

Education in 2008-09 Union Budget

JANDHYALA B G TILAK

The allocations to the education sector in the union budget for 2008-09 are substantially more than in 2007-08, but the hike is not as large as in previous years. The budget marks a shift in priorities in a number of areas. One, higher priority to secondary, technical and higher education, and less to elementary education. Two, a preference for expansion of elite over mass-based system. And, three, a preference for funding from cesses over allocations from the general budget.

There is a general euphoria that the outlay for education has been hiked very significantly in the Eleventh Five-Year Plan and that the days of underfunding of education are a thing of the past. The allocation to education in the Eleventh Plan is likely to be Rs 2,87,000 crore, which is five times the allocation made in the Tenth Plan in nominal terms. This is also expected to constitute nearly 20 per cent of total plan expenditure, compared to 7.7 per cent in the Tenth Plan. This is considered as an “unprecedented increase in financial support for education in India”. Are the days of planning education under economic austerity indeed over? How does the treatment of the education sector in the Union Budget 2008-09, the “crucial” second annual budget of the Eleventh Plan, fit in the grand scheme of the five-year plan, which is proclaimed as a “national educational plan” which recognises education as a “centred (central) instrument for achieving rapid and inclusive growth”. This paper briefly examines some of the important aspects of education in the union budget and raises some questions for discussion.

The finance minister allocated in the budget for 2008-09 an amount of Rs 34,400 crore for education, compared to the revised estimate of Rs 28,674 crore in 2007-08. A close examination of the budget allocations shows that the increase is not particularly high, besides indicating marked shifts in education priorities of the government: from elementary to secondary and more importantly to higher education, from mass expansion to expansion of some kind of elite institutions, from a system of funding out of general budgetary support to funding out of earmarked taxes/cess, and to a system of delivery that relies more on public-private partnership.

First, at the national level. The total expenditure on education incurred by the union and state governments increased from Rs 67,000 crore in 2000-01 to Rs 1,33,000 crore in 2007-08. The nearly twofold increase in a period of eight years, though in nominal prices, seems to be impressive.

However, according to the *Economic Survey 2007-08*, the allocations to education made by the union and the state governments together, as a proportion of GDP, have not been satisfactorily progressing during the last few years. The ratio was above 3 per cent in 2000-01, and ever since it has steadily declined to reach a low level of 2.69 per cent in 2005-06. It is only in the last couple of years that the declining trend seems to have been reversed, according to the revised estimates for 2006-07. However, even according to the revised estimates, the proportion allocated to education in 2007-08 is much less than the 2000-01 level! Further, we often note substantial differences between budget estimates, revised estimates and actual levels of expenditure. So one cannot be certain that the downward trend has been actually reversed in the recent years.

These figures refer to the expenditure on education incurred by the departments of education (school and higher education), and do not seem to include the expenditure incurred by other departments on education, which also seem to be significant. For example, the total expenditure on education incurred by the departments of education and other departments on education together constituted 3.7 per cent of GDP in 2005-06, *Budget Analysis of Expenditure on Education 2003-04 to 2005-06* while as shown in Table 1 (p 50), the expenditure of the departments of education accounted for only 2.7 per cent.

Further, these figures in Table 1 also mark a declining trend in the relative priority given to education. The share of education in total government expenditure on all sectors declined from 11.3 per cent in 2000-01 to 10 per cent in 2005-06. Even within the total social sector expenditure, the share of education declined from above 50 per cent to 47.2 per cent in 2005-06 and

Jandhyala B G Tilak (jtilak@vsnl.com) is with the department of educational finance at the National University of Educational Planning and Administration.

further to 45.3 per cent in 2007-08 (revised estimates).

The total budget expenditure on education consists of expenditure incurred by the union and the state governments. That

Table 1: Government (Centre + State) Expenditure on Education (in current prices)

	Rs Crore	Per Cent of GDP	Per Cent of Total Expenditure	Per Cent of Social Sector Expenditure
2000-01	67,000	3.19	11.3	50.8
2001-02	68,071	2.99	10.6	49.4
2002-03	71,298	2.96	10.3	50.3
2003-04	75,607	2.74	9.6	49.3
2004-05	84,111	2.67	9.8	48.7
2005-06	96,365	2.69	10.0	47.2
2006-07RE	119,199	2.88	10.4	46.5
2007-08RE	133,284	2.84	10.2	45.3

RE: revised estimate.

Source: *Economic Survey 2007-08* and earlier years.

about 80 per cent of the government expenditure on education is met by the states, and that the expenditure of the union government is relatively small is well known. It can be noted that the states meet a substantial, nearly all of the non-plan expenditure on education, while in case of plan expenditure, the centre meets a good proportion of it.

Education in Union Budgets

Though the expenditure of the union government on education is small, it may assume much significance as it can set new directions for development, induce state governments to take up new programmes, mobilise more resources to take advantage of central schemes that require matching shares by the state governments, and on the whole, contribute significantly to education development in the country. So union budget allocations are worth a close examination.

To start with, there has been a significant increase in the union government's budget expenditure on education, as shown in Table 2.

