⁰ In this study the term “Community” denotes ‘non-governmental private agencies’ that are founded to run the educational institutions either wholly by their own funds or by funds partly of their own and partly of Govt.

educational development is concerned and that the approach developed in the context of such a state might be applicable in the case of both developed states and less developed states of the country with suitable modifications.

In the state of Karnataka also we have chosen one of the smaller regions for a detailed study of the role of the community resources for educational development in view of the logistic reasons. The study is essentially illustrative in nature for developing a methodology of quantifying community contributions to education. The details of the sample design and its rationale, adopted in the study are outlined in one of the subsequent chapters of the study.

LAY OUT OF THE STUDY

The study consists of seven chapters.

Chapter – I presents the introduction dealing with the rationale and the objectives of the study.

Chapter – II deals with the review of literature focusing particularly on community resources for education.

Chapter – III gives an over view of financing of education in the state of Karnataka in order to present a relevant backdrop of community resources as an alternative and/or a complementary source of financing education.

The details of the sampling design and methodology are presented in **Chapter IV.**

Chapters – V and VI, present the results of the empirical study with a focus on the community contribution to education in Karnataka.

In Chapter V, we have discussed the socio-economic profile of the donors and the institutions.

Chapter - VI discusses different sources of community resources and their types along with the determinants of community resources. An attempt has been made in this chapter to develop a methodology for estimating the money value of community resources in kind.

The **last chapter (Chapter-VII)** summarizes the main findings of the study and also presents concluding observations.

Chapter - II

COMMUNITY RESOURCES FOR EDUCATION: A REVIEW OF SELECTED LITERATURE

The present chapter proposes to briefly outline the main findings of important research contributions relating to community resources in general and community resources for education in particular. A thematic review of the major studies in the field would provide a useful background for the present study of community resources for education in Karnataka. The chapter is divided into three main sections, each of which intends to examine specific issues in this connection. The main issues considered in the thematic literature review presented in the chapter are discussed around the questions of the following type :

- a. What role do the community resources play in the development of education?

Review of studies relating to this question would provide an understanding of the *rationale of community resources*.

- b. What are the **different types of community resources** which are flowing into the educational sector ?

Examination of the literature about this issue would help develop a taxonomic perspective about the nature of the community resources for education.

- c. What are the **determinants of community resources for education** ?

Analysis of the studies relating to this question is expected to help policy making for mobilization of resources for the purpose of educational development in particular.

Rationale of Community Resources :

Since many countries are facing severe resource crunch, the question of exploring newer sources of funds assumes a special significance. By and large, educational sector stands low in the priority of the community experiencing a severe resource crunch, for, the other more compelling demands on its scarce resources would normally push the components of the social sector in general and education in particular down in the priority scale. However, a policy maker, having a long term view of the development of the community has to find resources somehow for the development of the social sector in general and education in particular. Since the components of the social sector contribute to human capital formation, having a significant bearing on long term overall development of the economy, a sensible policy maker has to explore new avenues of resources to finance these crucial components of human capital formation. Generally, in recent literature, the role of the community resources is receiving in this context a special focus and the community resources are considered as the more dependable next best alternative sources of financing education. In the discussion below, we present a brief thematic literature review about the need for the flow of community resources into the educational sector.

Bray (1987) in a study entitled Community Management and Financing of Schools in less Developed Countries, highlights the reasons for why community support is necessary when the government financing is not sufficient to finance particularly primary and secondary

education. He has highlighted the strategies for community management and financing. Some of the important issues and strategies have been discussed in the context of developing countries with many examples and illustrations. The author emphasized the promotion of community management and financing for the education system keeping in view the quality aspect. The author has observed that proper coordination between the national government policy makers, district level government officers, and leaders in non - government organizations is necessary in order to mobilize community resources and their proper utilization.

Peter (1986) in a study entitled Non-Government Resources for Education with a special reference to Community Financing examines the limitations of private funding of education and brings out the potential of community financing. He emphasized the mobilization of more resources for the purpose of development of education in rural areas. He feels that since by and large, population in rural areas is more homogeneous community resources in kind may serve the purpose of development of education in such areas. His empirical perspectives showed that even in the case of community financing of schools, the inequalities within and between the communities do exist. Recognizing the difficulties of community financing of schools, he cautions that “community financing is not a simple panacea,” as some may consider. He has offered many important suggestions; the most important one is that in order to mobilize community resources most effectively, they should be linked with the support from external agencies like philanthropic institutions, political and business interests, etc., and such other external organizations. This study refers to the experiences from different countries including India.

Paul, Una et.al (1986) in a study on *Participation of local Communities in Financing Education in Guyana*, presents a brief outline of the educational system in Guyana and examines the nature of community financing of education in the country. In Guyana all the schools were nationalized in 1976. However, in spite of nationalization a great need is felt for additional support from the community for the purpose of educational development. The study brings out important role that the community has played in meeting these extra resource needs for educational development.

As can be seen from his contributions reviewed earlier, Bray is obviously one of the noted contributors to the literature on community resources for education. In his 1991 study entitled *Community Financing of Education : Rationale, Mechanisms and Policy Implications in Less Developed Countries*, the author presents a conceptual framework for studying the role of the community resources in educational development drawing upon the experiences of different parts of the world. He argues that community financing may be desirable because it reduces pressure on the government purse and also this type of financing can improve the impact of education on the community and also on the children receiving education. He cites the views of various authors regarding community financing in different countries of the world. Above all, he, like Peter, asserted that community financing is not a panacea for the problem of resource crunch in education. According to him, in most cases, it is or it should be a stop - gap measure ameliorating the impact of deficiencies in the government provision. The *Harambee* movement in Kenya has been referred to by the author as an example of community involvement and contribution to the educational development in that country. Thus, the message of Bray's objective studies on community contributions for education is worth noting. Different country experiences reveal that

community contributions can be only supplementary and complementary to the governmental and individual initiatives and that they cannot be treated as substitutive of these initiatives.

In his 1995 study, sponsored by UNICEF and The Royal Government of Bhutan on *The Cost and Financing of Primary Schooling in Bhutan*, Bray examined the cost effectiveness of achieving the goal of Education For All by 2000 AD. It is showed that till the year 1987 there was no private school in Bhutan. There was also no private sector initiative to develop education. By 1994, in a small country of Bhutan, 7 private schools came into existence, which developed mainly with the help of community contribution. With this example, the author seems to suggest that community contribution can play a significant role in reaching the target of Educational for All by 2000 AD.

Bray's 1996 study entitled "*Privatisation of Secondary Education: Issues and Policy Implications*", brings out the importance of different sources of community contribution in educational development. These sources consist of human resources and the financial resources. The human resources cited by the author consist of the time and energy devoted by educated parents in helping their wards in their education, use of the labour of the youth / villagers in constructing school buildings, digging of a well or a pond for the purpose of drinking water, construction of an approach road to the school, involvement in the repairs and renovation of tanks, wells, ponds, etc., useful in water supply for children in the educational institutions, use of the students in the teacher's personal activities, which would have otherwise taken teachers' valuable time, etc., expertise of members of the management of educational institutions or others in the society for the purpose of better running of the schools, etc.

Bray (1996) in another study “*Counting the Full Cost: Parental and Community Financing of education in East Asia*”, discussed the ways in which community financing can support formal and primary education in the wake of decentralization in nine countries in east Asia. Citing the findings of several researchers he raised many crucial issues. Presenting the statistical profile of nine countries the author found that in most of the countries households make a significant contribution to schooling which varies from a minimum of 14 % to a maximum of 75 % of the total cost incurred by the household for education. The highest proportion of expenditure by the household sector was found in countries, which had shifted from socialist to capitalist economy reflecting the crisis in government funding in those countries. The role of community in financing education in most of the countries is also found to be very significant. The resources by the community received by educational institutions are substantial in most of the Buddhist countries and in Cambodia it is found to be the highest. The author strongly feels the importance of inclusion of household expenditure and resources by the community both in cash and kind in the computation of cost of education.

Bray (1986) also examined the need and potential for community financing in the context of less developing countries. The study focused on the ways to raise resources (a) within schools, (b) within communities and (c) outside the communities. Then the author turned to problems of quality, equity and central control, which he discussed in detail by illustrating the practical examples of many developing countries. This could be considered as a good reading for conducting further research in community financing of education sector.

Ota (1986) in a paper on *Community Financing of Schools in Zimbabwe* discussed the pattern of community financing in Zimbabwe and examined the role, nature and extent of community financing. He highlighted the ways in which communities could be mobilized for contributing to education and then paid particular attention to dilemmas of equity involved in different approaches of community resource mobilization. The author observed very wide differences in the costs between Government and private schools varying between three to five times in different schools. He further observed that private schools having boarding facilities are not necessarily more expensive than the government schools and the performance of private schools is much better than that of government schools. He suggested that community financing should be considered within the context of government efforts as well as the ability to pay by the various communities in terms of a partnership between the state and the local communities in financing of education.

What are the different types of community resources flowing into the education sector?

The community resources are in various forms. These are physical, human and financial.

The nature of community finance varies from one situation to another and it is also diverse in nature. Community resources may be in terms of cash and kind. Contributions in kind may be in terms of materials like wood, cattle, animals, labour, expertise of members in the school committees, free service in accounting, architectural design, class rooms, houses for teachers, sports grounds etc, building, furniture and land. Various types of materials actually contributed by the people for the purpose of education are discussed below under

different headings. This information is gathered and presented here on the basis of our field study.

Physical resources include land for construction of school building, constructed buildings and play grounds for the school, courtyard for school space for imparting education, providing some rooms from own house for the purpose of teaching, providing books to the students, supply of furniture such as table/chair for teachers and benches & sitting desks/wooden planks for children, maintenance and repairs of the building by providing the construction and repairs material, providing the temple space of the village for running school classes, black board, chalk-duster and other reading and writing material for teachers and/or children, providing Science kits, dress and food to the students, supply of electricity connection from own premises to the school, supplying electrical materials such as bulbs, tubes, etc, providing lamps, kerosene for such lamps, paper, pencils, slates etc. to the students, house for teachers, boats at some places to carry the students and teachers in rainy season, food grains to the teachers and other such type of materials, providing a well/pump set/tube well for drinking water, constructing road to the school etc.

Human Resources: Some educated persons of the villages in particular, offer their services to impart teaching in formal schools without any payment, provide training to some teachers (in terms of bearing the cost of training or taking the initiative to organize discussion groups among teachers to share their experiences and also encourage them to adopt innovative methods in their teaching), old and retired teachers/other persons offer their services to teach in the schools even without payment, elderly members of the family (Grand Father/Mother) and educated parents help their wards or the wards of their neighbours or acquaintances in their home work or

comprehension, which would help in improving the learning standard of children. Among other human resources we may include the labour of youth/villagers in constructing a school accommodation - a katcha house, in digging a well, a pond for the provision of drinking water, constructing an approach road to school, renovation of an old well or pond etc. Sometimes, the students' services are used by the teachers in their own household activities, school gardening etc. The expertise of the members in the management or any other person used for better management or any such activities of the school may also be regarded as contribution for education from the members of the community.

