CHAPTER VI
THE FINANCE & DECISION-MAKING

"Public education --- is a community responsibility, a function of the individual States, and a concern of the Federal Government --- The issue of education finance is to secure a well-balanced, stable, flexible and adequate system of support to which the local school, the State and Federal Governments would contribute in accord with ability and need without destroying the traditional and highly valuable popular community control over public educational policy".

- Arthur B. Moehlman.
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VI.1 INTRODUCTION

It is a fact that education has been considered and accepted as the most significant investment of the nation. It involves a number of considerations pertaining to finance. No education is possible unless there is financial support either by the State or by the people. Financing of education is a public as well as Government responsibility. As Arthur B. Moehlman states:

Public education — is a community responsibility, a function of the individual states, and a concern of the Federal Government. The issue of education finance is to secure a well-balanced, stable, flexible and adequate system of support to which the local school, the State and Federal Governments would contribute in accord with ability and need without destroying the traditional and highly valuable popular community control over public educational policy.

Financing of education involves consideration of resources and expenditure. The resources may be of two types: human resources and material resources. The human resources are concerned with skilled manpower and qualified personnel required for education. While material resources are of two kinds: purely material and capital. Material resources refer to building, furniture, equipment etc., whereas capital resources are money or finances.

Finances for education come from various sources which are broadly classified as: (i) public and (ii) private.

sources and the funds derived from them are known as Public Funds and Private Funds. The Public Funds include:

1. Government Funds,
2. Local Bodies’ Funds,
3. Education Cess, and

Whereas, the Private Funds include:

1. Fees,
2. Endowments, and
3. Other sources.

The investigator has tried to furnish herewith how secondary education is financed in the three countries under study. Hence, an attempt is made to outline different sources of income and expenditure and various practices of financing secondary education in the countries under study.

For any country, it is found in the public sector that while making policy it centres around the process of acquiring and allocating of resources. Increases in the quantity and quality of education will result in increasingly more rational decisions in both, the private and public sectors. Governmental budgets are financial translations of the programmes and hence, they include, revenue and expenditure plans to implement public programmes provided through policy.
As regards the decision-making processes, it can be observed that the major differences in the decision-making machinery of the private and public sectors can be enumerated as under:

1. Governmental decisions involve an element of compulsion.

2. Without the test of the market, there can be no assurance that a public service will actually render benefits greater than its cost.

3. The voter has to register his preference about a package of issues, whereas, in the marketplace, he can decide about each piece of goods separately.

4. Decisions made by the political process reflect the distribution of political power among pressure groups, regions, and the like, and the groups that are well organized receive more benefits than the rest.

The policy or the decisions of the Government are translated into the budget of any nation. Hence, the budgetary allotments to education make a most important contribution to the national and state redistribution of income, and great reliance has been placed in this belief as indicated by the massive anti-poverty programmes. Hidden
costs of education are being considered by economists in computing input-output relationships and include foregone earnings of students as well as employee consumption of time that might be used in the production and distribution of goods and services. In this connection, it would be worthwhile to quote Robert J. Garvne, who writes as under:

Socialization goals of education including the fulfilment of the personality development of good citizenship and patriotism, preparation for a wholesome family life, and the development of good work habits have been held in high esteem by professional educators, but more pragmatic members of the society have emphasized education's economic rewards in the past decade. It is now apparent from the nation's emphasis upon economic criteria for justification of resource allocation that educational divisions are vocational in essence - that is, students are in school to receive the correct preparation for the right job for them.2

Educational Output and its Measurement

It is a common belief that in education, a fairly good job in measuring such inputs as the rupees or dollars or pounds spent, facilities provided, teachers employed, pupils enrolled, etc. has been effected, but that there is a problem of not only measuring, but of not knowing what to measure in relation to outputs. The difficulty is that students are not only to achieve certain test scores, but to attain certain attitudes and competencies in dealing with new situations among other outputs. It is possible to record

types of output or return on educational investment, including relationship of education and earning rate of return on investment in education, and the contribution of education to economic growth.

In this connection, Professor Burkhead emphasizes that this Table VI.1 does not show the whole range of possible input, process and output variables. Meaningful measures are not always available, but the planning framework suggested here may be useful in the development and improvement of school programmes.

<table>
<thead>
<tr>
<th>Input variables (Land, Labour, Capital)</th>
<th>Process variables (Current expenditure policies)</th>
<th>Output variables (Benefits to the individual and society)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student time,</td>
<td>Class size,</td>
<td>Increased intellectual curiosity,</td>
</tr>
<tr>
<td>In the classroom,</td>
<td>Size of the school,</td>
<td>Social adaptation,</td>
</tr>
<tr>
<td>At home,</td>
<td>Teacher-pupil ratio,</td>
<td>Development of creativity,</td>
</tr>
<tr>
<td>Extracurricular,</td>
<td>Ratio of administrative and clerical personnel to students,</td>
<td>Increase in skills,</td>
</tr>
<tr>
<td>Personnel time,</td>
<td>Use of personnel</td>
<td>and earning ability,</td>
</tr>
<tr>
<td>Administrative,</td>
<td>for guidance</td>
<td>Increased lifetime earnings,</td>
</tr>
<tr>
<td>Teaching,</td>
<td>or remedial instruction.</td>
<td>Growth of informed Electorate,</td>
</tr>
<tr>
<td>Clerical,</td>
<td></td>
<td>Increased national growth.</td>
</tr>
<tr>
<td>Maintenance,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auxiliary,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials &amp; Supplies,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings &amp; equipment.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Education in the States, New York: National Committee for support of the Public Schools, p. 29.
The non-monetary benefits of an educational investment, such as those included among output variables in Table VI.1, are more difficult to measure. In addition, economic criteria are not the only criteria to be applied to the allocation of resources and the distribution of programme outputs. Analysis as part of the planning-programming-budgeting process do not constitute a prepackaged instant decision-maker to replace judgment, commonsense, and compassion, or to leave resource allocation to computers. Public sentiment and tradition will be a strong criterion of resource allocation also.

Because education has both investment and consumption aspects, it is difficult to separate these two aspects. Education is an enjoyable process of consumption, and, to this extent investment costs are overstated, and the internal rate of return to education is likely to be understated. In essence, the whole problem in education is one of joint costs creating joint outputs, where outputs relating to efficiency, consumption, income redistribution and socialization are being produced in varying proportions over a period of time.

Educational Budgets

Administrators of school systems are faced with the problems in developing a so-called rational budget, school systems and other educational administrative units
such as State Departments of Public Instruction make judgments about allocations of resources and prepare budgets on a regular basis. Ideally speaking, budgets, the culmination of many months of executive planning and evaluation are the plans for meeting educational needs. The budgets are important instruments of social, political and economic policy, because they influence input and output of these segments of the society. In addition, budgets are the financial reports to the citizens on how the educational units are spending funds, and at the same time, they are the requests for legislation, since, legislative sanction - whether it be a local school board, the State legislature, or the Federal congress - is needed before proposals can be be translated into action.

As described above, the budget now is conceptualized as being a multipurpose tool to:

1. determine the educational programme,
2. translate the educational programme into estimated currency costs,
3. provide the necessary funds for a school systems' operation, and
4. control expenditures.

The preparation of the current or annual operating budget ideally is a year-round job. The needs are expressed by the practitioners and these expressions are reviewed by
the supervisory and administrative personnel.

In the pages that follow, the investigator has tried to put his observations regarding the pattern of finance and decision-making in the three countries under study.

VI.2 THE FINANCE OF EDUCATION

VI.2.a Britain

VI.2.a.1 The Sources of Income

Local authorities pay for most education in the public sector. The following Table VI.2 gives details regarding the expenditure outlays for Britain during the years 1920, 1938, 1955 and 1965.