The total – plan plus non-plan – increased from Rs 7,900 crore in 2000-01 to 38,700 crore in 2008-09, as per the budget estimates. This, as a proportion of GDP also increased, particularly in the

recent years. It is estimated to be 0.7 per cent in 2008-09, compared to 0.4 per cent in 2000-01. But given the long-pending goal of allocating 6 per cent of GDP to education by the union and state governments together, the current level does seem to be far from satisfactory. The union government and also equally, if not more importantly, the states have to increase their allocations to education substantially to reach the goal. Further, in the union budget, the education sector accounts hardly for five per cent of the total expenditure in 2008-09.

While non-plan expenditure is also important as it is required for the maintenance and upkeep of the system, it is plan expenditure that assumes much significance, as it is plan expenditure that sets new directions for development. There is also greater discipline and direction under the plan expenditure compared to the non-plan expenditure. Since plan allocations (under the five-year plans) are finalised consequent to obtaining the approval of the National Development Council, the Parliament and the union cabinet, they are sacrosanct and have to be adhered to as far as possible [Kumar 2008: 79]. So let us examine in detail the allocations under the plan category. During the last five years, one

Table 2: Expenditure on Education incurred by the Union Government (Plan and Non-Plan)

	Rs Crore	Per Cent of GDP	Per Cent of Total Budget
2000-01	7,925.2	0.377	2.43
2001-02	8,037.0	0.353	2.22
2002-03	9,089.3	0.370	2.20
2003-04	10,177.5	0.369	2.16
2004-05	13,228.7	0.420	2.66
2005-06	17,809.6	0.497	3.52
2006-07	23,809.6	0.574	4.09
2007-08RE	29,588.7	0.630	4.35
2008-09BE	38,702.9	0.730	5.15

RE: revised estimates; BE: budget estimates (in all tables henceforth).

Source: Based on *Union Budget 2008-09* and related budget documents of previous years and *Economic Survey 2007-08* and earlier years.

notices a significant increase in plan allocations to education in the union budgets.

The expenditure increased by 3.4 times from Rs 10,224 crore in 2004-05 to Rs 34,394 crore in 2008-09. But if you look at the annual increases during the last five years, the nearly 20 per cent increase in the 2008-09 budget seems to be the smallest, and the 35 per cent increase over the previous years' revised estimate the second lowest. In 2005-06 this increased by 47 per cent over the preceding year's revised estimate; the corresponding ratio was 38 per cent in 2006-07, 23 per cent in the 2007-08 and 38 per cent in 2007-08. Further, education sector also accounts for less than 10 per cent of the total plan expenditure of the

union government, though the ratios increased marginally over the years.

Expenditure by Levels

Plan allocations to every level of education have been raised in the union budget during the last five years in nominal prices, as shown in Table 4 (p 51). Significant hikes in allocation to elementary education can be noted in 2005-06 and later; those to secondary and higher education in 2006-07 and later; and those to adult education and technical education only in 2008-09.

During the Tenth Plan, allocation to elementary education was raised, but the relative shares of all other levels including secondary, higher general and higher technical, and adult education were reduced. On the whole, in the Tenth Plan 78 per cent of the total plan expenditure on education was devoted to elementary

Table 3: Plan Expenditure on Education of the Union Government

	Rs Crore	Per Cent Increase over the Preceding Year	Per Cent of All Sectors
2004-05RE	10,224.2	..	7.73
2005-06RE	15,041.7	47.1	7.32
2006-07RE	20,745.5	37.9	8.49
2007-08RE	25,452.4	22.7	8.17
2007-08BE	28,671.5	38.2	8.97
2008-09BE	34,393.5	35.1* (20.0**)	9.16

** over the budget estimate of the preceding year.

* over the revised estimate of the preceding year.

Source: *Union Budget 2008-09* and earlier years.

education, a meagre 6.4 per cent to secondary education, 7.1 per cent to higher education and 5.8 per cent to technical education. Against this background, the allocations in the current annual budget (2008-09) mark a clear shift: allocation to elementary education has been reduced to 6.3 per cent from around 80 per cent of the total in 2006-07 and 2007-08; allocation to secondary education was doubled from 6.4 per cent in 2007-08 (and the average of the Tenth Plan); the share of higher education was increased by 50 per cent to above 10 per cent, and a similar increase was made in technical education. The relative priority accorded to adult education has never been high; it remains more or less unchanged at a very low level.

Further, annual increases have not been even across all levels of education nor are they steady and smooth over the years at any level of education, as the figures in Table 5 (p 51) show. For example,

there was a negative rate of growth in expenditure on higher education in 2003-04 over the preceding year, followed by a 45 per cent increase in the following year, which in turn was followed by a modest increase by 4 per cent only in 2005-06. Similar zigzag trends can be noted at all levels of education, but secondary, higher and technical

perceived as an election year budget, be sustained in the future?

Elementary Education

The plan allocation for elementary education was raised in the 2008-09 budget by barely 7.3 per cent over the Rs 20,300 crore (RE) in 2007-08. This is in nominal prices. In real prices, the allocation marks

a stagnant level, as the rate of inflation is estimated to be around 7 per cent. Also, as noted, the annual increase which was about 50 per cent in 2005-06 and 2006-07 and 20 per cent in 2007-08 has now come down further to single digits. If these trends continue elementary education may get further decreasing amounts in the coming years.

