

Provisions for Education Sector

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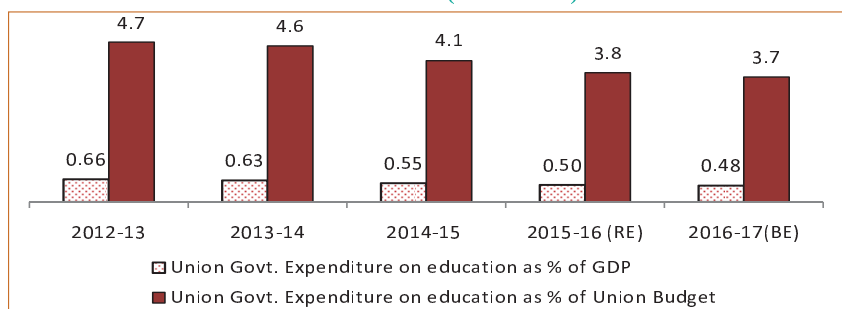
The year 2015-16 was vital for the Indian economy in the domain of fiscal policy. Certain fundamental policy measures like acceptance of the Fourteenth Finance Commission recommendation on increased devolution of central taxes to states ; reduction in Union Government's Plan grants for states; abolition of Planning Commission etc. have impacted the overall fiscal architecture of India. In wake of these significant changes, it is important to see, what Union Budget 2016-17 has to offer for the education sector.

i. Budgetary Provision for Education Sector

Presenting his third budget in Lok Sabha, the Finance Minister outlined nine distinct pillars that will transform India. Instead of inclusion within the third pillar of social sector, 'Education, Skills and Job Creation' has been mentioned as an exclusive fourth pillar by the Minister.

For 2016-17 (BE), Union Government's expenditure on education is budgeted at 0.48 per cent of GDP, which was 0.50 per cent in 2015-16(RE). The share of education in the total Union Budget has also declined from 3.8 per cent to 3.7 per cent (see Figure 1).

Figure 1: Union Government's Budgetary Spending on Education (in Percent)



Note: Union Governments' expenditure on education covers expenditure by MHRD only; BE-Budget Estimate, RE-Revised Estimates, GDP figures are at current market price (2011-12 series, 2nd RE)

Source: Connecting the Dots, An Analysis of Union Budget, 2016-17, CBGA

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Ministry of Human Resource Development (MHRD) contributes around 70 per cent of the Union Government's allocation for education (MHRD, 2014). In 2016-17 (BE), MHRD has been allocated Rs. 72394 crore, 60 per cent of which is allocated for Dept. of School Education and Literacy and 40 per cent for Dept. of Higher Education. Over time, the distribution of MHRD budget shows clear signs of reprioritisation towards higher education (See Figure 2).

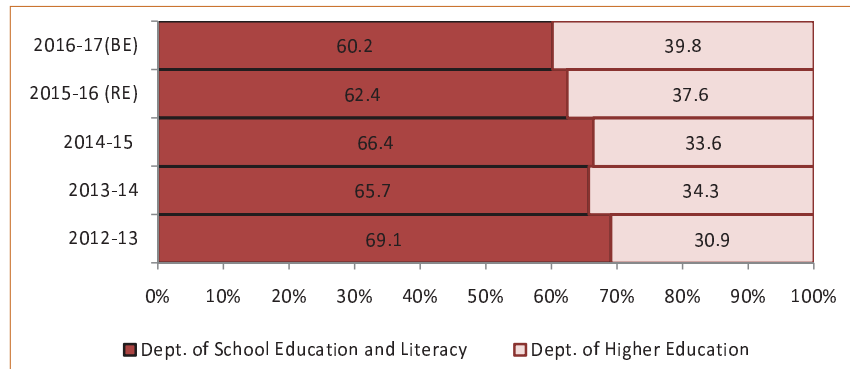
ii. Budgetary Provision for School Education

Finance Minister, in his budget speech, mentioned about universalisation of primary education with an emphasis on “quality education as the next big step forward”. Surprisingly, the budget proposal does not talk about Right to Education or secondary education.