TABLE VI.2 *

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of amount paid by Central Government</th>
<th>Percentage of amount paid from fees and endowments</th>
<th>Percentage of amount paid from local rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>50</td>
<td>8</td>
<td>42</td>
</tr>
<tr>
<td>1938</td>
<td>46</td>
<td>6</td>
<td>48</td>
</tr>
<tr>
<td>1955</td>
<td>58</td>
<td>6</td>
<td>36</td>
</tr>
<tr>
<td>1965</td>
<td>60</td>
<td>4</td>
<td>36</td>
</tr>
</tbody>
</table>

Looking at the Table VI.2, it can be seen that in

* Education in Britain, 1966
1938, the fall in the yield of fees and endowments was due to the expansion of University grants, and the decline in the yield of secondary school fees. The rise in local rates was due to the recasting of the grant system in 1931. The change in 1955 was due to the working of the Post-War Education Acts and the revised grant systems. While the shift towards Central Government in 1965, represents the great increase in higher education, which was mainly centrally financed.

The other main sources of income to the public education system are, endowments, fees, sale of books, meals, clothing, produce and other similar goods and payment for medical treatment.

Whether to charge fees or not for secondary school-going children is a debatable point. But as Messrs John Vaizey and John Sheehan says, "we conclude that the charging of fees in secondary schools is, therefore, impracticable without an undesirable reversal of present educational policy." 4

In Britain, the possibilities of a self-financing education service are small.

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In place of a number of special grants, complicated to administer the Education Act, 1918 (The Fisher Act), gave two main grants for education, the first paid to all education authorities for elementary education, and the second to those education authorities responsible for higher education. In 1926, the Economy Act gave power to the Board to levy this sum from the authorities that did not train teachers by a regulation relating the average attendance to rateable value. After the enactment of the National Economy Act, 1931, the minimum of 50 per cent deficiency grant was abolished, and substituted 50 per cent for 60 per cent in the grant for teachers' salaries and raised the capitation grant from 36.5 to 45.5 per cent. In 1934, the 50 per cent grant was restored to 60 per cent and in 1935, the grant on new buildings and equipment installed to reorganize senior elementary schools was raised from 20 per cent to 40 per cent and the grant on school transport was raised from 20 per cent to 40 per cent.

During the war period, the higher education grant remained at 50 per cent, but the remainder of expenditure was given grant - aid at a standard percentage, based on the percentage of grant to total net recognizable expenditure in 1937-1938. In 1941, capital expenditure for the school meals service became 100 per cent grant on the
expenditure incurred and current expenditure was grant-aided on a formula of the standard percentage plus 20 per cent, subject to a minimum of 70 and a maximum of 95 per cent. In 1947, a unit cost system of grants was introduced for school dinners. In 1957, at the instance of the Ministry of Housing, the percentage grant was replaced by a general grant, estimated in relation to likely expenditure, and on the basis of population, weighted for age, school children and roads.

In 1966, the Local Government Act revised the system. The general and specific grants were replaced by the Rate Support Grant. This grant consisted of three elements: a needs element, based on population, plus extra allowances for children, young children, old people, for school pupils, for density, and road mileage.

VI.2.a.3 The Purpose of the Grant

After 1939, the emphasis of the Board's grant policy was changed during the war towards helping the authorities to maintain the education service despite its interruptions almost regardless of financial considerations. After the war, emphasis became one of consolidation than of expansion.

There is room for considerable disagreement, which can be stated when the actual exercise of the Department of
Education and Science has been examined. There is detailed control of expenditure by the Department of Education and Science. Decisions on major expenditure are self-evidently taken in consultation with the Department. This applies particularly to capital expenditure. The payment of superannuation is decided by Parliament and not by the local authorities. The standards and amounts of school equipment are carefully scrutinized. The examination of local authority estimates and the close inspection of their accounts is carefully done. All local authority expenditure is audited by the most rigorous system.

The Minister has powers to inspect the schools. It was originally upon their reports and the results of their examinations that school grants were awarded. The functions of the Inspectorate have changed over the years, and become far more advisory.

In this connection, as John Vaizey and John Sheehan put it:

It is upon their advice, in fact, that most of the Secretary of State's decisions are taken about educational establishments, and the organization of education. Further, it is upon their advice that a great many local authority decisions are taken. Any control of the curriculum or methods of teaching is exercised by them, indeed their control is in principle much greater than any control exercised over other professions by agents of the Central Governments, and it is all the greater for being informal.5

5 ibid., p. 46.
It can be seen that the powers given to the Secretary of State are substantial, and the influence of the grant in the determination of policy may appear to be a general one, reinforcing the others.

The powers residing in other sections of the Education Acts are sufficiently retained and strong to enable the Department of Education to control any aspect of educational policy, and the persuasive influence of the inspectors is of immense importance in coordinating the administration of the Department and the authorities.

The chief reason for disparities between authorities in the provision of education is such degree of uniformity as it chooses to impose by its allocation of capital expenditure, an allocation based on assessed need and not on a formula and by the use of its power to establish minimum standards by regulation under the Education Acts.

The existing grant system should be viewed as one of a number of financial techniques for allocating expenditure and tax receipts between accounts.

VI.2.b The U.S.A.

Regarding the finance of education in the U.S.A., the investigator writes herewith the information in the pages that follow:
VI.2.b.1 Trends of Resource Allocation to Public Services

It is important in the study of resource allocation for education to consider the distribution of expenditures for all public services. Since educational finance is a part of public finance, and since data on all services give a perspective of the total resources devoted to the public sector over a given period of time. Educators generally are so committed to the potential of education that they seem intolerant of the needs of other important services such as health, safety, highways and others.

A twenty-four year trend of eleven categories of governmental services at all levels (Federal, State and Local) is shown in Table VI.3.

|..........................................
| TABLE VI.3                           |

Studying the Table VI.3, it can be observed that the total expenditures rose from 43.5 billion dollars in 1942 to 189.4 billion dollars in 1966. All publicly supported educational expenditures increased from 2.7 billion dollars to 34.8 billion dollars in that period. If national defense were excluded, the non-educational functions increased approximately seven times over this period, as compared to nearly thirteen times for public education. The ultimate test of rationality for expenditure in each
<table>
<thead>
<tr>
<th>Function</th>
<th>Percentage of Total</th>
<th>Amount</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100.0</td>
<td>$189.4</td>
<td>100.0</td>
</tr>
<tr>
<td>National defense and international relations</td>
<td>32.06</td>
<td>60.8</td>
<td>32.10</td>
</tr>
<tr>
<td>Education</td>
<td>17.24</td>
<td>34.3</td>
<td>18.33</td>
</tr>
<tr>
<td>Natural resources</td>
<td>6.32</td>
<td>10.3</td>
<td>5.43</td>
</tr>
<tr>
<td>Highways</td>
<td>7.06</td>
<td>12.9</td>
<td>6.81</td>
</tr>
<tr>
<td>Interest on general debt</td>
<td>6.55</td>
<td>12.3</td>
<td>6.49</td>
</tr>
<tr>
<td>Health</td>
<td>1.03</td>
<td>2.1</td>
<td>1.10</td>
</tr>
<tr>
<td>Hospitals</td>
<td>3.39</td>
<td>6.3</td>
<td>3.32</td>
</tr>
<tr>
<td>Postal System</td>
<td>3.04</td>
<td>5.7</td>
<td>3.00</td>
</tr>
<tr>
<td>Public Welfare</td>
<td>3.67</td>
<td>7.0</td>
<td>3.69</td>
</tr>
<tr>
<td>Police Protection</td>
<td>1.60</td>
<td>3.0</td>
<td>1.05</td>
</tr>
<tr>
<td>All Others</td>
<td>17.98</td>
<td>34.2</td>
<td>18.05</td>
</tr>
</tbody>
</table>

category depends on evaluation of absolute figures in terms of economic and non-economic criteria, which remain unclear and diversified among individuals and groups.

