

Squaring the circle
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AROUND this time last year, someone suggested that India might celebrate 50 years of independence by making elementary education a fundamental right. The proposal was widely applauded, then fell into oblivion as the Parliament preferred to celebrate the event with interminable speeches. The situation reminded me of a label I once saw on a second-hand television set in a shop window: Sound Only.

The fact that the proposed constitutional amendment on the fundamental right to education has been gathering dust for so long speaks volumes about the priorities of political leaders. Nevertheless, there is a good chance of the amendment being passed relatively soon, given the mounting public pressure behind it. The real challenge, however, is to put this amendment into practice. One aspect of this challenge (probably not the most demanding) is to deal with its financial implications. This is where the government seems to be

painting itself into a corner, made up of three conflicting priorities: selective fiscal discipline, liberal teacher salaries, and the fundamental right to education.

The first priority is selective fiscal discipline. The adjective 'selective' is important because comprehensive fiscal discipline would call for fairly obvious measures that are beyond the currently acceptable bounds, such as drastic cuts in subsidies for the privileged, reduction in military expenditure, and a sharp increase in income taxes. These options would come up against powerful lobbies and are therefore quietly ignored most of the time. Instead, the fiscal disciplinarians train their guns on soft targets.

How imperative fiscal discipline really is in the first place is an arguable matter. For the followers of the IMF school of economics (where IMF seems to stand for 'Ignore Market Failures'), fiscal discipline has become a sacred cow. This prescription, in turn, is usually justified in terms of concern for

inflation. Why inflation is such a dreadful monster is rarely explained and, disconcertingly enough, economics textbooks have remarkably little to say on this subject. As Frank Hahn put it in his distinguished treatise on *Money and Inflation* fifteen years ago, the belief that inflation is an evil in itself 'is a belief for the anthropologist and psychologist to unravel -economists cannot help.'

To avoid misunderstanding, I must clarify that what economists mean by inflation is a situation where prices *and* wages are rising over time. This differs from a situation where prices are rising but wages are not. The latter is certainly undesirable and people are right to protest when it arises. But inflation as defined here is not necessarily bad, at least when the rate of increase of prices and wages is relatively low. For instance, in India during the 1980s, prices were rising at about 10 per cent per year and wages a little faster, and it could be argued that the economy was none the worse for it. China's economy, with even higher inflation, was among the most successful in the world. In general, there is no evidence that moderate levels of inflation reduce economic growth, or have other major economic or social costs.

Why then, has a sophisticated institution such as the IMF fallen into the trap of absurd recommendations such as balanced budgets and zero inflation? I believe that the answer has to be sought not from anthropologists or psychologists, but from political scientists: it has something to do with the aversion of corporate financial institutions to inflation, and with the political influence of these institutions. As Jagdish Bhagwati candidly said in a recent interview, 'Wall Street views are very dominant in terms of the kind of world you want to see.'

All this may seem to be at a tangent, but I mention the point because there is some danger of India falling into a similar trap of inverted priorities, where the control of inflation is given overriding importance at the expense of real social issues (such as education). In European countries, this inversion of priorities has taken astonishing proportions, with finance ministers showing far more zeal in bringing inflation down from (say) two to one per cent per year than in fighting mass unemployment. Similar attitudes seem to be slowly taking root in India. Finance Minister P. Chidambaram, for instance, concluded a recent assessment of the state of India's economy with the words: 'Above all, we are justifiably proud of our success in keeping inflation as low as 4 percent in the past six months!' I am not sure that this 'success' is really worth more than passing mention in a review of India's economic performance.

Having said this, there *is* a strong case for fiscal discipline in India. More responsible and equitable patterns of taxation and expenditure could indeed be of great benefit for the masses. For this to happen, however, fiscal discipline has to take a more comprehensive form, going beyond the selective focus on soft targets.