Financial Resources : Donations, gifts, endowments and the like are included under the financial resources. Income of the other sources of the village used for school expenses like earning made by selling coconuts, mangoes, fish of village pond etc. Past students of schools are sometimes seen contributing for the development of the school or in giving some scholarships etc.

Lillis and Heney (1985) in paper on Community Finances of Education : Issues from Kenya , comments on the historical growth and present pattern of educational provision in Kenya and covers the full range of different types of schools. It pays particular attention to highlighting the commercial funding of education, low educational quality and regional imbalances.

Bray (1996) in *Community and Financing of Education : Finding Appropriate Balances* , examined the volume, nature and mechanics of community financing of education. The author discussed different types of communities classified according to different criteria like geographic region, religion, racial groups, ethnic groups, etc. Then he discussed the scale, motivation, and nature of community financing in many

Latin American countries and some African and Asian countries. He felt that community financing is in general less vigorous in Latin America than in Africa and Asia and in most of these countries community financing was primarily provided to meet excess demand and to meet the demand for alternative forms of education.

What are the determinants of community resources?

Now, we propose to briefly review the literature on the determinants of community resources. Based upon such a review it would be possible to prepare a checklist for the purpose of our own study.

Schwartz (1970) made an attempt to integrate personal philanthropic activity into the traditional utility theory and to determine the income effect and price effect on tax-deductions with the help of a regression model where donation is used as the dependent variable and price and income are the independent variables. Data utilised in the analysis were obtained from the various annual editions of the U.S. office of Internal Revenue Statistics of Income and Personal returns.

It is observed that the donations react in a normal fashion to price and income and the rates of tax given by the individuals are negatively related to price and positively related to income and keeping these variables constant, they are negatively related to economic status of the recipients. The results of the study have confirmed the hypothesis that the economic rationale of philanthropic contribution is based on the assumption of utility function income inter relationship. The study suggested that future studies could be

undertaken on charitable contribution of free market systems like education, medical care and the like. But the author has not estimated the magnitude of charitable contribution.

Newhouse (1970) in a paper on “ *Towards a theory of non-profit Institutions : An Economic model of a hospital* ”, examined the ways in which the non-profit status of voluntary hospitals may cause mis-allocation of resources. While analyzing the behaviour of hospital as a non-profit institution he casually made a reference to the educational institutions but it was not part of the main theme of his study. However, since educational institutions can also be viewed in a way as non profit institutions (though this would be strongly opposed looking to the way they are mobilizing funds through capitation levies and other compulsory charges) it is worth exploring whether the approach developed by Newhouse can be adopted for analyzing the behaviour of educational institutions also.

Feldstein (1971) in a more or less similar study like Newhouse (1970) attempted to examine the determinants of hospital cost inflation with the help of the demand and price adjustment equations using a mixed cross section of time series data taking a sample of each state. The estimated demand equations showed substantial price elasticities for per capita admission and mean stay per case and a fairly high degree of income elasticity for mean stay. The model as a whole and the estimated equations in particular provide an alternative to the customary explanation of hospital cost inflation. It would be useful to examine whether this approach can be fruitfully adopted to explain the demand for education as well with a focus on how contributions of the community for education might influence the demand for education.

Feldstein (1975) studied the distributional effects of income tax and charitable contributions particularly to the health sector. In this study he assessed the importance of price effect of charitable contributions and estimated the price elasticity using the data of Internal Revenue Service for the years from 1948 through 1968 with the help of a log linear regression model. All the estimates in this statistical exercise of the paper clearly indicated that the price elasticity is greater than one. The loss of contributions is relatively greater for educational, medical, and cultural organizations if income tax burdens increase. The association between the increase in net disposable income and charitable contribution is found to be the highest among the highest income groups.

It has been pointed out here that explaining aggregate charitable contributions to all types of organisations by a single equation may hide important differences in the relations governing gifts to different types of objects of philanthropies. The author has suggested the estimation of different effects of prospective tax changes on the major types of philanthropies, as it would reveal better results. This study has the relevance for the analysis of the determinants of community resources for education also as there are many factors governing the contribution to education by the individuals. Importantly individuals seem to behave on a dual motive viz. escaping the tax burden and also their role in the spread of education.

Feldstein (1975) attempted to examine the sensitiveness of different types of gifts to various institutions using the data of IRS of 1962. He found that gifts to educational institutions and hospitals are more sensitive to the cost of giving while contributions to religious organizations are much less sensitive. Eliminating the charitable deduction would reduce total individual giving by 20 % while gifts to

educational institutions and hospitals would be cut approximately a half. He further pointed out that although replacing the current deductible by a 30 % tax credit , it would increase total giving by some 15 % , educational institution and hospitals would still lose about 20 % of the current gifts. From the estimation of price elasticity it was found that ***for every dollar of revenue foregone by the Treasury, educational institutions receive an additional worth of \$ 2.23.*** Such a quantitative study of relationship between the policy variables and the contributions to education should be extremely useful. If such detailed data of income tax details of the donors and their donations are available for India also a similar study can be attempted in the Indian context. However, despite efforts made by us in this connection the income tax the tax authorities did not reveal details to us. *We believe that a study should be sponsored by the governmental authorities themselves on such a sensitive theme, from which very useful insights for policy making can be developed.*

Feldstein and Taylor (1976) shed some new light on some important questions like price and income elasticities of charitable giving based on the data of 1962 and 1970 collected from Treasury tax file. The study using double log regression models considered charitable giving as the dependent variables taking into account the independent variable as income, price, marital status and age of the donor. The paper analysed the sensitivity of charitable giving to alternative tax treatments. Three sets of estimates were developed i.e. (i) cross section for 1962, (ii) cross section for 1970 and (iii) estimates based on the change in tax rates at each income level between these two years. All the three sets found the price elasticity between -1.0 and -1.5. This value implies that the current deductibility of charitable gifts is a very efficient incentive yielding more additional gifts than the Treasury foregoes in potential revenue. The author taking evidence of

various other studies concluded that the price elasticity of charitable giving is relatively high.

Boskin and Feldstein (1977) examined the effect of charitable deductions on the low and middle income households using the data collected by National Study of Philanthropy in the year 1974 conducted by the University of Michigan, USA. Using a log linear multiple regression model they found that charitable contributions are quite price elastic throughout this range of income and price elasticity is found to be greater than 2. The variable age has indicated that with the increase in age, the contribution increases significantly. The dependent variable used here is charitable gift and the independent variables are price, income and age of the contributor. These estimates according to the authors have important policy implications. They asserted that tax incentives to encourage donations by low and middle income households would induce a substantial increase in the flow of funds to charitable organizations. The paper made no attempt to estimate the magnitude of charitable contribution by these households.

Reece (1979) discussed the impact of tax deductions on the level of personal charitable contributions with the help of empirical model. While criticizing the earlier models of this type on the ground that there would be different price and income elasticities for different contributors the author thought it to be inappropriate to analyze the determination of aggregate contributions with the help of a single equation. The data used by the author related to the year 1972-73 taken from the Consumer Expenditure Survey conducted by U.S Bureau of Labour Statistics. Using Tobit Index function the author tried various types of permutations and combinations of dependent and independent variables by running 11 sets of equations. Four different dependent variables were used separately as well as pooling

them together and their effects on the price, own income, social environment, assistance received by the families, age of the head of household, dummy for the year 1973 = 1 ,and 1972 =0 etc. Since our interest is to observe the results of Impact of Educational Charity on the other independent variables, we consider that equation here. The goodness of fit in the equation of education is extremely low and price elasticity for contribution to educational institutions is also found to be low. In contrast to the results of Feldstein (1975) a very high price elasticity of 2.23 for contribution to educational institutions. However, the author, himself has admitted that the model used by him is a poor fit in general and for educational contribution in particular.

Jayasuria (1984) in a report on *Organisation and Management of Community Support for Education*, synthesizes the findings of separate documents of UNESCO on Burma, India, Indonesia, Nepal, Thailand, and Sri Lanka. The sources of financial support identified include individuals, local governments, voluntary groups and political parties. One recommended strategy for increasing support is the zoning of schools so that communities can identify with specific institutions. Data on Burma and India (Tamilnadu) are more detailed than for other countries.

Igwe (1985) in a study on *Community Financing of Schools in Eastern Nigeria*, discussed the past and present pattern of school financing with many illustrations from author's own experiences in Imo State. It looked at both Church and non-Church fund raising and commented on the roles of Councils of Elders, Village, and Clan Improvement Unions. Various illustrations on official regulations are presented and critical issues for policy-makers are also dealt with. But no idea has been given on the magnitude of community resources to such schools.

However, irrespective of the differences in coverage, methodologies adopted and the reference period of the study, it is clearly observed from the review of the studies that the importance of community resources in the education sector is very significant in view of the resource constraint in this sector. Since these resources are in various forms (physical, human and financial) proper estimation of these resources is required in order to help policy making for additional resource mobilization. But no study estimated the proportion of community resources flow into education sector. The present study aims at making a modest attempt to filling this void in the existing literature by developing a methodology for estimating community resources in the education sector with the help of a sample study in Karnataka.

C h a p t e r - III

FINANCING EDUCATION OF KARNATAKA: STATE LEVEL ANALYSIS

3.1. Introduction

The State of Karnataka got the status of a separate state in November, 1956 comprising of 19 Revenue districts with an area of 73,560 Square miles. The revenue districts later on were divided into twenty districts, separating the district Bangalore as: Bangalore and Bangalore Rural. For a long period there were 27 districts in the state. Recently the number has further increased when some of the bigger districts were further subdivided and new districts were formed. But here we have used the data for 20 districts as the information for all the districts was not available. At the time of conducting the empirical study the state was divided into different educational divisions having 20 educational districts.

The density of population in the state increased from 153 in 1971 to 235 in 1991, which shows tremendous demographic changes taking place in the state in a short span of two decades. Since district-wise details of population for the recent Census were not available we had to use the details for 1991 Census only. The Scheduled caste population of the state was 15.07 per cent in 1981 and 16.38 per cent in 1991 while the corresponding proportion of Scheduled tribe population was 4.91 per cent and 4.26 per cent in 1981 and 1991. The decadal variation in population during 1971-1981 was 26.75 per cent as against 21.12 per cent in 1981-1991, showing a declining trend.