The Table VI.4 indicates the trend in the distribution of tax resources for selected functions of State and Local Governments.

| TABLE VI.4 |

In Table VI.4, a trend in the use of tax resources for thirteen categories of governmental services at the State and Local levels (excluding Federal, which was included in Table VI.3) is indicated. Again, educational expenditures and non-educational expenditures increased approximately 13 and 7 times, respectively, during the period between 1942 and 1966. The expenditure of 60 billion dollars on defence programmes means that the nation must forego 60 billion dollars on non-defense goods and services. The transfer of productive resources to defense purposes takes place partly by reducing Government spending on non-defense programmes and partly by reducing civilian spending on consumer and capital goods through tax rates that are higher than they would otherwise be.

VI.2.c India

In matters of financing of education in India, the
## Trend in Local Gov't

<table>
<thead>
<tr>
<th>Function</th>
<th>Percentage of Total</th>
<th>Amount</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100.0</td>
<td>$ 82.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Education</td>
<td>38.3</td>
<td>33.3</td>
<td>39.1</td>
</tr>
<tr>
<td>Natural resources</td>
<td>2.2</td>
<td>2.0</td>
<td>2.4</td>
</tr>
<tr>
<td>Highways</td>
<td>16.3</td>
<td>12.3</td>
<td>14.8</td>
</tr>
<tr>
<td>Health</td>
<td>1.0</td>
<td>0.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Hospitals</td>
<td>6.0</td>
<td>5.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Public Welfare</td>
<td>8.4</td>
<td>6.8</td>
<td>8.2</td>
</tr>
<tr>
<td>Police</td>
<td>3.3</td>
<td>2.8</td>
<td>3.3</td>
</tr>
<tr>
<td>Fire Protection</td>
<td>1.7</td>
<td>1.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Sanitation &amp; Sewage</td>
<td>3.2</td>
<td>2.6</td>
<td>3.1</td>
</tr>
<tr>
<td>Housing &amp; Urban renewal</td>
<td>1.7</td>
<td>1.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Local Parks and recreation</td>
<td>1.4</td>
<td>1.2</td>
<td>1.4</td>
</tr>
<tr>
<td>Interest on general debt</td>
<td>3.3</td>
<td>2.7</td>
<td>3.2</td>
</tr>
<tr>
<td>All others</td>
<td>12.4</td>
<td>10.1</td>
<td>12.2</td>
</tr>
</tbody>
</table>


7 Ibid., p. 78.
investigator has tried to furnish the information in the pages that follow.

In the case of India, it is the grant-in-aid from State Governments to Local Education Authorities - may be urban and rural - plays the major role in financing the school education in general and of secondary school education in particular.

The Education Commission (1964-66) in this regard has recommended that the administration of school education in a district should be transferred to District School Boards and that in areas of bigger municipalities to Municipal School Boards. It further adds that even smaller municipalities should be associated with the administration of education with/their areas and be made to bear a certain portion of the expenditure thereon.

Grants-in-Aid to District School Boards

The Zilla Parishads have an authority to levy a cess on land revenue for purposes of education. It is recommended by the Education Commission (1964-66) that the State should prescribe the minimum cess to be levied by a Zilla Parishad and also authorise it to raise the same voluntarily upto a prescribed minimum. In order to stimulate the use of this authority, a grant-in-aid proportionate to the additional revenues thus raised should be guaranteed. A device of this
type has been adopted in Maharashtra State and it is found that most of the Zilla Parishads have raised the cess substantially. It is possible that a similar result may be obtained elsewhere also.

The existing system of grant-in-aid to local authorities needs revision. In some States, the grants are given on a deficit basis, and it is the general experience that, under this system, the politically important and vocal districts, rather than the needy or backward areas, get the most benefit and there is no incentive to economise. When 'proportional' grants are given as a percentage of the total expenditure, the richer districts tend to get larger grants; and innumerable problems arise regarding the 'approved' or 'admissible' expenditure. The 'block' grants tend to be inelastic and particularly unsuitable in a situation when expenditure in education is rising fast.

Regarding this, the Education Commission (1964-66) recommends that:

The major objective of the system of grant-in-aid to Zilla Parishads should be to equalise educational opportunities. This should be kept in view while sanctioning the posts of teachers or deciding the recurring grant-in-aid per pupil or the proportion of the non-recurring grant to be given. Moreover, the amounts of grant-in-aid should be allowed to be funded and not made to lapse at the end of the financial year, as this encourages economy and a careful use of resources.8

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VI.2.c.1 **Grant-in-Aid to Municipalities**

All municipalities should be compelled to pay for a portion of the cost of education in their areas by the levy of a cess on land and buildings. Even a minimum cess of two per cent of the annual letting value of real property in urban areas can secure a fair and increasing contribution to the support of education.

Moreover, in devising a system of grants to municipalities for school education, it is essential to remember that the municipalities show an immense variation in their wealth and capacity to support education. It is necessary to devise a system of grant-in-aid which will vary from one group of municipalities to another; and the best procedure would be to adopt a method under which the municipalities could be classified on the basis of their wealth and the poorer municipalities given a higher rate of grant-in-aid than the richer ones. It would be desirable to make all Corporations responsible at least for primary education and given them grant-in-aid on a proportional basis; i.e. at a certain percentage to be fixed for a Corporation depending upon its resources.

The smaller municipalities will be able to contribute even less. By and large, they should be made responsible for all non-teacher costs, the teacher costs being borne fully by the State Governments and should be required to
meet them by the levy of a local cess on lands and buildings in their areas and a suitable grant-in-aid towards it given by the State Government, on an equalization basis.

The Education Commission (1964-66) has recommended grants-in-aid from the State Government to the Zilla Parishads and the municipalities on the basis of equalization. It is necessary to explain this new concept of grant-in-aid which has been in successful operation in the U.S.A. for a number of years. The central concept of equalization is that for a given local efforts, the local authority must be able to reach a given level of expenditure per child.

The Role of the Central Government in the Financing of Education: It has been stated above that the contribution of 'Government funds' to total educational expenditure may have to be increased from the present level of 71 per cent to about 90 per cent. This is the contribution of the Central and State Governments taken together. The State Governments have the residual responsibility to finance education, i.e. they must find all the funds required for education after allowance is made for contributions by the Central Government, the local authorities and other sources.

VI.2.c.2 Direct Central Expenditure on Education

Table VI.5 shows the growth of direct Central expenditure on education from 1950-51 to 1960-61, the
<table>
<thead>
<tr>
<th>Type of Institution/Object</th>
<th>Central Government Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of expenditure on object to total expenditure in Central Government Funds</td>
</tr>
<tr>
<td></td>
<td>1950-51</td>
</tr>
<tr>
<td>Direct Expenditure</td>
<td></td>
</tr>
<tr>
<td>Pre-primary schools</td>
<td>-</td>
</tr>
<tr>
<td>Lower primary schools</td>
<td>1.3</td>
</tr>
<tr>
<td>Higher primary schools</td>
<td>0.9</td>
</tr>
<tr>
<td>Secondary schools</td>
<td>6.3</td>
</tr>
<tr>
<td>Schools for Vocational Edu Teacher Training</td>
<td>4.9</td>
</tr>
<tr>
<td>Schools for special Educat</td>
<td>0.3</td>
</tr>
<tr>
<td>Universities &amp; Institution</td>
<td>32.9</td>
</tr>
<tr>
<td>Colleges for Teacher Train</td>
<td>0.4</td>
</tr>
<tr>
<td>Colleges for Special Educat</td>
<td>0.4</td>
</tr>
<tr>
<td>Colleges for Professional Teacher Training</td>
<td>22.5</td>
</tr>
<tr>
<td>Indirect Expenditure</td>
<td>69.8</td>
</tr>
<tr>
<td>Direction and Inspection</td>
<td>-</td>
</tr>
<tr>
<td>Buildings</td>
<td>23.5</td>
</tr>
<tr>
<td>Scholarship &amp; other finance</td>
<td>5.0</td>
</tr>
<tr>
<td>Hostel charges</td>
<td>0.4</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1.2</td>
</tr>
<tr>
<td></td>
<td>30.2</td>
</tr>
<tr>
<td>G</td>
<td>100.0</td>
</tr>
</tbody>
</table>

N.B.: Totals do not tally, Government of India.

