(5)

Centre-State Relations in Financing Education in India

NATIONAL INSTITUTE OF EDUCATIONAL PLANNING AND ADMINISTRATION

NIEPA Occasional Paper

5

Centre-State Relations in Financing Education in India

Jandhyala B.G. Tilak

NATIONAL INSTITUTE OF EDUCATIONAL
PLANNING AND ADMINISTRATION
17-B, Sri Aurobindo Marg
New Delhi - 11 00 16
(India)

NIEPA 1984

The opinions expressed in the Paper are those of the authors and do not necessarily represent the views of the Editorial Board or of the NIEPA.

CENTRE-STATE RELATIONS IN FINANCING EDUCATION IN INDIA

Jandhyala B.G. Tilak

Abstract

While literature on Centre-state relations in education is relatively abundant, hardly a comprehensive study can be found on the Centre-state financial relationships in education in India. Even with regard to the former many studies are largely concerned with historical accounts of the pre-independence period. This paper is concerned with the financial relationships between the Centre and the states in education in India. After giving a brief historical perspective on the problem, it is attempted here to critically review the relationships during the post-independence period. Since equity is an accepted goal of Indian planning, just as of many modern welfare state governments in the world, we have examined the role of the Planning and the Finance Commissions in India in striving equity through their respective processes of allocation of resources for education.

The analysis leads us to conclude that the allocation of resources to states for education is not guided by any rational criteria such as equity in the case of Planning Commission or in the case of Finance Commission. In fact the essential model that explains the pattern of allocation of resources to education in India, it is concluded, is a political model which has no regard for any scientific rationale. Finally it is argued here that there should be less of physical concurrency and more of financial concurrency in education in India.

Acknowledgements

The author is grateful to N.V. Varghese and A. Mathew for commenting on the earlier drafts of the paper.

CENTRE-STATE RELATIONS IN FINANCING EDUCATION IN INDIA

Jandhyala B.G. Tilak

1. Introduction

In any federal system the relationship between federal or Central[1] government and local governments is significant in a number of fields and especially important in the field of education and in the field of education the financial relationships are of crucial importance. In a federal structure education sector receives finances from the federal government, provincial governments and even local governments, apart from several other sources such as private sources of finances like fees, endowments, donations etc., which fall outside the framework of this paper. In other words, the paper is essentially concerned with the role of Central and state governments in India in financing education in the country. The question is important to study when (i) overall Centre-state and state-state relationships are debated, (ii) educational developments in different regions are unequal, and more importantly (iii) the levels of economic development of various regions are different. There has been a continuous controversy regarding the Centre - state relations in financing education. There is a view that education is of such great national importance that it cannot be a total responsibility of the states, the Centre should have some say on educational matters. On the other hand, it is also argued that in a vast and diverse federal polity like India in the interests of education sector it should be in the total purview of the state governments. We come to the debate at the end of this paper. We begin with a historical prespective of the problem in the following section. Section 3 is devoted to an indepth discussion on the role of the Planning Commission and the Finance Commission in financing education in India. We conclude the paper with some tentative observations on the problem in the last section.

2. In Retrospect

The problem of understanding and defining the proper relationships between the Centre and the states in India is, of course, much older than the country's independence. For instance it figured quite prominently in the Government of India Act of 1935. However the issue was debated even much earlier. In this section it is attempted to present briefly a historical prespective of the problem with regard to education. If one looks at the Centre-state relationship in education in retrospect, one finds a variegated picture.[2] The period covering the last two centuries can be divided for this purpose into essentially two phases, which in turn can be further divided into several phases. The two main phases are the pre-independence period and the post-independence period. The Centre-state relations in these two periods are of different character. In the earlier stages of the modern pre-independence period, i.e., in the beginning of the 19th century there was neither a proper 'Centre' nor a proper 'state' corresponding to the 'Centre'. Later, during the British rule the major lucuna in the educational sector in the country was that there was 'no national policy on education' nor 'a national system of education' (Naik & Nurullah: 1945). Hence the Centre-state relations during pre-independence period and the post-independence period cannot be studied in a single perspective. In this section first we describe the financial relationships between the colonial rulers in India and the provincial governments, and then the developments during the post-independence period would be reviewed.

2.1 The Crown and the Provincial Relations

For lack of better and familiar terminology we call the process of concentration of powers during the British period either in the hands of the Crown or in the hands of the representatives of the Crown 'centralisation' and when they did not take interest in education we call it 'decentralisation', eventhough they were not actually the same in the true sense of the words.

The pre-independence period can be divided into several phases. During the period beginning from the Regulating Act of 1773 to 1833 the East India Company slowly and steadily grew in strength and tended to concentrate more and more powers of administration. But in the field of education, the period upto 1833 was characterised by total absence of central control: the Court of Directors of Education in London had played little role in the development of Indian education; and the Directors of East-India Company were unwilling to accept any responsibility for the education of the Indians. In other words, the provinicial governments were totally autonomous in making their own educational policies and programmes. Eventhough the Directors were compelled to accept some responsibility and incur some expenditure on education by the Charter Act of 1813, no central educational machinery was created for this purpose. The general Committees of Public instruction that existed in the provinces did not have any counterpart at the Imperial Centre, Calcutta.

However it is with the Charter Act of 1833, which transformed the commercial East India Company into a governing corporation, the phase of what can be called in retrospect, concentration of powers in the hands of the Crown in education started.[3] By this Act, the Central Government was in full control of the Indian finances. The Act led to centralisation of power and administration in all spheres including education in such a way that the Directors of Public Instruction needed the sanction of the Imperial Government at Calcutta for every expenditure on education. This period of centralisation continued until 1870 but in a sense rigidly upto 1854 only. In a way the Wood's dispatch of 1854 paved the way for relaxation of rigid Imperial control over education. An important feature of post-1854 period was that "the centre of interest in education now shifted from London to Calcutta" (Naik & Nurullah: 1945: 149). The Central control over education was very 'broad and general'. The situation continued despite the complete take over of the Indian Administration by the British Crown under the Government of India Act of 1858.