There are two major central schemes in elementary education. They are the Sarva Shiksha Abhiyan (SSA), launched by the government of

Commission (2007) indicate. But reports of underutilisation of funds under SSA or siphoning of SSA funds are frequently made in several states (*Hindustan Times*, New Delhi, March 10, 2008).

But the beginning of the Eleventh Plan does not mark well for the SSA. For the first time, allocations to SSA have been reduced even in nominal prices, though the amount of reduction is not high. Why is it that the allocation to SSA, the national flagship programme of the union government has been reduced? This may be because of the changing pattern of funding of SSA. In the Ninth Plan, when the SSA was launched, the centre met 85 per cent of the expenditure of SSA and the states 15 per cent. The respective shares were reduced to 75 and 25 per cent during the Tenth Plan. It was originally expected to further change to 50:50 during the Eleventh Plan. To allow a gradual change, the funding pattern has been revised as 65:35 for the first two years of the Eleventh Plan, 60:40 for the third year, 55:45 for the fourth year and 50:50 in the fifth year of the plan and thereafter. There are, of course, demands for restoring the earlier pattern of 75:25 from several corners, including the Public Accounts Committee of the Parliament (*Times of India*, March 23, 2008).

When the development needs of elementary education are still huge, as reflected in terms of the number of the habitations without having any primary/upper

Table 4: Plan Expenditure on Education, by Levels

	Elementary	Secondary	Adult	Higher	Technical	Total Education
Rs crore (in nominal prices)						
2000-01	3,117.4	554.1	108.2	497.6	494.0	4,854.8
2001-02	3,569.2	615.4	174.0	544.7	552.1	5,560.1
IX Plan (1997-2002)						
16,370.0	2,322.7	520.4	2,270.9	2,109.5	24,908.4	
2002-03	4,257.6	574.5	213.4	619.1	600.4	6,380.0
2003-04	5,201.0	638.0	231.9	560.4	625.1	7,371.1
2004-05	7,710.2	652.3	236.0	810.7	615.7	10,133.2
2005-06	11,749.3	874.9	241.8	843.6	711.2	14,552.5
2006-07	16,560.0	1,027.2	212.9	1346.5	863.2	20,213.8
X Plan (2002-07)						
45,478.0	3,766.9	1,136.1	4,180.3	3,415.5	58,650.6	
2007-08R	20,304.7	1,635.3	251.0	1888.4	981.5	25,452.4
2008-09B	21,795.0	4,554.0	451.0	3529.5	2,888.5	34,393.5
Per cent distribution						
2000-01	64.2	11.4	2.2	10.2	10.2	100.0
2001-02	64.2	11.1	3.1	9.8	9.9	100.0
IX Plan (1997-2002)						
65.7	9.3	2.1	9.1	8.5	100.0	
2002-03	66.7	9.0	3.3	9.7	9.4	100.0
2003-04	70.6	8.7	3.1	7.6	8.5	100.0
2004-05	76.1	6.4	2.3	8.0	6.1	100.0
2005-06	80.7	6.0	1.7	5.8	4.9	100.0
2006-07	81.9	5.1	1.1	6.7	4.3	100.0
X Plan (2002-07)						
77.5	6.4	1.9	7.1	5.8	100.0	
2007-08RE	79.8	6.4	1.0	7.4	3.9	100.0
2008-09BE	63.4	13.2	1.3	10.3	8.4	100.0

Sectors such as department of languages, scholarships, book promotion, planning and administration are included in the total.

Source: *Union Budget 2008-09: Expenditure Budget Vol II* and earlier years and documents; and Financial Statistics of Education during the Eighth, Ninth (1997-2002) and the Tenth (2002-2007) Five-Year Plans.

education suffered more, with occasional negative or very low rates of increase. The increase in the allocation to elementary education in the current year's budget has been the lowest.

If the current year's budget allocations are an indication of the trends to come during the Eleventh Plan, one can say that there is going to be a significant shift in relative priorities in education. The pattern of allocation may shift in favour of secondary and higher and higher technical education and away from elementary education. Hopefully the shift will not adversely impact elementary education. Further, an important question is: will the significant increases made in the case of secondary and higher and higher technical education in the current budget,

India in 2000 as the single largest holistic programme addressing all aspects of elementary education and as a time-bound scheme for realising the goals of universalisation of elementary education and the national programme of mid-day meals in schools. The two schemes together account for 97 per cent of the total allocation made for elementary education in 2008-09. They constituted 84 per cent of the Tenth Plan expenditure on elementary education.