9 ibid., p. 493.
latest period for which statistics of expenditure are available.

**TABLE VI.5**

It will be seen from Table VI.5 that the total educational expenditure from the funds of the Central Government has increased from Rs.35 million in 1950-51 to Rs.296 million in 1960-61 which implies an average annual increase of 23.7 per cent which is considerably greater than that in the total educational expenditure which increased at an average annual rate of 11.7 per cent only.

The following Table VI.6 shows the expenditure incurred on education under the plans. The Chart on the adjoining page No. 252 also represents the same diagrammatically.

**TABLE VI.6**

<table>
<thead>
<tr>
<th>Plan</th>
<th>Expenditure on secondary education (in crores of Rupees)</th>
<th>Total expenditure on education (in crores of Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Plan</td>
<td>20</td>
<td>153</td>
</tr>
<tr>
<td>Second Plan</td>
<td>51</td>
<td>273</td>
</tr>
<tr>
<td>Third Plan</td>
<td>103</td>
<td>589</td>
</tr>
<tr>
<td>Fourth Plan</td>
<td>118.32</td>
<td>822.66</td>
</tr>
</tbody>
</table>

EXPENDITURE UNDER THE PLANS SECONDARY EDUCATION
The figures in the above Table VI.6 and the Chart on the adjoining Page No. 255 clearly indicate the increasing importance given at national level in all the four plans (each plan is a five-year plan) progressively.

The following Table VI.7 shows the Total Public Expenditure on Education in the three countries under study. The Chart on the adjoining Page No. 255 also represents the same diagrammatically.

| TABLE VI.7 |

It can be seen from Table VI.7 that the recurring expenditure in the U.S.A. increased to about more than seven times in the year 1967 as compared with that figure in the year 1951, while in the case of India, the recurring expenditure increased to about more than four times in the year 1965 as compared with that figure in the year 1955. While in the case of United Kingdom, i.e., Britain, it increased two times in the year 1967, as compared with that figure in the year 1961. In case of capital expenditure, in the U.S.A. it increased to about more than five times in the year 1967, as compared with that figure in the year 1951. While in the case of India, the capital expenditure increased to about less than two times in the year 1965 as compared with that figure in the year 1955. While in the case of United Kingdom, i.e. Britain, it increased to about less
<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Education Expenditure</th>
<th>As percentage of National Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>The United States of America</td>
<td>1951</td>
<td>00</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td>1955</td>
<td>71</td>
<td>4.0</td>
</tr>
<tr>
<td></td>
<td>1959</td>
<td>83</td>
<td>4.8</td>
</tr>
<tr>
<td></td>
<td>1962</td>
<td>00</td>
<td>5.9</td>
</tr>
<tr>
<td></td>
<td>1963</td>
<td>00</td>
<td>6.3</td>
</tr>
<tr>
<td></td>
<td>1964</td>
<td>00</td>
<td>6.8</td>
</tr>
<tr>
<td></td>
<td>1965</td>
<td>00</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td>1966</td>
<td>00</td>
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</tr>
<tr>
<td></td>
<td>1967</td>
<td>00</td>
<td>7.3</td>
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<td>India</td>
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<td>0</td>
<td>-</td>
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<td>0</td>
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<td>2.6</td>
</tr>
<tr>
<td></td>
<td>1965</td>
<td>0</td>
<td>2.8</td>
</tr>
<tr>
<td>United Kingdom i.e. (Britain)</td>
<td>1961</td>
<td>2</td>
<td>5.3</td>
</tr>
<tr>
<td></td>
<td>1962</td>
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<td>1966</td>
<td>1</td>
<td>6.8</td>
</tr>
<tr>
<td></td>
<td>1967</td>
<td>1</td>
<td>6.9</td>
</tr>
</tbody>
</table>

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11 Statistical Yearbook,
Total Public Expenditure on Education
than two times in the year 1967, as compared with that figure in the year 1961. Looking at the Total Public Expenditure on education, as percentage of the National income, it is 7.3 per cent in 1967 in case of the U.S.A., 2.3 per cent in 1965 in case of India, and it is 6.9 per cent in 1967 in case of United Kingdom, i.e., Britain.

VI.3 EDUCATION AND THE DECISION-MAKING PROCESS
VI.3.a Britain
VI.3.a Education and the Community

The scope and significance of the Education Act of 1944 cannot be understood unless due weight is given to its two planning devices. In the first, known as 'The Development Plan'; local authorities supplied the Minister with an elaborate blue-print of the future lay-out of the primary and secondary education, and, in the second, 'The Scheme for Further Education', they plotted for his approval the whole field of technical, commercial, art, and adult education. Both plans were drawn up after detailed surveys and much consultation with the numerous interests concerned. The Minister gives a legal sanction to the Development Plan. This procedure leaves no doubt as to the decisive role assigned to the Minister. The Minister is given the sovereign powers over education by the Parliament. Moreover, the Minister is empowered to prevent local education authorities, governors, or managers from acting unreasonably. At that time, it was hoped that education wisely directed, would be
a stabilizing influence upon a society undergoing a rapid change in a war-shattered world. Justifying this, as Lester Smith says,

The note of authority at the centre is a new thing in English educational administration. The reasons for it in this critical age are easy enough to understand. Dangers abroad, pressure for greater quality at home, and unknown possibilities ahead are justifications enough.  

This concentration of powers makes it important that public opinion should be sufficiently alert to serve as a sensitive barometer, indicating at once if essential freedoms are threatened.

The Ministry's inspectorate has increased since pre-war days, and its functions have expanded.

Control through planning is not wholly new to education in Great Britain. The Education Act of 1944 takes, however, a wider view of education than any of its predecessors; it seeks to harness education to the service of the whole community, its recreative and physical life as well as its schools and colleges. When the Minister plans and directs, he is thinking of the impact of education on society.

It was in 1944 that the planning of education

concerns two spheres; one has to do with the human spirit and the other with material requirements.

Education in Britain owes much of its impetus to progress from the active interest of Local Education Authorities and it is vitally essential for the future that this interest should be maintained.

There are four great communal services for which the Education Act of 1944 provides: (i) for childhood - opportunity for leisure time activities; (ii) for youth - county colleges, clubs, camps and playing fields; (iii) for the adult - tutorial courses and residential colleges; (iv) for the family - community centres and cultural and recreative facilities on a general scale.

As to childhood, it is the duty of the local authority to see that boys and girls have the chance of occupying themselves sensibly and enjoyably out of school hours and in holiday times. As to youth, it makes the duty of every local education authority to establish and maintain county colleges, for young persons who are not in full-time attendance at school. So far, owing to the economic difficulties of the post-war years, it has been impossible to provide the county colleges, and in 1959, the Central Advisory Council, under the chairmanship of Sir Geoffrey Crowther, gave the advice on the difficult question of which reform should have priority - raising the school leaving age
to 16 or county colleges. The Council recommended that raising the leaving age should come first, but also urged strongly the subsequent provision of county colleges.

Until 1937, Local Education Authorities had no power to assist young people to make healthy use of their leisure unless they were in full-time attendance at school. Then, however, after the outbreak of war, the Government took steps through the local authorities to develop a youth service. Youth Committees were established, and as a result, there developed throughout the country, a healthy partnership between the Ministry, the Local Education Authority, and the various voluntary youth organizations. But unfortunately, the encouragement given to the Youth Service during the war was not maintained, and in the post-war years, restrictions on expenditure brought developments to a halt.

As for adult education, there are sound foundations upon which a comprehensive structure can be built when adequate funds are available. But too often, the official response to requests for more substantial support has been that the pressing claims of other sectors of the education service must receive priority.

