

MONOGRAPH—VII

**Task Force on
Educational Finance**

FINANCING OF ELEMENTARY EDUCATION IN INDIA

By

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EDUCATION COMMISSION

University Grants Commission Building

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FINANCING OF ELEMENTARY
EDUCATION IN INDIA

A summary of Findings and Recommendations

For convenience of reference, we give below a summary of our main findings and recommendations :-

1. The object of this paper is to suggest a new system for the financing of elementary education in India, based on the principle of equalisation.

2. The process of "equalisation" in public school finances arises from two democratic principles (a) all children should have equal educational advantages, and (b) the burden of the support of education should be borne equally by the tax payers.

3. Equalisation is necessitated whenever the territory in which the pupils live is divided into units of unequal financial ability. Even a casual study of the Indian situation will show that the States vary considerably in their ability to support elementary education; and within a given State, the different Panchayat Samitis, Zilla Parishads and municipalities will also show similar (or even larger) variations of economic ability.

4. In 1961, the total enrolment in elementary schools in the Indian Union was 416 million and the total expenditure on elementary education was Rs.1,198 million. The cost per pupil was Rs.32.12 and the country spent 0.827 of its national income on elementary education which works out at Rs.2.73 per head of population. If the directive principle of Article 47 of the Constitution is to be implemented by 1981, the enrolments in elementary schools are expected to rise to 140 million. The cost per pupil would have to be raised to Rs.65 at least to provide for that measure of qualitative improvement which is now universally desired. This will raise the total expenditure on elementary education to about Rs.10,000 million (inclusive of non-recurring expenditure) or 2.4 per cent of the estimated national income in 1981 which works out at Rs.14.3. per head of population.

5. A vast programme of this type cannot be successfully attempted on the present basis of grant-in-aid from the Centre to the States. At present, Central grants are given for developmental expenditure only and there are no specific earmarked grants for elementary education. If the programme of elementary education is to progress according to schedule, it is necessary to institute a specific earmarked Central grant to States for purposes of elementary education. It should cover all expenditure on the programme, committed as well as developmental, recurring as well as non-recurring. This new system should be brought into force at the end of the Third Five Year Plan so that the progress - quantitative and qualitative - of elementary education in the succeeding

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three Plans would be accelerated and universal elementary education provided by 1981.

6. The Central grants to the States should be based on the principle of equalisation, i.e. the aid to any given State should be inversely proportional to its ability to support elementary education. In other words, the richer States should get less and the poorer States more aid per pupil from Central funds. Moreover, the same level of elementary education (as indicated by the cost per pupil) should be attainable in every State for the same prescribed minimum effort, i.e. if the State expends, on the programme of elementary education, a given percentage of its total income.

7. A study of the development of elementary education in the States of the Indian Union shows that they show immense variations in (a) the complexity, extent and difficulty of the problem to be faced, (b) their ability to support education and the actual effort made to do so, and (c) the level of expansion reached as well as the quality of education provided. There is hardly any justification for most of these variations which could be considerably reduced by a programme of equalisation.

8. The basis adopted for equalisation should be cost per pupil.

9. The equalisation grants for elementary education as recommended in this report, should be introduced at the end of the Third Plan. The general principle adopted should be that the Centre should bear one-third of the total expenditure on a programme of elementary education and the remaining two-thirds should be borne by the States, the local authorities and the local communities. By and large, this would imply that the Centre would bear about half the expenditure incurred on salaries and allowances of teachers, the other half being borne by the State Governments. The non-teacher costs also would be shared between the States and the local authorities (or local communities) on 50:50 basis,

10. The principle of equalisation suggested here to govern the Central grants to the States could also be extended to govern the State grants to the local authorities - the Zilla Parishads, the Panchayat Samitis, and municipalities. In the case of Zilla Parishads and Panchayat Samitis, the land revenue raised per pupil enrolled in schools should be taken as a measure of their ability to support elementary education and the State grants apportioned accordingly. In the case of municipalities, the income per pupil enrolled in elementary schools as realised from a tax on real property (houses and open sites), collected at a prescribed rate, should be taken as the basis of the ability of the municipal body concerned to support elementary education and the State grant should be apportioned accordingly.

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11. It would be desirable to work out the details of a programme of equalisation grants between the Centre and the States as at the end of the Third Five Year Plan on some suitable basis that may be agreed to between the Centre and the States. Similar studies should also be carried out for programmes of equalisation in each of the States for equalising the grant-in-aid to local bodies. Such studies should also be publicised for the information of all concerned.

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FINANCING OF ELEMENTARY EDUCATION IN INDIA

The object of this paper is to suggest a new system for the financing of elementary education in India, based on the principle of equalisation.

We selected this topic for several reasons. The first and foremost is the significance of elementary education which is the one level in which the entire population of the prescribed age-group is expected to participate. For a long time to come, this will also be the only education which the vast majority of children in the country will ever have. It can play a very significant role in unifying the people, in increasing productivity and in creating a new social order. It is also indispensable if equality of opportunity is to be fostered and if equality of status is to be approached. Secondly, the provision of universal elementary education forms one of the directive principles of State Policy. Article 45 of the Constitution lays down that the State shall endeavour to provide free and compulsory education for all children until they complete fourteen years of age. No other sector of education has been so singled out and this indicates the great significance which the framers of the Constitution attached to elementary education for providing social justice and stabilising democracy. Thirdly, the expenditure on elementary education now forms about 35 per cent of the total educational expenditure. As elementary education expands and is improved in quality, this proportion will tend to increase and ultimately it is expected that the expenditure on elementary education may form 50-60 per cent of the total educational expenditure - a fact which testifies to the relative priority and significance which attaches to this sector. Finally, the problem of elementary education is also of importance because it is the "unfinished business" in education. Article 45 of the Constitution directed that free and compulsory education till the age of 14 was to be provided by 1960. This could not be done. A revised programme was then prepared with the object of fulfilling this Constitutional directive by 1976. It will not be possible to stick even to this programme and the general thinking now is that this goal may be reached by a few States in 1976, by some more in 1981 and by the others in 1986 or 1991. There is a very strong feeling in the country that the provision of universal elementary education

is extremely vital to the overall progress of the people and that it will be disastrous to postpone this programme to so late a date. Any attempt to bring the goal nearer will necessarily indicate more attention being paid to the financial problems involved.

Another compelling reason for this choice was our considered opinion that in no other sector of education are problems of finance so vital as in elementary education. It is true that, even here, several significant problems of curriculum making, teaching methods, preparation of teachers, educating public opinion (especially in relation to the education of girls), preparation of text-books and teaching aids, etc. have still to be tackled; but these are comparatively easier of solution and they could also be more rapidly solved if the major problem of securing the large finances required for provision of universal elementary education of a reasonable standard could be tackled satisfactorily. The great importance of a study of the financial aspects of elementary education is thus obvious.

II

Basic Assumptions. For convenience of discussion, we would like to state, at the very outset, some of the basic assumptions underlying this paper. We realise that not everyone will accept all of them, but we do not propose to discuss them in detail because they are a little beside the main purpose of this study.

The first assumption is that the system of "Multiple source" financing of elementary education, which has been developed in India so far, will also continue in the future. At present, we find that elementary education is supported, to a varying extent, by the local communities or parents, by local authorities, by State Governments, and by the Federal Government. Such a system is fully justified. The local community or parents are interested in elementary education because their children are direct beneficiaries of the programme; the local authorities have no greater responsibility, nor a greater avenue for service than supporting and improving the elementary schools within their areas; the State Government is constitutionally responsible for the provision of elementary education to all children; and the Central Government has a responsibility to equalise educational opportunities in all parts of the Union. The Constitution also supports this view because it places the responsibility

for the provision of universal elementary education upon the "State" which is defined, in Article 12, as inclusive of "the Government and Parliament of India, and the Government and legislature of each of the State, and of local or other authorities within the territory of India or under the control of the Government of India". We may also add that an analysis of the history of educational finance in India shows that a system of "multi-source finance". We may also add that an analysis of the history of educational finance in India shows that a system of "multi-source finance" is better than that of "single-source finance". In boom periods, the multiple-source system nets more revenues for elementary education than the single-source system for the simple reason that the effort to raise funds is made at several levels and through several different expedients. In lean periods also, the multiple-source system has proved to be better: it has a greater shock-absorbing capacity and the shortfalls in any one source are generally made up, to some extent at least, by increased efforts in other sources.