In the Tenth Plan a total of Rs 26,000 crore was spent on SSA. Rates of utilisation of funds in the SSA seemed to have improved remarkably at the national level: almost all, in fact more than, the approved outlays was fully utilised during the Tenth Plan, as the statistics from the Planning

Table 5: Annual Increases (in Nominal Prices) in the Allocation to Various Levels of Education in the Union Budget (in %)

	Elementary	Secondary	Higher	Technical	Total Education
2002-03	19.3	-6.6	13.7	8.7	14.7
2003-04	22.2	11.0	-9.5	4.1	15.5
2004-05	48.2	2.2	44.6	-1.5	37.5
2005-06	52.4	34.1	4.1	15.5	43.6
2006-07	40.9	17.4	59.6	21.4	38.9
2007-08RE	22.6	59.2	40.2	13.7	25.9
2008-09BE	7.3	178.5	86.9	194.3	35.1

Source: Based on Table 4.

primary schooling facility (estimated at one lakh), the need to upgrade all the Education Guarantee Scheme (EGS) schools into formal primary schools (in all about 70,000), a large number of out of school children (conservatively estimated to be above seven million), high dropout rates (about 50 per cent at upper primary level),

a number of schools without adequate classrooms (the backlog is about 6.87 lakh classrooms), teachers, and other infrastructure facilities, etc, and the goals of the Eleventh Plan to improve the quality of education in all primary schools to the level of Kendriya Vidyalayas and to gradually improve the pupil-teacher ratio from 40:1 to 30:1 are all considered, any reduction in allocations to SSA may not be appropriate.

Further, we also hear that the government is keen on introducing the Right to Education Bill (2005) in Parliament soon to make elementary education a fundamental right, "the surest way of ensuring rapid inclusive growth", as stated by the prime minister, Manmohan Singh in the 80th annual general body meeting of the Federation of Indian Chambers of Commerce and Industry on February 15, 2008 (*Hindu*, February 16, 2008); and the union government might take on all the financial responsibility of the bill which is estimated to be as high as Rs 12.5 billion a year (<http://www.newkerala.com/one.php?action=fullnews&id=25685>). But the allocations to SSA in the union budget of 2008-09 do not indicate any such emphasis. In fact, the budget allocations belie all such expectations. The *Economic Survey*

Table 6: Union Government Expenditure on Elementary Education (Rs crore)

	Sarva Shiksha Abhiyan	Mid-day Meals	Total Elementary Education
1997-98	..	1,070.0	2,234.9
1998-99	..	1,600.2	2,749.8
1999-2000	..	1,500.0	2,852.0
2000-01	76.5	1,299.1	3,117.4
2001-02	499.8	1,030.3	3,569.2
IX Plan (1997-2002)	576.3	6,499.5	14,523.3
2002-03	1,567.2	1,099.1	4,527.6
2003-04	2,730.6	1,375.0	5,201.0
2004-05	3,239.2	1,588.6	7,710.2
2005-06	7,535.9	3,184.0	11,749.3
2006-07	10,900.4	5,324.4	16,560.0
X Plan (2002-07)	25,973.3	12,571.1	45,748.0
2007-08R	13,171.0	6,678.0	20,304.7
2008-09B	13,100.0	8,045.0	21,795.0

Total includes other items/schemes/budget heads.

Source: *Union Budget 2008-09: Expenditure Budget Vol II* and earlier years and documents; and Financial Statistics of Education during the Eighth, Ninth (1997-2002) and the Tenth (2002-2007) Five-Year Plans.

(2007-08), released two weeks after the statement by the prime minister, notes, "The 86th Constitutional Amendment of 2002 led to the inclusion of a new Article 21-A in Part III of the Constitution that made Free and Compulsory Education

to all children of 6 to 14 years of age a Fundamental Right." It further notes, "Pending enactment of a suitable follow-up legislation envisaged in Article 21-A, the 86th Constitutional Amendment has not yet been enforced" (p 249). But it does not state how long it will be pending. It however, recognises the need for policies and programmes to provide good quality elementary education to all, not because of moral or Constitutional compulsions of enforcing the amendment, but because the country has to honour the commitment to the Millennium Development Goals and Education for All, and in realisation of the commitment made under the National Common Minimum Programme of the present government. In short, if the budget allocations are taken as an indication, the Right to Education Bill may continue to remain merely a Bill for some more time.

The second-most important scheme in elementary education is the mid-day meal scheme, earlier known as "the national programme of nutritional support to primary education", which was launched in 1995 with the twin objectives of increasing enrolment, retention and attendance rates in primary education and simultaneously improving the nutritional status of schoolgoing children. In 1995 it covered just 3.34 crore children in 3.22 lakh schools. In 2006-07, the number of children receiving meals was 12 crore in 9.5 lakh schools. This is regarded as the world's largest school lunch programme. The programme was extended to upper primary classes (vi-viii) in 3,479 educationally backward blocks in October 2007. This was estimated to increase the coverage of children by 1.7 crore. One might expect this to have resulted in an increase in the actual (revised) budget expenditure over and above the budget allocation made for 2007-08. But surprisingly, the revised budget expenditure (Rs 6,678 crore) for the mid day meal scheme was less than the budget provision (Rs 7,324 crore). In the current budget proposal, it is to be extended to cover all blocks in the country, i e, to benefit additionally 2.5 crore children, in all to cover 13.9 crore children.¹ Will the small increase in allocation of resources to the scheme be adequate to meet the increasing numbers of children to be covered?