The power conferred on the Minister of Education to promote the provision of community centres - which may prove to be one of the most beneficial social reforms of this time. The five-day week and the reduction in working hours
make the right use of leisure an urgent question.

The Second World War provided the British with a dominant unifying purpose. Soon thoughtful people like W.O. Lester Smith began to say:

As William James had said much earlier, that the problem of modern society is to find a moral substitute for war. There was a widespread desire that education should take a more active part in welding the community, and in a sense the community clauses in the Education Act are the legislative response to this demand.\(^\text{13}\)

It is one of the virtues of the Education Act that it recognizes the necessity of a participating community as an offset to the growth of State control. The library services are an essential element of every school and due provision has to be made for the same; as is laid down by the Education Act of 1944. The role of the radio, B.B.C., television and educational films is also noteworthy.

In this connection, as W.O. Lester Smith puts it:

It is the human element in the home and the school that counts most in education, and in these days of planning, much depends also upon the quality of those who administer. It is so easy, when many changes are afoot, to press on with ill-considered schemes, taking as our gospel-

Oh! let us never, never doubt what nobody is sure about.

In administering the Education Act, we can do worse than follow the advice of a great master of synthesis:

\(^\text{13}\) ibid., p. 186.
'Prove all things; hold fast that which is good.'

Any country can reap the benefits of an advance in scientific knowledge without having to pay for and organize it domestically.

In this regard, it will be quite worthwhile to quote E.G. West, who writes:

Finally, this story shows how easy it is for historians to jump to the conclusion that the most important hidden residual influence accounting for an increase or decrease of economic progress is an increase or decrease of formal education. The more obvious 'residual' in this instance was the restrictiveness of the patent law, and Government action was logically and more urgently needed in the form of an intervention to remove this obstacle before going any further.

VI.3.a.2 Are 20th Century Parents Competent to Choose?

The irresponsible or problem families are not a small minority in the real world, but are very typical of British society. An attempt to judge present-day family educational responsibility is made more difficult because it must involve questions about what people would do if things were different. Nevertheless, such speculation yields interesting results. Suppose, for instance, that

14 ibid., p. 196.
the State were to abolish universal compulsion and were gradually to contract out of most of their system of universal education and to 'return' the money so saved by way of reduced indirect taxes. Assume that this was done in such a way that the disposable cash in every family purse increased in direct proportion to the diminution of Government free services. The question now is whether most parents would spend the extra money in their purses on themselves regardless of the fact that the State no longer educated their children, or whether they would use the money to buy at least the same quantity of education for their children as before. The criterion is the amount of education obtained before and after, not the amount of money spent on it, for it is possible, especially, in view of the expectation of increased competition, that parents could, for instance, purchase for themselves the same amount of education that the Government now provides, but at a lower total cost.

VI.3.a.3 Are Independent School Parents Competent Choosers?

Another way of forming an opinion about how most families would behave if given much more freedom to choose their schools is to examine the behaviour of the minority who still use the private sector. The distaste which some people have for what they think of as the average independent school of today is sufficient to make them opposed to any extension of choice to other families.
Since parents and children of working-class environments do not even begin to speak or understand this middle-class language, State education is frustrated by a conflict of cultures.

VI.3.a.4 The Costs of Decision-Making

There is one type of reasoning which is sometimes used to support State-provided education. Even conceding that most heads of families are responsible and well informed, so this argument goes, they may yet agree to a collectivist education system because of what are called, the costs or disutilities of making up one's mind or taking decisions.

Although the head of the family undoubtedly has a burden associated with the choosing, the proposed solution does not banish these decision-making burdens from society, indeed they may be increased.

Important evidence on family choice in education which is relevant in fact obtained for the first time in 1963 in the form of a sample survey held in Britain. In this connection, as E.G. West puts it:

In brief, it showed that only one-half of those interviewed, a proportion which included a wide range of social classes and groups, really wanted State education to go on expanding. The other half wanted it either to be concentrated on people in need (i.e. the rest having to pay privately) or to continue on the understanding that individuals were allowed
to contract out of State education and to buy education privately if they wished (by a voucher or comparable means).16

In Britain, the expenditure on education from public funds (a significant figure since the bulk of educational expenditure comes from public funds) almost trebled in the same period to a record figure of £.1600 million in 1964-65; expressed as a proportion of the gross national product it rose from 3.2 per cent to 5.1 per cent. The increase goes to meet the greater demands made and also to effect improvements in the service. This refers to the period of decade between 1955 to 1965.

VI.3.a.5 Local Education Authorities

Responsibility for providing education at three progressive levels - primary, secondary and further education - to meet the needs of the local population rests with Local Education Authorities. They are the elected Councils of 162 counties and county boroughs. The Councils appoint Education Committees comprising some of their own members (a majority of the Committee) and people with experience in education and knowledge of local educational conditions. The education authorities plan the arrangement of schooling in their area, subject to the Secretary of State's approval, and arrange how children should be allocated between schools. They build most of the schools, pay teachers and provide

16 ibid., p. 223.
equipment and materials. They have an inspectorate for liaison with the schools, but decisions about curricula are made by the head teachers of the schools.

Some of the powers of Local Education Authorities are exercised on their behalf in certain county areas by Accepted Districts and Divisional Executives. Neither Accepted Districts nor Divisional Executives can levy a rate or borrow money.

VI.3.a.5 Finance

Local authorities disburse the greatest proportion of the total expenditure on public education and this is by far the largest item of their expenditure. They are financed by a combination of a general grant (for certain local services) from the Ministry of Housing and Local Government, and rates (a local property tax). The Government also makes a rate-deficiency grant to assist authorities whose rate resources are below the national average. It is estimated that just over 60 per cent of local authority expenditure on education is met from the general grant and the rate deficiency grant. Under proposals recently announced by the Government, the total of exchequer assistance will increase progressively in and after 1967-68, pending a re-examination of the whole position following a comprehensive review of Local Government presently being undertaken by a Royal Commission.
In addition to local authority expenditure direct exchequer grants are made to the University Grants Committee on the vote of the Department of Education and Science. The department makes grants to some schools and non-university colleges, Voluntary colleges and voluntary youth organizations. Most of its other direct expenditure is on school meals and milk, awards to students research and administration.

The Table VI.8 shows the Educational Statistics of Britain for the period of one decade i.e. 1954-55 and 1964-65.

| TABLE VI.8 |

It can be seen from the Table VI.8 that in 1954-55 the public expenditure on education in Britain (including universities, but excluding the welfare services of school meals and milk) amounted to £8315.792. While public expenditure on education in 1964-65 amounted to £8982,425. Total expenditure represents about one shilling in every pound of the gross national product.

VI.3.b The U.S.A.

VI.3.b.1 The Public and its Schools

In a very real sense, the American schools belong to the public. It is the public that determines their character and although executive functions have been placed
increasingly in the hands of expert officials, it is ultimately the desires and opinions of the public that prevail in the conduct and administration, and even the instructions in the school systems.

VI.3.b.2 New Influences and Demands on Education

Education for citizenship and the Americanization of the immigrant, both young and old, were considered to be primary aims of the schools.

Preparation for citizenship became and remained a major preoccupation of both elementary and secondary schools when they were challenged by alien ideologies after World War I, by the fear of loss of morale during the depression and in the years immediately preceding and following World War II. The secondary school curriculum was open to the criticisms not only that it was no longer adequate for the new culture; but that it was not suited to the abilities or needs of the youth who were flocking to the high schools in increasing numbers.

The economic and cultural changes, the development of larger urban centres, and advances in the study of education from the psychological and philosophical aspects, all pointed to the greater social and national significance of the schools.
The goodwill of the public must be secured by keeping it informed and educating it to understand what the schools are doing or planning to do. As the schools began to be subjected to increasing criticism - during the depression years and after World War II - the importance of establishing continuous public relations was recognized as paramount. And towards the end of the half century, teachers were expected to make contacts with the homes and parents of their pupils and with their communities, partly to establish confidence and intelligent understanding of education among the public, and partly to familiarize themselves with the cultural and other backgrounds of their pupils and of the community in order to adapt the work of the school to both.

