PAISA District Studies 
(2011)

Provisional
Introduction to PAISA District Surveys

Why PAISA?

Education finances have increased substantially in the last 5 years:
- Where does this money go?
- How much money do schools receive?
- Do expenditures meet school needs?
- What are the outputs and outcomes of this expenditure?

Methodology

PAISA tracked the entire chain of fund flows from GOI to Schools.
Analysis includes:
- Analysis of State Budget and GOI PAB minutes
- Analysis of district AWPs & Monthly Expenditure Statements
- School level surveys

Coverage

- 9 Districts in 7 States: AP, Medak, Bihar, Nalanda & Purnea; Himachal Pradesh, Kangra; Madhya Pradesh, Sagar, Maharashtra, Satara; Rajasthan, Jaipur & Udaipur and West Bengal, Jalpaigudi

- Schools: 140 (average) per district. Random sample from DISE list

Who Does PAISA?

- Local NGOs, universities, college students in each district
- A total of 1,311 schools were visited across all districts on one random day between May-July 2011
How are Schools Financed?
Teachers receive the highest proportion of the elementary education budget (2009-11)

- **Teacher, 72%**
- **School, 15%**
- **Quality, 1%**
- **Mgmt, 5%**
- **Children, 7%**

**State Variations**

- Bihar and MP spend significantly less (59% & 64%) on teachers
- Bihar and West Bengal have the highest investment in children (10%)
Significant regional disparity in resource allocation (State+ GOI funding combined)

Per Child Allocation District (Rs.)

- Kangra: 19,574
- Satara: 14,766
- Udaipur: 9,426
- Jaipur: 8,289
- Medak: 7,588
- Nalanda: 5,719
- Jalpaiguri: 4,935
- Purnea: 4,841
- Sagar: 3,616
Do Schools Get their Money?
76% schools received their grants in 2010-11

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>TLM</td>
<td>81</td>
<td>80</td>
</tr>
<tr>
<td>SDG</td>
<td>73</td>
<td>75</td>
</tr>
<tr>
<td>SMG</td>
<td>68</td>
<td>73</td>
</tr>
</tbody>
</table>
Significant variation in grant receipt across districts

% Schools Reporting Grant Receipt in both 2009-10 and 2010-11

- Kangra: 91
- Satara: 87
- Sagar: 75
- Nalanda: 70
- Jaipur: 67
- Udaipur: 65
- Medak: 54
- Purnea: 29
- Jalpaiguri: 23
What explains these trends?
Areas for further investigation

- Low utilization at school level? Late submission of UC’s?
- Non-updation of passbooks at field level (possible withdrawal and temporary misappropriation)?
- Parking of money in the banks (banks use it as float)?
- Need for greater transparency in district to school release modality. Eg. Sending SMS alerts upon fund release
When do schools get their money and entitlements?
Schools get their money by the end of September / October

Cumulative % of Schools That Have Reported Receipt of Grants

Money arrives half way into the school year

School year begins
Receipt of uniforms is sporadic

<table>
<thead>
<tr>
<th></th>
<th>FY 2009-2010 Cumulative (%)</th>
<th>FY 2010-2011 Cumulative (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>NALANDA</td>
<td>16</td>
<td>31</td>
</tr>
<tr>
<td>PURNEA</td>
<td>25</td>
<td>31</td>
</tr>
<tr>
<td>KANGRA</td>
<td>29</td>
<td>41</td>
</tr>
<tr>
<td>SAGAR</td>
<td>4</td>
<td>94</td>
</tr>
<tr>
<td>SATARA</td>
<td>21</td>
<td>68</td>
</tr>
</tbody>
</table>
Implications of late arrival
Stories from schools......