The state is considered as a medium developed state so far as its per capita income is concerned. The per capita income of the state in 1991-92 was Rs 5555 as against Rs 6331 for the country at current prices. The literacy rate of the state was 56 per cent as against the national level literacy rate of 52.21 per cent as per 1991 census. The state spent 4.7 per cent of its SDP on education in 1985-86 as against 4.1 per cent in 1991 while the corresponding proportion at the National level were 3.7 per cent and 4.0 per cent of G.D.P. respectively during the same years. In 1994-95 the share of education in SDP declined to 3.6 % in Karnataka as against what was observed in the case of Kerala. 6.2 % of SDP was spent by Kerala during the same period. The per capita expenditure on education in Karnataka was Rs 357 in 1995-96. In Kerala Rs 507 was spent per student, which was much above that for Karnataka. Thus, the state may be considered as a medium developed state so far as both economic and educational development are concerned.

An attempt is made here to analyze the educational situation in Karnataka, the financing pattern of education and the rationale of community resources for the education sector. The chapter is divided into three sections. The first section presents briefly the overall educational scenario of Karnataka and Dharwad (the sample district). The financing pattern of education sector is discussed in the second section along with the rationale for community resources for the education sector. The last section summarizes the main findings with concluding observations.

3.2. Educational Profile

I. Karnataka

Since literacy is considered as one of the significant indicators of educational development, a detailed analysis of literacy merits consideration. District - wise literacy rate by sex is presented in Table 3.1 for 1971, 1981 and 1991 census years.

The literacy rate of the state increased from 31.52 per cent in 1971 to 56 per cent in 1991. Across the districts, Kodagu recorded the highest literacy rate in 1971 while Dakshina Kannada recorded highest literacy rate in 1981 and Bangalore had shown the highest literacy in 1991. The lowest literacy rate is found in Gulberga in 1971 while the district Raichur recorded the lowest literacy in 1981 and 1991 census. The district of Dakshina Kannada recorded the highest male literacy throughout the census years. The lowest male literacy was observed in Gulbarga in 1971 while Raichur recorded the lowest male literacy in both 1981 and 1991. In 1971, Kodagu recorded the highest female literacy while in 1981 Dakshina Kannada had shown the highest female literacy and in 1991 Bangalore recorded the highest female literacy rate. The lowest female literacy rate was found in Gulbarga in both 1971 and 1981 while Raichur recorded the lowest female literacy in 1991 census. Thus, no uniform pattern was observed in so far as the literacy rate is concerned across the districts of the state and also over the period of time.

We have also estimated the mean, S.D and co-efficient of variation in literacy for the three census years. It has been observed that the mean literacy rate has increased constantly from 31.05 per cent in 1971 to 55.23 per cent in 1991. The dispersion around the

mean (as reflected through C.V) has declined during the same periods. The variation in female literacy is always much higher than that of male literacy during all the census years. The variation in male literacy was 18.53 per cent in 1971 while the same declined to 13.69 per cent in 1991. By the same token the variation in female literacy was 41.64 per cent in 1971 and it declined to 28.74 per cent in 1991. The decline in the variation in female literacy was relatively sharper than those of male literacy over the years.

We have examined the gender disparity in literacy rate for the year 1991 for all the districts and the same is reflected in Table 3.2. It is found that the disparity is the highest in Raichur district and lowest in Bangalore. Out of the twenty districts, 13 districts indicated higher disparity value than the State disparity. It implies that in those districts females are more discriminated so far as literacy level is concerned - thus showing a wide gender gap.

Primary Education

The number of primary schools was 22523 in 1980-1981 and it increased to 23600 in 1992-93 showing a compound growth rate of 0.36 per cent over the period. The corresponding figure for all India was 503763 in 1981-82 and 572541 in 1992-93 indicating a compound growth rate of 1.07 per cent. Thus the increase in primary schools over the period in the state was less than half of that for the country as a whole. The growth of enrolment during the same period was 2.82 per cent, which is much higher than the growth of institutions. The teacher-pupil ratio was 43 in 1980-81 and 41 in 1992-93 as against the national figure of 39 and 45 respectively for the same periods.

It is interesting to note that in 1986 (as per the Fifth Educational Survey), there were 62.33 per cent single teacher primary schools in Karnataka as against 28.91 per cent for all India. The state has been found to be the second highest in the country in this respect, the highest being Dadra and Nagar Haveli i.e. 66.94 per cent. The expenditure on elementary education increased at a compound growth rate of 15.36 per cent per annum. The state spends 55.53 per cent of its total expenditure on elementary education in 1981-82 as against 52 per cent in 1992-93 showing a declining trend over the period. The gross enrolment ratio at the primary level was 115.0 in 1992 as against the all India figure of 105.7. If we examine the gender differences in enrolment, it is found that at the primary level i.e. (I-V) the differences in gross enrolment ratio between the two sexes was 23.5 in 1966-67 and it was reduced to 12.2 in 1990-91 indicating a steady decline in gender gap in enrolment over the period.

Middle level Education

The gross enrolment in classes VI-VIII in 1966-67 was 42.0 for boys and 20.3 for girls showing a gap of 21.7. The same became 67.1 and 47.1 for boys and girls respectively indicating a gap of 20.0. The decline in gender gap is not as high as in case of primary education. It implies that the survival rate of girls declines in the upper classes, which in turn results in widening the gender gap instead of reducing it. The same trend has also been found at the all India level for this level of education. The gender gap was 27.2 in 1966-67 and 27.3 in 1990-91 at the all India level.

The institutions at the middle level increased at a compound growth rate of 2.15 % while the enrolment at the same level increased by 4.88 per cent. The growth rate of girls' enrolment is

much higher than that of boys. The teacher pupil ratio increased from 45 to 58 during the period 1980-81 to 1992-93 showing poor trend.

Secondary Education

The high schools in the state increased at a more rapid rate showing an annual compound growth rate of 5.40 per cent during the period 1980-81 to 1992-93. The enrolment increased by 4.30 per cent during the same period. The enrolment of girls increased more than double than that of boys at this level. The expenditure increased at 19.09 per cent, which is higher than that for the elementary education and higher education. The teacher-pupil ratio did not show encouraging trend over the period. It was 23 in 1980-81 and 29 in 1992-93 showing a declining trend.

Higher Education

The institutions of higher education (general) increased from 322 in 1980-81 to 511 in 1992-93 indicating a growth rate of 3.62 per cent per annum while the enrolment increased at a compound growth rate of 11.79 per cent per annum during the same period. The growth of enrolment at this level is found to be the highest among all other levels of education. The teacher - pupil ratio also show a declining trend i.e. 19 in 1980-81 and 37 in 1992-93. But the expenditure on higher education increased only at 13.19 per cent per annum which is the lowest among other levels of education indicating a cut in the budget of higher education.

In all the levels of education the enrolment of boys is found to be higher than for girls in absolute terms. But the growth rate of enrolment showed a reverse trend at all the levels. The compound growth rate of enrolment of girls is higher than for boys in view of

smaller initial levels for the former. The growth of number of institutions of secondary education is the highest while the growth of enrolment is the highest at higher education.

The overall picture on educational scenario of the state raises serious doubts about the achievement of UEE in the state at an early date. The fact that by 2000 A.D. this goal could not be reached is itself a cause for concern for the policy makers. The statistical profile for all the levels of education for Karnataka is reflected in Table 3.3.

This dismal picture about achievements with regard to the targets of UEE stirs the serious thinkers about the factors responsible for this state. One of the factors might be obviously the resource crunch. More than the resource crunch it is the lack of serious involvement of the community in the efforts towards the goal. It is from this point of view also that the importance of community resources for education needs to be highlighted. The present micro level field investigation in Dharwad district of Karnataka aims at understanding this role of community resources. Dharwad district has relatively better developed educational facilities in the northern part of the state as compared to other districts of the same region. It is for this reason that a study of the role of community resources for educational development would be meaningful if conducted in the context of this district.

II. Dharwad District (the study area)

The district is located in the northern part of Karnataka. Before the reorganisation of the state, it was a part of the erstwhile Bombay state. The district is bounded by Belgaum, Bijapur and Raichur in its

north, Raichur and Bellary in the east, Chitradurga and Shimoga in the south, Uttar Kannada and Belgaum in its west. The district is situated about 400 km. from the state capital.

The development index of the district as per CMIE estimate at 1980-81 prices, was 106 as against 126 for the state of Karnataka. It is considered as a medium developed district as compared to other districts of Karnataka. The geographical area of the district is 137382 (000)km. with 17 talukas by 1992-93. The per capita income of the district was Rs 3695 and Rs 1609 at current and constant prices respectively as against the corresponding figure of Rs4631 and Rs 2055 for the state in 1990-91.

The literacy rate of the district in 1981 census was 42.36, 54.24 and 29.83 per cent for the total, male and female population respectively. The variation in female literacy is found to be much higher than male literacy. The mean literacy rate has declined and the dispersion around the mean has declined from 14.69 per cent in 1981 to 10.01 per cent in 1991 census. The variation in female literacy declined sharply than that of male literacy over the decade.

So far as the gender disparity in literacy is concerned, it is found that the disparity value declined from 0.3269 in 1981 to 0.2620 in 1991. The relative position of the talukas varied during the two census years. In 1981 it was found that 11 talukas had disparity value more than the district average while in 1991, 14 talukas had the higher disparity value than the district. It clearly reveals that the relative position of talukas in no way has improved over the decade. These statistics are reflected in Table 3.4 and 3.5.

If we examine the growth of different levels of education in Dharwad district, it is found that the growth rate of institutions for lower primary education (I-V) is the lowest (1.92%), the highest being secondary education i.e. 8.7 % over the period 1991-92 to 1995-96. So far as the enrolment of students in different institutions are concerned, the similar trend is observed, that is lowest growth rate of enrolment in lower primary level (I-V) i.e. only 0.84 % as against 31.14 % at the higher primary level. Furthermore, the teacher – pupil ratio in case of lower primary, secondary and junior colleges the position has shown improvement over the period of five years. But in case of higher primary and higher education, the ratio shows a declining trend i.e. the enrolment of students has increased at a faster rate than the teachers.

3.3. Financing of Education in Karnataka

A healthy development of education can only be possible if sufficient flow of finance is made into this sector. But this aspect of education has not been paid sufficient attention despite the fact that education contributes significantly to the economic development of the region. The poor flow of finance into the education sector is confirmed from the proportionate share of SDP to this sector over a period of time. In 1981-82 the proportion of SDP to education was 3.41 per cent while in 1992-93 the same increased to 4.35 per cent and again declined to 3.6 % in 1994-95.

If we examine the expenditure on each sub sector of education it is found that in 1981-82, 55.53 per cent of the total expenditure was made for elementary education while the same declined to 52 per cent in 1992-93. Except secondary education both elementary and higher education got a declining share over the period 1981-82 to

1992-93. This is reflected in Table 3.7. The declining share of elementary education was to the extent of -2.06 per cent and that of higher education was -5.10 per cent as against which the share of secondary education increased by 6.84 per cent.

