CHAPTER VII
LENDING FOR INDIA’S EDUCATION SECTOR

While the previous chapter examined the World Bank’s lending to the health sector in India, the present chapter dwells on a related sector, the field of education. The chapter attempts an analysis of the national sensitivities associated with foreign aid in the field of education, the evolution of India’s and the World Bank’s approaches to aid for education, the conception and characteristics of the major World Bank-aided education projects in primary education in different states in India and their impact.

The education sector has been a recipient of aid from both bilateral and multilateral donors. Of the two channels, reception for bilateral aid was much more positive. As far as the multilateral aid was concerned, the donors upto the late 1980s were agencies other than the World Bank institutions. The situation perceptibly shifted in the 1990s bringing the Bank as a major lender for education projects. In the World Bank group, the International Development Association (IDA) has emerged as one of the main donors, contributing nearly 85 percent of the total sum of multilateral aid dedicated especially to primary education.

The Bank committed funds to the tune of US$ 2.3 billion aiding 13 projects, ever since it started taking interest in India’s education sector in 1972. The Bank took time to focus on primary education. To begin with the Bank showed interest in projects in vocational training and technical education. This trend continued till the early 1990s and by the mid-1990s the Bank turned to primary education, keeping in view the growing problems with regard to access, quality and performance. The Bank’s novel, pilot project, known as the District
Primary Education Programme (DPEP), may be identified with the its authoritative presence in the education sector in the 1990s. As in the health sector, the assistance provided is not confined to funding specific projects but addressees larger issues of policy changes as well. The discussion in the next few pages highlights the general problems in education, particularly the challenges faced by a developing country like India in providing education opportunities to all, thus setting the contextual backdrop for detailing the Bank’s activities in the filed of education in India.

EDUCATION SECTOR: SOCIAL AND ECONOMIC DISPARITIES

Education has historically played an important role in the development of human societies. The growth in consciousness attributed to reading and writing skills has helped individuals transform their physical as well as social environments. School education involves adaptation of techniques of organised teaching and instruction methods suitable to societal needs and conditions. With the identification of education with schooling it may thus not be an exaggeration to state that the history of education revolution in human societies has also been a history of struggle for a more equal and universalised system of education, where through the ages, the dialogue has been gradually moved from the question of needs to that of rights.

In the post World War II, development of normative framework for schooling and education received due attention and were made part of a list of rights in the Universal Declaration of Human Rights in 1948. In 1959, in the Declaration of the Rights of Child, once again the significance of education as a basic right was reiterated. The 1989 Convention on the Rights of the Child was another important step forward. The signing of the Convention made it obligatory
for the signatory states to recognise the right to education as a fundamental one.\footnote{Articles 28 and 29 of the Convention on the Rights of the Child require countries to provide free, compulsory basic schooling that is aimed at developing each child’s ability to the fullest. Access to school and high-quality education are vital to this. In addition – article 2, on non-discrimination, article 3, on the best interests of the child, article 6, on the child’s right to life, survival and development, and article 12, on the child’s right to have opinions and express them freely - all give expression and meaning to education and it being a right fundamental to the lives of all children. A Glenn Mower, Jr, \textit{The Convention on the Rights of the Child: International Law Support for Children} (Westport, Conneticut, 1997).}

Under the constitutional framework of India the Directive Principles (Article 45) envisaged free and compulsory education for all children until they complete the age of fourteen years within 10 years from the commencement of the Constitution. Yet after five decades, the goal of universal education remains elusive. Further, notable disparities in the quality and spread of education have existed owing to the highly stratified nature of Indian society where divisions of caste, class, sex determine the access of communities to education opportunities. There are different sets of pronounced disparities: between males and females, between castes and classes and among regions exposing the urban-rural divide.

In the present context in India, despite the emphasis on universalisation of elementary education, equity in respect of education is still a far cry. Notwithstanding the large number of scientists, doctors, engineers and other professionals produced every year, India is regarded as backward in the field of education when seen in the company of countries with comparable incomes. In terms of literacy, India’s track record puts her alongside low literate countries of Sub-Saharan Africa.

Despite having the second largest educational system in the world after China, the existing facilities in India seem far less than adequate, both
quantitatively and qualitatively. Quantitatively although there are 610,763 primary, 185,506 upper primary and 107,100 higher secondary schools along with 9274 colleges and 229 universities, yet the reach of education in terms of access, enrollment and retention continues to be low. Table 7.1 provides data regarding the status of enrolment and retention for primary students over a period of time across the country.

Table 7.1: Enrolment & Dropout Rate at Elementary Stage in India

<table>
<thead>
<tr>
<th>Region</th>
<th>Enrolment Rates</th>
<th>Discontinuation Rates</th>
<th>Non-Attendance Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P M F</td>
<td>F/M</td>
<td>P M F</td>
</tr>
<tr>
<td>Andhra</td>
<td>79.5 85.1 73.8</td>
<td>0.87</td>
<td>9.9 8.2 12.1 1.48</td>
</tr>
<tr>
<td>Bihar</td>
<td>58.8 64.7 51.2</td>
<td>0.79</td>
<td>3.2 2.6 4.1 1.58</td>
</tr>
<tr>
<td>Gujarat</td>
<td>80.3 85.3 74.5</td>
<td>0.87</td>
<td>7.3 5.6 9.5 1.68</td>
</tr>
<tr>
<td>Haryana</td>
<td>78.1 83.8 72.3</td>
<td>0.86</td>
<td>4.2 3.8 4.6 1.2</td>
</tr>
<tr>
<td>Himachal</td>
<td>92.7 95.5 90.0</td>
<td>0.94</td>
<td>2.0 1.8 2.2 1.2</td>
</tr>
<tr>
<td>Karnataka</td>
<td>77.9 80.6 75.1</td>
<td>0.93</td>
<td>7.9 6.8 9.1 1.35</td>
</tr>
<tr>
<td>Kerala</td>
<td>98.6 99.2 98.0</td>
<td>0.99</td>
<td>1.7 1.5 2.0 1.32</td>
</tr>
<tr>
<td>M.P.</td>
<td>62.6 68.5 55.8</td>
<td>0.81</td>
<td>8.0 7.3 9.0 1.24</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>85.2 88.1 82.3</td>
<td>0.93</td>
<td>7.1 5.9 8.4 1.41</td>
</tr>
<tr>
<td>Orissa</td>
<td>70.9 78.5 63.4</td>
<td>0.81</td>
<td>7.6 6.2 9.3 1.5</td>
</tr>
<tr>
<td>Punjab</td>
<td>86.8 89.0 84.4</td>
<td>0.95</td>
<td>5.4 4.8 6.1 1.28</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>61.3 78.0 41.9</td>
<td>0.54</td>
<td>4.2 3.1 6.6 2.13</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>87.7 90.9 84.3</td>
<td>0.93</td>
<td>10.9 7.5 14.8 1.98</td>
</tr>
<tr>
<td>U.P.</td>
<td>64.2 73.2 53.4</td>
<td>0.73</td>
<td>4.2 3.3 5.6 1.7</td>
</tr>
<tr>
<td>W. Bengal</td>
<td>66.1 67.0 65.1</td>
<td>0.97</td>
<td>6.2 5.9 6.5 1.1</td>
</tr>
</tbody>
</table>