Though India has achieved the goal of universal primary enrolment (Class I-V), but enrolment figures do not reveal the true story as data shows around 4.3 crore children of 6-14 age group are still out of school (Census 2011). They constitute about 18 per cent of the total 6-14 age group children.

Not only enrolment, the shortfalls in quality of school education, has been a major concern for some years now, especially in the context of public financing of education. Providing free and compulsory ‘quality’ education to all children in a time-bound manner is enshrined in the RTE Act, 2009. However, even after half a decade of its existence, only 8 per cent schools comply with the entire infrastructure norms mentioned under RTE Act; there is a shortage of 9.4 lakh teachers in government schools; around 8.3 per cent of primary schools are single teacher schools. Among the existing teachers in government schools, about 20 per cent are untrained and the proportion of trained qualified teachers has been almost stagnant since last five years (DISE, 2014-15).

Figure 2: Composition of MHRD Budget by Department (in Percent)



Source: Compiled by author from Union Budget, Expenditure Budget, Volume II, MHRD for various years

The successful implementation of this Act would require adequate financial allocations for various components of elementary education. Yet, the overall budget for School Education Department this year was merely 3.2 per cent higher than 2015-16(RE).

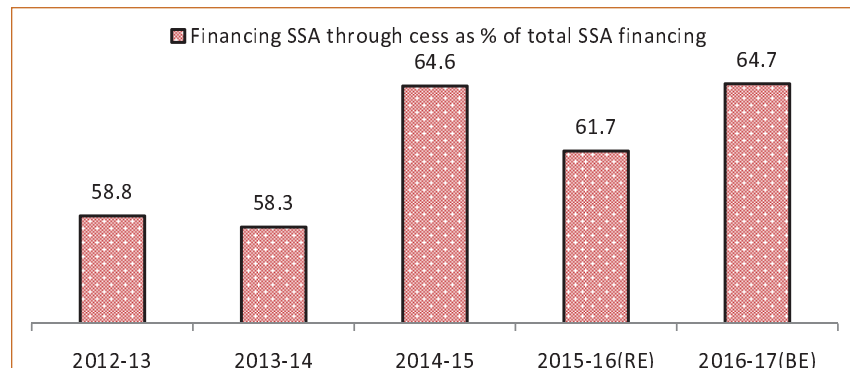
II.1 Financing Right to Education (RTE):

With the enactment of the RTE Act 2009, *Sarva Shiksha Abhiyan* (SSA) has been the main vehicle for implementing RTE. This year Rs. 22500 crore has been allocated for SSA. This is a mere 2.2 per cent increase over 2015-16(RE). 65 per cent of this amount is to be financed through education cess (*Prarambhik Shiksha Kosh (PSK)*) (see Figure 3), 29 per cent through Gross Budgetary support (GBS) and six per cent through externally

aided projects. A recent CAG audit report shows that the SSA budget for 2014-15(RE) had been reduced by Rs. 5256 crore, against the budgeted provision of Rs. 27,575 crore, due to lower collection of education cess. (CAG, 2015). Moreover, following the recommendation of the NITI Aayog, Sub-group on Rationalising Centrally Sponsored Schemes (CSSs), the Union Government has reduced its current share on SSA from 65 to 60 per cent for all general category states, starting 2016-17. Proper implementation of the RTE therefore, would crucially depend on the states' ability to contribute its enhanced share, which remains uncertain and a cause for concern.

The issue of quality is more severe at the secondary level. Secondary education provides an indispensable link between elementary and higher

Figure 3: Pattern of Financing SSA through Cess (in Per cent)



Source: Compiled by author from Union Budget, Expenditure Budget, Volume II, MHRD for various years

**Table 1: Budgetary allocation for Select schemes in Education
(in Rs. Crore)**

Schemes	2014-15	2015-16 (BE)	2015-16 (RE)	2016-17 (BE)
NEM-SSA	24097	22000	22015	22500
NEM-RMSA	3398	3565	3565	3700
NEM-Teacher Training and <i>Saakshar Bharat</i>	1158	1397	1203	879
Scheme for providing Education to Madrasa and Minorities	119	376	336	120
<i>Kendriya Vidyalaya Sangathan</i>	3243	3278	3278	3795
<i>Navodaya Vidyalaya Sangathan</i>	2013	2061	2285	2471
Mid Day Meal (MDM)	10523	9236	9236	9700