If we observe the plan and non-plan expenditure on education in Karnataka during the same period (1980-81 to 1992-93) it is found that the growth rate of total expenditure in secondary education is the highest i.e. 18.93 per cent. The percentage share of non-plan expenditure is always found to be much higher than plan expenditure. The percentage of plan expenditure in elementary education varies from 3.44 per cent to 26.81 per cent as against the share of non-plan expenditure varies from 73.19 per cent to 96.56 per cent for the same level of education. The percentage of plan expenditure on secondary education varies from 5.35 per cent to 16.77 per cent as against the share of non-plan expenditure varies from 83.23 per cent to 94.65 per cent . The percentage of plan expenditure on higher education has reduced from 12.63 per cent to 8.50 per cent from 1981-82 to 1993-94. While the non-plan expenditure showed an upward trend. The growth of plan expenditure on elementary education is found to be the highest and the growth of non-plan expenditure is highest for secondary education. These statistics are reflected in Table 3.8.

From the aforesaid analysis it is clear that the education sector in Karnataka suffers from resource constraint. In view of this we have to look for alternative sources of finance for the development of this sector. Now the question is : What are the alternative sources to be mobilised for the improvement of education in Karnataka ? Is it the private sector or the community ? Since education sector is mainly a non-profit sector and education is a 'merit' good, the

community resources may be preferable to purely private sector resources. In the next section, the role of community in the development of education in Karnataka is discussed.

The Role of Community in the Development of education

In view of the resource constraint in the background of new economic policy, it is becoming difficult to shoulder the formidable responsibility of administering education. As state earlier, this situation calls for the active participation of the local community, which A.K Sen calls as Public Action. This creates a sense of belongingness among the local people. They feel that the task of imparting education to their children is their look out. This makes them to feel their obligations to the community. Private educational societies constitute the members of the community, which are competent in a better way to identify the local needs and to organize educational activities as to meet the local/social need. The value system of the society, which has been gradually declining, is likely to be retained successfully through the process of involvement of community, which in turn improves community relationship, Parent-teacher relationship etc. This also helps in organizational and institutional planning for the institutions in a much more successful manner.

Private enterprise in India played a crucial role in the development of education in the pre-independence period. When the East India Company was unwilling to accept the responsibility for education of the Indian people, the Christian Mission came forward as pioneers and established the first modern schools and colleges. The growth of private enterprise was further accelerated after the transfer of education to Indian Control in 1921 and by 1947 when

the country attained independence the private enterprise dominated almost all the fields of education except elementary education. The private enterprise also has the credit of being a pioneering initiative in case of women's education, education for physically handicapped, and adult education etc. It thus reduced the financial burden on the government to a great extent.

Now coming to the state of Karnataka, it may be mentioned here that Karnataka has already set out to harness the hitherto most neglected potential source for development, i.e. Community's ideas and energies, and its material and financial contribution to development - through representative Panchayat bodies. India has had a long tradition of community contribution. However, the traditions have not been lost though not in good use. One of the reasons for introduction of decentralisation by Karnataka was to provide for both full opportunity for community contributions and to lower as well as eliminate wastage and leakage of resources. Realising the importance of the role of community resources in the provision of education, the present study has made an attempt to estimate the extent of community resources to the education sector in the state of Karnataka in the following chapters.

3.4 Concluding Observations

The discussion of the present chapter brings out that the state of Karnataka is a medium developed state in educational development. The state spends only about 3 per cent of its SDP on education. It is further revealed that during the regime of new economic policy the social sector particularly education and health suffered seriously from financial constraints. In this backdrop, the mobilization of resources for the education sector particularly from

the community is called for on a priority basis. The present study makes an attempt to examine the type and quantum of community resources flow into the education sector in the state of Karnataka with a particular focus on one of the districts where educational development is relatively better in the region and the community resources .

C h a p t e r - I V

THE SAMPLING DESIGN AND THE METHODOLOGY OF THE EMPIRICAL STUDY

4.1. The Sampling Design

The study is based on the data from a sample drawn from stratified random sampling method, the strata being the levels of education. First, we collected the names and the addresses of all the non-government and government schools in Dharwad district with their years of establishment. This list was collected from the NIC (National Informatic Centre), Dharwad. The listed Institutions were then divided into three block periods, viz, schools prior to 1951, between 1951 to 1970 and between 1971 to 1990. The significance of these three blocks of periods is that prior to 1951, the British set up of education was almost in vogue. From 1951, the planning process in the country was started and in 1970 after the Education Commission (1964-66), the 10+2+3 pattern was introduced in almost all the states throughout the country including Karnataka. The period i.e. after 1970 to 1990 was selected to cover the 10+2+3 system. We have covered both the private (non-government) and government institutions and three levels of education i.e. primary, secondary and higher secondary and colleges (excluding technical and medical) in both rural and urban areas. From the list of institutions by periods we selected a sample of 15 percent of the total institutions. But where the number of institutions was very small, say less than 3, we have included all the available institutions of the region in our study. Thus, a total of 70 institutions were selected for the purpose of generating primary data. The break up of the sample in detail is presented in Table 4.1.

The study has made use of both primary and secondary data for the purpose of analysis. The primary data have been collected from the Donors, Institutions, persons from management, Teachers, and Parents/students through a well-structured questionnaire designed for the purpose. The information regarding the socio-economic background of the donor, amount of donation, motivational force behind the donation, etc. were collected and the same information was cross checked with the persons in the management, teachers, students and parents etc. These groups of persons were interviewed to gather some of the information about the school quality, donation as well as the financial position of the institutions. This we did because information on many items, which was not captured in the course of the survey of the donors, could be actually captured when we cross checked the same with these groups of respondents.

Initially we had decided to cover three districts for the purpose of collection of primary data on donation (community resources). These districts were Bangalore (rural), Dharwad and Hassan. In the mean while an announcement came from the government department that the number of districts would be increased. As a result 5 more districts came into existence in the state with effect from 11-12-1996. Creation of new districts and reshuffling of villages from one district to another etc. gave rise to tensions and agitations in the districts/ villages. During this period it was not possible to get the information from the selected sample institutions in the selected districts. Of the three districts, the highest number of institutions was found in Dharwad district only. Since despite several efforts and much waiting Obviously, since it was not possible to get the basic information from the other two districts we had to finally decide to restrict the empirical study only to Dharwad district, where, as said earlier, the number of educational institutions was found to be maximum from among the three districts.

Earlier we had decided to take 5 % of the total number of institutions from each of the 3 districts. Since due to the reasons stated above we decided to cover only one district, we decided to take 15 % (instead of 5% decided according to the earlier plan) of the total number of institutions from this one district of Dharwad. With this sampling design the results may not be considered to be strictly applicable to the entire state. However, since our purpose is to study the basic factors behind community contributions, adequate sample for one district, it is believed, would help achieve this purpose. Our purpose is not so much to estimate the community resources for education in Karnataka as to develop a methodology to estimate community contribution to education in a particular region and illustrate the use of such a methodology with reference to a particular reason. And for this purpose, the approach adopted by us should be considered as useful.

4.2. The Methodology

Sometimes the resources used for the educational institutions are not easily identifiable and one such category of resources is community resources, i.e. resources donated by the individuals, and community of individuals. These resources are in terms of cash or in kind or in both cash and kind. We have classified the resources into three categories, i.e. physical, human and financial. Each or most of these resources again is classified into two categories as those to be considered under the current account (i.e. those that are used for the ongoing or current activities) and those to be considered under the capital account (i.e. those which are part of capital creating activities). When the resources contributed are in kind, the problem of valuation arises. In the present study we have developed a methodology to estimate these types of resources particularly when these are in kind.

4.2.1. Estimation of Community Resources

(A) Physical Resources

The physical resources, which the community generally contributes for the development of education, are of two types: under one all those physical resources that are used for the current -on going- activities and which are not in the nature of asset creating activities can be grouped under the category of *current physical resources*. The other category of physical resources generally contributed by the community to education may be *capital resources*, which are essentially asset creating in nature and are also used in asset creating activities. The current physical resources considered in our study are the resources donated to the educational institutions per annum. These resources are in terms of furniture, food, dress materials to the students, books, science kits and the like to the schools, rental value of the building, equipment etc. The physical resources, which are in terms of capital include the land, buildings and the like and these are once for all donations. We collected the information about the value of the aforesaid items from the local people/leaders, teachers, knowledgeable persons in the management, students/parents and from the institutions itself. We made proper adjustments by taking the depreciation value and the life time of the aforesaid physical resources used for the educational institutions in our study.

The value of the building is estimated by taking the depreciation value of 2 % (or whatever is prevailing/ applicable in the area after consultations with the experts). The life time of the building considered in our study is 50 years. We estimated the amortization cost of the building on the basis of these estimations.

The value of land donated to the institutions has been estimated as follows. We collected the information about area of land and their value from the records of the institutions and verified the same with the teachers, persons from management, village leaders etc. and estimated the present value of the same from the local area. Since the value of land varies from area to area, we consulted the District Sub-Registrar's Office at Dharwad and accordingly assigned the money value to the land.

(B) Human Resources

The work of teaching, keeping accounts, secretarial assistance, village labour used for the construction of building of the school, road, digging well/pond, students working in cleaning, gardening etc. for the school without payment, etc. are included under human resources (in terms of kind). These have been suitably put under current and capital categories depending upon whether contributed manpower resources are used for current activities or asset creating activities.

We have assigned money value to each of the above categories of services. When it is in terms of teaching, taking into consideration the qualification of the person concerned and the hours/days of work we have assigned the money value as per other teacher's salary working in the same institutions. Same procedure was adopted for the work of accounts and secretarial assistance.

The labour donated by the villagers was given the money value as per the prevailing wage rate in the area considering their hours of work. The man-hour considered here is 8 hours per day and this man-hour devoted by the labour was multiplied by the wage rate prevailing in the area. When the students are doing the work regularly during the class

hours we estimated the duration/hours of their work and converted it in terms of man-hours/man-days and assigned proper money value in accordance with the wage rate as applicable to those students. When the students are at the primary level and below the age of 14 years we assign the wage value equivalent to the child labour and if the students are above that level and above 14 years, we assign them the value of wage equivalent to the wage rate of an adult labour as prevalent in the area.

After assigning the money value to each of the items in kind donated to the educational institutions, we computed the per student, per institution and per donor donation for each type of community resources. Also we estimated the donation per act of donor i.e. when one donor is donating to an institution for different activities like building, land, imparting teaching etc. or to different institutions for different activities, we took into consideration each of the activity of the same donor and computed the value of donation per act of the donor.

4.2.2. Specification of the model used

The act of donation is determined by several factors. In order to examine the influence of these determinants on the quantum of donation we run different sets of regression models.

Model - I

The model used first is an OLS model in which the dependent variable is **log of donation**. The independent variables are as follows:

- (i) **Personal characteristics:** The variables under personal characteristics included in our model are age of the donor, sex

(dummy, male= 1, otherwise = 0) and education of the donor in terms of schooling years.