The second assumption is that the elementary school teacher will receive a much better deal in future than what has been given to him in the past. The essence of educational improvement is an efficient, devoted, satisfied, well-educated and adequately trained elementary teacher; and it is probably on this score that the programmes of elementary education in India are failing most. The first and the most essential remedy is to provide a better remuneration and a more satisfactory system of old-age benefits, with the ultimate objective of adopting a single scale of pay for all elementary and secondary school teachers - a reform which has now been adopted by almost all advanced countries. This will attract a much better type of person to the profession and will also make it possible to raise the minimum qualifications required of elementary teachers - they should all have completed the secondary school at least and a fair proportion of them should be graduates. It will also be necessary to provide a minimum professional training of two years to university graduates and to raise the standard of training institutions substantially. There is hardly any provision for in-service training at present and early steps will have to be taken to provide regular institutionalised in-service training of two to three months to every elementary teacher in every five years of his service. These programmes will obviously increase the cost of teachers' salaries and training very considerably. But there is no escape from the necessity to provide all the funds required for them.

The third assumption is that attempts will also be made to provide the essential ancillary services for students. This is the second weakest area in elementary education today. A vast majority of the students attending elementary schools are under-nourished; they are generally found to suffer from a number of illnesses which interfere with their growth - physical and mental; they do not often have adequate clothing; and many of them do not have the essential books or writing materials. Unless steps are taken to provide school meals, school uniforms, health services and free supplies of textbooks and reading materials, the standards of education in elementary schools will not rise. The implication of these programmes is that the non-teacher costs of elementary teacher education (which come to only 11 per cent of the total direct expenditure on elementary schools at present) will have to be substantially increased.

The fourth assumption is that an elastic policy would be adopted with reference to pupil-teacher ratios. The past tradition has been to over-emphasize the pupil-teacher ratio and to keep the size of the class small - to about 34 children on rolls or about 28 in average attendance. At this stage of its socio-economic development, we wonder, whether India can afford to have such small classes. They will inevitably result, as the past experience has shown, in two unwelcome developments: (1) a low remuneration for teachers, and (2) an inadequate expenditure on non-teacher costs or ancillary services to children. Probably, a breakthrough can be made by raising the pupil-teacher ratio so that, without an undue increase in the overall expenditure, it would be possible to give a better remuneration to teachers and also to provide ancillary services to students on a fairly adequate scale. As the resources available increase, the pupil-teacher ratio could be reduced. This sequence of events happened in most countries where elementary education has been expanded and probably the adoption of a deliberate policy on the same lines would help India best in expanding and improving her programmes of elementary education.

Realising that this is a very controversial issue, we have decided to base our studies on the cost per pupil which is our fifth assumption. There is a close relationship between the cost per pupil and (1) the average annual salary which could be paid to an elementary teacher, (2) the pupil-teacher ratio, and (3) proportion of teacher costs to the non-teacher costs (inclusive of ancillary services). We, therefore, felt that

the adoption of "cost per pupil" as a basis for the policy of financing elementary education has the great advantage of accommodating every point of view and leaving the State Governments free to decide the remuneration of teachers, the pupil-teacher ratios and the extent to which ancillary services are to be provided. If some States want to adopt a high pupil-teacher ratio with a view to providing a better remuneration to teachers, they would be free to do so as long as the cost per pupil remains unchanged. On the other hand, if a State were to insist on a given pupil-teacher ratio, it will still find it possible to work within the given cost per pupil, either by reducing the remuneration of teachers or by cutting down the extent of ancillary services.

Our sixth and final assumption has been that, in the next fifteen years, a deliberate policy would be adopted to double the cost per pupil in elementary education (at constant prices) and to provide universal elementary education by 1981. The first part of this assumption would be a fairly good indication of the qualitative improvement which we visualise. The second part deals with the quantitative point of view and suggests the total enrolment in classes I-VIII in 1981 would be about equal to the total population in the age-group 6-14.

Before leaving this topic, we would like to make one point clear. We have stated the above assumptions to explain the basis of the calculations made in this paper. The principle of equalisation which we advocate is, however, independent of them and will still hold good in spite of any changes that might be made in these assumptions.

III

Total Expenditure on Elementary Education in 1961 and 1981. According to the census of 1961, the total population of children in the age-group 6-14 was 8,58,57,866 (for details, see Statistical Table No.1). The total enrolment in classes I-VIII in the same year was 4,16,98,630 or 48.6 per cent of the total population in the corresponding age-group (for details, see Statistical Table No. II). The total direct expenditure on elementary education in 1960-61 was Rs. 1,16,36,68,977 which works out roughly at Rs. 31.2 per pupil or Rs. 2.65 per head of population. (for details, see Statistical Table No. III). In addition, the total expenditure on the training of elementary teachers was

Rs. 3,46,14,498 which works out to Rs. 0.93 per pupil or Rs. 0.08 per head of population (for details, see Statistical Table No. IV). The total expenditure on elementary education in 1961 was thus Rs. 2.73 per head of population or Rs. 32.13 per pupil.

In 1981, the total population of India is estimated to rise to 700 million and the total population in the age-group 6-14 is estimated to be about 140 million. We have assumed that the enrolment in classes I-VIII would also be 140 million (equal to the total population in the corresponding age-group) and that the cost per pupil would rise to Rs. 70 (this would include about Rs. 65 for direct costs of elementary education and Rs. 5 for indirect costs of teacher training). The total recurring expenditure on elementary education in 1981 would, therefore, have to be about Rs. 98,00 million.

A rough estimate can also be made of the non-recurring expenditure required for this programme. A very reasonable estimate is to assume a non-recurring expenditure of Rs. 200 per child for building and equipment (at 1960-61 prices). We may further assume that these facilities would have to be provided, not only for all the new enrolment in the Fourth, Fifth and Sixth Plans (77 million) but also for about 70 per cent of the enrolment at the end of the Third Plan (63 million). In other words, non-recurring expenditure at Rs. 200 per child would have to be provided for about 121 million children. The total expenditure would thus be Rs. 24,200 million spread over 15 years or Rs. 1,614 million per annum. There are some educationists who think that this estimate is on the high side and they would prefer to assume an expenditure of about Rs. 100 per child. Even on this conservative assumption, an expenditure of about Rs. 700 million per annum would be needed for non-recurring expenditure on elementary education during the next 15 years.

In 1981, therefore, a minimum expenditure of about Rs. 10,500 million (Rs. 9,800 million recurring and Rs. 700 million non-recurring) would be needed for elementary education which works out at about one-third of the total educational expenditure in 1981. In 1960-61, the total educational expenditure was Rs. 3,441 million or Rs. 7.7 per head of population. Since independence, the total educational expenditure in India is increasing annually at about 11.65 per cent (compound interest law). In view of the large-scale expansion and qualitative improvement proposed to be brought about, the rate of increase of total educational expenditure during the next three Plans would have to be even higher. But even

assuming that it continues to be the same, the total educational expenditure in 1980-81 would be Rs. 31,500 million in which case, the above expenditure on elementary education would be about a third of the total educational expenditure.

Whether it would be possible to raise the total expenditure on elementary education from Rs. 2.66 per head of population in 1961 (or 0.8 per cent of the National Dividend of Rs. 330) to Rs. 15 (or about 2.0 per cent of the estimated National Dividend of Rs. 750 in 1981) it is not for us to say. We would, however, emphasize two points: (1) the expenditure indicated by us above, at constant prices, is probably the minimum needed if India is to have a fairly satisfactory system of elementary education; and (2) the problems of elementary education in India cannot be solved unless two other basic problems are satisfactorily tackled simultaneously, viz. (1) reduction of the birth-rate which will reduce the number of children to be provided with educational facilities, and (2) rapid economic development which will increase the National Dividend and the capacity of the average citizen to support a more satisfying programme of education.