After World War II, three circumstances combined together to intensify the importance of securing the support and confidence of an alert public. These were the mounting criticisms of the public schools, a realization that the enrolments in the schools would increase as a result of the high post-war birth rate involving increased expenditures for new schools and classrooms as well as for more teachers and higher salaries, and a recognition that the challenge of alien ideologies must be met by more intense and more
pervasive emphasis on promoting intelligent understanding of the meaning of democracy and the democratic way of life. The movement to enlist the support and interest of the public more actively may also have been influenced by fear of the trend to centralization manifested during the depression and the war, and the possible removal of control from the local communities.

One of the most important functions of the school administrators, as said by C.A. Young in his book on American Education: "The role of the administrator and supervisor is increasingly regarded as one of stimulation, assistance, coordination, appraisal, and help, rather than one of inspection and command."\(^{17a}\)

He emphasizes that the administrator should not mind only giving orders and inspecting the work done by teachers, but, he should be a good coordinator and a friend, philosophe and guide to the teachers. In short, his role is not of the authority, but is of a friend.

For purposes of establishing a new role of the administrator, it is the practice of the Governments to appoint a Commission for the purpose. The role of the Commission is not only to review the position, but also, to give the thoughtful consideration to the role to be played by the new administrator.

In this connection, as I.L. Kandel puts it:

The purposes of the Commission were to stimulate thoughtful, realistic, long-term planning with the teaching profession; to encourage desirable changes in educational purposes, procedures and organization; to review recommendations for the improvement of education; to make the best practices in education known and used throughout the country, and to develop more effective cooperation among various groups interested in educational improvement.  

This is the view of I.L. Kandel who has aptly evaluated the purposes of the Commission concerned.

VI.3.b.5 The States and Education

American educators are determined to safeguard their independence against a tendency by the States in the last three decades to assume a larger share of the cost of education.

The Federal Government, since the beginning of the century, has entered into competition with Local and State authorities in the field of taxation. The cost of adequate systems of education has increased beyond the financial capacity of local authorities to provide for. Finally, the character of the State education authorities has changed and the States have assumed a more important position in the administration of education and in the determination of policies.

In this connection, as I. L. Kandel puts it:

The State establishes minimum standards of education and has the power to enforce them, it provides an increasing share of the funds for the support of education; it formulates policies and evaluates their development; it promotes the maintenance of school records and reports not only for purposes of information, but also for comparisons; it serves in an advisory and consultative capacity; it is responsible for administering and distributing funds appropriated for educational services by the Federal Government. 19

State Departments of Education consist normally of the board of education and the Chief State-School Officer. The Chief State-School Officer is the executive officer of the board and is tending to become a leader in the educational destinies of his State. He has general responsibility for advising his board on policy, for supervising the public schools to ensure the execution of legal requirements, for nominating the members of his staff, for preparing the budget, for approving plans for school buildings, for issuing teachers' certificates, for promoting or approving plans for creating larger administrative areas by consolidation, for preparing reports and other publications, and for distributing the State school funds with authority to withhold them from districts that do not comply with the legal requirements of the State.

19 ibid., p. 41.
The local areas carry out educational functions as a duty delegated to them by their respective States and under the control and supervision of those States so far as certain minimum standards are concerned.

VI.3.b.6 Federal Government and Education

Federal funds were made available for education during the depression and war years. They were granted piecemeal without any discernible policy behind them. They did not contribute to the general advantage of the public school systems. Nor was there any uniform plan of administration of distributing grants; almost every agency in the Federal Government was engaged in some educational activity. A consistent policy for federal aid has not been developed either on supervising the administration of the funds to be appropriated to the States or on the methods to be employed in the distribution of funds - whether on the basis of population or of children of school age or of the needs of the several States. At the end of the first half of the century, nothing was clearer than the fact that not even the wealthiest States could meet the increasing cost of education except by cooperation on a national front but without the sacrifice of traditional principles of administration.

VI.3.b.7 Characteristics of the American Educational System

By the middle of the twentieth century, the
outstanding characteristics of the American educational system had been clearly established. The system is based on the principles that it must be classless, coeducational, non-partisan in politics, and secular.

The great system of American free public education has to be supported and paid for by revenues raised by public taxation. The public schools are free and open to the pupils. This is provided by the people who establish and pay taxes for the support of education. The task of financing the schools has grown as the people have learned to demand more and better facilities, adequate teachers and improved learning programmes for their children. All of these cost money which must be raised by public taxation.

VI.3.b.8 Federal Aid for Public Education

Federal aid is needed, because grave disparities exist among the States in their ability to support adequate programmes of education. In view of the American constitutional principle of separation of church and State, Federal funds could only be used to improve public education.

For last several decades, the National Education Association has strongly urged and worked for the enactment of federal aid principle. This would grant money to the States upon the basis of need to improve public education.

Public education can never be fully evaluated in
terms of dollar returns although a good case can be made for the expenditure of school funds as an investment, e.g., "The 19,000 public high schools graduated approximately 1,700,000 seniors in 1961. It has been estimated that the local cost of their 12 years of public school experience was $7,855,054,000. A brief calculation indicates that the average per graduate cost was $4,626. It is not difficult to discover that the average earnings of these 1,700,000 young citizens will be larger and their increased tax returns to their communities and States will soon pay for the public investment in their future.

VI.3.b.9 Community Decision-Making

Educational policy making at all Governmental levels is immersed in politics and by definition educational policy making is political action. Schools and school problems are public matters and subject to the public will.

School officials would be well advised to think through the mechanisms that exist for all citizens to express their views on educational policy questions. The limited power structure investigations focusing directly on school issues have documented the political nature of school decision making as well as the interrelatedness of

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educational issues and other community matters. School officials would be well advised to think through the mechanisms that exist for all citizens to express their views on educational policy questions. The participation of minority groups in educational decision-making is long overdue, and America can ill afford to deny such participation any longer.

There is a considerable variation in the ability of the States to support an educational programme. Since assessment practices among the States differ considerably, assessed values per pupil or per classroom do not appear to be the best measures to use in comparing one State with another. Personal income per capita and personal income per child of school age, appear to be useful measures.

VI.3.b.10 States of Federal Aid

Federal aid for education appears to be a logical solution for alleviating the differences among the States in their ability to support schools. Almost continuously since the introduction of the Hoar Bill in 1870, there have been efforts to secure general federal aid for schools and each time these efforts have failed.

The Committee on Education and Labour, using a somewhat different analysis, reported that federal expenditures for education in 1962 totalled 2.2 billion dollars of which 1,159 million was for the direct support of education, 296 million for the education of
government personnel, 613 million for research in colleges and universities, and 162 million for international education programs.21

As one assesses the impact of federal aid on the public schools of the nation, a number of conclusions can be drawn:

1. Federal aid is rather meagre in amount for the country as a whole, less than four per cent of public school revenue, something less than one billion dollars per year.

2. Even small amounts of federal aid can accelerate the improvement of educational programmes in school districts.

3. Since federal aid is categorical in nature, it can become the vehicle for improving certain aspects of the school programme.

4. Federal aid may be of minor importance to many school districts, but it is of major importance to an increasing number of districts.

The school districts have differential ability to support education and that States also have differential ability to support school programmes. Despite substantial State aid programmes in most States and a variety of federal aid programmes, these differentials are only partially

mediated. This circumstance leads to controls inherent in shortage of resources and in accepting assistance from a higher level of Government. Obviously, these controls or limitations are more pronounced in the 'poor' than in the 'wealthy' States.

VI.3.c India

VI.3.c.1 Financial Aid to Secondary Education

The Secondary Education Commission (1952-54) has recommended very many important things. The question has often been asked whether appropriate amount of finances will be available to implement the recommendations that the Commission may make. Of course, it is a fact that the recommendations of the previous Commissions have not been given effect to, largely because the necessary financial resources could not be made available either by the State or by the Centre.