1870 marked a beginning of a long phase of decentralisation of powers in education, initiated by Mayo in 1870. This was essentially because the British authorities had become aware, as evident from the Act of 1861, of " 'the extra-ordinary and inherent difficulties in devising a system applicable to the whole of India'. It was therefore provided that except in matters of all-India concern, provincial governments shall have the responsibility of legislating in accordance with the requirements of local needs. The earlier tendency of centralising power was thus put in reverse gear, as it were" (Singh, 1977:3). There was however, no clear demarcation of powers. It should be noted that while this decentralisation in general was confined to executive and legislative powers and that in fact, coordination, policy formulation and financial assistance still rested with the Centre, a few departments including police, jails, education, medical etc., were handed over to the provinces. The Centre also assigned some revenues to the provinces, in addition to making a provision that inadequacy in revenues could be met out of increased taxation, by the provinces but under Central supervision. In 1882 sharing of revenue and expenditure (divided heads) between the Centre and the provinces was attempted in place of assignments, and the scope of the divided heads was widened in 1897. In 1897 the Indian Education Service was created which enabled Central recruitment of personnel in England who were more responsible o the Imperial Government. It had, however, no serious adverse effects on the powers of the provinces. In 1898 Curzon came to India and his arrival marks the high watermark of centralisation. During his period the policy towards education changed. He infact inaugurated a brief period of Centre-inervention and active policy making in education and educational system was almost controlled by the Central government. Curzon's policies were neither pursued vigorously nor abandoned altogether after the exit of Curzon. However it is the Montague-Chelmsford Reforms which became later the Constitutional Reforms Act of 1919 which could clearly break the legacy of Curzon. While all earlier devolution of resources were from one level of executive to another as a matter of convenience, the Act of 1919 brought about the statutory distribution of powers and responsibility between the Centre and the provinces. The governments at provincial level began to exercise large authority over education. As there were good and stable financial relations between Central and provincial governments, "education had the good fortune to receive much larger finances than it did in the earlier period" (Naik & Nurullah. 1945:235). The grants-in-aid system which still exists today, is in a sense, a product of this period. The Central government made generous grants to education which were unknown in the history of Indian education either before or later.

The Government of India Act of 1919 which introduced diarchy in the provinces placed education under the responsibility of the Indian Ministers. Education was not only a provincial, but a transferred subject and constitutionally the Centre was not to exercise any control over the transferred subjects. However the financial arrangements under diarchy did not help the education sector. The finances of the provinces were largely crippled by the contributions payable to the Central government, under what was called the 'joint purse' system. As such education received less financial reasources from the provincial governments as well. By 1921 education became a totally state subject. The control of the federal government on education was reduced to such an extent, that it led the Hortog Committee to comment that education received an 'unfortunate divorce' from the Government of India. It was an unfortunate divorce, because the Government of India ceased to take any interest in educational matters. The Government of India saved a lot of expenditure, which otherwise should have been incurred on education. The special grants to education were totally discontinued. The education sector in the country did suffer a lot due to this. The finance departments acted as a 'spy' on transferred subjects like education, creating several problems, either vetoing or rejecting the proposals made by the ministers of transferred subjects.[4] The financial arrangement in the diarchy system, thus did not help the educational sector in the country. However the provincial autonomy granted by the Government of India Act of 1935 gave more powers to the provinces to organise its own educational services. The Central Advisory Board of Education

(CABE) and the Education Departments were wound up. The control and supervision which the Central government used to exercise over the details of administration virtually came to and end. The provincial governments however enjoyed greater freedom to plan programmes of educational expansion and improvements. Hence in the initial part of this period several new schemes were undertaken, enrolments of students increased rapidly and increased grants to education were made by the provincial governments.

With the revival of the CABE in 1935 the Central government began taking the responsibility of education. However it did not change the situation seriously. But this was in a sense the beginning of the efforts of the Central government to take interest in education, provisions for which were made in the Constitution of Independent India in 1949.

The Government of India Act of 1935 divided the educational responsibilities more clearly between the Centre and the states. While the Act of 1919 "made education a subject which was 'partly all-India, partly reserved, partly transferred with limitations, and partly transferred without limitations', and the Act of 1935 improved this anamalous position considerably" (Naik & Nurullah:1945:365) placing a few selective areas of education sector as federal subjects and the major areas of the sector as state subjects, the Constitution of India has made a more clear classification, retaining however the basic features of the federal structure introduced in 1935.

2.2. Developments during the Post-independence Period

With the adoption of the Constitution of India the place accorded to education in the federal framework drastically changed. As far as the Centre-state relationships are concerned the Constitution of India made three lists : List 1 - List of Union functions, List 2 - List of state functions, and List 3 - List of concurrent functions, and education was placed in the List 2, except a few minor parts of education which were placed in List 1. The following sectors of education are listed as the functions of the Union : central universities, institutions of national importance, Union agencies and institutions for professional, vocational and technical training and coordination and determinitation of standards in institutions for higher education. Vocational and technical training of labour was listed as a concurrent function. Though education was explicitly listed as a state subject, the Constitution placed more responsibilities of education on the Central government. Clearly a significant part of higher education has been the responsibility of the Central government. From the Constitution, "the Government of India obtained a larger authority over education than under the Government of India Acts of 1919 or 1935" (Rao: 1972 : 179). This increased role for the Central government in education has been justified on a variety of grounds. As Rao (1972:179) rightly notes there are three extraneous factors,[5] viz., (a) the adoption of planning as the technique of development and the formulation of five year plans by the Planning Commission, covering both Central and state development activities, (b) the institution of large central grants earmarked for specific educational schemes, and (c) the political accident of the same party being in power at the Centre and in the states. The role of the Central government has been further justified on the ground that there are regional imbalances in educational development and the states themselves cannot reduce the disparities, constrained by their own inadequate financial resources, and hence the role of the Centre becomes unavoidable to check these imablances.

Similarly to maintian uniformity, high standards and quality in education, and for national integration it is believed that the Central government should extend its jurisdiction to education. It is also viewed that the Centre can act as a clearing house and coordinating agency in every sector of education, and it can develop programmes of significant and fundamental research in education.[6] Central intervention in education is further justified, as provision of educational facilities as a right to all, particularly elementary education, and protection of educational interests of weaker sections are a part of the Directive Principles of the Constituton. It is argued that the centre has a responsibility to be guided by the Directive Principles.[7]

The Central government intervenes in education particularly in three ways: The Central government has its own Central sector in education, which includes, besides the sectors listed in Union List (List 1), the Central schools, the regional colleges of education, national scholarships, the programmes of University Grants Commission (UGC) such as the creation of centres for advanced study etc. Administraive as well as financial functions of this sector are the total respnsibility of the Central government. These activities are planned, implemented and financed exclusively by the Centre.

Secondly there is a sector known as Centrally sponsored sector the responsibility of which the states do not accept on their own. The Central government could however, persuade the state governments to accept the responsibility of their implementation. They constitute part of the Central plan in respect of which the states act as executive agencies. They are designed and developed by the Centre. The activities in this sector include promotion of Sanskrit, Hindi in non-Hindi speaking states, promotion of students' tours etc. The Central government takes care of the financial part of these activities.

Then there is the Centrally assisted sector which includes activities, in the promotion of which the Centre is actively interested though they are embodied in the state plans. The states accept the financial responsibilities of this sector only partially. Enrolment of handicapped in the integrated schools is one such activity. The financial contribution of the Centre to such activities might vary in between 25% to 100% of the total cost of these activities.

Thus while the Constitution has placed a significant part of higher education under the control of Central government, finances from Central government flow into the school education sector also.

Hence it is generally felt that a large part of the financial assistance made by the Centre to the states had flown into the areas where states had exclusive jurisdication resulting in what could be called erosion of autonomy. On the whole one finds that eventhough education was de jure a state subject, it was de facto a concurrent subject.[8] However the concurrency was confined more to non-financial aspects, and in fact there was no real 'financial concurrency' (Rao 1972:183).