On the whole, does the stagnation or even the likely real decline in the allocations to elementary education signal the end of the special priority accorded to elementary education in recent years in allocation of resources?

Education Cess

An important aspect of budget expenditure on elementary education is the source of funds. While most sectors receive funds from the overall budgetary support, elementary education receives substantial resources from a earmarked tax, viz, the education cess. The education cess, introduced in 2004 is a cess levied at the rate of two per cent on all major central taxes – income tax, corporation tax, excise duties, customs duties, and service tax. The revenue from cess is meant for elementary education.

The Prarambhik Shiksha Kosh (PSK) was set up in 2005 as a dedicated non-lapsable fund, with the revenues of the education cess. The Kosh is to fund the two major schemes in elementary education, viz, the SSA and the noon meals. It is actually expected that these two schemes are largely financed out of gross budgetary support, and only after exhausting the funds provided by the gross budgetary support, the balance of the expenditure is to be financed from the Kosh. It appears that exactly the opposite is happening. A disproportionately large amount of expenditure on SSA and noon meals is met out of revenues collected from the education cess. As high as 74 per cent of the expenditure on SSA and the noon meals in 2008-09 is to be met by the Kosh, i e, by the revenues received from education cess, and the balance out of general budgetary support. The corresponding figure, i e, the share of the Kosh, was 69 per cent in 2007-08. In other words, the two major components of elementary education receive very little resources from general tax and non-tax revenues.

A secondary and higher education cess, introduced last year at the rate of one per cent on all major central taxes, additionally yielded Rs 1,736 crore in 2007-08 and is likely to yield Rs 1,970 crore in 2008-09. It is likely that this will be used to finance the Scheme for Universal Access and Quality at the Secondary Stage (SUCCESS) for

which an allocation of Rs 2,230 crore is made in the current year's budget.

Secondary Education

The Eleventh Plan rightly recognises that in the context of rapidly changing technology and the growth of the knowledge economy, "a mere eight years of elementary education would be grossly inadequate for our young children". Accordingly, SUCCESS was launched as a centrally sponsored scheme during the Eleventh Plan. The main objective of the scheme is to make secondary education of good quality "available, accessible and affordable" to all young students in the age group of 15-16 years, i.e., for classes IX and X. Note that it does not include senior secondary level (grades XI-XII), completion of which is necessary for the children to go for higher education. The scheme aims at universal access of secondary education to all students by 2015 and universal retention by 2020. It also sets targets of a gross enrolment ratio of 65 per cent by 2011-12, and a reduction in gender disparity in the enrolment ratio by 5 percentage points, improvement in pupil-teacher ratio to 25:1 and pass percentage rates in board examinations at the end of grades X and XII to 75 per cent [MHRD 2007]. The programme involves provision of necessary infrastructure and resources for increasing the capacity of the system, strengthening the existing schools by filling the missing gaps, and provision of extra support for girls, rural children and other weaker sections of the society, viz, scheduled caste (SC)/tribe (ST) children and minorities. It is envisaged as a holistic convergent framework for implementation of various schemes in secondary education, like the SSA in elementary education. An allocation of Rs 1,306 crore was made for the SUCCESS in the last year's budget, but as the programme is yet to take off, it was not spent. In the current budget, Rs 2,230 crore was allocated to it, which forms nearly half of the total allocation to secondary education sector.

In fact, as already noted, secondary education received the biggest hike in

budgetary allocations – 1.5 times increase over the budget allocation in 2007-08 and 2.8 times increase over the revised estimate! Nearly half the allocation made in 2007-08 was returned unused. Besides, the SUCCESS and other ongoing programmes/schemes, the current budget has provided for a few important new programmes/schemes. They include establishment of 6,000 new high quality model schools – one in each block and new Jawahar Navodaya Vidyalayas in 20 districts that have large concentration of SCS/STs.

The model school programme is a new one and it is expected that the new model schools will serve as a benchmark for

chosen districts, but it has to be noted that they are not necessarily for SCS and STs. More importantly, the new model school programme that includes 2,500 schools to be set up through private-public partnership, looks more elitist in nature. Both types of schools – the special Navodayas and the model schools – may suffer from being inequitable, unless special measures are adopted to check elitism and to promote equity and inclusive growth.

An important initiative taken by the government in last year's budget is the National Means-cum-Merit Scholarship scheme for students in grades IX-XII. A corpus of Rs 3,000 crore was to be built up with an annual allocation of Rs 750 crore for four years. A similar allocation was made last year and it was met from Social Infrastructure Development Fund. In 2008-09 also a similar allocation was proposed by the finance minister in his speech.³

According to the scheme, one lakh scholarships will be awarded beginning 2008-09 at the rate of Rs 6,000 per year per student. This is expected to increase and sustain demand for secondary education. However, the scheme is designed not as a scholarship scheme to be administered by the department of education. On the other hand, under the scheme, funds will be

placed at the disposal of the State Bank of India to create a corpus, with the yield from corpus utilised to fund the scholarships.

Thus the budget proposals for secondary education include those that aim at massive expansion – quantitatively and in quality, and also some that seem to be highly elitist in nature.