According to statistics nearly 45 percent of women and 24 percent of men are unable to read and write while about one third of all children i.e. approximately about 36 million girls and 23 million boys, in the age bracket of 6-14 years do not attend school. One third of the children who ought to go to school, particularly girls and those belonging to poorer households and disadvantaged groups are not

2 National Council of Educational Research and Training, Sixth All-India Educational Survey (New Delhi, 1998).
3 Abusaleh Shariff, India: Human Development Report: A Profile of Indian States in the 1990s (New Delhi, 1999). F/M ratio represents the ratio of females to males, thus one minus the F/M ratio can be considered as the gender disparity.
4 The percentages for male and female illiteracy are from the Provisional Population Totals, Census of India 2001, Chapter 7, “State of Literacy”, Series 1, Paper 1 of 2001, while the figure for children not attending school is from the first
enrolled at all and more than half of rural students enrolled for primary schooling drop out before completing the cycle. Working adults on an average have schooling for only two and a half years. Table 7.2 provides information regarding literacy rate differentials across population segments in rural India.

Table 7.2: Disparities in Literacy by Population Groups in India

<table>
<thead>
<tr>
<th>Household Income Groups</th>
<th>Persons</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 20,000</td>
<td>45.1</td>
<td>57.0</td>
<td>32.5</td>
</tr>
<tr>
<td>20,001-40,000</td>
<td>57.5</td>
<td>69.6</td>
<td>43.6</td>
</tr>
<tr>
<td>40,001-62,000</td>
<td>64.9</td>
<td>76.8</td>
<td>50.9</td>
</tr>
<tr>
<td>62,001-86,000</td>
<td>68.8</td>
<td>81.1</td>
<td>54.2</td>
</tr>
<tr>
<td>Above 86,000</td>
<td>74.9</td>
<td>86.4</td>
<td>62.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Land Holding Groups</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Landless Wage Earner</td>
<td>36.9</td>
<td>47.0</td>
<td>26.0</td>
</tr>
<tr>
<td>Marginal</td>
<td>53.3</td>
<td>65.5</td>
<td>40.1</td>
</tr>
<tr>
<td>Small</td>
<td>55.2</td>
<td>67.4</td>
<td>41.2</td>
</tr>
<tr>
<td>Medium</td>
<td>58.0</td>
<td>71.6</td>
<td>42.6</td>
</tr>
<tr>
<td>Large</td>
<td>61.0</td>
<td>75.2</td>
<td>44.8</td>
</tr>
<tr>
<td>Landless Others</td>
<td>62.4</td>
<td>74.2</td>
<td>49.6</td>
</tr>
<tr>
<td>Land Owners</td>
<td>55.4</td>
<td>68.0</td>
<td>41.3</td>
</tr>
<tr>
<td>Landless</td>
<td>49.4</td>
<td>60.4</td>
<td>37.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupation Groups</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultivators</td>
<td>53.9</td>
<td>66.7</td>
<td>39.6</td>
</tr>
<tr>
<td>Salaried +Professionals +S.Empl.</td>
<td>72.4</td>
<td>85.0</td>
<td>58.2</td>
</tr>
<tr>
<td>Wage Earners</td>
<td>38.4</td>
<td>48.7</td>
<td>27.2</td>
</tr>
<tr>
<td>All Others</td>
<td>58.3</td>
<td>70.3</td>
<td>45.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Caste</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>STs</td>
<td>39.3</td>
<td>51.4</td>
<td>26.2</td>
</tr>
<tr>
<td>SCs</td>
<td>41.5</td>
<td>53.4</td>
<td>28.2</td>
</tr>
<tr>
<td>Other Hindus</td>
<td>59.4</td>
<td>72.3</td>
<td>45.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Religion</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hindus</td>
<td>53.3</td>
<td>65.9</td>
<td>39.2</td>
</tr>
<tr>
<td>Muslims</td>
<td>49.4</td>
<td>59.5</td>
<td>38.0</td>
</tr>
<tr>
<td>Christians</td>
<td>80.8</td>
<td>85.0</td>
<td>76.5</td>
</tr>
<tr>
<td>Other Minorities</td>
<td>53.8</td>
<td>62.9</td>
<td>43.8</td>
</tr>
</tbody>
</table>


India being a predominantly rural society where land forms the basic source of livelihood for two thirds of population; land size and household income have a significant bearing on the overall literacy figures. This is borne out by the fact that,
whereas literacy rates are more or less similar for all groups holding land, low levels of literacy prevail among the section of landless-wage earners. Low literacy is reported also amongst the scheduled castes and scheduled tribes. Barely 41.5 percent of scheduled caste population in rural India and 29.5 percent of the scheduled tribes were reported to be literate in mid 1990s.\textsuperscript{5} In this context gender has emerged as an important variable. The literacy rates for women belonging to scheduled castes and scheduled tribes averages to about 26 percent, indicating the general deprivation of women belonging to both these sections. The religion-wise breakup shows no different indication. Except for the Christian community, vast differences exist between male and female literacy levels among Hindus, Muslims and other minority groups.