In this background the Constitutional Amendment made in 1976 which brought education to the concurrent list can be understood as nothing but legalisation of a feature that has been in existence all these years. In other words, "what was felt vaguely and realised indirectly has now been verbalised and put in black and white" (Singh : 1977 : 1). While it is too early to comment upon the full implications of this Amendment on the basis of experience of the last few years, it might be expected that in course of time there would be true financial concurrency as well in education.

In the following section we examine in more detail the processes of flow of finances from Centre to States for educational purposes as envisaged by the Constitution vis-a-vis the actual pattern of flow during the post-independence period.

3. The Present Federal Structure and Devolution of Resources

In a good federal economy both the Federal government and provincial units will be having sufficient resources of their own. As this has not been the situation in India, the Constitution had envisaged devolution of resources to the states from the Centre.[9] It is necessary here to note that the system in India makes a sharp distinction between 'development' (plan) and 'maintenance' (non-plan) expenditure on education. The process of sharing the resources by the Centre and states in the country takes place through the Planning Commission, a permanent non-statutory and quasi-judiciary body and the Finance Commission, a statutory body appointed once in every five years. The former takes care of the plan expenditure and the latter the maintenance expenditure. The Planning Commission gets its authority of assessment of requirements of centre and states only by convention and the recommendations are not strictly binding on the Centre or on the states, but are normally accepted, particularly in view of its commanding influence on both the governments. The Planning Commission makes its recommendations largely under Article 282 of the Constitution (providing for discretionary transfers).[10] On the other hand, the Finance Commission makes an assessment of the states' claims on maintenance or non-plan expenditure and makes its recommendations on the distribution of resources under the Article 275 of the Constitution. The recommendations when adopted by the Parliament and approved by the President are binding on the Centre and the States. In making these recommendations, the Finance Commission is expected to take into account (a) the requirements of the state governments under revenue account to meet expenditure on administration and non-plan commitments or liabilities, (b) provision for emoluments of government employees; (c) commitment in regard to interest charges on debts, (d) transfer of resources to local organisations, (e) maintenance of capital assets, (f) maintenance of plan schemes completed in the earlier plan, and (g) requirements of the backward states for upgrading standards in general education.[11]

The distribution of resources under 'development' category is in accordance with the five year plans finalised by the Planning Commission. The level of public expenditure on any sector including education in the centre and the states is broadly determined by the Five Year Plans. The plans also specify the policies, goals, targets and programmes to be pursued during the Five year plan period. Thus all expenditure on new additional programmes and activities is known as plan expenditure. However at the end of each plan these programmes and activities fall into the 'non-plan' category. In other words the programmes and activities initiated in a plan, have to be 'maintained' subsequently and this maintenance expenditure does not come under the purview of the Planning Commission; on the other hand it becomes a responsibility of the Finance Commission. In this sense the role of

TABLE NO. 1

Plan and Non-Plan Expenditure on Education in India

(Rs. in 10 millions)

(1)	Plan Expenditure (2)		Non Plan Expenditure (3)		Total (4)	
1950-51	20	(28)	51	(72)	71	(100)
1960-61	90	(38)	144	(62)	234	(100)
1965-66	178	(41)	259	(59)	437	(100)
1970-71	115	(14)	731	(86)	846	(100)
1973-74	225	(17)	1086	(83)	1311	(100)
1977-78	324	(14)	1991	(86)	2315	(100)
1978-79	413	(16)	2245	(84)	2658	(100)
1980-81	520	(14)	3226	(86)	3746	(100)
Rate of Growth (%)	11.5		14.8		15.0	

Source: R.K. Bhandari (1982) for 1980-81, and for others Planning Commission (1978)

the Finance Commission begins where that of the Planning Commission ends.[12] The Constitution has laid down the detailed mechanism of sharing the resources by the Centre and the states through Finance Commission. In this context the tax-revenue received by the Central government is classified into five types : (i) taxes levied and collected by the Central government and the receipts that are not shared with the states (e.g., customs duties, corporation taxes, etc.) (ii) taxes levied and collected by the Central government and their receipts are necessarily shared between the Centre and the states (e.g., income tax), (iii) taxes levied and collected by the Central government whose receipts may be shared with the state governments (e.g., excise on tobacco and other goods), (iv) taxes levied and collected by the Central government but their receipts are wholly tranferable to the states (e.g., estate duty, tax on sale/purchase of newspapers, etc.) and (v) taxes levied by the Central government but collected and used by the states (e.g., excise on medicine, toilet, etc.). Besides sharing of these tax receipts with the states, the Finance Commission also makes two types of transfers of resources to the states, viz., grants and loans. Thus, in all there are three types of transfers, viz., the tax receipts, grants and loans which come under the purview of the Finance Commission. The Finance Commission makes all the statutory transfers through these three channels.

The importance given to the Finance Commission in the Constitution is so significant that it led many to comment that the Constitution had expected that all the transfer of resources would be statutory in nature, mostly made through the Finance Commission as a matter of right than of grace. But with the advent of planning and the Planning Commission, the discretionery transfers over-shadowed the statutory transfers. "Planning had changed the economic, fiscal and also political control of the country" (Baker, 1976: 206).[13] In fact even without a Constitutional status, the Planning Commission has been playing a powerful role in Centre-state economic relations.[14]

Thus it may be noted that the distribution of educational expenditure between the Centre and the States is determined by the Planning Commission and the Finance Commission.[15] The role of the Finance Commission becomes increasingly important, as the expenditure that comes under the purview of the Finance Commission, i.e., the non-plan expenditure will be on ever increase, being cumulative over years. It should not, however, mean that the Finance Commission has no vital role to play at all. Finance Commission works on the basis of accomplished facts of the past and as such the scope for flexibility is restricted. On the other hand in the case of the Planning

Commission there is scope for more flexibility, as it can have a fresh look at the additional programmes and innovations. Nevertheless, as far as magnitudes are concerned the role of the Finance Commission is indeed larger.

3.1 Principles of Allocation of Resources

Before we discuss the pattern of devolution of resources by the Planning Commission and the Finance Commission, it may be desirable to briefly describe ideal cannons of allocation of resources. A priori one expects that allocation of resources for education to the states by the Planning Commission and the Finance Commission would be based upon certain well-defined and clearly formulated cannons. The problem, obviously, is of two parts: distribution of resources between the Centre and the states, and distribution of resources by the Centre between different states. In either case, the cannons of distribution of resources can be described as follows:

a) The Equity Criterion : In a modern welfare state one of the important objectives of public expenditure on education is equity. Generally equity is defined in several ways. In its crude form, the equity criterion implies equal distribution of resources, in our case, between Centre and all the states. However, it is by now very clearly realised throughout the world that equality does not necessarily result in equity. Particularly with respect to distribution of educational resources between different states, equity in allocation of resources should mean allocation of resources in such a way that it produces equity, i.e., all the states develop their educational systems more or less equally. It might imply even unequal distribution of resources, the less developed states receiving more resources from the Centre than the developed states.