- (ii) **Household characteristics:** Family size, per capita income of the family, land holding size, return from investments and differential tax. The income used in this study is adjusted income, which is gross income minus the tax that would have been paid if no donation were made. The variable return from investment is the opportunity in terms of foregone immediate consumption. Here we estimated the return that would have been earned by the donor had it not been donated. For this purpose we considered the market rate (highest rate) that is prevailing in the capital market. The variable *differential tax* used here is worked out by working out the difference between the average tax rate on the donated amount and the average tax rate on pre donation income of the donor.
- (iii) **Schooling characteristics:** The variables included under these are age of the institutions, size of the institutions and facilities of the institutions. We have developed a crude facility index in our study (For Example: Arbitrary values are attached to responses relating to schooling facilities to start with, as, Black board, Yes = 2, Black board, No = 1¹, Play ground, Yes = 2, play ground No = 1 and the like). Finally we added up the values and got a final value and in our study the minimum value is 12 and the maximum value is 23. In this way we estimated the facility index for each of the institutions in our sample and included in the

¹ When the response to the question relating to a particular facility is 'no' then the value assigned is 1 rather than 0. This is done primarily to ensure that in the event of no facility at all in the case of say, rural schools the facility index would be 0 and it may create problems in the regression equation estimation. Also, this is likely to create problems in the regression exercise since Log values are used in the regression exercise.

index as a variable in the equation. It should be admitted that this is only a crude way of valuing the facilities available in a school.

By taking different permutations and combinations of the afore-said variables we examined the influence of the determinants of donation with the help of ordinary least squares (OLS). Under ordinary least squares model, we have only included the donor households. The following equations are attempted:

Equation - I

$$\begin{aligned} \mathbf{LnDon} = & \alpha + \beta_1 \mathbf{AGE} + \beta_2 \mathbf{SEX} + \beta_3 \mathbf{EDON} + \beta_4 \mathbf{ADINC} + \\ & + \beta_5 \mathbf{AGEINST} + \beta_6 \mathbf{SCSIZE} + \beta_7 \mathbf{FACIND} + \mathbf{U}_i \end{aligned}$$

Equation - II

In this equation we have not used income but the return to income and land size and other variables as in case of the above equations.

$$\begin{aligned} \mathbf{Ln Don} = & \alpha + \beta_1 \mathbf{AGE} + \beta_2 \mathbf{SEX} + \beta_3 \mathbf{EDON} + \beta_4 \mathbf{LANDSIZ} + \\ & + \beta_5 \mathbf{RETRN} + \beta_6 \mathbf{AGEINST} + \beta_7 \mathbf{SCSIZE} + \beta_8 \mathbf{FACIND} + \mathbf{U}_i \end{aligned}$$

Equation - III

Here we have dropped the variable land size and included differential tax along with return.

$$\begin{aligned} \mathbf{Ln Don} = & \alpha + \beta_1 \mathbf{AGE} + \beta_2 \mathbf{SEX} + \beta_3 \mathbf{EDON} + \beta_4 \mathbf{RETRN} + \\ & + \beta_5 \mathbf{DIFTAX} + \beta_6 \mathbf{AGEINST} + \beta_7 \mathbf{SCSIZE} + \beta_8 \mathbf{FACIND} + \mathbf{U}_i \end{aligned}$$

Equation - IV

In this equation the variable family size (FAMSIZ) is included and return is dropped. Since family size affects the amount of donation largely we have included this variable in our equation.

$$\begin{aligned} \text{Ln Don} = & \alpha + \beta_1 \text{ AGE} + \beta_2 \text{ SEX} + \beta_3 \text{ EDON} + \beta_4 \text{ FAMSIZ} + \\ & + \beta_5 \text{ ADINC} + \beta_6 \text{ DIFTAX} + \beta_7 \text{ AGEINST} + \\ & + \beta_8 \text{ SCSIZE} + \beta_9 \text{ FACIND} + U_i \end{aligned}$$

Equation - V

In the earlier equations we have used the adjusted income of the donor household. But sometimes it is difficult to get the reliable data on income and in that case expenditure of the family can be regarded as a better measure. In order to examine this we have included expenditure instead of income in this equation.

$$\begin{aligned} \text{Ln Don} = & \alpha + \beta_1 \text{ AGE} + \beta_2 \text{ SEX} + \beta_3 \text{ EDON} + \beta_4 \text{ FAMSIZ} \\ & + \beta_5 \text{ DI FTAX} + \beta_6 \text{ FAMEXP} + \beta_7 \text{ AGEINST} \\ & + \beta_8 \text{ SCSIZE} + \beta_9 \text{ FACIND} + U_i \end{aligned}$$

Model - 2

Besides the ordinary least square we have estimated the influence of these determinants on donation with the help of **maximum likelihood Tobit model** because in the above case we considered only the donors with donation but there are institutions without donation and without donor also. We have included the personal characteristics of the non-donors to these institutions who have made no donation at all but somehow or the other they are associated with the institutions. In this case OLS model or traditional R^2 is inappropriate because in that case the mean errors of the equation are non zero. Tobit model is based on the assumption that for each donor household there exists an index I which is a linear function of variables explaining the level of dependent variable and the random term. The Tobit Model used here is as follows:

$$I_i = \beta_0 + \beta_1 X_{1i} + \dots + \beta_n X_{ni} + e_i$$

$$e_i \sim N(0, \sigma^2)$$

Where donation is used as the dependent variable, β_0 is the intercept and β_1 to β_n are the coefficients of the independent variables, X_1 to X_n are the respective independent variables and e_i is the error term.

Where $I_i \leq 0$ the value of the dependent variable is set to zero. When $I_i > 0$, the dependent variable is set equal to I_i . The implied elasticity of the expected value of the dependent variable $E(Y)$ with respect to an independent variable X_i , is $\beta_i X_i F(X\beta / \sigma) / E(Y)$ where $F(\cdot)$ is the cumulative normal distribution function.

We did not include all the variables as we did in case of OLS model. The variables which were found significant in that model we have included only those in case of Tobit model. The dependent variable here is donation but not log of donation. Because we tried first log of donation in which case we did not get a good fit. When there is donation we put the exact value and where there is no donation we have assigned zero (in the absence of any donation). The independent variables used in this model are age of the person (AGE), Educational status of the donor (EDON), adjusted income of the family (ADJINC), return (RETURN) from otherwise invested money, differential tax (DIFTAX), Family size (FAMLYSIZ), Age of the institution (AGEINST) and the facility index (FACLYIN).

Glossary of Variables used

1. AGE - Age of the donor
2. SEX - sex of the donor (dummy variable if male = 1, otherwise 0)
3. EDON - Education of the donor in terms of number of years of schooling

4. ADINC - Adjusted income (adjusted for tax deductions)
5. Ln DON -log of donation
6. RETURN - Return from the money invested by the donor
7. DIFTAX - Differential Tax
8. LANDSIZ - Size of the land owned by the donor household
9. FAMSIZ - Size of the family of the donor
10. FAMEXP - Expenditure of the family
11. AGEINST -Age of the institution in terms of its year of establishment
12. SCSIZE - Size of the institution in terms of number of students
13. FACIND - Facility index of the institution

C h a p t e r - V

SOCIO-ECONOMIC PROFILE OF THE DONORS AND THE DONEES IN EDUCATION

Before the detailed discussion of the estimation of community resources to education, the background of the Donee (the institutions to which the donation is made) and the Donors to educational institutions merits some discussion. The present chapter is an attempt in this direction. The chapter is divided mainly into two parts. The first part deals with the profile of the educational institutions (donee) and the second part discusses the socio-economic profile of the donors. In order to understand the distinguishing features of donors, if any, we also examine the socio economic profile of the non-donors also in the study area.

5.1. PROFILE OF THE DONEE (EDUCATIONAL INSTITUTIONS)

The study covers the primary, secondary and the higher (general) levels of educational institutions. These institutions are largely non-governmental institutions established before the year of 1990. In order to ensure relatively better data availability 1990 is taken as the benchmark year.

The study covered 20 primary schools with the year of establishment varies from 1879 to 1990. Out of the total schools about 30 per cent are government managed and the rest 70 per cent are private aided schools. Contrary to the general belief that the government institutions do not get donations from either the private individuals or from the community, we found that government schools also get donations. Of course these donations are made at the initial

stages of the establishment of the school mostly in terms of building, land, furniture and the like. The size of the institutions in terms of enrolment varies from 140 to 862 while the pupil-teacher ratio varies from 18 to 72. The average size in terms of enrolment is 390 children. The average number of teachers is 7 while the pupil-teacher ratio is 56. The facility index varies from 18 to 23 while the average index is 20. The average donation is Rs1,20,189.

The number of secondary schools covered in our study is 44 with the year of establishment varying between 1883 and 1990. Of the total number of schools only one school is government school and the rest are non-government schools. The average size of the institution is 302 children and the average number of teachers is 10, which gives a pupil-teacher ratio of 30, which is nearly half of the primary school pupil - teacher ratio. The facility index varies from 19 to 23 and the average facility index for the sample secondary schools equals that for primary school. The donation on an average per institution comes to Rs.2,74,826.

The study covers 6 higher educational (general) institutions. The average enrolment of these institutions is 395, which is higher than that for primary and secondary level. The average number of teacher is 21 and the pupil-teacher ratio is 19. The average donation is Rs.5,80,550, which is higher than for secondary and primary level of education. Since cost per institution or cost per pupil is higher in the case of higher education than in the case of other levels of education, the quantum of donations seems to be consistent with this.

Table 5.1*

Brief Statistics of the Institutions covered under Study

Type of inst.	Nos.	PTR	Av.size	Facind	Av.don in Rs
Primary	20	56	390	20	1,20,189
Secondary	44	30	302	20	2,74,826
Higher	06	19	395	23	5,80,550

* *The details are presented in the appendix.*

The general observation about the institutions to which donation is made is that ***the donation amount depends mainly on the age, size, quality of the institutes besides the political motive.***

The economic status of the institutions can be assessed through the income and expenditure account of the institutions. The income from different sources and the expenditure pattern of the institutions are presented respectively in Table 5.2 and Table 5.3. Different sources from which the educational institutions receive their grants are mainly (i) Government, (ii) Community (iii) Fees. Fees constitute a very negligible proportion of the total receipts. The highest proportion of the receipts came from government sources and this receipt increases with the increase in the levels of education. But the proportion of community resources is found to be higher for primary education and it declines with the increase in the levels of education.

When we examined the expenditure details of the institutions it is found that of the total recurring expenditure about 99 per cent of the total expenditure goes for teachers' salaries, which is generally met by the government. Hence, mostly the receipts from the government in

the form of government grants are spent for meeting the teachers' salaries. The money which is received from the community and private individuals, is spent largely for purchasing furniture, equipment, building etc. The receipts in terms of fees are mostly spent in purchasing the materials like chalks, teaching aids and sports materials etc. Of the total non-recurring expenditure 93.39 per cent comes from the community while the rest is met out of the fees and by the government.