**EXTERNAL AID: INDIA’S EXPERIENCE**

The share of external aid in the country’s budget allocations is relatively small, - 20 percent\textsuperscript{6} yet for a sector experiencing negative growth, the infusion of external funds relieves the pressure of resource constraints. On the contrary, the proportion of external aid received by other countries in the region is substantial.

“For many years, India tried to increase access to and quality of primary education in a *swadeshi* manner, with its own funds and very little donor involvement. But poverty, population size, and linguistic diversity made it difficult to make more

\textsuperscript{5} See for further analysis, Geetha B. Nambissan and Mona Sedwal, “Education For All: The Situation of Dalit Children in India, and K. Sujatha, “Education Among Scheduled Tribes” both in R. Govinda, ed., *India Education Report : A Profile of Basic Education* (New Delhi, 2002).

\textsuperscript{6} Calculated from Union Budgets, Government of India.
serious inroads with just its funding and methodology."

Of late however, the assistance received by India for the education sector has increased significantly. The section below takes a look at reasons for and the significance of the growth of foreign aid to education, especially towards the financing of primary education in India.

**Bilateral Aid for Education**

The transition in the Indian position with regard to external funding of education is noteworthy. Except for a few technical assistance programmes in the fifties and sixties, the Government of India, never really considered approaching the international aid market for disbursements in the education sector well unto the mid eighties. The reasons for the lack of interest in borrowing for education from both bilateral and multilateral organisations such as the Bank stemmed partly from the lack of political will to invest resources in education and partly from the fear that opening the sector to foreign funding would increase the unwelcome influence of Western agencies. With the result the outlay for education in terms of real prices declined from 7.9 percent in the First Five Year Plan to 2.7 in the Sixth Five Year Plan. The decline demonstrated the lack of political will on the part of successive Governments, aside from lack of quick adaptation to take advantage of the changes in global trends.

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8 Calculated from Union Budgets, Government of India.
In the 1960s, human capital thesis was taken up actively among others, by the Organisation for Economic Co-operation and Development (OECD). In 1964, the OECD supported publication of the study on *Measuring the Contribution of Education to Economic Growth* which put forth the argument that investments in education brought higher returns than investments in physical capital and that an increase in educational expenditure was a highly effective means of ensuring economic growth.

Influenced by the human capital advocacy, science and technology were given particular attention at both school and university levels in the West. In Britain for example, under the aegis of the Scientific Manpower Committee several reports were issued which emphasised the desirability both of increasing the numbers of science and technology graduates, and of giving higher priority to "applied" as opposed to "pure" research. Human capital theory was also responsible for influencing the promotion of progressive teaching methods such as learning by discovery, integrated curricula, team teaching etc., as these were thought to produce the qualities of flexibility and creativity apparently required by demands of technological changes.

The Government of India's reactions to the advocacy of human capital was relatively slow. Although the allocations for higher education were increased, the net share of resources allocated for education especially primary education fell. The allocations for primary education declined from 56 percent in the First

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Five Year Plan to 30 percent in the Sixth Five Year Plan period. Globally, in the field of education financing there was a discernible shift in funding of projects. Whereas in the 1960s and 70s it was primarily projects related to secondary, technical or higher education that received support, in the mid 1980s largely as a result of the impact of structural adjustments, it was primary education that came to receive more attention. Primary education was identified as the sector providing the highest rates of return and globally the case was gaining strength for reallocation of education finances from higher to primary education.

The Government of India was averse to taking loans for education, but not so to grants. In 1983 the first externally funded basic education project in Andhra Pradesh was drawn up with British Overseas Development Administration (ODA) support. The Andhra Pradesh Primary Education Project (APPEP) sought to concentrate on improving the quality of primary schooling by focussing on broadly two main components: one school building construction and two, the aspect of teacher training. Historically it was the first major project with substantial foreign resources. There was a good measure of pedagogic innovations with reference to activity-based classroom learning, as also the teacher training aspects. However, according to official assessment, the “hands-on planning and management of the

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project by the ODA” left much to be desired in terms of capacity building of local units.13

Another project, the *Shiksha Karmi* Project was started in 1987 in Rajasthan with assistance from the Swedish International Development Assistance (SIDA). The project sought to address the problem of inadequate schooling facilities in rural areas and experimented with alternatives to primary schooling. The main strategy of the project was to provide a local educated unemployed youth as a *para-teacher*. It also laid emphasis on the need for women teachers - *mahila shiksha karmis* and promoted the cause of women empowerment through representation and active role in village education committees.14 Another major project that emphasised on the specific empowerment of women was the *Mahila Samakhya* Project financed by the Dutch Government in 1989. Both these projects sufficiently laid the basis for a more gender-sensitive official education strategy.

Then, UNICEF came forward to support the Bihar Education Project (BEP). This was among the first in the series of projects drawn up with the goal of Education For All (EFA) in mind. Based on a holistic vision of basic education the BEP sought to integrate all three components related to primary schooling, non-formal education and adult education within a single comprehensive framework. In terms of planning, the BEP signalled the beginning of participatory planning for

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14 It may be noted that the ODA financed APPEP project did not contain any specific focus on the education of girls or socially disadvantaged groups. The *Shiksha Karmi* project in contrast laid sufficient emphasis on the education aspects of girls and the empowerment of local women.
education. The drawing of the Sitamarhi District plan constituted an important landmark. Second, it helped concretise participative structures of which the State level society was the most important manifestation. The BEP for the first time secured the Central Finance Ministry’s concurrence to allow financial flexibility keeping in mind the evolving character of the project. The BEP also introduced the norm of capping expenditure levels at 24 percent for construction, 6 percent for administrative overheads and 70 percent for programme-related activities.