The problems of financing of elementary education can be divided into two broad categories. The first category included was problems leading to the determination of the total number of children to be educated, the cost per pupil and the total amount required for financing a given programme of elementary education and the second includes problems of the manner in which agencies at different levels Central, State, local and community - can be harnessed to provide financial resources for the support of elementary schools and the manner in which grants-in-aid for elementary education could be given by an agency at a higher level to one at a lower level. In this paper, we are not directly concerned with the problems included in the first category and we need make no more detailed examination of the problems involved than what has been stated in this section. We would, however, like to concentrate upon the problems involved in the second category: (a) the manner in which the total expenditure on elementary education would be shared by the Central, State and Local Governments and the local communities; and (b) the manner in which grants-in-aid could be provided by the Centre to the States, by the States to the local bodies and by the States or local bodies to the local communities.

IV

Central Grants to States on account of Elementary Education. To begin with, let us first discuss the problem of Central grants to State Governments for elementary education.

At present, Central grants to State Governments for all educational purposes are given for developmental programmes only, i.e. for programmes included in the five year plans. These grants are, therefore, available only for a period of five years at a time. At the end of the Plan period, the level of recurring expenditure reached on education is treated as "committed" and does not receive any grant-in-aid from the Centre, just as there is no grant-in-aid for the "committed" expenditure at the beginning of the Plan period. It is true that the Finance Commission proposes, every five years, Central grants to State Governments to enable them to balance their budgets on account of committed expenditure. But these grants are not generally earmarked. For all practical purposes, therefore, it may be said that Central grants to education in general (and, therefore, for elementary education also) are given for developmental expenditure only and that the committed expenditure on account of these programmes is not specifically assisted.

This method of grant-in-aid has one great defect. In elementary education, the recurring committed expenditure is far greater than the developmental expenditure. At the end of each plan, the committed recurring expenditure of the States on account of elementary education increases very considerably, thereby making it more difficult for the State Governments to raise the resources required for new developmental expenditure. At the end of the Third Plan, the committed expenditure of the States on account of elementary education would be so heavy that they would not be in a position to meet it unless very substantial grants-in-aid are given. Their capacity to make further efforts for the development of elementary education will, therefore, be extremely limited and the situation will get worse as each plan is completed. Some States have already begun to refuse hundred per cent developmental grants from the Centre on the ground that they would not be able to raise the funds needed for the committed expenditure involved. This attitude will become more general as time passes. In our opinion, therefore, a stage has now been reached when the old policy of giving grant-in-aid for developmental programmes only has outlived its utility and no worthwhile progress on that basic now

seems possible. We, therefore, strongly recommend that this policy should be given up and replaced by another under which Central grants to State Governments would be given for all expenditure on elementary education - committed as well as developmental, recurring as well as non-recurring. It is this policy alone which will bring about a rapid expansion of elementary education which everyone in the country desires.

This recommendation involves another. In the First Plan, Central grant-in-aid were given for individual schemes of educational development. In practice, the system became extremely complex for three reasons: (1) The number of schemes which earned Central assistance was very large; (2) The rate of Central grant-in-aid varied from scheme to scheme; (3) even in the same scheme, the rate of grant-in-aid varied sometimes from non-recurring to recurring expenditure. Gradually, this complexity was eliminated by abolishing the grants for individual schemes and by instituting cumulative grant-in-aid for four sectors - elementary education, secondary education, higher education and other educational programmes. Even this method was found to lead to complications and, in the Third Five Year Plan, grants are being given for the Plan as a whole. The recommendation made above implies a reversal of this process and the institutions of a special grant-in-aid for elementary education. This step is necessary for several reasons. In the first place, it has been found that the cause of education as a whole, and of elementary education in particular, suffers heavily in the present system of a block grant for the Plan as a whole because it is very difficult to get adequate priorities for education (or elementary education) at the State level. Secondly, elementary education, as pointed out above, is the singlemost important programme in education which has been isolated by the Constitution for special emphasis. It would, therefore, be in the fitness of things to ear-mark a special grant for elementary education, if not for any other sector. Thirdly, expenditure on elementary education forms a very large proportion of the State budget - it now accounts for nearly 10 per cent of the total State budget, and in the days to come, it will easily amount to about 15 per cent.

In this connection, we may like to point out that the third Finance Commission has recommended that it would be desirable to give Central grants for specific purposes which are considered important. There can be no more important subject to be singled out for such treatment than the development of elementary education.

If these recommendations are agreed to, the question arises: what should be the basis on which the Central grants should be given to the different State Governments on account of elementary education? Our recommendation in this context is that the Central grants to State Governments on account of elementary education should be based on the principle of equalisation. In other words, the Central grants to State Governments should be so planned that it should be possible to provide the same standard of elementary education (as indicated by cost per pupil) in every part of the country on the basis of the same local effort (as indicated by the proportion of its income which each State raises for elementary education).

An illustration would make this point clear. Let us assume that, at the end of the Fourth Plan, the cost per pupil in elementary schools would be raised to Rs. 45. Let us further assume that, by the end of the Fourth Plan period, each State would be required to spend one per cent of its income for the purpose of elementary education. Since the ability to support elementary education, as indicated by the State income, varies from State to State, this equal effort on the part of each State would obviously produce different amounts in different States. In one State, for instance, it may produce as little as Rs. 20 per pupil and in another, as much as Rs. 35 per pupil. The Central grant to the first State on the basis of equalisation would, therefore, be Rs. 25 per pupil and that to the second State would be Rs. 10 per pupil. If the same basis is adopted for all States, the position reached at the end of the Fourth Plan would be that it would be possible for every State to provide Rs. 45 for the education of each child for the same effort on its part, viz. raising 1 per cent of the State income for elementary education.

One clarification is needed. The above statement should not be taken to mean that the cost per pupil would exactly be Rs. 45 in all the States at the end of the Fourth Plan. Such uniformity is neither possible nor desirable. In some States, the cost may fall below Rs. 45 and may remain only at Rs. 40, the reason being that the State is not making the necessary effort to raise local resources. The Central grant, therefore, would be limited to the difference between a cost of Rs. 40 per pupil and the amount per pupil which would have been raised had it made the given local effort of spending 1 per cent of its income on elementary education. The State thus stands to lose for its failure to tax itself. On the other hand, in another State, the cost per pupil may be raised to Rs. 60. In this case,

the Central grant-in-aid would still be limited to the cost per pupil of Rs. 45 and the additional amount of Rs. 15 per pupil would have to be provided by the State concerned from its own resources. In fact, such inequalities, both in result and in effort will always remain because the States would be making different efforts for providing elementary education and would accord it different priorities. What will happen under the equalisation programme is that a certain minimum expenditure per pupil which would be prescribed from time to time would be attainable in every State through a given minimum effort on the part of the State. While providing equality of opportunity, therefore, this basis of grant-in-aid also leaves room for individual States to forge ahead with the help of local resources. As time passes and the wealth of the country increases, this floor of expenditure per pupil would be continually increased, thus providing more satisfying standards of education to all the people.

V

Existing Inequalities in the Development of Elementary Education in the Different States: The need for such equalisation would be clear if we examine the existing position of elementary education in the different States. For the purpose of this study, we shall restrict our enquiry to the year 1960-61, the last year of the second Five Year Plan, and the latest year for which the detailed data are available.

The first thing that strikes a student from the perusal of the relevant facts is that the different States of the Indian Union are faced with a problem in elementary education whose complexity, extent and difficulty vary from area to area. For instance, the problem of elementary education involves a number of physical, social, cultural and economic factors such as the following:

(a) The Density of Population. It is easier to provide elementary schools in thickly populated areas while it becomes costlier and more difficult to do so in places of scattered and thin population.