One aspect of the current policy of selective fiscal discipline has been to combine austerity in some fields with largesse in others. Public sector salaries have been one object of this largesse, culminating with the Fifth Pay Commission report and its repercussions. The fact that this massive giveaway to the middle class came from parties that are seen as left on the political spectrum gives much food for thought. Also interesting is how the government almost instantly found the financial resources required to back these massive salary bills (nota-

bly by raising various taxes, and cutting expenditure across the board), at a time when there is supposed to be no extra money for social spending.

School teachers are by no means the main beneficiaries of the revised pay scales. Nevertheless their salaries, already increasing at about 9 per cent per year in real terms in the 1980s, are making another great leap forward. Is this a good thing? It could be argued that higher teacher salaries help to improve teaching standards. But since the higher salaries are paid *irrespective of teacher's* effort, this incentive effect is likely to be weak.

Some recent studies confirm that teacher performance in government schools bears no relation to their salaries. It is also worth remembering that in rural India, school teachers already belong to the top decile of the income scale, making it hard to justify further material privileges. Teachers certainly need better work conditions, but this should take the form of an improved school infrastructure, better training, less crowded classrooms, more respect from the education bureaucracy and greater support from the parental community. These steps would do a great deal more than salary increases to improve the teaching standards and job satisfaction of teachers.

Let us now put two and two together. Selective fiscal discipline has effectively put a cap on the growth of public expenditure on education (as a share of GDP, the latter has in fact *declined* year after year since 1991-2). On the other side, the rapid growth of teachers' salaries continues unabated. Given that these salaries account for over 95 per cent of total expenditure on elementary education, the Education Ministry has only one way to make ends meet: slow down on new teacher appointments. This is exactly

what has happened in recent years, leading to a steady decline in the number of teachers per child. ,

The current slowdown in teacher appointments is in conflict with the professed commitment to elementary education as a fundamental right. Indeed, one aspect of this right is that all citizens are entitled to minimal schooling facilities at a reasonable distance from their homes. This requires a major upgrading of the schooling infrastructure, including a large increase in the number of teachers. As things stand, schools are so under-staffed that many of them provide little more than basic child-minding services. Single-teacher schools are an extreme manifestation of this phenomenon, but the problem is not confined to these schools.

There are various estimates of the financial implications of the right to education, which are largely driven by teacher requirements and teacher salaries. According to the Saikia Committee, the fundamental right to education calls for an additional expenditure of Rs 40,000 crore over the Ninth Plan. This estimate, which precedes the Fifth Pay Commission report, and makes no allowance for salary increases, is probably on the low side. But even this modest figure is way above what the Education Department can hope to get for elementary education as things stand. In short, there is no sign of any official willingness to face up to the financial implications of the fundamental right to education as estimated by various expert groups and committees.

What is the way out of this impasse? One prediction is that the proposed constitutional amendment will be quietly dropped. This, in my view, is unlikely, if only because the amendment has overwhelming public support. Also, the fundamental right

to elementary education has already been recognized by the Supreme Court in the Unnikrishnan case (1993), giving Parliament little choice but to recognize it too.

A more optimistic prediction is that the fundamental right to education will prevail, and that public pressure (perhaps in the form of a Public Interest Litigation) will bulldoze the financial obstacles. This would be an interesting denouement, especially if it constrains the fiscal disciplinarians to explore new means of achieving their goal. Much as I would like to believe in this outcome, it is however a hard wicket, because the government has another way of wriggling out of this situation. This is to give formal recognition to the fundamental right to education, while giving it a diluted interpretation which minimizes the responsibilities of the state.

The door is already open to this course of action. The proposed constitutional amendment, in itself, does not specify exactly how the fundamental right to education is to be implemented. It leaves it to individual states to formulate relevant legislation for this purpose. And while some guidelines about the content of such legislation are contained in the Saikia Committee report, these guidelines are unlikely to have much force in practice.

Some states will probably confine themselves to compulsory education laws that focus on the responsibility of parents to send children to school. Others may specify that all children are entitled to minimal schooling facilities, but without going very far in specifying what these facilities are (e.g., in terms of convenience of access, physical infrastructure, teacher-pupil ratios and teacher qualifications). This will make it possible for the state government to get

away with providing the missing facilities in the form of cheap arrangements such as 'non-formal education centres' and low-paid *shiksha karmis*.