**Negotiating for Better Terms**

Although the Bank began taking interest in lending for education in 1960s, its forays in India took sometime to materialise. When compared to other bilateral donors the Bank’s entry into the education sector in India was relatively delayed. Except for a very small loan of US $ 12 million in 1972 advanced to “produce trained graduates and strengthen technical support for the green revolution”, the

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15 The question of decentralised planning in education it may be noted has its roots in the British period. The 1882 order by Lord Ripon on local self government for example underlined the importance of the role of self-governing institutions to improve the efficiency of educational system. In independent India, though the constitution provided for greater power and authority to State and Central governments in planning and management of education, in practice planning for education for a long time continued to be done predominantly at the central level. In 1969, it may be noted that the Planning Commission even issued guidelines for district planning, however, it was only in the latter half of the eighties that certain concrete moves towards decentralised district level planning began to take shape. The BEP in this context represented the first ever comprehensive district level planning exercise undertaken with the participation of local level individuals and bodies. N.V. Varghese, *Deceniralisation of Educational Planning and the District Primary Education Programme*, NIEPA Occasional Paper No.22( New Delhi, 1996), pp.4-9.

16 Previously, it may be noted that the flow of all funds for education to the local level tended to follow the regular department mode. This was identified by policy planners as a serious bottleneck in ensuring regular and adequate availability of resources.. The BEP in a way concretised the formation of State level education societies, to whom funds could be directly transferred from the Central Ministry, bypassing the State level Departments.

Government of India did not seek the Bank’s funds for education for a very long time. The reasons for the lack of interest may not be far to seek. Foremost among them could be India’s embarrassment that the Bank asked too many questions on little to do with projects to be supported. Taking loans from the Bank for primary education was also not viable as the Bank’s approach to primary education was considered to be too narrow and input-oriented. Moreover, it was contended that the experiences of neighbouring Pakistan and Bangladesh were not reassuring; in these countries national capacity building was reportedly “impaired” by the management structures of the Bank.\(^{18}\)

Within the Bank also the South Asia Operations Division did not pay special attention to education projects. In 1987, for the first time, following the publication of the *Financing of Education in Developing Countries*, the Bank highlighted in the India Country Economic Report, the need for funding basic education within the country. The Report marked a landmark because it signalled the beginning of the Bank’s interest in lending for education projects. Two years later in 1989 after a lapse of nearly seventeen years, the Government negotiated with the Bank loans for a second vocational training project. The loan amount of the sum of US$ 280 million was meant to support the National Vocational Training System programme. It is noteworthy that the above project was sanctioned at a time when the share of lending towards vocational education was actually on the decline. However, by that time the Bank appeared to be keen on supporting primary education projects in India. According to its assessment, investments in primary education served twofold purpose:

\(^{18}\) R.V. Vaidyanatha Ayyar, n.13.
To produce a literate and numerate population and to lay the groundwork for further education. However, in many countries in the developing world, education systems have not met their objectives. First, they have been ineffective in teaching students the core skills contained in their national curriculum; second, they have not provided all school-age children, particularly girls, with the opportunity to attend school. As a result, these primary education systems have jeopardized national efforts to build a human capital base for development. To address these shortcomings, a first priority for primary education is to increase the learning of children in school, so that most children who enroll in school actually complete the primary cycle. A second aim is to provide all school-age children with access to school.19

To effectively support primary education in the 1990s, the Bank explicitly called for the need to (a) increase allocations to primary education, (b) provide broad support to education development programmes and (c) respond flexibly to country-specific needs and priorities. Towards these ends, the Bank specifically called for the evolution of its lending programme along the following lines:

- Higher priority should be given to measures intended to increase children’s learning and primary school completion,
- Support for the expansion of access should be given explicit priority to girls wherever there are significant gender disparities in enrolment,
- The mobilisation and efficient allocation of additional resources for primary education should be a central focus of policy dialogue and lending operations,
- Operations should provide funding to support long-term primary development programmes.

Given India’s poor track record in primary education the Bank was naturally keen on initiating a programme of primary education projects in India. Being an important client state, it was important that the Government agree to allow funding of Bank projects in primary education. A breakthrough was

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achieved on the sidelines at the World Summit on Education for All at Jomtien (Thailand) in March 1990. At a meeting between the World Bank President, Barber Conable and senior Government officials, the President's conveyed the Bank's willingness to honour the terms of the Indian government, if allowed to lend for primary education.

In November 1990, the Government drew up policy guidelines governing the external funding of education within the country. These were:

- The external funding should be an additionality to the resources for education,
- The project must be in total conformity with the national policies, strategies and programmes,
- The project formulation should be the responsibility of the Centre/State governments/other national agencies and it should complement the process of capacity building,
- External assistance should be used for educational reconstruction which should go beyond conventional measures such as opening of new schools, appointing of teachers and address issues of content, process and quality,
- The project must be drawn up on innovative lines emphasising people's participation, improvement of quality and equality of education and a substantial upgradation of facilities.  

The acceptance of the above parameters by the Bank provided the basis for a crucial partnership between the Government and the Bank. The decision to fund a basic education project in Uttar Pradesh followed.

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The state of Uttar Pradesh is educationally one of the most backward states in India. Enrolment in primary education is among the lowest, with very high drop out rates. In 1990 for example about 38 percent of the boys and 34 percent of the girls enrolled in Class 1 in 1985 did not complete grade five. Learning achievements as a result were equally low with more than 50 percent of the students in the final year of the primary stage unable to achieve the minimum levels of learning envisaged in the curriculum. \(^{21}\) When the project was finally approved in 1993 an IDA credit of US$ 165 million was made available to 12 districts of the State to expand access, improve student learning and enhance the State’s capacity to manage elementary education. \(^{22}\) The Uttar Pradesh Basic Education Project (UPBEP) as it came to be called aimed to improve the facilities available in schools such as drinking water, toilets, teaching aids, supplementary reading materials, school libraries, school buildings, as well as improve the capacity of the local level educational institutes.

**Social Safety Net Credit & Further Negotiations**

The Bank’s announcement in July 1992 of a social safety net credit set the right stage for India-Bank negotiations on an enlarged programme of lending for primary education. The safety net credit for India as mentioned in Chapter 5 represented an important innovation on the part of the Bank. It may be recalled that the decision to include education was preceded by a lot of discussion within the Bank over the suggestion to include programmes of education and health in the safety net credit.