VI.3.c.2 Responsibilities of Centre and States

Under the constitution, secondary education is a responsibility of the States. But the fundamental rights guarantee to every citizen free and compulsory education up to the age of 14; this implies that responsibility in this behalf is shared both by the States as well as the Centre. It seems obvious, therefore, that in all matters
connected with the improvement of secondary education there should be fullest co-operation between the States and the Centre both in regard to the lines on which education should develop as well as the manner in which the recommendations should be implemented.

In the United States, although education is the responsibility of individual States which can carry out their own experiments in education independently, there is an overall pattern of education for all American youths, which has the approval and support of the Federal Government. The Federal Government has found it necessary to guarantee through legislation substantial financial aid for educational development.

The Mudaliar Commission recommends and attaches great importance to the implementation of vocational education as a part of secondary education and its expansion to all parts of the country as early as possible and the improvement of the status and conditions of service of the teachers. No progress in secondary education is possible unless the teaching profession attracts the right type of people and proper conditions of service, including salary, are guaranteed at the different levels of education.

VI.3.c.3 Sources of Revenue

At present, the sources of revenue for educational purposes at the State level are:
1. State Government Grants,

2. Grants made by Municipal and other local bodies directly or through an educational cess;

3. Private benefactions and grants made by private managements; and

4. School fees.

As the Secondary Education Commission puts it:

An educational cess can be imposed by local bodies under permissive power given to them by State Governments. It is levied on land revenue, or as part of the profession tax or on property tax in urban areas. The rate of cess varies and although the local bodies can levy the maximum educational cess permissible under the Act in many cases this has not been done.\footnote{Report of the Secondary Education Commission (1952-53), (New Delhi: Ministry of Education, Government of India, 1954), p. 209.}

This is the view of the Secondary Education Commission with regard to the Educational Cess.

VI.3.c.4 State Grants

The grants given for education vary from State to State. Educational institutions under private managements are given grant-in-aid to assist them in the expansion and improvement of their educational facilities. These grants
be given may* for any of the following purposes:

1. Payment of stipends to teachers under training;
2. Payment of medical officers for medical inspection;
3. Maintenance in boarding homes of orphans;
4. Construction and extension of school buildings and hostels;
5. Furniture, apparatus, chemicals and books for library;
6. Purchasing lands for school buildings, hostels or playgrounds;
7. For crafts or industrial education;
8. Maintenance grants.

But grants for all these purposes are not given by all States, and the grant-in-aid code would seem to need revision in the light of the new proposals for educational reform.

In the future years to come, the Centre will have to assume a still larger financial responsibility for education through the expansion of the central sectors. The programmes recommended by the Education Commission (1964-66) can be summarized as under:
1. Expansion of the programme of national scholarships.

2. Expansion of the programmes of scholarships for the backward classes.

3. Larger allocations to the UGC for:
   - development of Centres of Advanced Study and major universities,
   - developing schools of education in a few selected universities,
   - developing post-graduate education and research,
   - provision of maintenance grants to State universities,
   - establishment of the Central Testing Organization, and
   - development of literature in modern Indian languages.

4. Development of agricultural, engineering and medical education.

5. Promotion of educational research.
VI.3.c.5 The Centrally Sponsored Sector

The developmental grants can be sub-divided into two sub-categories: (1) grants-in-aid for schemes included in the State plans; and (2) grants-in-aid under the centrally sponsored sector.

The Education Commission (1964-66) has recommended a large expansion in the centrally-sponsored sector and that the following are some of the schemes to which the aid is recommended under this sector:

1. Training of teachers,

2. Introduction of vocational education at the secondary stage;

3. Development of the State Institutes of Education;

4. Production of literature for children and teachers; and

5. Development of quality institutions at the school stage.

Only those programmes, which are of crucial importance and national in character should be included in the central sector.

Regarding the cost of education at the secondary
level, the Education Commission (1964-66) has dealt with the topic by sub-dividing it into two sub-heads: viz., (a) Lower Secondary Education, and (b) Higher Secondary Education.

(a) **Lower Secondary Education**

For the purpose of estimating costs, the Education Commission (1964-66) recommends as under:

1. Ninety per cent of the teachers would be trained graduates whose average annual salary will be Rs.3,000/- in 1975-76 and Rs.4,000/- in 1985-86. The remaining 10 per cent of the teachers would have post-graduate qualifications - their average annual salary would be Rs.4,500/- in 1975-76 and Rs.5,500/- in 1985-86.

2. The pupil-teacher ratio will be 25.

3. Non-teacher costs will be at the rate of one-third of the teacher costs.

On these assumptions, the cost of education per pupil will be as mentioned in Table VI.9.
It can be seen from Table VI.9 that as 10 per cent of the schools at this level are to be maintained at optimum standard (i.e. at about double the cost per student, the average cost per student at this stage will be Rs. 184.8 in 1975-76 and Rs. 243.5 in 1985-86. The total teacher costs will be Rs. 3,465 in 1975-76 and will be Rs. 4,565 in 1985-86.

(b) Higher Secondary Education

The duration of this stage should be one year till

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**TABLE VI.9**

Cost of Education

<table>
<thead>
<tr>
<th></th>
<th>1975-76</th>
<th>1985-86</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual salary of a teacher (Rupees)</td>
<td>3,150</td>
<td>4,150</td>
</tr>
<tr>
<td>Add 10 per cent for retirement benefits (Rupees)</td>
<td>315</td>
<td>515</td>
</tr>
<tr>
<td><strong>Total (Teacher costs) (Rupees)</strong></td>
<td>3,465</td>
<td>4,565</td>
</tr>
<tr>
<td>Non-teacher costs one-third on the above (Rupees)</td>
<td>1,155</td>
<td>1,522</td>
</tr>
<tr>
<td><strong>Total cost (Rupees)</strong></td>
<td>4,620</td>
<td>6,087</td>
</tr>
<tr>
<td>Pupil-teacher ratio (Rupees)</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Cost per pupil (Rupees)</td>
<td>184.5</td>
<td>243.5</td>
</tr>
</tbody>
</table>

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23 *ibid.*, p. 500.
about 1975-76 and that in the following decade, it will be raised to two years.

On the basis of the salary scales recommended by the Education Commission (1964-66), the average annual salary of a teacher at this stage would be Rs.4,500/- in 1975-76 and Rs.5,500/- in 1985-86.

The non-teacher costs will be one-third of the teacher costs.

On these assumptions, the cost per student in higher secondary education (general) would be as follows:

TABLE VI.10
The Cost per Student in Higher Secondary Education 24

<table>
<thead>
<tr>
<th></th>
<th>1975-76</th>
<th>1985-86</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual salaries of teachers (Rupees)</td>
<td>4,500</td>
<td>5,500</td>
</tr>
<tr>
<td>Add 10 per cent for retirement benefits (Rupees)</td>
<td>450</td>
<td>550</td>
</tr>
<tr>
<td>Total (teacher costs)(Rupees)</td>
<td>4,950</td>
<td>6,050</td>
</tr>
<tr>
<td>Add non-teacher costs 1/3rd of the teacher costs (Rupees)</td>
<td>1,650</td>
<td>2,017</td>
</tr>
<tr>
<td>Total (Rupees)</td>
<td>6,600</td>
<td>8,067</td>
</tr>
<tr>
<td>Pupil-teacher ratio</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Cost per pupil (Rupees)</td>
<td>330.0</td>
<td>403.4</td>
</tr>
</tbody>
</table>

24 ibid., p. 501.
It can be seen from Table VI.10 that as 10 per cent of these institutions are to be upgraded to optimum standards (i.e. about double the cost per pupil), the cost per student would be Rs.330.0 in 1975-76 and Rs.403.4 in 1985-86.