(b) The Proportion of Small Habitations. It is difficult to provide facilities for elementary education in small habitations with a population of less than 300 or so. The States which have very large proportion of such habitations have, therefore, a more difficult task to perform.

(c) The Population of the Scheduled Castes and Scheduled Tribes. These weaker sections of the community are the poorest and least educated, and their proportion in the total population varies from State to State. A State with a large population of the Scheduled Castes and Scheduled Tribes (e.g. Orissa) has a far more difficult task than another which has a comparatively smaller proportion of population of these weaker groups (e.g. Maharashtra).

(d) Traditional Prejudices against the Education of Girls. Where these are stronger (e.g. Uttar Pradesh and Rajasthan,) the problem becomes more difficult than any area where they have already been overcome (e.g. Kerala).

(e) The Proportion of Children in Age-group 6-14 to the Total population. The number of children in the age-group 6-14 and its proportion to the total population depends upon the birth and death rates, and these vary from State to State. Consequently some States have a proportionally larger load of children to be educated than others.

(f) The Proportion of Rural Population in the Total. The more urbanised States are richer and it is also easier to provide facilities for elementary education in urban areas than in rural areas. States with a large proportion of rural population, therefore, are in a less advantageous position than those which have comparatively larger urban population.

The variations in all these respects from State to State are given in Table No.1 on the next page.

It will be seen that each one of these States shows large variations in every sector. With regard to density of population, for instance, the variations are from 153 persons per square mile in Rajasthan and 189 persons per square mile in Madhya Pradesh on the one hand to 1,032 persons per square mile in West Bengal and 1,127 per square mile in Kerala on the other. In Madhya Pradesh, the existence of forest areas and tribal population which lives in scattered habitations is responsible for the low density of population, while in Rajasthan, the low density is mainly due to the desert conditions in the west part. In Kerala and West Bengal, the average densities of population are very high, and in some districts, the densities are even higher.

Similarly in respect of small and scattered habitations, we find that their proportion is highest in Rajasthan (71.7 per cent) and in Uttar Pradesh (77.9 per cent). In Kerala, this is extremely low,

TABLE I
COMPLETENESS, EXTENT AND DIFFICULTY OF THE PROBLEMS OF ELEMENTARY EDUCATION
FROM STATE TO STATE (1960-61)

States	Density of population per sq. mile	Percentage of habitations with a population of less than 300 as given in the educational survey	Percentage of scheduled castes population	Percentage of scheduled tribes population	Percentage of children in the age-group 6-14 to total population.	Percentage of rural population.
Andhra Pradesh	339	50.7	13.82	3.68	18.85	82.56
Assam	252	64.9	6.17	17.42	21.19	92.31
Bihar	691	65.0	14.07	9.05	20.25	91.57
Gujerat	286	51.6	6.63	13.35	20.79	74.23
		(as in Old Bombay)				
Jammu & Kashmir	N.A.	73.0	7.54	-	19.42	83.34
Kerala	1,127	14.1	8.41	1.23	20.13	84.89
Madhya Pradesh	189	69.1	13.14	20.63	18.93	85.71
Madras	669	54.0	18.03	0.75	18.06	73.31
Maharashtra	333	See Gujerat above	5.63	6.06	19.72	71.78
Mysore	318	60.6	13.22	0.81	19.32	77.67
Orissa	292	68.9	15.75	24.07	19.36	93.68
Punjab	430	54.7	20.38	0.07	21.32	79.87
Rajasthan	153	71.7	16.67	11.46	20.62	83.72
Uttar Pradesh	649	77.9	20.91	-	19.14	87.15
West Bengal	1,032	N.A.	19.90	5.91	19.64	75.55

i.e. 14.1 per cent, because in the coastal part of Kerala there are no villages as such and the entire population lives in a continuous pattern. Excluding this extreme case, the percentage of habitations with less than 300 people is low enough in Andhra Pradesh (50.7 per cent), Gujarat, Maharashtra (51.6 per cent) and Madras (54 per cent).

The population of the scheduled castes and scheduled tribes also shows considerable variations. The population of the scheduled castes is highest in Uttar Pradesh (20.91 per cent), Punjab (20.38 per cent) and West Bengal (19.9 per cent). This is lowest in Maharashtra (5.61 per cent), Assam (6.17 per cent), and Gujarat (6.63 per cent). The scheduled tribes are found in large numbers in Assam (17.42 per cent), Gujarat (13.35 per cent), Madhya Pradesh (20.63 per cent), Orissa (24.07 per cent) and Rajasthan (11.46 per cent). These hardly exist in Jammu and Kashmir and Uttar Pradesh. Taking these two communities together, Orissa has the heaviest burden to carry (39.82 per cent). On the other hand Jammu and Kashmir has the lowest load (7.54 per cent)

With regard to the percentage of children in the age-group 6-14 to the total population, the highest proportion is found in Punjab (21.32 per cent) and lowest in Andhra Pradesh (18.85 per cent).

The rural population is highest in Orissa (93.68 per cent) and Assam (92.31 per cent). It is lowest in Maharashtra (71.78 per cent), Madras (73.31 per cent) and West Bengal (75.55 per cent).

It may not be possible, nor even necessary, to combine the effect of all these different handicaps in each State. The statistics given above will, however, clearly show how the complexity, extent and difficulty of providing universal elementary education vary from State to State.

The second point which emerges from a comparative study of the States is that their ability to support elementary education as well as their actual effort to finance it also show considerable variations. By the expression "ability", we mean the national income per head of population as calculated from time to time and it will be readily agreed that this is the best measure available to show the capacity of each State to tax itself for all purposes, including elementary education. By the expression "effort", we mean the actual expenditure which is incurred in the State for

elementary education. This will be denoted by the proportion which the total expenditure incurred in the State on elementary education bears to its total income or ability. The table on the next page gives the latest available data on these two points.

It will be seen, from column 4, that the ability of the States to finance elementary education varies considerably. This is lowest in Bihar (Rs. 200 per capita) and highest in Punjab (Rs. 398 per capita). The variation, therefore, is as wide as 1:2. A reference to columns 5 and 6 will similarly show that the total expenditure on elementary education, as well as its proportion to the total State income, varies considerably. For instance, Kerala makes the largest effort to provide elementary education and spends as much as 2.07 per cent of the State's income on it. Then comes Maharashtra which spends 1.24 per cent of its income on elementary education and is followed by Mysore with 1.21 per cent. At the other end are the States of Uttar Pradesh and Orissa, each of which spends 0.61 of the State income on elementary education, followed by Rajasthan which spends 0.70 per cent. The efforts which the different States make to provide elementary education, therefore, show an even wider variation than their ability or the State income. The latter shows variations of the order of 1:2 while the former shows variation of the order of 1:3.4.

With these large variations in the complexity, extent and difficulty of the problems to be faced and also in the ability and effort to support elementary education, it is hardly a matter for surprise if the accomplishment of the different States in elementary education also shows considerable variations. This "accomplishment" may be defined in a number of ways; and for convenience of reference, we would adopt the following criteria:

Quantitative. (a) Enrolment in classes I-VIII as proportion of the total population of children in the age-group 6-14 - separately for boys and girls; and (b) the percentage of literacy - separately for men and women.