5.2. PROFILE OF THE DONORS

We have studied the socio-economic profile of the donors vis-a-vis the non-donors in the study area. This we did in order to know the behavioural pattern of the donors as against their counterparts. Do donors possess particular kind of socio economic characteristics ? Are they some unique breed ?

5.2.1. Caste profile of the donors

Caste-wise distribution of the donors and non-donors indicates that about 92 per cent of the donors belong to the forward caste and the rest 8 per cent are from backward castes. A similar pattern is also observed for the non-donors. The details of caste composition of the donors and non-donors are presented in table 5.4.

5.2.2.Type and Size of Family

The type and the size of the family significantly affect the income of a person and this in turn influences the donation amount. If the size of the family is large and the family is a joint family then the

expenditure is expected to be very high too. In that case the family may not have surplus amount to make any donation. For this purpose we investigated family type and size of the donors and the same is presented in Table 5.6.

So far as the type of the family is concerned, about 81.5 per cent of donors belong to the nuclear family and the rest belong to joint families. Does this imply that having a nuclear family rather than joint family for the donors facilitates donation ?

It is found that 7.4 per cent of the donors are with single person families while there is no such family among the non-donors. About 39 per cent of the donors belong to a small size family i.e. families having only 2-4 members, as against which only 32.4 per cent of non-donors had. About 23 per cent of the non-donors belong to the large size family while among donors only about less than 12 percent had large size families. This might mean that as the size of the family increases propensity to make donations for education seems to decline, which is quite obvious.

5.2.3. Educational Status of the Donors

Educational status of the donors (Table 5.7) indicate that with the increase in their level of education the donors' inclination towards making donation increases but after the secondary level it starts declining with the level of education. On the other hand, the percentage of non-donors is found to be very high in the higher education bracket. This gives the impression that when a person is with higher level of education he may not show inclination to make donations for the purpose of education. Rather he may think to invest some return yielding avenues. This seems to highlight that the present day higher

education does not tend to create a generation of social commitment and charitable disposition.

5.2.4. Occupational Status of the Donors

Occupational characteristics of the donors and non-donors are presented in Table 5.8. It is found that among the donors highest number of persons is doing business, trade and profession while among the non-donors highest number of persons is found as service holders. It is obvious that higher income group people are generally found among the business community and so they are able to donate more than the service sector people.

5.2.5. Economic status of the Donors

The economic status of the family is assessed by taking income of the family from different sources and from the assets acquired by the family, which reflect both the flow and stock concept of economic status of the family. Since we did not get reliable information on the assets we have presented only the income of the family. The annual income of the donors and the non-donors is presented in Table 5.9. It is found that about 40 per cent of donors belong to the income group of above Rs.50,000 per annum and 30 per cent belong to the income group of above Rs.1,00,000 per annum. As against this, it can be seen that 65 per cent of the non - donors belong to the income bracket of below Rs. 50,000 per annum and the rest 35 per cent belong to the income bracket of above Rs.50,000 per annum, only 6 per cent of the non donors belong to the income bracket of above Rs. 1,00,000 per annum. This clearly indicates that better economic status of a person enables him to make donation to education. Though this seems to be an obvious fact the less known point might be the level of economic

status, the increase from where people would be inclined to make donations to education. The statistical study attempted in the next chapter is likely to throw light on this aspect.

5.3. Conclusion

To sum up, it is noticed that,

- i) the institutions with better quality attract more donations from the community;
- ii) of the total receipts major proportion of the receipts is from the community at the lower level of education (primary) than the higher levels;
- iii) more donors are available among the forward castes, and also with better economic status but not from among the highly educated persons.

Chapter - VI

COMMUNITY RESOURCES FOR EDUCATION - EMPIRICAL INSIGHTS

6.1 The discussion in the previous chapters centering around the general concepts of community resources, its importance and rationale for education raise several questions. What are the important determinants of community resources? What motivates a person to make donation? How are different types of community resources i.e. physical and human resources are estimated? To what extent are the community resources influenced by its determinants? These are some of the questions, which are discussed in this chapter.

The chapter is organized as follows:

The **first section** discusses the determinants of community resources.

In the **second section**, the motivational forces behind the donation of the donor are presented.

The **third section** deals with the estimation of different types of community resources.

The **fourth section** examines the influence of the determinants on the community resources (with the help of regression equation).

The **last section** presents the summary and concluding observations.

6.2. Determinants of Community Resources

The determinants influencing the resource mobilization by a community to the educational sector are both qualitative and quantitative in nature. Some of the important determinants are discussed here. We divide the determinants into two main categories:

- (I) **Determinants from the contributor's point of view** i.e. what are the factors that motivate/influence the contributors to donate/contribute for the educational sector and
- (II) **Determinants from the point of view of the institutions** which receives the contribution (recipient's points of view).

These two categories may also be classified as **demand side and supply side** factors. Here the contributor's side is the supply side and the recipient's (institutions) side is the demand side factors.

6.2.1. The Supply Side factors (Contributor's point of view)

The donation/contribution is influenced by many factors. We have categorized those factors broadly as (a) maneuverable and (b) non-maneuverable.

A. Maneuverable Determinants

Education: Education of the donor is also equally significant in influencing his donation because the educated persons realise the significant role of education to the overall development and they might think to donate for the spread of education in their region or in their community, etc. Table 6.2 presents the overall picture of educational status of the donor and donation behavior. Contrary to

the general belief **it is interesting to note that the donation amount declines consistently with the increase in the level of education.** It indicates that the educated persons decide to invest the money otherwise, which would give them highest return rather than making donation (which yields no return to them).

Occupation: The donation amount also depends on the type of occupation of the donor. It is expected that persons with business/trade etc. generally have the ability to donate more than the persons in cultivation, service and other occupations, as was revealed from the discussion in the last chapter. The occupation wise distribution of donors and their donation is presented in table 6.3. It is found that the highest amount donated by the business community and the least amount of donation is made by the service holders. This amount is probably donated by this group in order to get tax relief. Next to the business community the donation is made by the cultivating households. The donation made by these households is generally not in terms of cash but in terms of physical values like land, buildings, etc. This is mainly because of the imposition of ceiling on land under land reforms in the state.

Income: Income of the donors plays a significant role in influencing his/her donation amount. Previous year's income of the donor is expected to influence the contribution significantly. So it is necessary to have information about the previous year's income from all sources of the donor. Table 6.4 presents the details of donation and the income of the donors. It is observed that with the increase in the income of the donor the donation amount increases significantly. When the annual income of the donors is below Rs.30,000 the average donation amount is Rs.2361.11 and it is raised to Rs.3,82,450 when the income of the donor is above Rs.1.5 lakhs.

Family Expenditure: Like previous year's income, family expenditure also influences the donation to a large extent. However, it is difficult to get reliable information on income figures. In that case we could get the information on the expenditure of the family. If a family's expenditure is less than that of its income, then only it could be possible to make some donation. There seems to be an inverse relationship between family expenditure and the donation amount (vide Table 6.5). It is found that the number of donors as well as the donation amount varies inversely with the increase in family expenditure.

Tax advantage: It is one of the most significant determinants of donation. In order to get exemption from tax, the contributor donates to non-profit institutions and the educational institutions are considered generally as non-profit institutions.

Land ceiling: Because of the impositions of ceiling on land under land reform legislation, they (donors) donate the extra land to institutions like schools, colleges or hospitals, so that their land will be utilized for a good purpose and they will get good name. The legislation regarding ceiling on land holdings compels them sometimes to donate even if they do not want to do so. This type of donation may be termed as *involuntary donation*. Like income, the land holding of the household is considered as an indicator of economic status of the family. This relationship is reflected in table 6.6. It is found that with the higher size of the holding the donation increases. We have converted the donation in kind into their money values.

Family Size and type: The size and type of the family also play a significant role in influencing the donation of the family. This is of course closely linked with the income/expenditure of the family, which we have already discussed. Table 6.7 and 6.8 present respectively the size and the type of family and the donation. It is observed that the size of the family is inversely related with the amount of donation. That is to say as the family size increases the donation amount declines consistently and vice versa. But, contrary to this it is found that when the type of the family is a joint family with large family size, the donation amount increases to its maximum. This may be due mainly to two reasons. On the one hand, the sample size is too small i.e. of the total families there are only 6 joint families out of 54 donors and on the other hand, possibly the number of members in the nuclear families are not necessarily less than those of joint families.

B. Non-Maneuverable Determinants

Gender: The gender of the donor plays an important role in making donation. The females in rich families are found to be more philanthropic in character than their male counterparts. Table 6.1 reflects the donation by gender. We did not observe any significant relationship between gender and the donation. But this cannot be considered as a concluding observation. It may be due to the very small size of the sample on the one hand and very negligible number of female donors therein i.e. only 6 out of 54 donors are female donors.

Caste : It is noticed that generally people donate for the development of education of members of their own caste. The caste factor plays a significant role in influencing the motivation of the

donor to donate more. Table 6.3 reflects the caste composition along with the occupational status.

Age: The age of the donor influences the contribution of the donor. It is generally believed that with the increase in age, people become more pious and religious minded and they wish to donate for the development of education. Table 6.1 presents the age-sex composition of the donors and the donation amount. There is a direct relation between the donation amount and the age of the donors i.e. with the increase in the age of the donors the donation amount also increases. There is a steady increase in the donation amount with the age of the donor and it reaches to the maximum at the age of above 64.

Altruistic motive: Sometimes people donate in view of altruistic motive also for the spread of education (Vidya daan). In the traditional Indian system the knowledge is given the highest status, as the most auspicious wealth and as the most important means for attaining liberation. It is in this background that donation of resources for the development of education has been traditionally considered as the pious act. With the spirit of mutual sympathy and feeling of cooperation running through the ethos of people in villages in particular, this altruistic motive of the people plays an important role in motivating people to give donations and gifts for the noble cause of spread of education in the society. Hence, it is argued that this factor could be suitably used to mobilize funds for the development of education in the country. We have therefore considered this factor as one of the crucial factors about which information was gathered from the respondents.

Customary contribution: When in a particular family, the forefathers from generations were donating, the next generation donates just in order to observe the custom of forefathers. Such donors may be termed as *habitual donors*.

Social Prestige: In view of the of the prestige value in the society, the donor tends to be tempted to donate for the development of education on a competitive basis.

Political motivation: A person belonging to a particular party is motivated to donate for the establishment of an educational institution in his own jurisdiction in order to gain popularity from the point of view of voting.

Self-interest: Sometimes donors do have self interest behind their charitable contribution for education. For example, they may get preferences for their children in that particular school. Also, the donors are interested their own caste people to get the benefits of the concerned school. Though it is difficult to recognize what all different forms self interest actually takes it cannot be ruled out that it does play a crucial role in determining the amount of donations to education.

Social Responsibility: Some people think it as a social responsibility to spread literacy in general, female literacy in particular to establish a school for the first time in the area where there is no school etc. This may be an important reason in motivating a person to make donation for education.