• Schools often use their own monies to meet essential supplies and ‘adjust’ the books accordingly

• Lack of information at all levels creates a blame game

• Expenditures are delayed (to be discussed) and there is a disconnect with needs on the ground
Do schools spend their money?
Expenditures are often incurred after the close of the FY (60 day gap between grant receipt & first day of spending)

% schools that incurred expenditure after the close of the FY

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satara</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Nalanda</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Jaipur</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>Kangra</td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td>Sagar</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>Jalpaiguri</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Udaipur</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Medak</td>
<td>37</td>
<td>9</td>
</tr>
<tr>
<td>Purnea</td>
<td>38</td>
<td>25</td>
</tr>
</tbody>
</table>

- Delays in fund flows have a knock on effect. Eg. Civil works money
- Lack of clarity on understanding expenditure norms
- Cumbersome procedures
- Schools do not get information on grant arrival
- Centralization in spending which limits discretion at the school level. Udaipur & : Purnea case
- Lack of clarity on decision makers at the ground level
 Outputs in the School

- Infrastructure: Pace of works in schools is not commensurate with increased budget in 2010-11
  - **Purnea**: Classroom budget increased by 238%. However, there was a dip in classroom construction work from 57 schools in 2009-10 to 27 in 2010-11
  - **Medak**: 109% increase in civil works. But no increase in construction activity in schools
  - **Sagar**: 126% increase in budget for constructing classrooms but schools reporting construction dropped from 30 in 2009-10 to 22 in 2010-11
  - **Jaipur**: 360% increase. 22% schools started classroom construction work
  - **Udaipur**: 165% increase. 7 schools started classroom construction work compared with 13 in 2009-10
Immediate tasks.......some tinkering on the edges....... 

• Financial Management: Simplification of procedures and greater flexibility in resource allocation and utilization
• Training of officials in basic financial management procedures particularly related to civil works
• Greater transparency in fund flows (SMS alerts) and regular tracking of fund flows at the school level to improve speed
• Linking SMC accounts with efforts to Panchayat accounting systems to leverage modernization efforts under 13th FC?

However, in an RTE world is this enough?
What the RTE requires......

Under RTE: “...the need for creation of capacity within the education system and the school for addressing the diversified learning needs of different groups of children who are now in the schooling system.....planning and implementation for universal access in the rights based approach would require an understanding of community needs and circumstances as well as decentralized decision making for meeting the diversified needs of children.” SSA framework 2010-11

RTE mandates the creation of SMCs to initiate this decentralized decision making process BUT.............
Resource allocation is top down........

School grants are the only annual grant that SMC’s have complete spending power over. These accounted for 5% of the total SSA budget in 2010-11.
### Decision making is top down....an example from Hyderabad

<table>
<thead>
<tr>
<th>Activity</th>
<th>Is SMC resolution sufficient?</th>
<th>Is any additional approval needed?</th>
<th>From whom?</th>
<th>How long will it take?</th>
<th>Who can do the procurement or appointment?</th>
<th>What documents and other things will be needed?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desks and Chairs</td>
<td>No</td>
<td>Yes</td>
<td>SSA Planning</td>
<td>2 months</td>
<td>SSA Office</td>
<td>Approval of design; Three quotations from local suppliers</td>
</tr>
<tr>
<td>Sintex Water Tank</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>2 weeks</td>
<td>SMC</td>
<td>Local purchase at PWD rates</td>
</tr>
<tr>
<td>Roof Repair</td>
<td>No</td>
<td>Yes</td>
<td>SSA Civil / JE</td>
<td>1 month</td>
<td>SMC + SSA</td>
<td>Approval of work and measurements; Materials bought locally as per PWD rates; vouchers of payments maintained</td>
</tr>
<tr>
<td>Ayah</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>1 week</td>
<td>SMC</td>
<td>Interview Notice with Date and Time</td>
</tr>
</tbody>
</table>
If RTE is to be implemented through a decentralized framework........

• What would the decision making, planning and fund flow tree look like?

• Principles of decentralization- functions and funds need to be aligned. Local level needs greater discretion. Should we move away from a norm centered transfer system to an untied block grant system at the school level?

• I leave you with this thought..................