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\(^{22}\) The districts chosen were: Aligarh, Allahabad, Banda, Bhadohi, Etawah, Gorakhpur, Nainital, Pauri, Saharanpur, Sitapur, Udham Singh Nagar and Varanasi.
Investments in primary health, disease eradication, and education are obviously key elements of a long-term strategy for protecting the poor, but such investments are not well placed to help mitigate these short-run costs. In fact project files indicate that this selection of programs was not uncontroversial within the Bank. A number of technical staff believed the SSN should have addressed inequities and inefficiencies within food-employment-based programs such as the JRY, NRY, and the Public Distribution System (PDS) in order to better protect the poor during adjustment. While this was by no means a simple alternative course of action, it is unclear how the SSN, by supporting obstetric care in primary health clinics or district planning in primary education, was going to help ease the transitional costs of reform.²³

The essential dilemma of combining a safety net credit with education financing presented itself. What would be the nature of conditionalities? Should disbursements be availed of for an existing programme or a new programme? Would disbursements lead to restoration of planned budget? Should the Department seek a specific project loan or go in for an extended policy dialogue?

These were some of the questions, which came up regarding the safety net credit between the Bank and India.²⁴

Nevertheless a certain common ground between the Department of Education and Bank officials existed. For example, both were convinced that the budget for education should not be compressed. The experience in Africa had shown that adjustment programmes had had negative effects on the education budget, and both the Bank and the Department of Education thus saw common ground in negotiating against any budget compression in education expenditure.


²⁴ Initially the Social Safety Net negotiations initiated by the Department of Industrial Development were limited to the activities of the National Renewal Fund, but with the desire to expand the coverage of the credit to other areas, it was the Department of Education that assumed an anchoring role in the negotiations of the Social Safety Net Credit.
More importantly, also the willingness on the part of both parties to “give and take” proved to be crucial. According to one of the officials involved in the negotiations the Bank’s desire to get in to the field of primary education coincided with the realisation in the Government about the limited elbow room for turning down a social safety loan or resisting the Bank’s entry. The crucial task before the Government was therefore of tactfully limiting the reach of the Bank to certain identifiable activities in the broad realm of education financing.

The Government rejected the Bank’s offer of a “policy” credit and instead sought to negotiate towards a more project centric plan of action. The Government’s negotiations with the Bank in connection with the social safety net credit primarily centred around the financing of a specific programme of district based primary education. Even within primary education, the Department was insistent on negotiating towards a specific project rather than opening up the entire spectrum of primary education activities for Bank surveillance. Customarily the Bank reviews the whole segment of the sector to which the loan is to be made; however, in the present case the Indian officials at the Department of Education were able to successfully prevail upon the negotiators on the Bank’s side of the need to deviate from the established practice.

In December 1992, the Bank and the Government of India signed the important Social Safety Net Sector (SSN) Adjustment Operation loan with a clear priority for primary education. Approval of the SSN laid the basis for a more active participation of external agencies, particularly the World Bank, in the field of primary education. The 1992 Revised National Policy on Education and the subsequent Programme of Action, providing the basic policy framework for central
and state investments in primary education, was termed by Bank officials to be in “happy conjunction” with Bank interests. Both the National Policy on Education and the Programme of Action envisaged that free and compulsory education of satisfactory quality would be provided to all children up to the age of 14 years and that about six per cent of GDP would be earmarked for the education sector by the year 2000, with roughly 50 percent of the total going towards primary education.

MAJOR LENDING PROGRAMME: DISTRICT PRIMARY EDUCATION PROGRAMME (DPEP)

As the parameters were drawn for the SSN credit the Union Cabinet gave its approval for the ambitious District Primary Education Programme (DPEP) in December 1993. The programme was a nearly completely foreign funded primary education project and represented the first test case for huge mobilisation of external funds for primary education. Based on a co-financing package, between ODA of United Kingdom, the European Union and the World Bank, the programme also represented the first attempt at multi-donor coordination in education.

A whole new bureau was created in the central Ministry of the Department of Education, which resulted ironically in the fracturing of primary education responsibilities into two blocks - one based on internal and the other on external funding. Under the DPEP scheme, the DPEP bureau on receiving the loan, then proceeded to disburse the sums to states equivalent to 85 percent of the costs, with the states pooling in the rest 15 percent. The issuance of grants and not loans to the states by the Centre ensured that an additionality of resources was created for the states. Under DPEP, it was the Centre which remained the prime borrower, with
the state governments being the prime beneficiaries of the scheme. The States chosen were required to give a guarantee that they would maintain expenditures in education at the level at which they had been previously held. This apart, they also had to guarantee that all the costs incurred at the end of the project would be borne by the states, ensuring therefore the sustainability of the programme, even after the external funding had ceased.

Nine main areas of action were identified under DPEP for the improvement of primary education within the chosen districts. These areas were:

1) Multi-grade Teaching
2) Reading and Mathematics Teaching and Learning
3) Education Planning and Management
4) School Management and Effectiveness
5) Alternative and Nonformal Education
6) Development of Instructional Materials
7) New Methods of Pedagogy
8) In-Service Training
9) Educational Research and Evaluation. 25

Criteria for Selection of the Districts

The novelty of the new programme lay essentially in the formalisation of the district-based approach to education planning. Districts in the Indian context as per the Eight Five Year Plan were broadly categorised into three main groups: (1) high literacy districts, in which access and enrolment were almost universal and

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community awareness of the need for education was high, (2) districts in which total literacy campaigns were successful leading to an increased demand for elementary education and (3) low literacy districts in which the provision of education facilities was unsatisfactory, the delivery system inadequate and awareness low. The Revised Programme of Action (1992) in this respect added a fourth category of districts to the above list – namely “those externally assisted project districts with a different management structure and sufficient financial support.”

