Don’t Neglect Public Education

We are not laying a good foundation for the future by underinvesting in education

Narayanan Vaghul

I became a banker over 60 years ago. In these past decades much has changed in our country. Some of it for the better and some of it for the worse.

One front on which things have improved in many ways is banking. I was an integral part of the transformation of the sector over this period. Greater autonomy to the state owned banks, increasing competition through private banks, more transparent regulation, and widespread use of technology have played a role in the transformation of the banking sector.

Of course, this is not to say that our banking sector is now in perfect shape. While much has improved, it continues to have some deep problems, much of it arising from continuing state ownership and management of a large segment of the banking industry, and a few unethical entrepreneurs. But without doubt banking has come a long way from where it was in the 1970s.

I use the example of banking, which has been my life experience, to clearly point out that state interference and ownership can undermine certain sectors. Equally there are certain sectors where, if the state doesn’t own and deliver its full responsibility, the sector becomes dysfunctional and ineffective. These are the sectors that develop and build the public good.

While one obvious example of such a sector is large scale infrastructure, even more fundamental are health and education. Health is no less important than education. I will focus, in this piece, on education.

Let me start with a startling number. The Union government’s expenditure on education in 2017-18 was Rs 80,215 crore. From the 2017-18 annual financial audit of government finances conducted by the Comptroller and Auditor General (CAG), it is clear that Rs 94,036 crore of proceeds of education cess collected over the years by the government of India is lying unutilised in the Consolidated Fund of India. This is truly remarkable.

When the public education sector is struggling for funds on every aspect of education – infrastructure, teacher appointment, quality improvement, basic nutrition and more, why is the
government holding on to amounts (that are more than its annual expenditure), which have
been expressly collected for the purpose of education? Things have not improved in 2018-19 –
though we don’t know the exact numbers, since we don’t yet have the CAG report.

Another direct reflection of the lack of importance to education is in the way public
expenditure on education has declined from 10.9% in FY 2014 of overall public expenditure in
the country to 9.7% in FY 2019; with almost all the decline coming from the Centre’s part. This
has meant that as a proportion of GDP the public expenditure on education has fallen from
over 3% to under 3% – and that must be seen in the context of the much-accepted goal of 6%
of GDP being spent on education.

The inadequacy of our public expenditure on education becomes stark when compared with
countries around. Public expenditure as per cent of GDP, for a range of countries is: 7.5% for
Bhutan and Sweden; 7% for Costa Rica and Finland; 6% for Kyrgyzstan, South Africa and Brazil;
5.5% for the UK, the Netherlands and Palestine; and 5% for Malaysia, Kenya, Mongolia, South
Korea and the US.

It is quite clear that this list itself has small to big countries and low to high income countries.
This data and its related implications are quite clear in the Government of India’s own draft
National Education Policy (NEP) that was released in May 2019.

Our underinvestment in education becomes even more glaring when the reality of the
education of many of these other countries is considered. The OECD countries and the middle
income countries have fully developed and often high quality education systems with access to
all. Their expenditure on education is merely to run an existing system. Whereas, we in India
need to still make substantial investment for expansion, access and improvement in quality.
Thus, our education expenditure must be inherently higher than these countries – when
actually it is about half.

In fact, the only silver lining that i have seen recently on the matter of education is the NEP. It
envisions a fundamental overhaul of our education – to ensure equity and quality. Many of its
envisioned actions are highly laudable and urgently needed. For example, its commitment to
equitable high quality early childhood education for all, its bold vision of transforming India’s
higher education with a foundation of liberal arts at the undergraduate level, and its clear
direction on the overhaul of the teacher education sector.

Most of all its unambiguous commitment to public education is highly welcome and critical for
the nations’ inclusive growth and development. To ensure that this would become a reality, the
draft policy also charts a course for public expenditure on education to double in ten years,
from current 9.7% to 20%.

The government must focus on the most important of sectors which builds the future of our
country – education – which is being starved of desperately needed funds and leadership. I
hope that the Government of India uses the path laid out in the NEP to lead India decisively
away from this pernicious trajectory that we are on – with the present and future both being deeply compromised – and does not dilute or compromise the draft education policy in the final policy when it is notified.