Note: NEM- National Education Mission; 'National Education Mission: Saakshar Bharat'- Important Schemes under this Umbrella are schemes of Literacy Campaigns & Operation Restoration, Support to NGOs/Institutions/SRCs for Adult Education & Skill Development, Directorate of Adult Education and National Literacy Mission Authority

'National Education Mission- Teachers Training' -Important Schemes under this Umbrella are Strengthening of Teachers Training Institutions, Appointment of Language Teachers and School Assessment Programme

Source: *Connecting the Dots, An Analysis of Union Budget, 2016-17, CBGA*

education system. However, while elementary education has witnessed a near-universal enrolment, only 62 per cent of (15-18) age group children are enrolled at the secondary level (Class IX-XII) (MHRD, 2014). *Rastriya Madhyamik Shiksha Abhiyan*(RMSA) which was launched to improve quality of secondary education, received an allocation of Rs. 3700 crore, an increase of Rs. 135 crore from 2015-16(RE). RMSA has also been brought under NEM, but the Union Government share for RMSA has decreased from 75 per cent to 60 per cent. Therefore, instead of 25 per cent, now, states need to allocate 40 per cent matching grant for RMSA as well.

In spite of a scarcity in trained and qualified teachers at school level, the budget has witnessed a substantial cut (26.9 per cent) in teacher training and adult education programmes and in schemes for providing education to Madrasa/minorities (64.2 per cent), which are specifically designed for infrastructure development and quality improvement in Madrasas (See Table 1).

iii. Budgetary Provision for Higher Education:

The budget speech highlighted the need for improvement in higher educational institutions of India. Towards this objective, Rs. 28840 crore have been allocated for the Higher Education Department, which is 13.5 per cent higher than 2015-16 (RE). A disaggregated view shows a marginal increase in the budget for University and higher education (general).¹ The budgetary provision for technical education has increased primarily on

**Table 2: Budgetary Allocation for Select Components of Higher Education
(in Rs. Crore)**

Components	2015-16 (BE)	2015-16 (RE)	2016-17 (BE)
University Grants Commission (UGC)	9615	9315	4491
Grants to Central Universities*			6356
Students financial aid	2373	2163	2221
Indian Institute of Technologies (IITs) and Indian Institute of Managements (IIMs)	4949	4463	5714
NEM- RUSA	1155	1055	1300:

Note: * This component was part of UGC in 2015-16(BE) and 2015-16(RE)

Source: *Compiled by author from Union Budget, Expenditure Budget, Vol-II, MHRD, 2016-17*

account of substantial increases in allocation for supporting and setting up of new IITs and IIMs.

Student financial aid, which consists of interest subsidy on educational loans to poor students, scholarship for college and university students and scholarship to students from non-hindi speaking states and universities has experienced a 2.7 per cent increase over 2015-16(RE).

Rashtriya Uchchatar Siksha Abhiyan (RUSA), which was launched in 2013, as a flagship programme to provide strategic funding to state higher educational institutions, has also been brought under the NEM umbrella. In the changed funding pattern, Union Government has allocated Rs. 1300 crore as its 60 per cent share (earlier it was 65:35), a Rs. 245 crore increase over 2015-16 (RE) (See Table 2).

The question that remains unanswered about higher education financing is the proportion that would be financed through cess. The Secondary and Higher Education Cess (SHEC), which was introduced to fulfill the commitment to secondary and higher education, neither gets deposited to a dedicated fund like PSK nor have any schemes been identified on which the cess proceeds are to be spent. This lack of transparency creates the possibility of diversion of funds, which needs to be addressed.

iv. Priorities for Skill over Education?