Two main criteria were adopted for the selection of the districts. One, such districts where female literacy rate was less than the national average and second, those districts which had successfully completed total literacy campaigns. The consideration that guided the selection of states for participation was not their status as the most disadvantaged, but rather their ability to show success in a reasonable timeframe. The BIMARU states (Bihar, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh) accounting for 75 percent of the country’s illiterate stood to be excluded, as the priority was on giving preference to those states having “the capacity and potential to show quick and sure results.” Only one of the five BIMARU states, Madhya Pradesh was selected for funding in the first

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phase of the Programme.\textsuperscript{29} Within states also, the same logic was applied. The districts selected all met the criterion of having female literacy rates below 39 percent, but they were not necessarily the districts with the lowest female literacy in the state. In Kerala, for example, where the criterion of below 39 percent female literacy did not apply, the selected districts met the second criterion of successful completion of a Total Literacy Campaign. The Programme according to Department of Education officials, represented a "high profile government initiative", and for its architects, both the Bank and the Government, it was thus "critically important that it not fail."\textsuperscript{30}

42 districts in seven states, i.e., Assam, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra and Tamil Nadu were chosen to be included in DPEP1, launched in 1994. IDA agreed to provide 83 percent (US$ 260.3 million) of the total project cost estimated at US$ 310.5 million. A phase two expansion of the DPEP in 1996, with 10 districts in two new states of Himachal Pradesh and Orissa, and an additional 30 districts of DPEP Phase I states was also started, with the help of another IDA credit of US$ 425.2 million with the Bank's share being nearly 80 percent of the total cost of which was estimated to be around US$ 534.4 million. In 1997 the DPEP programme was given a third extension, to be operational in 17 districts of Bihar, with an IDA credit of US $ 152 million with the Bank funding 76 percent of the total cost estimated to be US $ 199.7 million. Each district was given a sum of Rs. 40 crores (US$ 10 million), irrespective of

\textsuperscript{29} Apart from the above mentioned consideration, the other factor influencing the decision to exclude Andhra Pradesh and four other BIMARU states from being part of the Programme, was the fact they already had ongoing externally aided projects in primary education.

\textsuperscript{30} Pandey. n.28, p.15.
size and needs. In Madhya Pradesh for example, which is largest state in India and where districts differ greatly in size and features a uniform expenditure for the seven-year project was provided under DPEP for the districts.

**Profile of Four DPEP Districts**

It may be useful to focus on four districts from four different states as samples to exemplify the functioning of the DPEP programme. These four districts are: Chamba in Himachal Pradesh, Mandya in Karnataka, Dharmapuri in Tamil Nadu and Jhabua in Madhya Pradesh. All four share a common characteristic of having below average low-female literacy. While the all India figure relating to female literacy, according to the 1991 Census stood at roughly 39.3 percent, the districts chosen in contrast had the following figures - Chamba (28.6 percent as compared to 52.1 percent with the rest of the state), Mandya (36.7 percent as compared with 44.3 percent with the rest of the state), Dharmapuri (34.2 percent as compared to 51.3 percent with the rest of the state) and Jhabua (11.5 percent as compared to 28.8 percent with the rest of the state). Whereas Mandya and Dharmapuri fell within DPEP 1, Chamba and Jhabua are districts which fall within DPEP 2.

1). **Mandya (Karnataka)**

Although economically well-off district falling within the sugar cane belt of Karnataka – Mandya has however remained educationally backward. As per the 1991 Census the population of the district was approximately 16.4 lakhs, with the literacy rate being 48.2 percent (male 59.2 percent and female 36.1 percent). The district’s DPEP bureau’s reasons out that low interest in schooling as one of the
prime reasons for the district’s educational backwardness. Other factors like poor infrastructural facilities, poor transportation facilities and unattractive school atmosphere have also played a role in keeping children of school going age away from schools.

The survey as part of the present study for Mandya, was restricted mainly to two main blocs – Mandya and Srirangapatna. In Mandya block as per the DPEP figures, enrollment of all school age going children was roughly around 97.9 percent, whereas in Srirangapatna, it was around 90.3 percent. Within this framework, specific goals were formulated to improve access, participation, retention and achievement both quantitatively and qualitatively. Visits to schools as part of the survey in both the blocks showed that the DPEP bureau’s initiatives had indeed attracted children to schools.

In Chinnayakanahalli village (block Srirangapatna), where previously there had been no schools and where now after the construction of a model DPEP school, nearly over 95 percent of the children of the primary school going age in the village were seen attending school. The school had a new library, staffed with books relevant for the children. It had a museum as well as blackboards running all along the length and breadth of the classroom to encourage children to draw and write freely. The two newly appointed teachers too made use of the new pedagogical skills taught to them to inculcate interest amongst the children in day to day classroom activities. The visits to other schools in the same block confirmed the positive links that existed between the successful functioning of the Programme and the initiatives taken by the local DPEP bureau.
2). Dharmapuri (Tamil Nadu)

The population of Dharmapuri district, according to the 1991 Census is approximately 23.9 lakhs. The main source of livelihood is agriculture, which is primarily dependent on the rains. Dharmmapuri is an industrially backward district too and if the monsoon fails, people migrate to the neighbouring state of Karnataka, where they earn their living by doing cheap labour. The district has the misfortune of recording the lowest rates of literacy in Tamil Nadu. According to the Dharmapuri DPEP bureau, there are approximately 3,23,964 children in the school going age category, with enrolment being high nearly 97.8 percent (98.7 percent for boys and 96.6 percent for girls). However, the findings of the bureau show that the district faces the usual problems of access, retention and enrolment, in relation to its school going category of children. The total percentage of drop-out is roughly 18.6 percent, for boys it being 18.0 percent and girls 19.3 percent, indicating that the drop-out rate is slightly higher for girls than the boys.31

In Dharmapuri, the survey in connection with the present study was restricted to the Nallampalli block. The Block had roughly a total of 4122 children enrolled around 1992-93, of which approximately 883 students (21 percent) dropped out by the time they reached standard V, five years later. On talking to teachers working in primary schools there, the phenomenon of drop-outs were traced to the poor quality of existing primary schools as manifested in the lack of infrastructural facilities like pucca buildings, water and toilets, along with inadequate teaching and learning materials. Surveys of schools in Nallampalli block also confirmed the positive linkages that had been achieved in Tamil Nadu

31 District Plan Dharmapuri, Government of Tamil Nadu, pp. 5-14.
linking mid-day meal programmes of the Government with primary schooling. Out of 15 teachers interviewed in the block agreed that the mid-day meal which was provided at schools acted as an incentive for children of the poorer families to attend school.