As a matter of fact, several states are already making quiet but persistent moves towards reliance on low-cost schooling as a means to universalize elementary education. In Himachal Pradesh, for instance, 'voluntary teachers' employed at about half the salary of a regular teacher have already been recruited on a large scale in government schools. In Rajasthan, *shiksha karmis* are widely used as substitute teachers in remote villages. Low-cost schooling is probably most developed in Madhya Pradesh, which now has at least four different types of alternative schooling arrangements: non-formal education centres sponsored by the central government, *shiksha karmis* posted in formal schools, 'alternative schools', and informal schools created under the state's innovative 'education guarantee scheme' (EGS). These different facilities are not necessarily aimed at providing low-cost alternatives to formal schools (some of them have a completely different inspiration), but there is a strong pressure to use them in that way.

How effective are these low-cost schooling facilities? The first generation of such facilities, consisting of non-formal education centres sponsored by the central government, were a fiasco. Several studies indicate that a large majority of these NFE centres are non-functional. To cite only one, the recent PROBE survey of schooling facilities in the Hindi speaking states found fewer than ten functional NFE centres in 188 survey villages (on paper, India has more than 2.4 lakh NFE centres, i.e. one for every other village or so). Even in the 'functional' centres, the level of teach-

ing activity was minimal. So much so that, in many cases, local residents and even school teachers were unaware of their existence.

In 1,221 sample households, the survey found only two children who were actually enrolled in a NFE centre. And the survey did not uncover a single case of a child who had 'graduated' from a non-formal education centre to a formal school, even though one of the main goals of NFE centres is precisely to make this possible. Notwithstanding these and other clear indications of the failure of the programme, the creation of scores of additional NFE centres continues unabated - the current target is 3.5 lakhs. As a top-level bureaucrat from the Department of Education candidly put it at a recent seminar in Delhi, 'non-formal education survives because it is a profitable industry.'

The second generation of low-cost schooling facilities, which encompasses the state-specific initiatives mentioned earlier, is somewhat better planned and more promising. Voluntary teachers in Himachal Pradesh, for instance, seem to play a useful role. The same applies to informal schools set up in Madhya Pradesh under the 'education guarantee scheme', though it is too early to assess this initiative with any confidence.

A distinction needs to be made, however, between the role of these facilities as a *temporary supplement* to the mainstream schools, and as a *permanent substitute* for the latter. Providing alternative learning facilities for drop-out children, for instance, is certainly a useful thing. So is posting a shikshakarmi in an under-staffed school, as a provisional arrangement. But it is quite another matter to argue that non-formal schooling facilities provide an adequate *substitute* for formal schools.

Until recently the last argument would have had few takers, but its political acceptability is rapidly gaining ground as the imperatives of fiscal discipline put pressure on the state to fall back on low-cost schooling arrangements. The obvious danger of 'universalizing' elementary education in this way (bearing in mind that the low-cost facilities are almost invariably aimed at underprivileged children) is that it is inequitable, unless the low-cost schooling facilities are of the same quality as the mainstream schools. Failing that, the two-track formula may *institutionalize* the disparities of educational opportunities which universal elementary education seeks to *eliminate*.

Whether low-cost schooling facilities can deliver education of the same quality as the mainstream schools is an open question. It is not impossible in principle: the lower costs of these facilities are usually due to lower salaries, and, as argued earlier, salaries need not bear much relation to teaching standards. But the *sustainability* of these salary differentials is doubtful (the lower-paid teachers being quick to organize and demand higher salaries, as is already happening in each of the three states mentioned earlier), not to speak of their equity. The sustainability issue also applies to the institutional arrangements that support these alternative facilities.

The onus of proof that low-cost schooling can deliver quality education in an equitable and sustainable manner lies with the advocates of this strategy. Meanwhile, public pressure should focus on an undiluted version of the fundamental right to education, based on the inclusion of *all* children in a common schooling system. And if this formula is costly, so be it.