b) The Ability Criterion : The financial responsibility of the education sector can be shared by the Centre and the states based upon the ability of each of these two layers of the government. And when the Centre distributes resources to different states, the levels of ability of different states might be taken into consideration. If the Centre has more resources of its own it can take larger share in the educational finances in the country than the states and vice-versa. On the other hand if the role of the Centre and the states in educational sector are already defined, the problem boils down to devolution of resources to different states, in which case, the ability criterion should imply distribution of relatively more resources to economically poorer states compared to wealthier states. In such a case the ability criterion gets identified with equity criterion.

c) Degree of Educational Effort : A closely synonymous criterion can be the degree of educational efforts of each state (say, for example, measured by per capita expenditure on education). The crietrion might imply allocation of resources to different states in such a way that all the states reach a given level of educational development uniformly i.e., the Centre makes the matching allocation in such a way that regional imbalances are minimised. But generally the criterion is interpreted as if the Centre's allocation should 'match' to the state's allocation, i.e., larger the degree of educational effort of the state larger should be the quantum of resources it receives from the Centre. This aggravates inequalities. Backward states might obviously invest less on education, in which case based on latter interpretation they receive less resources for education from the Centre.

d) Educational Accomplishment : Alternative to educational efforts, sometimes the level of educational accomplishment might also determine the pattern of allocation of resources. If the devolution of resources to the states by the Centre is guided by a rewarding motive, those states which accomplished well on education front might receive more resources. On the other hand if the reverse of the accomplishment is taken into account i.e., the tasks yet to be fulfilled, the allocation mechanism might favour the backward states.

e) Efficiency . Finally ather cannon which is essentially meritocratic in nature that might guide distribution of educational resources could be efficiency of the educational system. This is seemingly a better criterion than the others, because it takes both costs and output of the system into account. The criterion suggests that more resources should be given to those states where the already given resources are quite efficiently spent. Efficiency might, however, be measured in various ways -- starting from simple ways such as larger coverage of the school-going population, less dropouts and failures, higher literacy rate, etc., to sophisticated ways of measuring efficiency such as higher benefit-cost ratio, more cost effectiveness, etc. The criteron of efficiency might or might not go against the principle of equity. If the educational system in a backward state is efficient, the pattern of allocation of resources favours equity considerations.

It may be noted that in India, just as in other modern welfare states, as stated earlier, equity is an important objective of planning in general, including of educational planning. Hence one expects that the pattern of allocation of resources to education is also guided by equity considerations. More precisely one expects allocation of more resources to economically or educationally backward states.

With this background let us critically evaluate the pattern of allocation of resources to education by the Centre between different states in India by the Planning Commission and the Finance Commission. It is to be noted in the beginning itself that the system in India is so complex that it is not comparable with the systems in the other federal systems of the world like the U.S., Canada and Australia.[16] It is so complex in India that some even term the whole federal-provincial financial system as one interdependent economic unit.[17]

3.2 The Planning Commission and Equity

First we take up the case of Planning Commission. The distribution of plan outlays between the Centre and the states is given in Table 2. During the period of the first three five year plan the share of the Central government in the total plan outlay for education has been of the order of 25%. During the Fourth and the Fifth plan periods this figure increased to one-third. In the Sixth plan the share of the Central government was reduced to 30%. After the education sector being brought into concurrent list from the state list one expects that the share of the Central government would increase in the educational outlays. The marginal decline in the share of the Central government in the Sixth five year plan (which is incidentally the first five year plan of the present government after the Constitutional amendment) belies such expectations. The earlier criticism that there was only physical (or non-financial) concurrency in education and that there was no real financial concurrency perhaps still holds good.[18]

TABLE NO. 2

Contribution of Centre and the States to

Educational Finance in India (%)

(Plan Expenditure)

Plan	Central Government	State Government	Total
First five year plan	25	75	100 (153)
Second five year plan	25	75	100 (273)
Third five year plan	26	74	100 (589)
Fourth five year plan	33	67	100 (823)
Fifth five year plan	32	68	100 (1285)
Sixth five year plan	30	70	100 (2524)

Note: Figures in ( ) are Rs. in 10 millions.

Source: MOE (1980)

TABLE NO. 3

Centre-State Partnership in Financing Education
(Plan and Non-Plan Expenditure)

(Per Cent)

Period	Central Government	State Government	Total
First five year plan	6.8	93.2	100 (4146)
Second five year plan	17.5	82.5	100 (8496)
Third five year plan	20.1	79.9	100 (16554)
Fourth five year plan*	8.0	92.0	100 (56430)
Fifth five year plan**	8.5	91.5	100 (89385)
1976-77	9.0	91.0	100 (23488)
1977-78	8.6	91.4	100 (27191)
1978-79	9.3	90.7	100 (29597)

Note : * Onwards Revenue Account only
** 4 year period. i.e. upto 1977-78

Figures in ( ) are Rs. in million

Source: Pandit (1976:21) for first 3 five year plans, and MOE (1980) for others.

Now let us see the state-wise distribution of Sixth Plan outlays for education. The Planning Commission has approved a total outlay of Rs.25240 million for education - Rs.7350 million in the Central sector and Rs.17890 million in the state sector. The statewise distribution of this outlay is given in Table 4. Ex-ante, as far as plan outlays are concerned, one expects, in the light of equity considerations, that economically and educationally under developed states receive relatively larger allocations from the Centre, as plan outlays aim at further development, involving opening of new schools and colleges etc., while non-plan outlays aim at maintaining the already existing schools and colleges.

It is clear from Table 4 that the pattern of distribution of resources does not clearly indicate any rationale behind inter-state allocation. The pattern of allocation is strongly related with neither the state's economic conditions [measured by State Domestic Product per capita (SDPPC)] nor with the educational development of the state [measured by the educational development index (EDI) constructed earlier by Tilak (1979)]. It can be seen that some of the developed states have been able to receive more resources as compared to the poor states through the plan outlay.[19] For example, the educational outlay approved for Maharashtra, one of the educationally and economically advanced states (with the highest per capita SDP, next to Punjab) was Rs.1328 million, the fourth highest figure among the 22 states. On the other hand, Orissa an educationally as well as economically backward state received an outlay of Rs.546 million much less than the outlay approved for states like Punjab, Haryana, Tamil Nadu, etc. The outlays for states like Jammu & Kashmir, yet another one of the nine educationally backward states are quite small. If we look at the coefficients of correlation, we notice that the correlation between plan outlay and educational development index is relatively high, and more importantly the coefficient is negative. It is (-) 0.4496, suggesting that educational development of the state and the resources allocated by the Planning Commission to the state are inversely related. The coefficient is not however, highly significant (statistically insignificant at 2% level), nor high in value. And when we see the relationship between the plan outlay and SDP per capita, we note that even such relationship does not exist. The coefficient of correlation between SDP per capita and the plan outlays is 0.01106.