Involvement/Commitment: The involvement/commitment to a particular work persuades a person to contribute both physically

and financially to develop a particular institution (here educational institution).

6.2.2. The Demand Side Factors (Recipients' point of view)

The contribution of the community is not only influenced by different factors from the point of view of the contributors but also influenced by different factors of the institution itself to which the donation is made. Like the previous section the factors are also classified as maneuverable and non-maneuverable. Some of these factors are given below:

A) Maneuverable Factors

Age of the institution : Age of the institution is very important from the point of view of donation to the institution. Sometimes the donors prefer to contribute to the old and well established institutions on the one hand, and on the other hand , the donors may be compelled by their inner urge to develop new activities, new institutions etc. That is how most of the privately started institutions have come into being.

Size of the Institution (Enrolment) : If the size of the institutions in terms of the number of students enrolled in the institution is on the higher side, it is expected to attract the resources of the community. Higher enrolment in a particular institution attracts more resources because more enrolment means more popularity of the institution. This sometimes has a positive effect on the donor in influencing the donation amount.

Proportion of trained teachers to the total number of teachers if more in an institution, it is expected to yield better qualitative

achievements. In this case the donors are tempted to make contributions to such institutions only.

Per capita expenditure : If the institution can impress upon the community that their activities genuinely need more resources and every Rupee is going to be economically and efficiently utilized for the developmental activities, then the institution is likely to attract more community resources.

Pupil-Teacher ratio : If pupil teacher ratio is as per the norm, then it is likely to lead to qualitative improvement of the educational institutions which calls for more resources from the community.

B. Non-Maneuverable Determinants

The size and location of the institutions in terms of its distance/rural/urban etc. type of teachers, and type of students etc. of the institution significantly influence the amount of resources of the community.

Achievement level: If the achievement level of the institutions (in terms of performance) is very high then this itself invites more contributions from the community.

Needed Incentives (to female/ SC/ST students and teachers): If one is interested to donate for the development of girls' education or for the weaker sections in a particular area, then the donor is required to see the extent of benefits/ incentives for female/SC/ST students available in the said institutions. To cite some examples : Separate toilets for girls, presence of female teachers, school at a nearer place (within the vicinity of the village) etc., incentives for the backward students like

free books, uniforms etc. Donations might flow from the donors committed to these values to institutions lacking such facilities if there is confidence in their minds that the donated amounts would be surely spent by the institutions for creating these facilities.

Mobilizational capacity of the institution : If the institution is very efficient in mobilizing resources from different sources, the donor is influenced by this character of the institution to contribute to this institution. Such institutions are likely to gather large magnitude of community resources.

Programme spectrum of the school : The contribution of the donor is also dependent on the programme spectrum of the school in terms of dynamism towards the betterment. This in turn is resulted in improving the quality of the school in terms of achievement level of the students.

Involvement/Commitment of the teaching staff : If one observes that the teaching staffs of the school are very much involved/committed to their duty then only one is tempted to contribute to this school.

All these factors discussed under non maneuverable category are generally not quantifiable. Hence, we have only tried to outline them here on the basis of the experiences of the field survey.

6.3. MOTIVATIONAL FACTORS FOR DONATION

In the preceding section we have discussed the determinants of donation amount to educational institutions. But from this discussion it is not possible to know the primary motivations of such donations. In order to probe further into the matter we have collected information

about the motivation of a person behind such donation. In this section we have attempted to identify the motivation of the donor towards such donation.

6.3.1. Types of Motivation and the average amount of donation

The amount of donation largely depends on the strength of motivational factors. Table 6.8 presents the types of motivation and proportion of persons reported under each type of donation. We have broadly classified the types of motivation as: tax exemption, altruistic motive, spread of education in the area and girls' education, prestige value, to help own children or self interest, profit motive, political motivation and any other, if any. Included under the last category are the motivation like customary contribution, affiliation to a particular religious community or caste and motivation to make donation to help that caste or community to come up in competition with other castes or communities, a motivation arising out of comparisons (inter caste or community comparisons motivate imitations of advanced group practices, termed by sociologists as sanskritization, which might themselves cause caste or community organizations to come up and motivate donations), the phenomenon of single person families (in the absence of any one to look after or absence of heirs from own family to transfer one's own property or earnings after one's death), which might induce such single persons to donate etc.

It is noticed that more than 60 % of the males and 44 % of the females donate in order to spread education. The lowest proportion is reported in so far as the political motivation is concerned. Field interactions revealed that there is no profit motive while donating to the educational institutions. It is also sometimes expected that the donation is generally made in order to get tax relief. However, this is not

established here because hardly 3 per cent of the donors reported this as their primary motivation. The average donation is found to be the highest in the case of those who are motivated with a desire to spread education in the area and those who wish to promote girls' education.

6.3.2. Motivation as per the age and sex of the donor

When we examine different types of motivation by different age groups it is found that the maximum number of donors is found in the age group of 45-54 and the lowest in the age group of below 35 years. The motivation in the former age group is to spread education and particularly girl's education. This type of motivation is the highest at a later age i.e. when a person reaches the age of above 65 years. The details are presented in Table 6.9.

6.3.3. Motivation for donation by caste

The motivation of a person by different caste groups for making the donation is presented in Table 6.10. It is found that the motivation of the highest percentage of donors is desire to spread education in their own area and girl's education among both forward and backward castes. This type of motivation is again found more among the backward castes than the forward castes.

6.3.4. Motivation as per the Size and type of the Family

It is found that there is not much variation among the donors as per their motivation towards donation in respect of the family size (table 6.11). However, the type of the family showed some pattern. Table 6.12 reflects these results. When there is a joint family the motivation for making donations is mostly based upon a desire to get tax exemption or upon the inherent altruistic motive of the individual concerned. In the

case of a nuclear family the motivation comes largely from a desire to spread education.

6.3.5. Motivation as per the income of the family

Does family income play an important role in motivating people to make donations for education? What type of motivational factors outlined above, have been operating in the sample region? How is family income associated with these motivational factors? These are the relevant questions while analyzing the determinants of community resources for education. Our sample data throw light on some of these aspects. (Table 6.13).

It is found that the motivation of the donors in the lower income bracket is to spread education. With the increase in the income brackets different motivational factors seem to operate. For example, among the lowest income group i.e. having income less than Rs.15000, it is found that about 83 % of the donors donate for the purpose of education. But in the highest income bracket i.e. above Rs.1.5 lakhs 43 % of the donors donate for the same purpose. In the highest income bracket different types of motivational forces do work, details of which are given in the statistical table given in the Appendix.

6.3.6. Motivation as per the land holding size of the Donor

Table 6.14 presents the motivation of the donor towards donation as per their land holding size. It is worth noting that the landless donors seem to be guided more by a desire to spread education since though each type of motivation is found to operate among the landless families also the highest concentration is for the motivation of a desire to spread education. When the size holding is 2.5 acres, the motivation of donation is only to spread education. In the same way among the large size holding donors also the same motive seems to operate.

6.4. ESTIMATION OF COMMUNITY RESOURCES FOR EDUCATION

We have discussed various types of donations flow to the educational institutions, the determinants of donation and the motivational forces to influence such donation in the preceding section. The donations are made in kind and in cash. We have estimated those donations, which are made in kind in terms of money value and included in them in the cash donation. The resources can be mainly divided into three categories : (i) Physical resources ; (ii) Human resources and (iii) Financial resources. We have discussed in detail the types of resources in the first chapter. Here we deal with the estimation of these resources in terms of money value (Table 6.15). The procedure of estimation has been explained in the Chapter-IV (methodology).

When we examine the proportionate share of each type of resources (Table 6.16) it is found that in terms of physical capital it is the highest in the case of higher education while it is lowest in the case of primary education. But in the case of human and financial resources the reverse is the case. The primary education gets the highest share in terms of human resources. The human resources are divided into three categories. It is found that the labour provided by the student and the villagers to the primary and secondary educational Institutions are the highest but this share is not available to higher education. This might be due to the reason that the students at the college level hesitate doing such work. The reason for the higher physical capital to higher education might be due to the reason that at the time of opening of a new college there might be shortage of finance and to start with a plot of land/ building / furniture etc. are required. It may be difficult on the part of a person to give financial assistance but if one is having extra land, building or any such type of assets might prefer to donate

the same for the purpose of education. In order to have an overall idea about the average donation we have presented the summary statistics in Table 6.17.

It is interesting to note that when we take into account the overall picture i.e. the donation per institution, per student, per donor and per act of donation (the frequency of donation) moves in unison with the level of educational institutions. It shows the primary education is getting the least share and higher education the highest share. The chart for each of these types are reflected which provide more vivid picture.

6.5. DETERMINANTS OF DONATIONS FOR EDUCATION: THE REGRESSION RESULTS

6.5.1. Earlier Studies

There are several research studies relating to the charitable contribution and the determinants of the level of charitable contribution by the household. Boulding (1962) and Vickrey (1962) were the first in recent years to suggest rationalization of such charitable contributions. Becker (1974) using a formal model derived some empirical implications. It was implied that individual's optimal level of contribution varies directly with income and inversely with the price level and consumption prevailing before contribution. Taussig (1967) using cross section data on individual tax return, found income elasticity of charitable contribution greater than unity and a very small and statistically insignificant price elasticity. Schwartz (1970) using a time series data found that both income and price elasticities of charitable contributions to be less than unity in absolute value. He used the per capita non-donor income as a proxy for this group's consumption and found a significant negative coefficient. Hochman and

Rodgers (1973) estimated the income elasticity of demand for contribution to be greater than unity. They did not include price as a variable in their equation.

Feldstein (1975 a) using time series data on aggregate tax return estimated the income elasticity to be greater than unity. Again, Feldstein (1975b) using a cross section data found income elasticity exceeding unity for contributions to educational institutions and hospitals but less than unity to health, welfare and religious institutions. Feldstein Taylor (1976) found income elasticity to be less than unity and price elasticity to be greater than unity. Feldstein and Clotfelter (1976) found income elasticity less than unity and price elasticity exceeding unity. Boskin and Feldstein (1977) found price elasticities substantially exceeding unity and income elasticity somewhat less than unity. Finally the results showing different price and income elasticities for different types of contribution indicate that it may be inappropriate to model the determination of aggregate contributions with a single equation (Feldstein, 1975b). But there are some problems with these models. One of the most serious problems might be regarding the use of data obtained from tax returns. This type of data eliminates most of the households which are not included in these groups. Most of the researchers except Feldstein used total contribution in their model instead of types of contribution because different types of contribution have different types of implications too. Some of them used current income for the determination of contribution, which might have led to misleading results because it is not current but permanent income, which determine one's contribution. Real income effects due to variation in cost of living index are not taken into account in any of the cross - section studies. Reece (1979) using a Tobit model tried to overcome most of the limitations of the earlier model using CES (Consumer Expenditure Survey) data . He

estimated separate models for various types of contribution as the dependent variable and price, income (both current and permanent), age of the head of the household, assistance (average public assistance-old age pension, aid to disabled persons, etc), recipient (lower quartile) family income, Family budget index adjusted for price index, etc. are the independent variables. He found the income elasticity to be greater than unity and price elasticity less than unity for the equation of contribution for educational institution. His model was a very poor fit for most of the models and indicate that a single empirical specification should not be used to explain the level of contributions.