In his Independence Day speech,

the Prime Minister said, “If we have to promote the development of our country, then our mission has to be skilled development and skilled India”. Towards this mission, so far, government has launched four key initiatives—The National Skill Development Mission, National Policy for Skill Development and Entrepreneurship, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and Skill Loan Scheme. The budget speech has also emphasised on skilling and new job creation. A provision for Rs. 1700 crore has been announced for setting up 1500 multi-skill training institutions under PMKVY.

Indeed, the increasing size of labour force in India demands an urgent need for skill development. But a basic level of education is prerequisite for acquiring skills. Where the goal of universalisation of elementary education is not yet achieved; learning outcomes are not satisfactory; more than 40 per cent of people aged 5-29 years are not attending any educational institutions (NSS, 2015), the focus on skill development only for job creation will end up with a low wage semi skilled workforce, which perhaps is not desirable.

Conclusion:

It has been frequently argued that at least six per cent of GDP should be spent on education, as recommended by the Kothari Commission way back in 1966. Currently, Union and States together spend less than four per cent of GDP on education. Given that Union Government’s budgetary spending on education accounts for a smaller share than the States in the country’s total budgetary spending on education, a continuous decrease in Union Government’s share shifts the responsibility more towards States. It is implicit that the changed fiscal architecture will have a direct impact on the public provisioning of education at state level. It is time to watch how states will priorities their Budgets and allocate for the education sector. However, education is in the

Box : 1 Major Announcement for Education Sector in Union budget 2016-17

1. Sixty two new Navodaya Vidyalayas proposed to promote quality education.
2. A Higher Education Financing Agency with a capital base of Rs. 1000 crore will be set up to leverage funds from the market and supplement them with donations and CSR funds.
3. Entrepreneurship education and training will be provided in 2200 colleges, 300 schools, 500 government ITIs and 50 vocational training centres through online courses.
4. An enabling regulatory architecture for ten public and ten private institutions to emerge as world class teaching and research institutions.

Source: Budget Speech, Union Budget, 2016-17

Concurrent List, which implies a shared responsibility of the Union and State Governments towards this sector; it is therefore imperative for both levels of Government to step up public investment in education, paying adequate attention to the quality quotient.

Readings:

Centre for Budget and Governance Accountability (2016): ‘Connecting the dots, An Analysis of Union Budget 2016-16’, March

Government of India (2015): ‘Report of the Comptroller and Auditor General of India, Accounts of the Union Government, No. 50

National University of educational Planning and Administration (2015): ‘Elementary Education State Report Cards, 2014-15’, DISE Publication

Ministry of Human Resource Development (2014): ‘Analysis of budgeted expenditure on education, 2010-11 to 2012-13’, Planning and Monitoring Unit, Department of Higher Education

Box 2: NITI Aayog Sub Committee on Rationalisation of Centrally Sponsored Scheme (CSS)

Accepting the NITI Aayog Sub committee’s recommendation on rationalisation of CSS, Union Government restructured more than 1500 Central Plan Schemes into about 300 Central Sector and 30 Centrally Sponsored Schemes. Where, i) Education schemes designed for social inclusion, (schemes for Scheduled Caste, Scheduled Tribe, Other Backward Class and Minorities and disabled) have been identified as ‘Core of the core’ schemes, with unchanged sharing pattern.

ii) SSA, RMSA, Support for Educational Development including Teachers Training & Adult Education, RUSA have been brought under the umbrella programme called National education Mission (NEM), where from now the sharing of fund between Centre and State would be 60:40.

Source: NITI Aayog Sub Committee report & Budget Speech, Union budget, 2016-17

Ministry of Human Resource Development (2014): ‘Education Statistics at a Glance’, Bureau of Planning, Monitoring and Statistics

NITI Aayog (2015): ‘Report of the Sub-Group of Chief Ministers on Rationalisation of Centrally Sponsored Schemes’, October

National Sample Survey Organisation (2013): ‘Status of Education and Vocational Training in India’, Report no. 566, NSS 68th Round

Endnotes

¹ Comprises of UGC component and grants to central university. UGC provides assistance to all eligible universities and deemed universities. The provision for assistance to central university is made separately by UGC. □

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