Qualitative. (a) The general education of teachers as indicated by the proportion of matriculates and above in the total number of teachers; (b) percentage of trained teachers and the duration of the training course; (c) proportion of women teachers to the total number of elementary teachers, (d) the proportion of salaries of teachers to total direct expenditure on elementary schools - the higher this proportion, the

TABLE II

ABILITY AND EFFORT OF STATES TO SUPPORT
ELEMENTARY EDUCATION (1960-61)

State	Total State income (1958-59) (crores of rupees)	Total State income per head of population or ability (1960-61)	Total expenditure on education from all sources (1960-61) (in thousands of rupees)	Percentage of total expenditure on elementary education (1960-61) of total state income (1958-59) or effort.
Andhra Pradesh	950	276	95,618	1.01
Assam	339	310	33,008	0.97
Bihar	894	200	76,093	0.85
Gujarat	642	326	76,279	1.19
Jammu & Kashmir	68*	216*	7,643	1.12
Kerala	436	271	90,217	2.07
Madhya Pradesh	901	293	91,212	1.01
Madras	996	303	114,872	1.15
Maharashtra	1,356	369	168,395	1.24
Mysore	651	290	78,736	1.21
Orissa	452	271	27,554	0.61
Punjab	765	398	53,639	0.70
Rajasthan	581	317	50,433	0.87
Uttar Pradesh	1,835	259	111,249	0.61
West Bengal	902**	282**	86,681	0.96

*For 1955-56.

**For 1957-58.

N.B. The figures in column 5 pertain to total direct expenditure on teacher training schools.

weaker will be the system because essential expenditure on non-teacher costs tends to be neglected; and (e) the cost per pupil.

The variations from State to State under these heads are given in Tables III and IV.

Table No. III gives some important data regarding enrolment and costs in elementary schools. It will be seen therefrom that Kerala shows the best enrolment of 90.7 per cent (98.9 per cent boys and 82.5 per cent girls). Next comes Madras with 66.1 per cent (83.3 per cent boys and 49.0 per cent girls). This is followed by Maharashtra (60.2 per cent), Gujerat (56.3 per cent), Mysore (55.6 per cent), Assam (53.5 per cent), Andhra Pradesh (49.8 per cent) and West Bengal (49.9 per cent). At the other end are Rajasthan with 21.2 per cent (50.2 per cent boys and 12.1 per cent girls), Uttar Pradesh with 43.8 per cent (54 per cent boys and 14.5 per cent girls), Madhya Pradesh with 37.7 per cent (58.2 per cent boys and 16. per cent girls) Jammu and Kashmir with 32.9 per cent and Bihar 39.5 per cent. By and large, it may be said that the enrolment of girls is much poorer as compared to that of boys. The six backward States are Bihar, Jammu and Kashmir, Madhya Pradesh, Orissa, Rajasthan and U.P.

Next to enrolment, the important factor influencing the quality and expenditure is the pupil-teacher ratio. It will be seen from the above table that, here also, there are large variations. The highest pupil-teacher ratio is in Bihar (48:1) due mainly to the fact that enrolment has suddenly increased and it has not been possible for the State Government to provide the necessary teachers. At the other extreme is Madras with a pupil-teacher ratio of 23 (in the last three years, however, the pupil-teacher ratio in Madras has increased very considerably) and Madhya Pradesh with a pupil-teacher ratio of 37.

The average annual salary of elementary teachers is also given in the above table. It is highest in Maharashtra (Rs. 1,226) and lowest in Orissa (Rs. 560). But the scales of pay have been substantially revised in Orissa, Assam, West Bengal, Mysore and Madhya Pradesh in the Third Five Year Plan and today, the lowest average annual salary of elementary teachers will be in Uttar Pradesh and Bihar.

The percentage of the salaries of teachers

TABLE III

ENROLMENT, PUPIL-TEACHER RATIO, AVERAGE, ANNUAL SALARY OF TEACHERS, PROPORTION OF TEACHER-COSTS, AND COST PER PUPIL IN ELEMENTARY EDUCATION (1960-61)

State	Enrolment in Classes I-VIII as % of total population in the age-group 6-14			Average Annual Salary of Elementary Teachers (Rs.)	Percentage of salary of teachers to total direct expenditure on Elementary Schools	Number of pupils per teacher	Cost per pupil (Rs.)
	Boys	Girls	Total				
Andhra Pradesh	63.5	36.3	49.9	948.8	89.3	35	30.6
Assam	68.2	38.4	53.5	776.2	85.1	35	25.8
Bihar	60.3	17.5	39.5	769.8	92.0	42	20.1
Jammu & Kashmir	59.3	17.0	38.9	800.1	78.4	31	32.6
Gujerat	71.7	40.0	56.3	1,113.0	88.1	38	33.1
Kerala	98.9	82.5	90.7	1,075.5	90.7	34	34.7
Madhya Pradesh	58.2	16.4	37.7	764.6	68.8	27	40.5
Madras	83.3	49.0	66.1	908.0	87.7	33	31.8
Maharashtra	75.6	43.7	60.2	1,222.6	85.9	37	38.7
Mysore	70.9	40.1	55.6	972.2	91.5	34	31.5
Orissa	63.6	26.3	44.7	560.2	89.4	34	18.4
Punjab	57.9	27.1	43.4	1,212.4	84.0	36	40.4
Rajasthan	50.2	12.1	31.8	988.0	88.2	28	39.4
Uttar Pradesh	54.0	14.5	34.8	669.8	77.4	37	23.5
West Bengal	65.2	34.1	49.9	821.3	90.3	30	30.1

TABLE IV
LITERACY AND TEACHERS IN THE DIFFERENT STATES (1960-61)

State	Percentage of Literacy (1961 Census)			Percentage of teacher, matriculates and above, to the total number of elementary teachers	Duration of the training course in years	Percentage of trained teachers			Proportion of women teachers to number of teachers.
	Boys	Girls	Total			Men	Women	Total	
Andhra Pradesh	30	12	21	37.2	Two	80.1	90.1	82.0	19.0
Assam	37	16	27	18.4	One	36.3	33.4	35.9	13.5
Bihar	30	7	18	36.4	Two	70.2	51.2	69.0	8.5
Gujerat	41	19	31	36.6	"	45.8	54.8	48.3	26.2
Jammu & Kashmir	17	4	11	69.2	One	52.2	71.1	55.0	15.0
Kerala	55	39	47	45.6	Two	87.3	84.1	85.9	42.9
Madhya Pradesh	27	7	17	36.8	One	50.3	56.0	50.9	11.2
Madras	45	18	31	36.5	Two	94.7	98.7	96.1	34.4
Maharashtra	12	17	30	33.0	"	59.4	74.1	62.7	22.4
Mysore	36	14	25	39.6	One	49.7	61.9	51.9	17.9
Orissa	35	9	22	15.7	Two	37.6	46.3	37.9	2.7
Punjab	33	14	24	70.3	"	91.7	91.6	91.7	27.1
Rajasthan	24	8	15	76.0	One	51.4	45.3	50.6	12.3
Uttar Pradesh	27	7	18	29.1	Two	78.7	53.0	75.3	13.0
West Bengal	40	17	29	67.7	One	35.4	35.2	35.4	10.3

to total direct expenditure on elementary schools also varies from 92 per cent in Bihar and 91.0 per cent in Mysore to 68.8 per cent in Madhya Pradesh and 77.4 per cent in Uttar Pradesh. As stated earlier, a high ratio in this regard means a general neglect of essential non-teacher costs required for elementary schools and results in poorer standards.

As explained in Annexure I there is an intimate relationship between the average annual salary of elementary teachers, the proportion of teacher-costs to non-teacher costs and the pupil-teacher ratio. Consequently, the cost per pupil also varies greatly from State to State. It is highest in Madhya Pradesh (Rs. 40.5); not so much because of high salaries, as because of the low pupil-teacher ratio and greater weightage given to the non-teacher costs. Then comes Punjab (Rs. 40.4), where the cost per pupil is high mainly because of the good salary provided to the elementary teachers. At the other end are Orissa (Rs. 19.4), Bihar (Rs. 20.1) and Uttar Pradesh (Rs. 23.5). The salaries in Orissa having been revised, the cost per pupil will also go up in the Third Plan. It will be seen that the variation in the cost per pupil also is as wide as 1:2.

