



## Navi Mumbai

2<sup>nd</sup> April ' 2010

Kind Attn: **Shri. Kapil Sibal**  
**Minister of Human Resource Development**  
**Government of India**

**Subject: The Indian Primary & Secondary Education Mega project – (Revision 03)**

Sir,

In continuation of the draft proposals as submitted to the Government of India on 24th April 2009 ( Rev 01 ) and on 2nd October 2009 ( Rev 02 ) with regard to subject matter, I am attaching Revision 03 of the project to this note for your kind perusal.

**The salient features of this third revision are summarized as below:**

1. **The project provides high quality education for upto 126 Million Children, absolutely free of cost.** It is therefore a possible financial solution towards implementation of the “The Right of Children to Free and Compulsory Education Act, 2009”.
2. The financing has been totally re-designed and **7 new financing sources** have been identified for the construction phase in addition to the earlier Urban Equity Withdrawal scheme that was based on the principle of a differential floor space index ( FSI ). The **8** different financing sources thus identified will make it possible to raise a total of **US \$ 134.75 Billion** over an 11 year period, thereby effectively financing this large capital expenditure project whose estimated total cost is **US \$ 131.38 Billion**. Net surplus cash will be US \$ 3.37 Billion which could be used to provide additional functionality.
3. The operations phase financing schematic of the project has also been re-designed to potentially **raise US \$ 45 Billion each year** by 2023. **5** of the annuities from the construction phase plus **3** new financing sources will finance **a steady state operations expenditure of US \$ 42.57 Billion** in 2023 and beyond. This US \$ 42.57 Billion includes not just the running costs of the 30,000 new schools to be set up under the Megaproject but also most importantly the teacher sharing programme which will cover an additional **420,000** existing schools, thereby greatly improving the functioning of the Sarva Shiksha Abhiyan ( SSA )
4. The whole system will work through a scheme of **18 Million education vouchers** in a self-regulating manner with minimum government supervision. The vouchers will have a face value of **Rs. 101,400** for the 25,500 day schools and **Rs. 129,500** for the 4500 residential schools. Each voucher will, in fact, price in the total cost of reaching **14** additional students in the assisted village schools by means of the teacher sharing

programme. So the cost of delivering excellent quality of education per child may be much lower than within the SSA where quality is currently an issue.

5. The project as designed will create sufficient human resources that will be required by the Indian economy which is expected to grow to **US \$ 4.5 Trillion** by **2025** based on a sustained growth rate of **8 % PA.**( the Mckinsey estimate is US \$ **4.01** Trillion and the Goldman Sachs BRIC Report estimates this at US \$ **3.174** Trillion ). The Nataraja Foundation believes that the Education Megaproject will help India beat both these estimates as it will accelerate the growth process significantly. To create this vast human resource pool, a **“Teacher Centric”** approach to education has been employed and it forms a core principle within this project design.
6. The project also adds considerable value to the existing SSA system by executing an event driven, contextual communications platform which does three things :
  - **Improves fund flow predictability and velocity** ... through a system of emails and SMS's to school principals to inform them when funds have been released for their schools. **As a result Cycle time is cut down from 2 – 3 months to 2 – 3 days. This can be further reduced to a few hours once the system is stabilized.**
  - **Improving personnel visibility and accountability** ... identifies people holding up decisions through a system of alerts
  - Reduces teacher absenteeism in India from **25 %** currently to **2 – 5 %** levels.

These three benefits together will save the government millions of man hours and thousands of crores of rupees each year.

The principal objective of the project is to attract the best minds to a career in teaching by creating a lifestyle around the teaching profession. This teacher based design ( **Design is not student or literacy based** ) however is expected to vastly expand the education market in India by reaching more children far more effectively.

While the project is essentially very teacher friendly , it also recognizes the fact that there is a **huge “ teacher absenteeism “ problem** in India ( teachers on an average in most states do not show up for **25 %** of the working year ). Accordingly , as a policy measure , to ensure teacher accountability , the Megaproject , while providing the best of facilities to teachers on a global basis also requires all it's **1.74** million teachers in 30,000 new schools across the country to be on 5 year, renewable contracts. This is a mandatory requirement to reform the system and bring down teacher absenteeism because of which tens of millions of children and their families have been suffering.

Since **80 %** of the 30,000 new schools to be set up under the project documents will be in rural areas, the project will result in an actual distribution of wealth. Further as each of the 30,000 new rural hub schools will share teaching resources with **14** other schools in it's area, an additional **420,000** schools will be covered by the project at the least possible cost . The schools will be overstaffed by design ( provided with twice the number of teachers normally required ) to achieve this coverage. This is a critical requirement if **126** million children are to be reached.