TABLE NO. 4

State-wise Approved Outlay for Education in the Sixth Plan

Rs. in Millions

Rank	State	Outlay	% to State Plan
1.	West Bengal	2750	7.9
2.	Bihar	1540	4.8
3.	Uttar Pradesh	1387	2.4
4.	Maharashtra	1328	2.2
5.	Madhya Pradesh	1045	2.8
6.	Rajasthan	1013	5.0
7.	Tamil Nadu	930	3.0
8.	Assam	875	7.8
9.	Andhra Pradesh	730	2.4
10.	Haryana	634	3.5
11.	Gujarat	616	1.7
12.	Karnataka	576	2.5
13.	Punjab	560	2.9
14.	Orissa	546	3.6
15.	Kerala	502	3.2
16.	Jammu & Kashmir	377	4.2
17.	Manipur	180	7.5
18.	Himachal Pradesh	178	3.2
19.	Tripura	155	6.3
20.	Nagaland	117	5.5
21.	Meghalaya	110	4.7
22.	Sikkim	93	7.6
	India	17890	3.7

Source: R.K. Bhandari (1982)

Thus we find that the pattern of transfer of resources by the Planning Commission to the states for educational development is not based upon any accepted and stated criteria like equity,[20] nor it is known whether at all any rational and scientific criteria exist to explain these transfers. We shall come to this point later.

3.3 The Finance Commission and Equity

Now let us examine the process of allocation of resources by the Finance Commission to the states. As we explained earlier Finance Commission has important but only restricted role to play. This does not mean that the Finance Commission can not have any equity considerations, as non-plan expenditure on educationally better states should obviously be higher. Strengthening of the existing infrastructure and facilities, better maintenances of the existing schools and colleges, which are treated as non-plan activities also contribute significantly to the educational levels of the states.[21] The Sixth Finance Commission, for instance, gave some weightage to backward states: the unfinished tasks on the front of elementary education were taken into account. The Seventh Finance Commission considered poverty and the inverse of per capita State Domestic Product while making its reassessments. The Sixth Finance Commission also included the requirements for upgradation of standards of administration in education in its awards. So it is not true to conclude that the Finance Commission has no significant role in pursuing equity.[22] However, the Finance Commission has to recommend the allocation of resources to states essentially based on the requirements of the states as forecasted by the states themselves for the already existing schools and colleges. The actual process can be briefly described as follows: The Finance Commission receives detailed statements from the states of their requirements for each head of account including the details of receipts and expenditures for the ensuring 5-year period. The Finance Commission scrutinises the whole forecasts of the states. Then it makes its own estimates of the requirements of the states by assuming certain rates of growth.

When we compare the forecasts of the states and the final awards of the Finance Commission, we notice that the former were subject to severe cuts. An analysis of these cuts reveals certain interesting findings. For instance, it can be found from Table 5 that the incidence of cuts in state forecasts effected by the Seventh Finance Commission has fallen more heavily on the states which have lower educational levels and which are economically less advanced than on others, e.g., the backward states like Uttar Pradesh, Rajasthan and Bihar experienced severe cuts by the Seventh Finance Commission in their forecasts while advanced states like Maharashtra, Gujarat, Punjab and Haryana experienced either very low or modertae cuts or even increases. It is found that there is no rationale in effecting the cuts. The cuts have any significant correspondence neither with the SDP per capita the coefficient of correlation being (-) 0.03102, nor with the educational development, the coefficient of correlation with the educational development index being (-) 0.2469. It can thus safely be concluded that the state forecasts are cut in a more arbitrary fashion.[23] These trends in cuts cannot be explained meaningfully, particularly when it is found that states are more rational and they exhibit more competence and greater realism in making their forecasts than the Finance Commission (Panchamukhi: 1982).

Let us see how do the actual reassessments of the Finance Commission correspond to educational development of the states. It can also be shown that even the reassessments of the Finance Commission can not be meaningfully explained. The coefficient of correlation between the awards of the Finance Commission and the SDP per capita is as low as 0.06314 and between the awards and the educational development index it is slightly better, but not reasonably high: it is (-)0.2583. In a similar exercise Panchamukhi (1982) has used alternative indicators of educational development. But the results are not much different.[24]

TABLE No. 5

State Forecasts Reassessments and cuts by the Finance Commission in relation to Education

(Rs. in 10 millions)

	Sixth Finance Commission			Seventh Finance Commission		
	State Forecast	Commission Reassessment	Variation	State Forecast	Commission Reassessment	Variation
1	2	3	4	5	6	7
A.P.	499.8	426.8	-23.0	987.9	882.3	-105.6
Assam	150.0	154.2	+ 3.3	291.0	274.0	- 17.0
Bihar	414.7	321.6	-93.1	788.4	654.2	-134.2
Gujarat	397.4	297.9	-19.5	774.3	730.2	- 44.1
Haryana	98.7	107.0	+ 8.3	225.5	216.6	- 8.9
H.P.	31.0	83.6	+ 2.6	147.5	144.6	- 2.9
J & K	61.1	59.5	- 1.6	139.1	119.7	- 19.4
Karnataka	416.8	344.2	-72.6	869.3	688.8	-180.5
Kerala	510.2	426.1	-84.1	1089.5	879.2	·210.3
M.P.	386.3	340.7	-45.6	748.3	637.6	-110.8
Mahara-shtra	561.9	584.4	+22.5	1246.6	1269.9	+ 23.0
Manipur	28.5	29.3	+ 0.8	46.6	42.4	- 4.2
Meghalaya	11.7	11.3	- 0.4	27.8	27.0	- 0.8
Orissa	150.1	161.1	+11.0	391.7	403.3	+ 11.6
Punjab	184.6	193.8	+ 9.2	406.3	372.2	- 34.1
Rajasthan	259.0	267.6	+18.6	777.9	552.1	-225.8
T.N.	633.4	560.3	-73.1	1031.1	932.5	- 98.6
Tripura	37.4	35.8	- 1.6	62.7	60.8	- 1.9
U.P.	630.7	588.4	-72.4	1650.7	1254.4	-396.3
W.B.	499.5	466.4	-33.1	920.1	833.7	- 86.4

Source : Finance Commission (1973) and (1978).

Panchamukhi (1982) tries to explain why educationally advanced states received larger allocations from the Finance Commission. It is not because these states have larger educational systems to be maintained as is generally believed[25] but because of what can be called arbitrary discriminatory policies of the Finance Commission. For example, "in its reassessment the VII Finance Commission assumes the non-plan expenditure on education to grow at a higher rate for states which have a better educational level than for educationally weaker states", an assumption which can not be granted, and which is clearly against the underdeveloped states.

Thus we find that the pattern of devolution of resources by the Finance Commission to the states for the education sector is also beyond any meaningful explanation. The pattern does not seem to be reducing inter-state disparities, an important objective of planning in India.[26] In fact it is widely noted that the resource transfer by the Finance Commission in the past "has been of one of the important causes of the persistent regional imbalances in resource availability and service levels. If the inherited disparities are to be remedied, the most important objective of the new devolution must be to introduce in inter-state allocation a high degree of progressivity" (Rajkrishna : 1978 : 109).

On the whole one may have to conclude that neither the Planning Commission nor the Finance Commission had been able to introduce progressivity in their transfers of resources to the states[27] for educational sector.[28] The whole mechanism of federal - fiscal transfers has tended to work to the detriment of the weaker states.