A reference to Table No. IV will show that similar differences are found in certain other allied sectors also. For instance, the percentage of literacy varies from 47 in Kerala (55 for men and 4 for women). The qualifications of teachers also vary. The matriculate and graduate teachers form 76 per cent of the total in Rajasthan, 70.3 per cent in Punjab and 69.2 per cent in Jammu and Kashmir. But they form only 15.7 per cent in Orissa and 18.4 per cent in Assam. The duration of training course is two years in Andhra Pradesh, Bihar, Gujerat, Kerala, Madras, Maharashtra, Orissa, Punjab and Uttar Pradesh and only one year in the remaining States. The percentage of trained teachers is very high in Madras (96.1 per cent), Punjab (91.7 per cent) and Kerala (85.9 per cent). It is lowest in West Bengal (35.4 per cent) and Assam (35.9 per cent). The proportion of women teachers is highest in Kerala (42.9 per cent) and lowest in Madhya Pradesh (11.2 per cent).

It is not suggested that all such variations should or could be made to disappear. But the principle of equalisation, if adopted, will secure two results: (a) no State in the Union will be allowed to fall below a minimum level which would be the prescribed minimum; and (b) the same standard of educational facilities (roughly denoted by the

cost per pupil) will be provided by the same given effort on the part of the State concerned, in every area of the Union. Moreover, this attempt at equalisation will also enable the more progressive States to forge ahead with the help of their own local resources. This will, at some later stage, necessitate the raising of the minimum level prescribed. A process of going from one stage of development of elementary education to the next higher one will thus be built up within the system itself.

VI

Basis of Equalisation Grants. Having thus established the need to provide equalization grants for elementary education from the Centre to the States, we shall now proceed to discuss the possible basis on which such grants can be made in the near future.

Three alternative basis have been suggested in the different writings on the subject:

(a) The first basis suggested is that the Central grant should be related to the population of the State concerned. The main argument in this proposal is that the expenditure on elementary education gets ultimately related to the number of pupils who, in their turn, are related to the total population. Simplicity of calculations is another point in its favour. We are not, however, recommending this basis for two reasons:

(i) The number of children in the age-group 6-14 does not bear the same ratio to the total population in every State (this has already been shown earlier in Table No.1). An equalisation grant based on population would, therefore, favour those States where the proportion of children in the age-group 6-14 is lower.

(ii) Secondly, this basis would work satisfactorily after all the children are enrolled in schools. In the present situation in India we have not enrolled even 40 per cent of the total number of children enrolled in some States. A equalisation grant related to population would, therefore, earn amounts far in exceeds of actual expenditure in such States.

(b) The second suggestion is that the Central grant to the States should be related to the salaries of teachers and should approximately be about 50 per cent of the total expenditure on salaries and allowances of elementary teachers. The underlying

assumption of this proposal is that the non-teacher costs would form about 30 per cent of the total expenditure on elementary education and would be shared, broadly on 50:50 basis, between the States and the local bodies or communities. The teacher-costs would form about 70 per cent of the total direct expenditure on elementary education and would be shared by the Centre and the States broadly on a 50:50 basis. In the last analysis, therefore, about 35 per cent of the total expenditure on elementary education would be borne by the Centre, about 50 per cent by the State Governments, and about 15 per cent by the local bodies and local communities. We broadly accept this rough allocation of the total expenditure between the Centre, the States and the local bodies. We also agree to another advantage claimed in this proposal that it will enable the State Governments to raise salaries of elementary teachers - which is an urgently needed reform. If this basis is to be adopted, the Centre will have to lay down, from time to time, the pupil-teacher ratio and minimum average annual salary of the teachers on the basis of which the Central equalisation grants would be given. It would then be open to the States to adopt a higher or lower pupil-teacher ratio and give higher (but not lower) salaries and meet the extra expenditure involved from their own resources. We have no theoretical objection to the adoption of this basis, but as we see it, this basis almost amounts to a grant-in-aid on the cost per pupil basis which, besides being simpler, has the further advantage of encouraging expenditure on contingencies or equipment and the provision of ancillary services. In our opinion, a programme of school meals is very important in the present context in India and should also be assisted by the Centre.

(c) The third basis proposed for adoption is the cost per pupil. This has several advantages. In the first place, it gives considerable latitude to the States to vary the different factors involved - salaries of teachers, pupil-teacher ratios and proportion of teacher costs to non-teacher costs. Secondly, it provides aid, not only to one or two items of the programme, but to all its different aspects. This is a distinct advantage because the programme of elementary education has, in practice, to be regarded as an integrated whole. Thirdly, it is possible to combine within it, if necessary, certain safeguards relating to such essential programmes as salaries of teachers or the provision of school meals by earmarking part of the assistance to these programmes or by making it conditional

upon the fulfilment of certain prescribed conditions. On the whole, therefore, we strongly recommend the adoption of the cost per pupil as the basis for equalisation grants proposed from the Centre to the States.

Incidentally, it may be pointed out that, in the United States, where equalisation grants are given by the State to the local authorities, the basis of grants adopted is either (a) the classroom expenditure, or (b) the cost per pupil. The last two bases suggested by us above correspond to these two practices. In the conditions as they obtain in India today, however, the basis of cost per pupil would be more advantageous, educationally and administratively.

Fixation of the Central Grants to States for Elementary Education on the basis of Equalisation at the end of the Third Plan (1965-66). Having discussed the basis on which Central grants to States for elementary education on the principle of equalisation would be calculated, viz. the cost per pupil, we shall now have to decide the date from which this new basis of equalisation grants would be introduced. In our opinion, the most convenient date for the purpose would be the end of the Third Five Year Plan or 1965-66. This will give nearly two years to make the preliminary arrangements. Besides, it will not upset any existing arrangement for the Third Plan and also start the programme of expanding and improving elementary education to be included in the Fourth Five Year Plan on a scientific and adequate basis.

For this purpose, we will have to determine the entire committed expenditure on account of elementary education as it would be at the end of the Third Five Year Plan and also decide what the share of the Centre would be in this total expenditure. Our own estimate of these is given below.

(1) At the end of the Second Five Year Plan (1960-61), the total expenditure on elementary education was Rs. 1198.4 million as compared to Rs. 417.4 million in 1949-50 which implies an annual increase of about 10 per cent per annum (compound interest law). In the Third Five Year Plan, the rate of growth of the expenditure on elementary education would be larger than in the past because the development of elementary education has been emphasized in the Plan (elementary education receives Rs. 2090 million or about 51 per cent of the Plan outlay on general education) and because the actual enrolments have even exceeded the targets originally

fixed. In our opinion, therefore, the total committed expenditure on elementary education at the end of the Third Five Year Plan would be about Rs. 2,100 million which implies an annual increase of about 12 per cent per year in the Third Five Year Plan. As against this expenditure, the total enrolment is expected to be about 63 million which implies that the cost per pupil would be about Rs. 33.33 as against Rs. 32.13 in 1960-61. Contrary to expectations, we feel that the cost per pupil at the end of the Third Five Year Plan would be almost the same as at the end of the Second Five Year Plan because the rise in enrolments and pupil-teacher ratios has been very steep and the total investment on elementary education has not increased according to expectations. This obviously implies some deterioration in standards, especially if allowance is made for the rise in prices.

(2) The total expenditure on elementary education would, therefore, rise to Rs. 2,100 million by 1965-66. The total national income is expected to rise to Rs. 176,000 million by the same date. At the end of the Third Five Year Plan, therefore, the total expenditure on elementary education is expected to rise to 1.2 per cent of the national income (the total expenditure on all education is expected to rise by the same date to about 3 per cent of the national income).

(3) We have already recommended that the Centre should bear about one-third of the total expenditure on elementary education. We, therefore, feel that the States should be required to make an effort equal to 0.8 per cent of their income and that the Central grant on equalisation basis should amount to 0.4 per cent of the national income.