Vocational education at the secondary level has never received serious attention of the educational planners. The small amount of Rs 20 crore allocated in 2007-08 remained virtually unused. Now an allocation of Rs 37 crore is made in the current year's budget. But training and skill development are important and the government seems to be concerned about

Table 7: Revenues from Education Cess (Rs crore)

	Education Cess	Secondary and Higher Education Cess
2004-05RE	5,010	..
2005-06RE	7,492	..
2006-07RE	8,949	..
2007-08BE	12,931	1,755
2007-08RE	14,010	1,736
2008-09BE	16,133	1,970

Source: Union Budget (2008-09): Receipt Budget and earlier years.

Table 8: Plan Allocations to Selected Items in Secondary Education* (Rs crore)

	2007-08BE	2007-08RE	2008-09BE
Navodaya Vidyalaya Samiti	710.0	860.0	700.0
Kendriya Vidyalaya Sangathan	300.0	300.0	300.0
Information and Communication Technology in Schools	250.0	250.0	300.0
Vocational Education	20.0	1.0	37.0
National Merit Scholarship (OSC)	120.0	120.0	120.0
Special Navodaya Vidyalayas	275.0	0.2	..
New Model Schools	..	..	650.0
Upgradation of Kasturba Gandhi Balika Vidyalaya	..	..	80.0
SUCCESS	1,305.9	1.1	2,230.0
National Merit-cum-Merit Scholarships for IX-XII students	0.0	750.0	0.0
Total secondary	3,164.0	1,635.3	4,554.0

* includes allocations made to north-eastern region.

Totals include other items/schemes/budget heads.

Source: Union Budget 2008-09: Expenditure Budget Vol II.

excellence in secondary education, and a sum of Rs 650 crore has been allocated for the same. The finance minister has proposed in his budget speech an allocation of Rs 130 crore for the special Navodaya Vidyalayas.² The programme of model schools includes setting up of 3,500 schools by the government (3,000 as Kendriya Vidyalayas and 500 as Navodaya Vidyalayas) and 2,500 schools through public-private partnership. The latter ones, as the Eleventh Plan makes clear, are to be managed and run by involving corporate sector, philanthropic foundations, endowments, educational trusts and reputed private providers. The special Navodaya Vidyalaya programme may be promoting equity to some extent, as they will be set up in specially

it, though it is not planned as a part of the education budget.

Upgradation of 238 Industrial Training Institutes (ITIs) has been taking place with the assistance from the World Bank. The budget also makes a provision of Rs 750 crore for the upgradation of other 300 and odd more institutes in 2008-09. But the upgradation programme is taken up as a public-private partnership scheme with the collaboration of partners in industry. Using the same model of public-private partnership, the government intends to set up a Skill Development Corporation, a non-profit corporation to carry on skill development mission and to launch a world-class skill development programme. It is expected to garner Rs 15,000 crore as capital from central and state governments, the public and private sectors, and bilateral and multilateral sources. The current budget provides for Rs 1,000 crore as government's equity in the corporation. It is too early to comment on how the public-private partnership model will work in skill development. Alternatively the government could have thought of setting up a Skill Development Fund, like the PSK, with contributions from various public and private sources, and as a non-relapsable fund, to be managed by the government that would finance all skill development programmes in the country.

It is important to note in this context that we need three distinct types of skill development programmes – a major one for the “common people” or for the people in the unorganised sector who need normal vocational, technical and other skills for earning basic livelihood and to come out of poverty, one to meet the needs of the “normal” formal sector, and another for upgradation and reskilling the manpower required for the emerging “knowledge economy”, i e, to produce knowledge workers in high paying domestic and even foreign markets such as IT markets. Policies and methods of funding have to be different for the three types. Generous public funding is critical for the first two types of programmes.

Higher Education

There is a significant hike in the allocations to higher education in 2008-09 compared to the revised estimates for

2007-08. In last year's budget an allocation was made for Rs 6,483 crore for higher education. A large part of the allocation could not be used, as a significant amount was meant for additional expansion of the system by 54 per cent, anticipated in view of the reservations for other backward classes in central higher educational institutions, which was stayed by the Supreme Court. So only 50 per cent of the allocation was utilised and as much as Rs 3,221 crore was returned. Though the issue of reservations is not referred to, major expansion of the higher education system is planned in the current year (and also during the Eleventh Plan) and the allocation was more than doubled in the current year's budget over the revised estimates for 2007-08.

It is important to note that both general higher education and technical higher education have been assigned substantially increased allocations in the current budget, as shown in Table 9. Plan allocation to the University Grants Commission has been nearly doubled; allocation to the All India Council for Technical Education has been

A substantial proportion of the increase in the plan allocation to the UGC might be meant for establishing 16 new central universities in each of the states where there exists no central university as of now. An amount of Rs 50 crore is allocated for setting up three new Indian Institutes of Technology (IITs) – one each in Andhra Pradesh, Bihar and Rajasthan. Increased allocation for technical education includes allocation for two Indian Institutes of Science for Education and Research (IISER) at Bhopal and Thiruvananthapuram and two Schools of Planning and Architecture at Bhopal and Vijaywada. During the Eleventh Plan, in all, it is planned to establish 30 new central universities including 14 world class universities, as many as eight new IITs, seven new Indian Institutes of Management, 10 new National Institutes of Technology, three IISER, 20 Indian Institutes of Information Technology and two Schools of Planning and Architecture. This indeed marks a massive expansion.