VI.3.c.6 Direction and Supervision

The expenditure on direction and inspection is now 1.9 per cent of the total. In order to give effect to the various recommendations the Education Commission (1964-66) has recommended to strengthen administration and supervision including in-service education of teachers, the Commission proposes to increase this expenditure to 2.5 per cent of the total in 1975-76 to 4.0 per cent in 1985-86.

The Education Commission (1964-66) has made the following assumptions regarding scholarships at the school stage:

1. At the higher primary stage, 2.5 per cent of the students would get scholarships in 1975-76 and 5 per cent in 1985-86. The average amount of the scholarships would be Rs.60/- per annum. The bulk of scholarships will be needed for meeting indirect costs, but a few larger scholarships will be provided to cover hostel charges also.
2. In general, secondary education both lower and higher, 5 per cent of the students will receive scholarships by 1975-76 and 10 per cent by 1985-86. The average amount of the scholarship will be Rs.150/- per year. As said earlier, some of these scholarships would cover hostel charges also.

3. In vocational secondary education, 30 per cent of the students will get scholarships by 1975-1976 and 50 per cent by 1985-86. The amount of the scholarships should be Rs.300/- per year at the lower secondary stage and Rs.400/- per year at the higher secondary stage.

On these assumptions, the cost of the scholarships programme would be as follows:

The Table VI.11 shows estimated costs on scholarships and stipends at school stage.

| TABLE VI.11 |

It can be observed from the Table VI.11 that in 1975-76, the total enrolment in full-time courses, will be 38,305,000 which will rise to 63,821,000 in 1985-86. In case of scholarships, it will be 1,689,000 in 1975-76,
Interpreting the Table VI.12, it seems that the Recurring (Direct) expenditure on pre-primary education will reduce from 1.5 per cent in the year 1975-76 to 1.2 per cent in the year 1985-86. The same expenditure on Lower Primary will fall from 24.1 per cent in the year 1975-76 to 15.2 per cent in the year 1985-86, while in case of the Higher Primary level, it will dwindle down from 15.8 per cent in 1975-76 to 12.7 per cent in 1985-86.

So far as the Secondary Education is concerned, in case of Lower Secondary, the education on General aspect will reduce from 13.3 per cent in 1975-76 to 11.1 per cent in 1985-86, while in case of Vocational aspect, it will increase from 2.3 per cent in 1975-76 to 6.4 per cent in 1985-86, which will increase the total expenditure on both the aspects of Lower Secondary from 15.6 per cent in 1975-76 to 17.5 per cent in 1985-86.

In case of Higher Secondary Education, the expenditure on General aspect, will increase from 3.1 per cent in 1975-76 to 3.2 per cent in 1985-86, and in case of the Vocational aspect, it will increase from 5.3 per cent in 1975-76 to 5.8 per cent in 1985-86.

But, on the whole, the Recurring (Direct) expenditure to be incurred on Pre-primary, Primary and
Secondary levels of education will decline from 65.4 per cent in 1975-76 to 55.7 per cent in 1985-86.

Lastly, the Recurring (Indirect) expenditure will shoot up from 4.4 per cent in 1975-76 to 7.7 per cent in 1985-86.

On the whole, if one looks at the finance and decision-making in three countries under study, it could be summarised in the form of comparative chart.

Concluding Comments

(1) The Finance of Education

Local authorities in Britain are involved in financing the expenditure incurred on education. They share the major part of expenditure. The involvement of local authorities in sharing the major expenditure make them active to fulfil the wishes of the local people. Instead of keeping them as rubber-stamps, it is a good practice of giving the responsibility. One may not find the same practice in the U.S.A. In this country, educational institutions are financed by the public. Education should fulfil the objectives that have been fixed by the community.
**BRITAIN**
The finance of education:
1. Local authorities share the major part of the expenditure.
2. Department of education and science has the control over expenditure.

**THE U.S.A.**
The finance of education:
1. Educational finance is a part of public finance.
2. Education cess is collected from the community.

**INDIA**
The finance of education:
1. State governments give grants to the local authorities.
2. The grants are given on a deficit basis or on a percent basis.
3. Grants for special purposes are given by the central government.

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**EDUCATION AND THE DECISION MAKING PROCESS**
1. Our weightage is given to two planning devices:
   (a) The development plan.
   (b) The scheme for further education.
2. Inspectors' functions have been expanded.
3. The Education Act of 1944 takes a wider view of education.
4. Local authorities are responsible for establishing and maintaining country colleges.
5. The Act of 1944 recognised the necessity of community's participation.

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**THE FINANCE AND DECISION MAKING**
1. Schools belong to the public.
2. Education is considered a major public enterprise.
3. After World War II, the support of the public has become active.
4. States share the larger lost of education.
5. Board of education and the chief state-school officer play important part in the state department of education.
6. Community is responsible for making decisions.
7. It is the responsibility of the states.
8. Expenditure is shared by the state, local bodies, private managements and school fees.
9. Developmental grants are paid by the centre.
This ideal is seen before the American people and therefore, educational finance is a part of public finance. But, in India, State Governments share the larger share of the expenditure made by local authorities, therefore, the grants are paid to the local authorities from the State exchequer.

There should be an agency that can look after the expenditure of education. In Britain, the Department of Education and Science has the control over the expenditure. In other words, the final say with regards to the sanctioning of the financial assistance to the local authorities is with the Department of Education and Science. That is to say the powers for this purpose are vested in one agency in the Britain. While in the U.S.A., the powers for the purposes are with the State Department of Education, District School Boards and the Local Bodies. The share of the Federal Government is very low. While in India, the State Governments give grants on a deficit or on a per cent basis. India should learn from these two nations that financing of educational expenditure should be the responsibility of the local community but not of the State Government. Though education is a State responsibility, special grants for special purposes are given by the Central Government.
(2) Education and the Decision-making Process

When the Department of Education and Science in Britain has control over expenditure, one would like to ask a question, "Who is making decisions for education in Britain?" To answer this question, one would have to refer to the Education Act of 1944. This Act has recognized the need of community participation. The community participation through the local education authorities. They are responsible for establishing and maintaining schools as well as county colleges. For the purposes of advising the Department of Education and Science, the inspector staff is appointed and these inspectors have been given more powers. It will be found in the Britain that the schools belong to Local Education Authorities and Voluntary Agencies. While in the U.S.A., the schools belong to the public - the community, of course, education is a State responsibility. For the smooth working of the school, the Board of Education and the Chief State School Officer will be found. The support of the public has become active after the World War II. The public became conscious of the fact that there should be the active participation of the people in school activities. But, in India, the views of the people are not taken into consideration. Then a question can be asked such as, "Who is responsible for taking decisions regarding education?" One would get the answer to this question, if constitutional provisions are seen of this country.
According to the constitution of India, education is a State responsibility. Therefore, the final say in education, is of the Department of Education of the State. Though, the expenditure is shared by the local bodies, and the private agencies, they have little to say in making decisions. Here, the proverb, "Who supports the institution has the powers to order" is applicable to the decision-making process of India. Can India learn anything from these two countries?

The investigator feels that India has to learn a great deal from these two countries. People should be short, involved in taking decisions pertaining to education. In the real decision-makers must be the community rather than with the State authorities.

REFERENCES

A. BOOKS


Decentralization of administrative powers:

One would ask a question how can this be achieved in India? The investigator feels that instead of coming from the centre, it could begin from the centre. That is, from the villages to talukas, to districts and to the States. It has been observed that the decisions are taken by the states and the people in a village feel that they are not consulted. Could it not be possible to start with villages? As in this country, there is a policy of giving powers to Panchayats, the powers regarding education should be given to the village panchayats. In this way, it could be like a snowball where it becomes larger and larger. That means, it should be broad based. It is heartening to note, for example, the Secondary Education Act passed the Gujarat State is a leap towards realizing this idea. The investigator feels that other States also could move in this direction and involve the people in taking decisions pertaining to education.