Thus we have seen that the allocation of resources to states by the Planning Commission and the Finance Commission is not guided by any rational criteria such as equity, nor, we could say that the transfer of resources by these two Commissions is quite compatiable with the spirit of federalism.[29] Then the question is what determines the allocation process? I have argued elsewhere (Tilak : 1983)[30] that "essentially all basic policy decisions in education are political in character. Resource allocation policy is no exempt. No rational scientific criterion is adhered to in this context".[31] With respect to both the Planning Commission and the Finance Commission, more vocal and more privileged states get a better deal than rest of the states and the actual needy states may not get their due shares. In other words the essential model that explains allocation of resources by the Centre to the states for education is a political model which has no regard for any scientific rationale.[32]

4. Summary and Conclusions

This paper is an attempt at an examination of the financial relationships between the Centre and the states in India in relation to education sector. We started with a brief historical perspective. During the pre-independence period we have noticed a variegated trend. At the same time we could see the under current of a trend of both concentration of powers in the hands of the Centre and concommittant decentralisation of powers to the states ever since the beginning of the 19th century. The trend of centralisation has been, however, more clearly observed during the post-independence period.[33]

During the pre-independence period, the layers at which decision-making in regard to framing education took place were varied. The result was that the Centre-state relations were not as clear as they are during the post independence period. The Crown in England represents one level of central or apex authority and the representative of the Crown viz., the Viceroy in India represents another layer of central authority. When education was transfered to Indian Ministers, Indian Ministers in Delhi represent yet another layer of central authority. At the provincial level the Indian officials and the representatives of the Viceroy in the provinces represent two layers of authority. Hence any analysis of the financial relationships in education in India between the 'centre' and 'states' would be more meaningful and relevant only from 1919 onwards when education was handed over to Indian rulers under diarchy.

Further, until 1919 no attempts were made to demarcate the spheres of jurisdiction of Central and provincial governments as in a true federation. "The Government of India Act of 1919 obviously laid the foundation for Constitutional development in the country resulting eventually in the federal form of government" (Singh : 1977:3). We have already seen that education was a transferred subject under diarcy and the Centre withdrew its interests in education. We have also seen that this did not help education sector much. In fact as far as finances are concerned education did suffer a lot. As a result of this the need for Central control over education was felt. This led to revival of CABE in 1935. Further with the Government of India Act of 1935 the distinction between 'reserved' and 'transferred' subjects disappeared. Education was classified into two categories -- federal and provincial subjects. This was no doubt a better situation than that under diarcy as the scheme of provincial autonomy envisaged a large measure of fiscal independence from Central government. However the special powers enjoyed by the Governor General or the Governor restricted the freedom of the provinces in financial matters to a great extent. The legislative financial control was also crippled. The negative role of the finance departments were not conducive to popular administration. Decentralisation of administration was not accompanied by adequate delegation of financi l powers. Decentralisation in education which, thus was initiated in 1919, and was widened in scope in 1935 was further widened in 1950 through the Constitutional provisions, which also include elaborate provisions for devolution of financial resources to the states. At the same time we have also noted the growing interest on the part of the Centre in education during this period. This very interest finally led the Central government in 1976 to take education to concurrent list. It should be noted that neither policies of centralisation nor those of decentralisation helped the educational sector in India. For instance, the Government of India Act of 1919 enriched the Central government at the cost of provincial governments and ruined the education sector. The provisions of the Government of India Act of 1935 did not significantly improve the situation. Inspite of serious debate on the issue education had been the state subject for two and a half decades. Finally when it was brought into the concurrent list in 1976, people expected a greater role by the Centre in financing education; but the pattern of allocation of resources in the recent period has not shown any significant departure from the earlier trend. If at all there is any, it has been a reverse trend, i.e., the share of the Centre in the total educational finances further declined. Both during the pre-and post- independence periods there had been more of a physical or legal concurrency in education and less of true financial concurrency, concurrency more of political and administrative nature and less of financial nature. This may lead us to conclude that 'all educational controversies and decisions have a political bias'.

Even in highly developed federal economies the importance of financial assistance by the Centre to the provinces for education cannot be minimised. It has been proved to be inevitable for the states as well as for the Centre to assume increasingly more important role in education.[34] The characteristic features of education itself makes financial concurrency inevitable. For example the returns to education are such that they cannot be ploughed back into the system immediately. At the same time the financial responsibilities of education go on increasing i.e., states need increasingly more resources for education and hence increasing realiance on the Centre becomes inevitable. So what all we need in our country is a more meaningful financial concurrency in education.

The devolution of resources by the Centre to the states is made under two categories: (a) statutory (through Finance Commission) and (b) discretionary (through Planning Commission). While the Constitution had evisaged more important role for the Finance Commission so that the states receive resources as a matter of right rather than of grace, the advent of the Planning Commission had changed the federal financial relations in the country. All developmental expenditure came under the purview of the Planning Commission and the maintenance expenditure under the purview of the Finance Commission. While both the institutions have important roles to play in pursuing the national objectives like equity, the role of the latter viz., the Finance Commission is relatively restricted.

An important objective of planning in a welfare state like in India just as in many other modern welfare states, is equity. We have examined and found that the pattern of allocation of resources neither by the Planning Commission nor by the Finance Commission helps in improving equity, reducing inter-state disparities. In fact the whole mechanism of distribution of resources cannot be meaningfully explained by any rational and scientific criteria of allocation of resources. We find that the model that works in our country with regard to the devolution of financial resources is essentially political which has no regard for any scientific rationale.

For a long period the weaknesses in the mechanism and the resulting failures of the system have been studied and analysed. It has also been argued for a thorough review of the existing Centre-state relationships. For example, the 10th conference of State Eduction Ministers in 1968 recommended:

> "Educational development creates permanent recurring liabilities to the state governments and they are finding it increasingly difficult to meet them.... Education is the most significant and costliest of social services to the nation and the centre must accept responsibility to share its growing cost....the existing Centre-state relationship in the financing of education should be reviewed in its entirety and a new relationship which can meet, on a long term basis, the challenges of the massive programmes of educational reconstruction needed by the country should be devised" (MOE; 1968:54).

Unfortunately this recommendation is as much relevant today as it was a decade and a half ago. We feel that the Centre-state financial relations in India in relation to education in particular should be thoroughly reviewed and should be subject to necessary reforms. We also feel that there are two alternatives. It is not adequate to have physical concurrency in education. Physical concurrency without adequate financial concurrency will ruin the Centre-state relationships. In fact, an ideal situation can be that in which there exists less of physical concurrency and more of financial concurrency in education, i.e. there should be devolution of larger resources by the Centre to the states, along with less and less amount of Central intervention in policy formulation, planning and administration, so that at the same time the autonomy of the states is well protected. In this context, a wide network of autonomous institutions may play an important role of mediating between the Centre and the states.[35] Alternatively the Centre should help the states to widen their own resource base, so that they need not depend upon the Centre for financial resources. However in view of the fact that education has been brought into the concurrent list only recently in 1976 the former alternative may be preferred to the latter.