3). **Jhabua (Madhya Pradesh)**

As per the 1991 Census the total population of the district is 10 lakhs having a total of 1,80,174 households. Tribals are predominant in the district constituting about 83.4 percent of the total population. The main tribal groups of Jhabua are the Bhils, Bhilalas and Patlias. Majority of these families live in rural areas and below the poverty line, in scattered and small habitations called *falliyas*. There are no large or medium industries in the district and thus opportunities of jobs other than agriculture are very less. However due to uneven topography, continuous deforestation and soil erosion, agriculture here is generally non-productive. This results in large scale migration of the agricultural and unskilled labourers to nearby states i.e., Gujarat and Rajasthan in search of job opportunities.

Alirajpur block in Jhabua, where survey was conducted, is one of the most backward blocks of the state. Existing educational facilities are very few, and often the school-going population has to trudge long distances to attend schools, many of which have no teachers available. According to DPEP estimates itself, the block has a total of 26,573 children in the school going – age group of 5-14 years, of which boys constitute roughly 51.5 percent and girls 48.5 percent. Out of this school going age population, only 51.3 percent of the total are enrolled in classes I to V, of which boys make up for 56.7 percent and girls about 43.2 percent. Thus in Alirajpur, approximately 56.5 percent of boys and 45.8 percent of girls in the
school going age do not go to school at all. Among those who go to school, nearly 12 percent dropped out, with boys making up for 51.8 percent and girls 48.1 percent of the total drop-outs.\(^3\(_2\)\) Alirajpur according to DPEP estimates has about 111 primary schools. Of this figure, approximately less than 3 percent of the schools have electricity, durries, or boxes. Drinking water and verandas are present only in less than 12 percent of the schools, whereas less than 25 percent have tables, chairs, or tatpattis. Blackboards, again are present in only 50 percent of the schools.

4). **Chamba (Himachal Pradesh)**

Having a population of 3.9 lakhs, the district of Chamba, has the misfortune of being the most backward educationally, in Himachal Pradesh. As per a survey report undertaken in 1993, there are nearly 4485 habitations in the district which do not have any school, indicating thus that children residing in such habitations do not have the facility of a formal school generally available in other parts of the state.\(^3\(_3\)\) According to 1991 Census records, the district has a large percentage of tribals - accounting for nearly 51 percent of the total tribal population of Himachal Pradesh. These tribals are mainly Gaddis and Gujjars, who are well known for their migratory patterns and lifestyles. It is primarily this segment of Chamba's population which loses out on the opportunity of education and which the local DPEP bureaus seek to target by establishing primarily a range of alternative schools and non-formal centres.

The survey in Chamba focussed on the functioning of alternative schools that the DPEP Bureau had established for the large migratory population in the


\(^3\(_3\)\) District Plan Chamba, Government of Himachal Pradesh.
districts. The findings however revealed that the progress on alternative schooling had been slow as the target population still retained its hesitancy in sending their children to schools. Similar problems beset the formal schooling system too. In a participatory research and teacher training workshop in the district headquarters at Chamba (October 1998), about 100 teachers from the neighbouring blocks presented their problems before the DPEP staff. These included (1) library books not being used despite purchases, (2) insufficient progress in adopting innovative teaching methods in mathematics and science at the primary level, (3) continuation of drop-out students, (4) non-enrolment of targetted gaddi and gujar children, (5) enrolments in private schools, (6) lack of facilities such as toilets etc., and lastly the problem of severe teacher shortage. Significantly these problems were being faced, even after the DPEP project had been introduced.

EVALUATION OF BANK PROJECTS
Technical-Vocational Education and Training

As noted the Bank’s lending interest in India’s education sector began with projects targetting the areas of technical and vocational education and training, before moving onto primary education. The Bank has funded five projects in all supporting vocational training, of which four are complete. Concentrating on the lower levels of formal vocational education, the projects aimed to support the National Vocational Training Programme by making the making education in polytechnics more responsive to the advances in science and technology. The Government’s strategy was to upgrade the skills, particularly of those working in high-technology areas so as to produce human and material resources that would compete in the world market.
The projects concentrated on the introduction of new technology and training approaches while also focusing on increasing the female participation in vocational education. 84,000 students benefited from the 11,000 facilities that were established, with female participation far exceeding the targets. Both the Bank and the Indian Government rated the project's activities as satisfactory while two out of the four projects (Technician Education Projects 1 & 2) received a "highly satisfactory" rating. In all though the amount of resources was "minuscule compared to the needs of the country, the two parties developed a productive working relationship, and the Bank established itself as a credible interlocutor in education."34

Primary & Basic Education Projects

The Bank's primary education projects in India have been both innovative as well as path breaking. Both the first Uttar Pradesh Basic Education Project and the DPEP projects, have received considerable worldwide publicity. The above projects have been specially chosen as a case study of Education reform and management practice by the Bank's Human Development Network. Given the situation in some other countries where a multitude of donor agencies work on primary education, the formation of an umbrella of the DPEP for converging external funding for primary education is a commendable innovation.