A special Public Private Partnership ( PPP ) format will be deployed to catalyze massive investment under the project documents. At the same time it will create unprecedented opportunities for community ownership of schools. The PPP format has been specifically designed to encourage retired teachers and others really interested in education ... by lowering the investment entry barriers without damaging project quality in any way.

The Infrastructure Investment Multiplier effect of this US \$ 131.38 Billion project on the Indian Economy will be in excess of **US \$ 300 Billion** by **2023** of which the net delta addition to the rural economy will be **US \$ 200 Billion**. These numbers however do not include the huge benefits which will accrue to the nation by way of increased productivity as well as the huge improvement in the quality of people and their value systems.

This project will rejuvenate our lost Indian value systems and once again strongly bind people of various faiths through it's welcoming and highly advanced secular philosophy ( Vivekananda's Philosophy ) which has been adopted as the design basis document for this massive man making and character building initiative.

One of the fundamental ideas driving the project is to make education meaningful in local terms, so while a broad education will be provided, all students will also be provided with skills that will equip them for the local economy. This will greatly help prevent mass migration to our cities. So provision of knowledge and skills suited to the needs of the local economy of the district / state will be a critical facet of the curriculum.

Besides all the above mentioned features, the project when fully commissioned in 2023, will be the world's largest environmental project due to its use of sustainable building technologies and traditional architecture based on the **Auroville** and **Laurie Baker** Schools. It will also feature a large tree plantation programme wherein 150 million trees of various types will be planted in the first half of the project execution phase ( 2012 – 2016 ).

### **Forward Path: Support Required from Government**

The following support is required from the Government of India to make this project a reality:

1. A Statutory Organization "**The Indian Social Infrastructure Corporation ( ISIC )** " will need to be created under an act of Parliament. The legal status of this organization and It's financial structure / means of financing is available for free download on (www.nataraja.org.in) with the caption "Legal and Financial Structure ".
2. A statutory fund named "**The Indian Education Megaproject Fund** " will need to be created under an Act of Parliament. This fund will be on the lines of the "Central Road Fund " , which had been created to build the Golden Quadrangle Project. Therefore the passage of "**The Education Megaproject Fund Act** "is critical to put this project into execution mode.
3. A **new tax proposal** on the lines of the recently implemented tax, on the services component of housing projects (2010 Budget) will need to be implemented **to extend service tax to the labour and services component of Infrastructure projects**. This will very easily generate a new cash source for creating the human resources necessary

to plan and build large Infrastructure projects in India. At present, there is a shortage of 30 million trained people in the construction Industry alone. So the imposition of a service tax on the labour / skill component of Infrastructure projects is fully justified.

4. To enable fast track execution of this project, Government needs to initiate a total of 70 pilot projects across 28 states and 7 Union Territories. Each pilot project will include, besides a school for 600 students ( design capacity of 300 students and operating in 2 Shifts ) , a large rural teachers training facility to train 300 teachers each year as well as a training facility to train 300 masons in Vernacular / Low cost / sustainable architecture. Each of the 70 pilot projects will require between 150 – 200 acres of land for these three activities.
5. An initial corpus needs to be set aside, to set up the 70 pilot projects including the model schools, teachers training institutes and Masons training institutes. All this initial money that the government spends upfront will be returned by the “The Indian Social Infrastructure Corporation ( ISIC ) ” within 2 – 3 years with interest calculated at 12 %. The rest of the project (balance 30,000 schools) will be built without any further demands on conventional means of financing.

The Government has notified “ The Right of Children To Free And Compulsory Education Act, 2009 “ on the 1<sup>st</sup> of April ‘ 2010. There are now serious questions being raised as of how the massive funds required to give effect to this new legislation are to be raised, especially on the Capex side. This project provides that solution through it's vast menu of financing options in both the Construction and Operations phase. There are also 25 different design criteria on which the project is based, all these and the reasons for their inclusion are explained in the project concept document.

Over the next 6 – 8 years over 100 million children are going to exit the school going age group without any employable skills. There is therefore a need to act fast.

I would like to request a line from you acknowledging receipt of this note and would also like to request involvement in the project on the quality control and planning side of project delivery.

Thank you for your time.

Sincerely,



**Ashish Puntambekar**

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[www.busybric.com](http://www.busybric.com)

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