NOTES

1. We use both terms, 'federal' and 'central' synonymously, even though definitionally they are ditinguishable. While 'federal' means a 'sisterhood of states', 'central' denotes a tendency with accompanying concentration of power. This distinction often gets blurred but the seat of federal government is the centre and thus both are called inaccurately of course 'central'. About the nature of government, neither central nor federal gaurantees democratic form of government (Singh: 1977:1).

2. See Naik & Nurullah (1945) for a detailed account, and Rao (1972) and Singh (1977) for a brief account on education. See Thavaraj (1978) for a general description of evolution of financial administration during pre-indepednence period.

3. This forms a turning point in the history of Indian education. "This was the beginning of the state system of education in India under the British rule" (Naik & Nurullah: 1945 : x).

4. See Thavaraj (1978:53).

5. See also Naik (1962).

6. See Naik (1964)

7. See Nautiyal (1982) for a recent discussion on it.

8. This is what, as some people interpret, the Kothari Commission wanted: Education "should continue to be a state subject, but it should be looked upon as a national concern" (Naik : 1982:123).

9. See Lakdawala (1967) for a thorough discussion on the centre-state financial relations in India.

10. In fact Article 282 of the Constitution is like a safety valve to meet with unanticipated eventualities.

11. See Veeraraghavan (1982).

12. There is scope for enough debate, if not confusion on the scope of the 'plan' and 'non-plan' expenditure on education. For example, opening up of a school may be treated as plan expenditure; if all the facilities are not provided in the same plan itself, then it can be argued that these facilities should be treated as committed or non-plan expenditure, and that they should be taken care of by the Finance Commission. A wider definition of the plan and non-plan expenditure on education may suggest that while an increase in enrolment due to increase in the enrolment ratio (as a percent of population) may be included under the 'plan' category, increase in enrolment due to increase in the size of the population (the ratio of enrolment remaining the same) may come under 'non-plan' category.

13. For example, Thavaraj (1978 : 107) also observes: "hardly more than one-third of the gross central transfers flow at the instance of the Finance Commission. This is shocking because the Finance Commission was the principal agency envisaged by the Constitution for smoothening centre-state imbalances in financial resources. But in practice, more than two-thirds of the fiscal transfers have been outside the purview of the Finance Commission". See also Gulati (1983).

14. See Thavaraj (1978 : 125).

15. Transfers of resources by the Centre to be States which fall outside the purview of the Planning and Finance Commissions have been constantly increasing. (See Thavaraj : 1978). However with regard to education sector, no reliable data are available.

16. See Hicks (1961) and also Birch (1957) for greater details. See also McMillan (1981) for a recent account.

17. See Baker (1976:206).

18. Table 3 which includes plan and non plan expenditure also supports this view point.

19. See also Purohit (1981).

20. Indeed they are found to be highly inequitous. See Thavaraj (1978).

21. See Panchamukhi (1982).

22. For instance, the Seventh Finance Commission (1978.62) clearly states: "Our focus should be specifically on how to place the financially weaker states in a position from where with the guidance of the Planning Commission, they could get a better start than has been the case in the past, in absolute terms as well as relative to the advanced states. In our view, the role of the Finance Commission should not be negative, of filling in the revenue gaps only, but positive in that its scheme of devolution gives a better start for developmental outlay".

23. See also Panchamukhi (1982).

24. All the coefficients of correlation between the awards of the Finance Commissions (alternatively Sixth or Seventh) and the indicators of educational development are very low. It was as low as (+) 0.2483 with literacy level (1971), and between the allocations and enrolment ratios at primary and middle levels of education the coefficients are in fact negative, (-) 0.2208 and (-) 0.4202 respectively. If the coefficients are negative, one may view the allocation of the Finance Commission to be favouring the weaker states. With respect to enrolment ratio at primary level, a level which is of serious concern for both the Centre and states, the coefficient of correlation is too low to care for.

25. It is generally believed that there is a built-in-mechanism through which the developed states get larger allocations at the cost of poor ones from the Finance Commission. See e.g., Purohit (1981)and Nair (1982). But Panchamukhi (1982) does not agree with this view point. Even with respect to non-plan expenditure, he feels that "the weaker states should spend more in the future". He argues: "if we take all the states together and evaluate their forecasts in relation to the educational level achieved by them, then one should expect that the educationally better off states should plan to spend 'relatively' less on non-plan items (assuming away the financial effects of the 'option effects' of lower education for higher education as the fulfilment of these options ought to be a part of plan rather than the non-plan".

26. However it has to be borne in mind that "it is extremely doubtful as to whether even a deliberate attempt on the part of the Finance Commission to allocate the total amount transferred between the states in such a way as to reduce inter-state desparities in levels of living, would have led to reduction in these" significantly (Nair, 1982: 105). After-all, bigger would be the allocation by the Finance Commission to a state, bigger the allocation by the Planning Commission to it in the earlier plan period.

27. See Gulati & George (1978), and George (1982).

28. Interestingly we find that the outlays approved by the Planning Commission (for the Sixth plan) and the awards recommended by the Finance Commission (Seventh) are positively and significantly related, the coefficient of correlation between the two being 0.6218.

29. See also Chaudhuri (1983).

30. See also Tilak (1980 and 1982).

31. Panchamukhi (1982) also concludes: "On the whole, the educational finances of the state governments are a result more of a political process which, most often is not based upon sound economic logic and rigorous calculations". See also Chatterji (1971).

32. See Fields (1974) and Tilak (1980) for a description of the dangers involved in the political model.

33. More clearly on financial side the trend in India can be easily noted. As against a meagre Rs.0.1 million in the first half of the 19th century, the Centre's contribution to education in the Sixth Five Year Plan alone is above Rs.8000 million. The concentration process is somewhat universal: 'The responsibilities of education get concentrated in federal government of the country over a period of time'. See Peacock & Wiseman (1961).

34. See Carter (1981) and also Brown Perkins (1973) for a case study of Canada.

35. See Chaudhuri (1983).

R E F E R E C E S

Baker, M.A. (1976) The union and the states in Education (New Delhi, Shabd Samachar)

Bhandari, R.K. (1982) "Analysis of Annual plan of Education: 1982-83", (New Delhi, Ministry of Education) mimeo

Bhat, L.S. et al. eds. (1982) Regional Inequalities in India (New Delhi, Society for the Study of Regional Disparities)

Birch, A.H. (1957) Federalism, Finance as Social Legislation in Canada, Australia and the United States (London, Oxford)

Carter, G.E. (1982) "The Federal impact of Financing Higher Education in Canada", Occasional Paper No.25 (Centre for Research on Federal Financial Relations, The Australian National University, Canberra)

Chaudhuri, Mrinal Dutta (1983) "Economic Regulation and Planning", Seminar No.289 (Sept) 29-32

Chatterji, A. (1971) The Central Financing of State Plans in the Indian Federation (Calcutta, K.L. Mukhopadhyaya)

Fields, G.S. (1974) "Allocation of Resources to Education in less developed countries", Journal of Public Economics 3/2 (May) 133-43

Finance Commission (1973) Report of the Finance Commission 1973 (Delhi)

Finance Commission (1978) Report of the Finance Commission 1978 (Delhi)

George, K.K. (1982) "The Fiscal Transfer Mechanism in India : An Appraisal", in L.S. Bhat et al, eds., 74-97

Gulati, I.S. & K.K. George (1978) "Inter-state Redistribution through Budgetary Transfers", Economic & Political Weekly 13/11 (March 18) 523-28.