Though the higher education system does require massive expansion, the

Table 9: Allocations to Selected Institutions/Programmes in Higher Education in the Union Budget (Rs crore)

	Plan			Non-Plan			Total		
	2007-08BE	2007-08RE	2008-09BE	2007-08BE	2007-08RE	2008-09BE	2007-08BE	2007-08RE	2008-09BE
UGC	2,124.8	1,633.1	3,095.5	1,638.8	1,948.9	2,009.4	3,763.5	3,581.9	5,104.9
IITs	1,111.7	335.3	1,020.7	442.0	490.0	525.0	1,553.7	825.3	1,545.7
New IITs	80.0	0.0	50.0	..	..	..	80.0	0.0	50.0
IIMs	103.0	43.0	88.0	41.0	42.2	27.0	144.0	85.2	115.0
IISc	196.0	40.0	130.0	87.2	86.0	91.0	283.2	126.0	221.0
AICTE	892.0	297.4	718.0	234.1	263.0	285.0	1,126.1	560.4	1,003.0
Total general	2,910.0	1,958.4	3,946.0	1,755.0	2,072.7	2,137.7	4,665.1	4,031.1	6,083.7
Total technical	2,929.0	981.5	2,888.5	941.0	1,020.4	1,074.7	3,870.0	2,001.9	3,963.3
Grand total (dept of higher education)	6,483.0	3,262.0	7,600.0	2,729.0	3,136.0	3,259.4	9,212.0	6,398.0	10,859.4

Source: Union Budget 2008-09: Expenditure Budget, Vol II.

raised by 2.4 times; the allocation for the Indian Institutes of Management doubled and for the Indian Institutes of Technology and also the Indian Institute of Sciences trebled.

These hikes are over the revised estimates for 2007-08. In fact, if we compare the allocations in the current year with the budget estimates of the allocations made in 2007-08, we note that the increase has been made only in case of allocation for UGC (and total general higher education); and allocations to technical education have been considerably less than the budget allocations made in the previous year.⁴

expansion of both general as well as technical higher education needs to be carefully planned. The expansion is long overdue. But will it be sustainable? Problems of shortage of high quality faculty are already being felt in the existing institutions. Long periods of underfunding of higher education, virtual ban on recruitment of faculty and other similar measures have resulted in accumulation of such problems. All of a sudden, when funds are made available, it may be possible to set up many central universities and technical institutes, but it may not be easy to staff these institutions with high quality faculty, unless new and innovative

methods are thought of to attract good faculty. Otherwise there is a danger of planning and designing these new institutions on a very small scale, with a very small number of faculty and student numbers, offering a few specialised, if not market-oriented, programmes, as a result of which they may turn out to be privileged and elite institutions. Alternatively, these institutions will be allowed to grow into large size in terms of student numbers but with small faculty, or large numbers of low quality faculty. Both are serious dangers that need to be avoided. The question of sustainability or their “viability” assumes importance, as the location of the central universities and other institutes, including world class universities, it appears, is being decided more on political considerations, rather than on educational and other relevant scientific and objective considerations. Further, all the central universities and other central institutes of higher education, though being set up on regional considerations, need to be designed to work truly as national institutions of higher education, with students and faculty drawn from all parts of the country and all socio-economic strata, truly representing national diversity, an essential characteristic feature of good national institutions of higher education. Lastly, public-private partnership models are being thought of in setting up some of these institutions, but such modes do not necessarily work in the area of education for the benefit of the larger society.

Scholarships

An important budget item which receives very little public attention, partly because of the insignificant amounts of resources allocated, refers to the national scholarship scheme. The scheme consists of (i) Scholarships for Talented Children from Rural Areas, and (ii) National Merit Scholarship Scheme. In fact, the pattern of the budget allocations and the pattern of utilisation of the funds available for the scheme, as shown in Table 10, looked like a travesty of the very scheme, that is expected actually to promote both equity in education and reward merit. Insignificantly small amounts, often a few lakhs of rupees were allocated, and a very small proportion of those small amounts

were utilised. The scheme meant for the talented children in rural areas seems to have been discontinued after 2004-05, and the merit scholarship scheme discontinued in 2006-07, as no more plan allocations were made in subsequent years. After winding up both the schemes, a new Scholarship Scheme for College and University Students was launched in 2007-08 with an allocation of Rs 12.60 crore, which was raised to Rs 45 crore in the current budget – not substantially larger than the allocations to the earlier scheme.

different pattern compared to the budget estimates in 2007-08, though there are some significant increases over the revised estimates, particularly in the case of minorities.