The DPEP is both supervised and evaluated jointly by the donor agencies comprising the World Bank, European Community, DFID (UK), UNICEF, Netherlands and the Government of India, regularly, twice a year. The share of the World Bank is roughly about 75–80 percent of the total in each project. The Bank

therefore has a pivotal role to play in monitoring and evaluating programmes. Nominated education specialists and other professionals are constituted into teams that visit selected districts of the project states. The joint review mission reports show progress in the following areas.35

Reports on enrolment increases are impressive. The UPBEP enrolments over the period 1991-2000 for example show a 68 percent increase at the primary level and 74 increase at the upper primary level. Contrary to the national trend, the Gross Enrolment Ratio (GER) in Uttar Pradesh project areas increased from a baseline level of 66 percent to 107 percent, although the target level was only 78 percent. In DPEP, enrolment reportedly increased by 21 percent from 1996 to 2000. The GER increased from 90 percent to 106 percent. By comparison, the GER in equivalent non-project districts was 97 percent.36

In DPEP states both improvement in infrastructure facilities and extended sessions of teacher training have resulted in better records of access, retention and enrolment for students.37 Extensive teacher training has taken place through block and cluster resource centres, with about 100,000 teachers receiving training each year. In project areas, 92 percent of teachers reportedly received training, compared to 37 percent in non-project areas. Much school infrastructure has also

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35 Apart from the Uttar Pradesh Project all the others are still in an active stage, and therefore any evaluations of the projects are tentative.
37 A study by National Institute of Education Planning and Administration (NIEPA) for example, has revealed that in DPEP districts in 4 States Madhya Pradesh, Haryana, Maharashtra and Assam – the incremental increase in enrolment during 1993-96, over the increase in non-DPEP districts in the same States, has been of the order of 3.7 to 16.8 percentage points. In two states of Kerala and Tamil Nadu where decrease has been noticed on account of falling and stabilising child population, the DPEP areas have witnessed less decrease. See Yash Aggarwal, *Access and Retention: the Impact of DPEP* (New Delhi, 1998).
been built. For example, UPBEP helped build 8,388 schools, 12,264 additional classrooms, 14,654 toilets and 61,669 drinking water facilities.\textsuperscript{38} In quite a few places the improvement as a result of DPEP interventions has led to reverse flow of children from “unaided, unrecognised money making education shops” to government schools, which is encouraging.

Index of gender and social equity stands at more than 95. This is seen as a big achievement in the context that all the project districts are low female literacy areas and the target at the end of the project period was to reduce the difference among gender and social groups to 5 per cent. The enrolment of girls increased by 97 percent in UPBEP and 39 percent in DPEP. Enrolment of scheduled castes and tribal girls for example rose by 44 percent and 40 percent respectively.\textsuperscript{39} Several reports of the supervisory missions have also reported the gender gap in learning achievements as closing.

There are however, several areas of concern too. There is a noticeable difference in performance between not only states but also within districts falling within the same state. This draws attention to the fact that there are certain limitations at the ground level, such as poor response rate, low capacity building, weak administrative structures – which stand as bottlenecks in the efficient delivery of services, that no donor agency has control of. For example, the working of the Village Education Committees (VECs). Contrary to all official claims, the VEC component within the DPEP is stated to be weak. In most districts, the local hierarchical structure remains intact, making the composition of the VEC as rigid

\textsuperscript{39} \textit{Ibid.}, p.6.
as the other local bodies - the panchayats. The VEC is responsible for identifying and running the local level primary school, and in villages where the VEC component is relatively stronger it has been observed that the school and its environment becomes the focal point of debate and discussion about the larger questions and problems associated with the village in general.  

Numerous factors peculiar to the domestic and social milieu condition therefore the performance rating of the above programmes. Judging the performance of either the DPEP or the UPBEP without taking cognisance of local level potential and obstacles would be unfair. The programmes have therefore to be judged solely from the standpoint of the contribution that it makes. In the case of the DPEP, one of its most important contributions has been the relaxation offered in terms of resources. Perhaps for the first time in India each participating district has been given about Rs. 400 crores for a seven-year period, that assures that every school in the district receives a grant of Rs. 2500 annually. It is also encouraging to note that academic and technical support mechanisms and institutions developed and established in project districts have also been replicated in some non-DPEP states.

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40 For example, at a VEC meeting at the Mandya district headquarters, as observed in the course of the field survey, VEC members from four villages of the Mandya block identified the following set of problems related to the functioning of the school vis-à-vis the general condition of the village. These problems were namely, (1) non availability of water/electricity in the school, (2) shortage of space, (3) lack of good transport facilities connecting the remoter parts of the villages to the school, (4) lack of sewage facilities, (5) caste/class atrocities, (6) environmental degradation (7) lack of sanitation within the village and lastly the rampant illiteracy of the villages in general. On being asked why education had been a low priority earlier, respondents acknowledged the deterrent effects of the above factors as the reason for non-attendance in schools.

41 Rs. 2000 is given to the concerned VEC to be used for the maintenance and running of the school and Rs. 5000 is given to the teacher annually to buy teaching materials and aids.
At the policy level, the notable prioritisation of primary education as a policy goal is commendable. Increased emphasis on primary education has reinforced in substance the constitutional responsibility of the Indian State to provide elementary education to all its children. In terms of execution of the responsibility, changes have been made in the existing structures of educational decision-making through decentralised planning that provide for more scope for local communities to be involved in the governance and administration of educational institutions.

It is notable that the changes have taken place largely in conjunction with increased foreign assistance especially Bank funding of primary education in the 1990s. Unlike the experiences in other countries, in India there has been a happy conjunction of interests with Bank assistance witnessing a significant increase. At present nearly 80 percent of the Bank’s loans to the education sector are slated towards supporting ongoing Government initiatives in primary education within the country.42 And although initiatives in “de-centralisation” or “district-planning” are not really dependent on external assistance, the contribution of the Bank in promoting primary education programmes has to be acknowledged. By ensuring

42 The Bank it may be pointed out has refrained from directly funding any project supporting higher education reforms within the country. However, this must not be taken to mean that the Bank has no policy agenda for higher education reforms in India. In fact policy reforms in higher education are being pursued gradually by the Government largely in silent conjunction with the Bank. The official guidelines on resources for education for example, advocates reforms in the financing of education similar to the Bank’s own strategy for education. These include: (a) prioritisation within the education sector in the matter of allocation of governmental resources and (b) progressively making higher education and technical and management education largely self-financing by revising the fee structure with appropriate support to the needy students by way of student loans. See Report of the CABE Committee on Policy, Department of Education, Ministry of Human Resource Development (New Delhi, January 1992), p.75.
direct funding of district plans, the DPEP has helped states overcome constraints imposed by centralised planning, providing the districts with improved possibilities of developing their own plans with local participation.