6.5.2. The Present study

Considering the merits and demerits of the earlier studies we included both OLS (ordinary least square) and Tobit model in our study. The data used in our study is having no such limitation like the previous studies but our sample size is very small. Keeping in view the size of the sample we run both OLS and the Tobit model .

The **results of OLS regression** is presented in Table 6.20. We estimated 5 different equations in order to estimate the impact of all possible variables on donation. The results of all the equations provide a good fit in terms of adjusted R^2 values. The results indicate that when we included return as a variable along with other variables, the value of R^2 increases. From the result it is found that the variable age is having a positive impact on the donation but the coefficient is not statistically significant. The elasticity estimates (Table 6.21) indicate that 1 % increase in age leads to 1 per cent increase in donation. The variable sex in all the equations shows a positive coefficient but is not statistically significant. The sign of the variable education implies that as the level of education increases the donation decreases. The elasticity estimates suggest that 1 per cent increase in education of the

prospective donor leads to decrease in donation by 0.11 per cent. The argument for this is that the educated persons prefer to invest their money in more self-interest motivated profitable ways rather than to donate to the educational institutions, which yields no profit. The variable income has the expected sign and is statistically significant at 5 per cent level. It implies that as the income increases donation also increases. Elasticity estimates suggest that a 1 per cent increase in income increases the donation amount by 1.5 per cent. The variable differential tax has a negative sign, which is expected and is not statistically significant in all the equations except in the 5th equation. In this equation we considered family expenditure to reflect the economic status instead of income and land holding size. In this equation the coefficient of differential tax is found to be negative and is statistically significant at 5 % level. It implies that if the tax burden increases the donation declines. This might imply that in the sample region the negative income effect acts as a more powerful influence than the positive substitution effect of high income tax burden. Elasticity value of differential tax is very low. The other variables, which reflect the economic status are land size, return and family expenditure. All these have the expected signs and are statistically significant also. The elasticity estimates show that the value of return is higher than other variables. It implies that **if return (return from other investment) increases by 1 per cent donation increases by 0.7 per cent.** The variable return and land holding size are directly related to donation while the family expenditure is inversely related to donation, which seems to be quite logical. **It is found that if family expenditure increases by 1 % the donation declines by 0.25 % but if land size increases by 1 %, the donation increases by 0.26 %.**

Besides the supply side variables, we included some of the demand side variables. It is found that in all the equations age, size

and facilities of the institutions have negative signs and are statistically significant. **The argument for this is that as the institutions are older, they are eligible to receive matching grants and they are less likely to attract donation.** By the same token, in the older institutions the student strength is also very large and they do have better facilities too for which they do not attract donation since they are already established. As per the Grants- in- aid code, after certain years of functioning only the institutions are eligible to receive grants. The older institutions with large number of students and better facilities do have this privilege. The income elasticity in our study exceeding unity is in conformity with the earlier studies.

In addition to the OLS estimates, we estimated the **Tobit model** (model is given in chapter IV) of donation since all the institutions do not get donation. The results of the Tobit estimates are presented in Table 6.22. The dependent variable used here is the amount of donation. It is revealed that the coefficient of age in all the equations has positive sign and is statistically significant at 5 % level. It implies that **with the increase in age the donor tends to donate more.** The variable education shows the similar sign (negative) as it is in case of OLS model. The other dominant variables are income, return and land size, which have positive signs. The variable income and return are statistically significant at 1 % while the coefficient of land is found to be significant at 5 %. The income elasticity is more than unity in Tobit model also i.e. 1.52 and 1.69 in equation 1 and 5 respectively. It implies that with increase in income by 1 % the donation increases by 1.52 and 1.70 per cent. However, there is no significant difference between the OLS and Tobit estimates of the regression models.

The summary of the results of the regression model is given below:

Discriptive Summary of the Regression Models

Type of Association between the variables/factors	Definitions of the factors/variables used in the model	
	OLS Model	TOBIT Model
Factors which show positive and significant contribution	Adjusted income, land holding size, and return from investment	Age of the donor, adjusted income, landholding size, return from investment
Factors which show negative and significant contribution	Education of the donor, differential tax and family size	Education of the donor, family size, family expenditure
Factors which do not show any significant association	Age and sex of the donor, age of the institution, size of the school, facility index.	Sex of the donor, differential tax, age of the institution, size of the institution and facility index.

6.6. Conclusion

In this chapter we have estimated different types of community resources flow into different types of educational institutions in the study area. It is found that the **average amount of donation increases with the level of education for which purpose the donation is made**, i.e. the donation amount is lower to the primary level and higher to the higher level of education. **When we examined different types of donation, it is found that the percentage of financial donation is higher at the primary level while the share of physical resources contribution is higher to the higher education.**

We examined the motivational forces of the donor to influence the donation. It is found that the **spread of education is the primary motive for donation. While examining the determinants of donation it is clearly revealed that of the demand side factors, not a single variable has come out as significant. So far as the supply side factors are concerned, it is found that age of the donor, income, return, and land size have positive effects while family size, family expenditure, and education have a negative effects on donation.**

C h a p t e r – V I I

S U M M A R Y A N D C O N C L U S I O N S

7.1 The present study was undertaken in the district of Dharwad of Karnataka state. It covered 70 educational institutions in the sample district, both government and non-government. The levels of education covered in the study were primary, secondary and higher secondary, and colleges (excluding technical and medical). The main objectives of the study can be summarized as: (i) identify the type of community resources flowing to the educational institutions and their determinants; (ii) develop a methodology to estimate the money value of community resources.

7.2.The Main findings

The main findings of the study are as follows:

1. The disparity in literacy and education in the state tend to persist by gender and by region. The state is able to spend hardly 3 per cent of its SDP on education, which seems to be quite low as compared to Kerala, an educationally advanced state.
2. The institutions with better quality education with higher levels of education are able to receive more donations. Most of the donors belong to the forward caste community and with better economic status. With the increase in the levels of education of the donor, the donation declines.

3. So far as the motivations of the donors are concerned, it is found that the main motivational forces behind the donations is the spread of education in general and girl's education in particular.
4. Different types of resources identified in our study are human, physical and financial resources. The proportionate contribution of financial donation is found to be higher at the primary level while the share of physical resources is higher to the higher education.
5. The main findings of the regression models are as follows:
 - (i) The demand side factors like age, size, quality of teachers, expenditure, performance etc. of the educational institutions do not show any significant association with the donations to such institutions.
 - (ii) So far as the supply side factors are concerned, it is found that the age of the donor, income, return from investments elsewhere and land holding size have positive and significant impact on the donations. The variable family size, family expenditure and educational level of the donor have negative impacts on donation. It clearly implies that the donor is likely to donate more with the increase in age, income, land holding size and return from investments. At the same time, the donation is adversely affected/declined with the increase in the size of the family, expenditure of family and educational level of the donor (a greatly surprising and disturbing result) !

7.3. Possible Policy Prescriptions

The findings of the present study have provided sufficient empirical evidence that the education sector in the state is not in a comfortable position so far as the finance is concerned. Also there are various types of resources flow to the educational institutions, which is not actually either visible or guessed. These resources if mobilized and utilized properly, the resource position of the educational sector may be improved without much pressure on the state government. It may not be possible to mobilize the financial resources but the human and physical resources from the community may be harnessed to the maximum extent. These resources need to be mobilized in a proper direction. The resources provided by the community to the educational institutions need to be based on the premise that the production of this sector will be based on the least cost combination. But there is every possibility of mis allocation of these resources rather than optimal allocation of resources. The main reasons for mis allocation of such resources are:

- i. The educational institutions being non-profit making institutions, are expected to produce best quality products as against the profit making institutions, which generally produces lower quality products. Sometimes it may so happen that these so called non-profit making institutions (educational) are not able to produce best quality products with minimum cost, which leads to mis allocation of resources. But the bias against producing low quality products by these institutions may lead to mis allocation of resources ;
- ii. The non-profit educational institutions are supposed to maximize both quantity and quality of output with minimum average cost.

Since there are barriers to entry on the part of profit making institutions into these sectors where community resources do flow, the institutions may not maximize quantity and quality of the output with minimum average cost due to lack of competition. If this type of situation occurs, then it is likely to lead to miss allocation of resources;

- iii. Philanthropic nature of the donation is also sometimes responsible for the inefficiency of these institutions as it provides some latitude for mis allocation of resources and raises the barriers to entry by the profit making institutions. These are the possible reasons for mis allocation of community resources by the educational institutions.

In order to make these units more efficient efforts should be made to remove the barriers to entry by the profit making institutions, so that the non-profit institutions would try not to be inefficient. When there would be competition these institutions should try not to be inefficient by producing best quality products with minimum cost; the donors of community resources should ask the institutions to give accountability of the donations given, so that they would not enjoy the latitude resulting from philanthropy.

If things go well, it would be possible to mobilize more and more community resources to the education sector, which have remained mostly untapped. This will help us not only to overcome the resource constraint but would also ensure sufficient flow of resources to the education sector for its improvement.

7.4. Limitation of the study

The sample size of the study is too small to draw any general inferences regarding the quantitative aspects relating to community resources. Since the situation of one particular district is different from another district, the study of one district does not seem to be sufficient. The study considers only the institutions of general education. But in the state of Karnataka there are many professional institutions where donations in various forms do flow. The sample of some professional institutions would have provided a comparative picture of community resources to both the types of educational institutions in the state.

However, the present study being the first of its type, should provide, it is hoped, sufficient impetus to future research in this area. Since the conclusions from the empirical study though based upon a small sample data are quite interesting and insightful they are expected to provide some directions, it is hoped, to the future large scale studies, to be initiated with the direct involvement of the government or its departments in order to ensure availability of all the relevant data for the study.

A number of related studies are worth undertaking. To suggest only some of the important ones:

- i How does the income tax policy influence the community to take a decision to contribute to the components of the social sector?
- ii. Would any effective ways of involving the community in the functioning of educational institutions help boost the community contributions to education?

- iii. Should there be a conscious strategy of mobilizing community contribution to higher educational institutions while first level or school education is left entirely as the responsibility of the government? If so then what should be concrete action measures to promote this strategy without at the same time overlooking the resource needs and long term value of higher education ?

On the whole, it should be emphasized that during the course of economic reforms and its implications it is extremely necessary to highlight the importance of the community for providing resources, for providing the necessary guidance for future growth of education in the country and also to act as a watchdog for the development of education and other components of the social sector.

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