The proposals made above are for India as a whole, and do not apply to any give State. From the theoretical point of view, however, they may be said to apply to the "average State", i.e. a State which satisfies two conditions:

(a) Its income per capita is equal to the average income per capita for the country as a whole; and (b) the proportion of whose population enrolled in elementary schools is also equal to the similar average for the country as a whole. Obviously, such an "average State" will generally remain a mathematical abstraction and a practical method will have to be devised for deciding the quantum of aid to be given to each individual State of the Union, once the programme for the country as a whole is decided. This

can be done with the help of the following formula:

- Let P_m = contribution per pupil of the average state
- P_o = contribution per pupil of any given state
- Z = amount guaranteed per pupil in the minimum programme
- Q_m = amount of aid per pupil of the average state
- Q_o = proportion of the programme to be derived from the states

$$= \frac{P_m}{Z}$$

- R_o = ratio of ability of any given state to ability of average state

$$= \frac{P_o}{P_m}$$

Now $P_o = \frac{P_o}{P_m} \times P_m = R_o \times P_m$, and $P_m = KZ$

$$\begin{aligned} \text{Substituting,} & \quad P_o - KZR_o \\ \text{Now } Q_o & = Z - P_o \\ & = Z - KZR_o \\ & = Z(1 - KR_o) \dots (1) \end{aligned}$$

At the end of the Third Five Year Plan

- P_m = contribution per pupil of the average state = Rs. 22.22
- Z = amount guaranteed per pupil in the minimum programme = Rs. 33.33
- Q_m = amount of aid per pupil of the average State = Rs. 11.11
- K = proportion of the programme to be derived from the States = $\frac{2}{3}$.

On these bases, we will have to calculate Q_o or the amount of aid per pupil in any given State. This can be done on the basis of the above formula.

Let us assume that, in 1965-66, the income per pupil (i.e. the total State income divided by the number of pupils enrolled in elementary schools) for the country as a whole is Rs. 3,000 and that it varies from Rs. 2,000 in the poorest State (Bihar) to Rs. 4,000 in the richest State (Punjab). The above formula will help us to calculate the Central aid per pupil for these two States without altering the total liability of the Centre to assist the programme as a whole at one-third of its total cost.

The aid per pupil for Bihar would, for instance, be the following:

$$\begin{aligned}\text{Central Aid per pupil} &= \text{Rs. } X(1-KR) \\ &= \text{Rs. } 33.33\left(1 - \frac{2}{3} \times \frac{2000}{3000}\right) \\ &= \text{Rs. } 33.33\left(1 - \frac{4}{9}\right) \\ &= \text{Rs. } 33.33\left(-\frac{5}{9}\right) \\ &= \text{Rs. } 18.52\end{aligned}$$

Similarly, the aid per pupil in the Punjab would be as follows:

$$\begin{aligned}\text{Central Aid per pupil} &= \text{Rs. } X(1-KR) \\ &= \text{Rs. } 33.33\left(1 - \frac{2}{3} \times \frac{4000}{3000}\right) \\ &= \text{Rs. } 33.33\left(1 - \frac{8}{9}\right) \\ &= \text{Rs. } 33.33\left(\frac{1}{9}\right) \\ &= \text{Rs. } 3.7\end{aligned}$$

This will show how the Central aid will be greater for poorer States and smaller for the richer States.

Once the Central aid to the States on account of elementary education is fixed at the end of the Third Five Year Plan, the next step would be to indicate how the programme would be developed further, quantitatively and qualitatively, from Plan to Plan. Our suggestions in this respect are: (1) The Centre should indicate the cost per pupil that it expects to attain for the country as a whole by the end of each plan (fourth, fifth and sixth); (2) The Centre should also indicate the enrolments that should be reached by the end of each plan (fourth, fifth and sixth); (3) The Centre should also lay down, for each Plan, the share of the total expenditure which it expects the States to raise (as we have indicated already, this should be about two-thirds of the total expenditure).

If these three steps are taken, the aid to be given by the Centre would also automatically become determinate. An indication of the proposed programme which may be kept in view for this purpose has been given below on the assumption that the directive of Article 45 of the Constitution would be fulfilled by 1981:

	1965-66	1970-71	1975-76	1980-81
Enrolment in Class I-VIII (in millions)	63	92	120	140
Cost per pupil (in rupees)	33.33	40	50	70
Programmed Expenditure on Elementary Education (in millions of rupees)				
(a) Recurring	2,100	3,680	6,000	9,800
(b) Non-recurring	-	96	300	700
TOTAL	2,100	3,776	6,300	10,500
National Income (in millions of rupees)	176,000	236,000	373,000	525,000
Percentage of National Income spent on Elementary Education	1.2	1.6	2.0	2.0

We have not made any attempt to indicate how the Central aid proposed to be given under such equalisation programme would vary from State to State at the end of the third, fourth, fifth and the sixth Plans. Any attempt to do so involves a large number of assumptions regarding (1) the rate of increase of population in each State, (2) the rate of increase of the child population in each State, (3) the rate at which enrolments in elementary schools would increase in each State. Some assumptions on all these sub-heads could be made; but their total effect would be to make the final figures very unreliable. We have, therefore, contented ourselves by indicating the broad principle of equalisation and also the programme for the country as a whole. On the basis of the recommendations made by us, it should be possible to work out a Central aid programme for each State of the Indian Union at any given time.

In the practical administration of the aid programme, certain precautions would have to be taken to see that the aid is not misused and that it promotes the best interests of the programme. The following clarifications would, therefore, have to be made:

(1) A certain cost per pupil would be assumed as the basis of the equalisation programme drawn up from time to time. But it is open to a State to spend a larger amount per pupil. The Central aid to such a State, however, will only be given on the basis of cost per pupil assumed in the equalisation programme. On the other hand, a State may spend a smaller amount per pupil than what has been assumed in the equalisation programme. In such a case, the amount of Central aid to the State would be calculated on the assumption that the actual expenditure per pupil incurred in that State were to be the basis assumed in the equalisation programme. The State would thus lose financially and would be induced to spend more per pupil.

(2) In every State, the total expenditure on elementary education incurred in any given year should not be less than the amount realised by the minimum prescribed effort to be made by the State plus the amount of Central aid given for that year. If the actual expenditure in any given year were to fall short of this sum, the Central aid to be given to the State during the next year should be adjusted accordingly.

The second condition is more important and fundamental and includes the first as well. A clear insistence on this principle will see to it that the Central aid is not diverted to purposes other than elementary education.

VII

Equalisation Grants from States to Local Bodies
The Principle of equalisation suggested by us as between the Centre and the States is also equally applicable to the grants-in-aid, for the purpose of elementary education, from the States to the local bodies. In this connection, we make the following recommendations.

(1) In determining the grants to Zilla Parishads or Panchayat Samitis which are rural bodies, the basis of land revenue per pupil enrolled in schools may be adopted to indicate the ability of the local body to support elementary education. This is an easily ascertainable base and it also fairly indicates the

economic capacity of the local body. In other words, the grants to Zilla Parishads and Panchayat Samitis given by State Governments should be made to vary on the basis of the land revenue per pupil raised in the area of the Zilla Parishad or Panchayat Samiti concerned.

(2) With regard to the municipalities, the valuation of the property within its area will provide a good basis of its ability to support elementary education. At present, all municipal bodies levy a house tax and a tax on open sites. The rates of these taxes vary from one municipality to another; but it should be possible for the State Government to lay down that all municipalities within its area would make an equal effort for elementary education, i.e. they would contribute a prescribed percentage of an educational cess on real property situated within its area for the purposes of elementary education and the difference between the amount so raised and the total programmed expenditure as decided by the State, should be given as a grant-in-aid.

We had an intention of working out the details of an equalisation programme for two States, Rajasthan and Maharashtra. We selected Rajasthan because Panchayat Samitis in this State have been placed in charge of primary education and a study of equalisation programme for Rajasthan would have given picture of the manner in which it would be operated with regard to Panchayat Samitis. In Maharashtra, the Zilla Parishads and municipalities are in charge of elementary education and it would, therefore, have been possible to see how the programme works in relation to the urban local authorities and the district level local bodies. But it was not possible for us to obtain all the necessary data in time. We would, however, recommend that separate studies should be made, on the principles recommended above, for these two States as early as possible. At a later stage, it would be worthwhile to carry out similar studies for every State of the Indian Union. We strongly feel that, if such studies are carried out for all the States of the Indian Union, and brought to the notice of the authorities concerned, public opinion would be adequately educated on the advantages of an equalisation programme. This would ultimately help in securing larger funds for elementary education and expediting its expansion and improvement.