Conclusions

The allocations to education in the union budget 2008-09 have to be seen in the backdrop of the Eleventh Plan, which is about to be finalised, the recommendations of the National Knowledge Commission, which seem to have been endorsed by the government, and the political

Table 10: Expenditure on Scholarships in the Union Budgets (Rs crore)

	National Scholarship Scheme (Merit Scholarships)			Scholarships for Talented Children in Rural Areas		
	Expenditure	Approved Outlay	Expenditure as Per Cent of Approved Outlay	Expenditure	Approved Outlay	Expenditure as Per Cent of Approved Outlay
1997-98	0.45	0.75	60.0	0.20	0.40	50.0
1998-99	0.45	0.75	60.0	0.39	0.40	97.5
1999-2000	0.25	0.75	33.3	0.79	0.40	197.5
2000-01	0.27	2.00	13.5	0.38	0.40	95.0
2001-02	0.04	2.00	2.0	0.01	1.00	1.0
IX Plan (1997-2002)	1.46	6.25	23.4	1.77	2.60	68.1
2002-03	0.25	5.00	5.0	0.01	3.00	0.3
2003-04	0.13	5.00	2.6	0.02	3.00	0.7
2004-05	0.30	4.00	7.5	0.42	3.00	14.0
2005-06	8.36	11.00	76.0	0.00	0.00	..
2006-07	7.17	13.00	55.2	0.00	0.00	..
X Plan (2002-07)	16.21	38.00	42.6	0.45	16.00	2.8

Source: Financial Statistics of Education during the Eighth, Ninth (1997-2002) and the Tenth (2002-2007) Five-Year Plans.

The scheme aims at providing scholarships to at least 2 per cent of the students passing out of schools every year for pursuing higher education. While restructuring of the scholarship schemes with increased budget outlays and hopefully better execution needs to be welcomed, it is too early to comment on the new scheme; one only hopes that it will not be administered like the earlier schemes. The scheme needs to be strengthened in such a way that no meritorious student feels financially constrained to go for higher education. In fact, the attempt should be to see that every meritorious and needy study is necessarily guaranteed of financial assistance from the government for pursuing higher education.

There are some important ongoing schemes of pre- and post-matriculation scholarship for scs, strs, other backward classes and minorities, which are administered by the ministries of social justice and empowerment, tribal affairs and minority affairs (Table 11). The allocations do not show any significantly

situation on the eve of the general elections. The budget allocation to education sector in budget 2008-09 marks, in nominal prices, a 35 per cent increase over the previous year's revised estimates of budget expenditure. A close examination of the budget allocations indicates that this is not particularly high, compared to annual increases in earlier years. Nevertheless

Table 11: Budget Allocations to Scholarships to Weaker Sections (Rs crore)

	2007-08BE	2007-08RE	2008-09BE
Scheduled castes			
Pre-matric scholarships	611.0	811.0	731.0
Post-matric scholarships	25.0	7.5	54.0
Total	636.0	818.5	785.0
Scheduled tribes			
Pre-matric scholarships	163.2	162.0	195.0
Backward castes			
Pre-matric scholarships	22.5	22.5	27.0
Post-matric scholarships	90.8	110.8	120.8
Total	113.3	133.3	147.8
Minorities			
Pre-matric scholarships	72.0	9.0	71.9
Post-matric scholarships	90.0	54.0	89.9
Total	162.0	63.0	161.8
Grand total	1,074.4	1,176.8	1,289.6

Source: Union Budget 2008-09: Expenditure Budget II.

this is a good increase. More importantly, the allocations in the current budget signal three marked shifts in education priorities of the government – (a) from elementary to secondary and higher education, as there is no real increase in the allocation to elementary education, while the increases are quite impressive in the case of secondary education, higher technical education and higher general education; (b) from mass expansion to expansion of privileged and elite – academically and more importantly economically – institutions, reflected in the allocation of resources to create new model schools at the secondary level, and setting up of higher education institutions of world standards, including specifically management and technical institutions, some of which actually cater more to the needs of the global markets; (c) from a system of funding out of gross budgetary support to funding out of earmarked taxes/cess, as

the reliance on education cess increases and allocation from the overall general budgetary support ceases to grow much; and (d) to a system of delivery that relies more on new modes of public-private partnership. The new emphasis on public-private partnership, an issue that figures prominently in the approach to the Eleventh Plan, and an issue that is at the back of the budget proposals relating to expansion of secondary and higher education and also in the case of vocational education and skill development is indeed conspicuous. Until now it is the government that identified projects and called for private sector's participation and execution in the framework of public-private partnership. According to the redefined approaches to public-private partnership, the private sector will take the lead. Limited available experience shows that public-private partnership models do not work, they are not

relevant, or are yet to demonstrate their relevance and social desirability in the area of education.

NOTES

- 1 But the Eleventh Five-Year Plan estimates the figure to be 18 crore by 2008-09.
- 2 The budget details (*Expenditure Budget Vol II*, pp 134-35) do not show any allocation under this category in 2008-09.
- 3 This allocation is also not shown in the budget details (*ibid*, p 134).
- 4 Non-plan allocation to IIMs was reduced by nearly 35 per cent from Rs 42.2 crore in 2007-08 (revised estimate) to Rs 27 crore in 2008-09. Such cuts might force, as one can rightly interpret the recent developments, these institutions to hike their student fee levels.

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