Gulati, S. (1983) "Financial Relations", Seminar No.289 (Sept) 33-38.

Hicks. U.K. ed., (1961) Federalism and Economic Growth in underdeveloped countries (London, George Allen & Unwin)

Lakdawala, D.T. (1967) Union-state Financial Relations (Bombay, Lalvani)

Majumdar, G. (1982) "Trends in Inter-State inequalities in and expenditure in India", in L.S. Bhat et al., eds., 24-34.

McMillan, M.L. (1981) "Local Inter governments Relations in Australia and Canada", Occasional Paper No.23 (Centre for Research on Federal Financial Relations, The Australian National University, Canberra).

MOE : Ministry of Education (1968) Proceedings of the Tenth Conference of State Education Ministers (New Delhi)

MOE : Ministry of Education (1980) Trends of Expenditure on Education 1968-69 -- 1978-79 (New Delhi)

Naik, J.P. (1962) "The Role of the Government of India in Education", in Educational Studies and Investigations, 1-32 (New Delhi, National Council of Educational Reseach & Training)

Naik, J.P. (1964) "The Role of the Central, State and Local Governments and Voluntary Agencies", in The Indian Year Book of Education, 433-51 (New Delhi, National Council of Educational Reseach & Training)

Naik, J.P. (1982) Education Commission and After (New Delhi, Allied)

Naik, J.P. & S. Nurullah (1945) A students History of Education in India (1800-1973), Sixth Revised Edition 1974 (Delhi, Macmillan)

Nair, K.R.G. (1982) "Finance Commission and Inter-state Disparities in India", in L.S. Bhat et al, eds., 98-113.

Nautiyal, K.C. (1982) "Education as a concurrent Subject", Journal of Indian Education 8/2 (July) 26-32.

Panchamukhi, P.R. (1982) "Educational Finances in a Federal Framework", paper presented in the Seminar on Mobilisation of Additional Resources for Education (New Delhi, National Institute of Educational Planning & Administration) mimeo

Pandit, H.N. (1976) "Investment in Indian Education", Occassional Paper No.42 (Paris, UNESCO - IIEP)

Peacock, A.T. & J. Wiseman (1961) Growth of Public Expenditure in the United Kingdom (NBER/Princeton, Princeton University Press)

Planning Commission (1978) Draft Five Year Plan 1978-83 (Govternment of India, New Delhi).

Prakash, Brahm (1978) "The Demand for and Financing of Higher Education in Canada", Journal of Higher Education 3/3 (Spring) 345-55

Purohit, M.C. (1981) "A study in Union-state Relations", in A. Singh & G.D. Sharma, eds., University and College Finances, 208-214 (New Delhi, Association of Indian Universities)

Rajkrishna (1978) "A More Equitable Distribution of Resources", in Finance Commission (1978) : 108-22

Rao, V.K.R.V. (1972) "Centre state Relations in Education", in S.N. Jain et al, eds., The Union and the States, 178-86 (Delhi, National)

Rao, V.K.R.V. (1978) "SDPs and NDP - 1960-61--1976-77", Prof. C.N. Vakil Endowment (1978) Lectures, (Bombay, University of Bombay) mimeo

Singh, R.P. (1977) "Education on the Concurrent List - A Historical Analysis", Education Quarterly 29/1 (April) 1-4

Thavaraj, M.J.K. (1978) Financial Management of Government (New Delhi, Sultan Chand & Sons).

Tilak, Jandhyala B.G. (1979) "Inter-state Disparities in Educational Development", Eastern Economist 73/3 (July 20) 140-6; Reprinted in K.R.G. Nair. ed., Regional Disparities in India, 33-47 (New Delhi, Agricole, 1981)

Tilak, Jandhyala B.G. (1980) "Allocation of Resources to Education in India", Eastern Economist 75/9 (August 29) 536-42

Tilak, Jandhyala B.G. "Educational Planning and International Economic Order", Comparative Education 18/2 (July) 107-21 (1982)

Tilak, Jandhyala B.G. (1983) "On Allocating Plan Resources to Education in India", Margin 16/1 (October) 93-102

Veeraraghavan, J. (1982) "Non-Plan Resources for Education: The role of Finance Commission", Paper presented in the Seminar on Mobilisation of Additional Resources for Education (New Delhi, National Institute of Educational Planning and Administration) mimeo.

Appendix: SDP and Educational Development Index by states in India

(1)	State (2)	SDP Per Capita (Rs.) 1976-77 (3)	Educational Development Index. 1975-76 (4)
1.	Andhra Pradesh	901 (12)	14.5 (17)
2.	Assam	815 (17)	15.2 (16)
3.	Bihar	669*(21)	9.3 (21)
4.	Gujarat	1341 (4)	17.6 (12)
5.	Haryana	1472 (3)	21.1 (6)
6.	H.P.	1165*(5)	25.5 (4)
7.	J.K.	897 (14)	20.8 (7)
8.	Karnataka	999 (7)	18.2 (11)
9.	Kerala	968 (8)	26.9 (3)
10.	Madhya Pradesh	779 (19)	11.8 (19)
11.	Maharashtra	1489 (2)	20.4 (8)
12.	Manipur	904*(11)	37.0 (1)
13.	Meghalaya	899*(13)	18.7 (10)
14.	Nagaland	949*(10)	27.8 (2)
15.	Orissa	696 (20)	11.9 (18)
16.	Punjab	1812 (1)	21.7 (5)
17.	Rajasthan	887 (15)	9.8 (20)
18.	Tamil Nadu	950 (9)	19.1 (9)
19.	Tripura	872*(16)	16.4 (15)
20.	Uttar Pradesh	809 (18)	16.8 (14)
21.	West Bengal	1142 (6)	17.0(13)

Note: * 1975-76

Figures in ( ) are rank order scores.

Source: Col. 3: 1976-77 SDP Per Capita : Rao (1978)
1975-76 SDP Per Capita : Majumdar (1982)

Col. 4: Tilak (1979)

PAPERS IN THE SERIES

No.	Title	Authors
1.	Education, Technology and Development : A Perspective	N.V. Varghese
2.	Resources for Education in India	Jandhyala B.G. Tilak and N.V. Varghese
3.	Research in Educational Administration : Retrospect and Prospect	N.M. Bhagia
4.	Inequities in the Levels of Literacy in India	Moonis Raza and Y.P. Aggarwal
5.	Centre-State Relations in Financing Education in Inida	Jandhyala B.G. Tilak
6.	School Accessibility in India	Moonis Raza, A. Ahmed and S.C. Nuna

Note : Single copies of the papers are available for interested individuals and institutions free of charge from :

The Convenor
Editorial Board : Occasional Papers
National Institute of Educational Planning & Administration
17-B, Sri Aurobindo Marg
New Delhi - 11 00 16
INDIA