STATISTICAL TABLE I

TOTAL NUMBER OF CHILDREN IN THE AGE-GROUP 6-14(1961)

State	Total population as enumerated in 1961 census			Total number of children in the age-group 6-14			Percentage of children in the age-group 6-14 to total population.		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
	(Figures in 000's)			(Figures in 000's)					
Andhra Pradesh.	18162	17822	35983	3396	3386	6782	18.70	19.00	18.35
Assam	6328	5545	11873	1276	1240	2516	20.16	22.36	21.19
Bihar	23301	23154	46456	4853	4554	9407	20.83	19.67	20.55
Gujerat	10634	9999	20633	2210	2080	4290	20.79	20.80	20.78
Jammu and Kashmir	1897	1664	3561	359	333	692	18.92	20.00	19.42
Kerala	8362	8542	16904	1698	1705	3403	20.30	19.96	20.13
Madhya Pradesh	16578	15794	32372	3132	2997	6129	18.89	18.97	18.93
Madras	16911	16776	33687	3042	3043	6085	17.99	18.14	18.06
Maharashtra	20429	19125	39554	4032	3768	7800	19.74	19.70	19.72
Orissa	8771	8778	17549	1676	1722	3398	19.11	19.62	19.36
Punjab	10892	9415	20307	2292	2038	4330	21.05	21.64	21.32
Rajasthan	10564	9592	20156	2147	2009	4156	20.32	20.35	20.32
Uttar Pradesh	38634	35112	73746	7276	6839	14116	18.83	19.48	19.14
West Bengal	18599	16327	34926	3475	3385	6860	18.68	20.73	19.34
Mysore	12041	11546	23587	2291	2265	4556	19.03	19.62	19.32
All Union Territories	4106	3673	7779	695	645	1340	16.94	17.55	17.23
India	226203	212864	439073	43850	42008	85858	19.38	19.73	19.55

STATISTICAL TABLE II
ENROLMENT IN ELEMENTARY SCHOOLS, (CLASSES I-VIII)1961

States	Total enrolment in classes I-VIII			Percentage of enrol- ment to Population in the age-group 6-14		
	Boys	Girls	Total	Boys	Girls	Total
(Figures in 000's)						
Andhra Pradesh	2156	1227	3384	63.5	36.3	49.9
Assam	870	476	1345	68.2	38.4	53.5
Bihar	2924	795	3719	60.3	17.5	39.5
Gujerat	1585	832	2417	71.7	40.0	56.3
Jammu and Kashmir	213	57	269	59.3	17.0	38.9
Kerala	1679	1407	3086	98.9	82.5	90.7
Madhya Pradesh	1821	491	2313	58.2	16.4	37.7
Madras	2535	1490	4024	83.3	49.0	66.1
Maharashtra	3049	1648	4697	75.6	43.7	60.2
Orissa	1066	452	1518	63.6	26.3	44.7
Punjab	1326	552	1878	57.9	27.1	43.4
Rajasthan	1079	243	1322	50.2	12.1	31.8
Uttar Pradesh	3927	991	4917	54.0	14.5	34.8
West Bengal	2265	1154	3420	65.2	34.1	49.9
Mysore	1623	908	2531	70.9	40.1	55.6
All Union Territories	548	309	857	78.7	47.9	63.9
Total INDIA	28667	13032	41699	65.4	31.0	48.6

STATISTICAL TABLE III

TOTAL DIRECT EXPENDITURE ON ELEMENTARY EDUCATION (1961)

State	Total direct expenditure on primary schools	Total direct expenditure on middle schools	Total direct expenditure on elementary schools	Total direct expenditure per pupil in			Total direct expenditure on Elementary Education per head of population	Percentage of total direct expenditure on Elementary Education to total educational expenditure
	(Rs. in 000's)	(Rs. in 000's)	(Rs. in 000's)	Primary schools (Rs.)	Middle schools (Rs.)	Elementary schools (Rs.)	(Rs.)	
Andhra Pradesh	7,60,55	1,66,27	9,26,83	28.4	47.2	30.6	2.58	37.1
Assam	2,22,78	9,99,41	3,22,18	21.3	49.2	25.8	2.71	36.0
Bihar	4,48,89	2,63,69	7,07,57	16.4	32.5	20.1	1.52	31.3
Gujarat	2,87,01	4,55,83	7,42,84	40.4	29.7	33.1	3.60	39.2
Jammu & Kashmir	38,00	31,54	69,55	25.7	48.3	32.6	1.95	34.2
Kerala	5,52,50	3,40,26	8,92,76	30.6	44.1	34.7	5.28	56.3
Madhya Pradesh	6,21,37	2,56,83	8,78,20	36.9	52.6	40.5	2.71	43.4
Madras	7,28,03	4,17,16	11,45,18	29.2	37.7	31.8	3.40	36.1
Maharashtra	6,93,03	9,37,37	16,30,40	38.9	38.5	38.7	4.12	33.3
Orissa	2,06,19	62,86	2,69,05	15.2	58.1	18.4	1.53	37.6
Punjab	3,37,70	1,71,24	5,28,94	36.1	54.1	40.4	2.60	29.5
Rajasthan	2,93,98	1,78,00	4,71,98	33.3	56.3	39.4	2.34	37.2
Uttar Pradesh	4,85,16	2,73,28	10,58,43	19.8	49.7	23.5	1.44	26.6
West Bengal	7,08,67	1,51,39	8,60,05	26.9	67.1	30.1	2.46	25.5
Mysore	8,92,48	3,78,20	7,70,68	30.8	32.3	31.5	3.27	43.6
All Union Territories	2,53,14	1,08,88	3,62,03	52.0	71.8	56.7	1.65	23.5
INDIA	78,41,49	42,92,20	1,16,36,69	27.6	40.5	31.2	2.65	33.8

STATISTICAL TABLE IV
TOTAL EXPENDITURE ON TRAINING OF ELEMENTARY TEACHERS (1961)

States	Total number of training institutions for elementary teachers	Total enrolment in training institutions for elementary teachers (including enrolment in attached classes)	Total direct expenditure on the education of elementary teachers	Cost per trainee in training institutions	Percentage of total direct expenditure on the training of elementary teachers to the total direct expenditure on elementary education	Cost of training of elementary teachers per pupil in elementary schools	Cost of training of elementary teachers per head of population
Andhra Pradesh	137	14,734	29,35	196.0	3.1	0.97	0.08
Assam	36	2,493	7,89	340.5	2.4	0.63	0.07
Bihar	122	16,860	53,36	316.5	7.0	1.51	0.11
Gujarat	78	8,686	19,54	243.8	2.6	0.89	0.10
J. & K.	10	638	5,89	11.323	9.0	3.23	0.19
Kerala	30	5,759	9,42	163.5	1.0	0.37	0.05
Madhya Pradesh	48	5,340	33,92	635.3	3.7	1.56	0.10
Madras	32	10,937	3,52	1254.5	3.1	0.10	0.01
Maharashtra	175	18,665	52,54	285.2	3.2	1.27	0.14
Orissa	82	4,741	5,49	136.9	2.4	0.44	0.04
Punjab	27	6,135	7,35	246.3	1.4	0.56	0.04
Rajasthan	55	6,578	22,35	501.0	6.4	2.70	0.16
U.P.	55	13,521	54,06	450.0	4.9	1.20	0.07
West Bengal	57	2,843	1,70	242.3	0.8	0.24	0.02
Mysore	21	3,030	15,09	647.7	2.1	0.63	0.07
All Union Territories	12	1,007	4,13	472.6	1.3	0.72	0.05
INDIA	1,148	3,21,912	13,16,11	339.5	2.9	0.93	0.08