

Is the policy focus shifting from school education to higher education in India?

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The overall allocation for education has been reduced in the 2015-16 union budget, with an increase in allocation for higher education and decrease in allocation for school education. In this article, Bharadwaj and Srivastava explore whether the policy focus is really shifting from school education to higher education. They argue that while it is important to focus on higher education and skill development to plug the gap created by poor quality school education, this can only be a transitory arrangement.

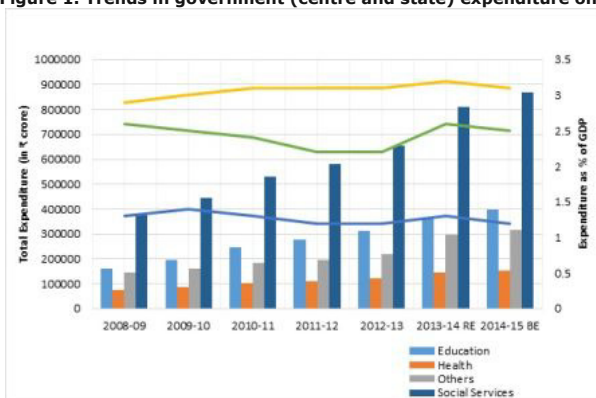
Given the new initiatives of the central government such as 'Make in India', 'Skill India' and 'Digital India',

it was widely expected that the share of GDP (Gross Domestic Product) devoted to education would be increased. Data on expenditure – in nominal terms – presented in the 2015-16 union budget seems to suggest that the current government, akin to the previous government, has indeed laid down a strategy of consistently increasing the investment in social services¹. However, if we delve deeper into the data, a murky picture emerges.

Budgetary allocation for education

Expenditure on all social services as a percentage of GDP in 2008-09 stood at 6.8%, whereas the 2014-15 budget estimate for the same is 6.7%. Within this, the expenditure on the category of 'education' varied within a narrow band of 2.9% and 3.1% of GDP between 2008-09 and 2012-13. It still stands stagnant at 3.1% of GDP in 2014-15 (Figure 1).

Figure 1. Trends in government (centre and state) expenditure on social services



Source: Economic Survey 2014-15, Statistical Appendix, Government of India.

Note: (i) Vertical Bars represent expenditure on social services in Rs. crores. (ii) Lines represent expenditure on social services as a percentage of GDP.

The government has, in fact, reduced the outlay on the education sector overall (school and higher education combined). If we consider the change in budget estimates from 2014-15 to 2015-16 in nominal terms, both plan and total outlay² have declined by almost 20% (Figure 2).

If we consider the change in budget estimates in 2015-16 from the revised estimates³ of 2014-15 – again in nominal terms – both plan and total outlay expenditure on education have declined by 2-3%. It is important to note that after accounting for inflation, the decline in budgetary allocation to the education sector would be more pronounced.

Figure 2. Percentage change in budgetary outlay to the education sector from 2014-15 to 2015-16

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Source: Union budget 2015-16, Government of India.
 Note: Outlay based on budget estimates.

However, the [prevailing public discourse](#) seems to have missed the nitty-gritty of the problem and has almost pronounced the 2015-16 budget to have put the education sector on a high-growth path. This has led many into making [confounding conclusions](#) that the government has made a decision to focus more on higher education - and away from school education - in an attempt to target the young population who would otherwise shift their base outside India, thereby affecting the economy. Some have [erred in positing](#) that by setting up new IITs (Indian Institute of Technology) and IIMs (Indian Institute of Management), quality workforce will enter the market and benefit industry. This is partly because of a lopsided comparison of the 2014-15 *budget* estimates of plan expenditure on education with the 2013-14 *revised* estimates of plan expenditure on education, and partly because the argument is based on *nominal* rather than *real* values of plan expenditure. Therefore, the fact that the plan outlay on higher education has increased significantly (by 22%) relative to the 10% decrease in plan outlay on school education presents a warped understanding of the issue.

School education versus higher education

The increase in expenditure on higher education, which received a lot of media attention recently, should be taken with a pinch of salt. First, any decrease in plan expenditure on school education and any increase in plan expenditure on higher education sector needs to be adjusted downward if we account for inflation. Second, and more importantly, the budget estimates of plan outlay on higher education were on the higher side in the past - Rs. 16,900 crores in 2014-15 and Rs. 16,210 crores in 2013-14 (Government of India, 2015). The corresponding figure for the current budget stands at Rs. 15,855.26 crores. The 22% increase in the budget outlay in 2015-16 is vis-à-vis the *revised* estimate of the outlay in nominal terms in 2014-15.

It has become a [regular practice of the government](#) to revise (mostly downward) the figures that are originally presented in the budget statement, considering fiscal constraints somewhere in the middle of the year. It is anticipated that the budgetary plan outlay of Rs. 15855.26 crores allocated to higher education will also face a similar cut. Further, a closer look at the budgetary allocation figures of the last few years reveals two important issues. There has been a retreat of central funding to higher education under many heads that were crying for resources. Secondly, solving the perennial problem of underutilisation of allocated funds requires urgent attention of the government.

While in 2013-14, the budgetary allocation under the head of 'improvement in salary scale of university and college teachers' by the UPA-II (United Progressive Alliance) government was more than Rs. 2,000 crores, the debut budget of the BJP (Bharatiya Janata Party) government - announced in July 2014 - reduced the allocation by almost 17.24%. The trend of budgetary cut under this head has continued in 2015-16 with a paltry Rs. 1,200 crores being allocated to this head - almost one third of the budgetary outlay of 2014-15. What deserves credit is the substantive allocation to support skill-based higher education including community colleges (these were not allocated any funds by the previous government), which exemplifies the government's commitment to the 'Skill India' campaign.

Compared to previous years, the government has decreased the budgetary outlay for provision of 'technical education' by 1.4% in nominal terms. While the government is committed to setting up new IITs and IIMs - the Rs. 1,000 crores corpus which is set aside for this purpose is more than double the allocation announced in the previous budget - plan outlay on the existing IITs has been substantially reduced. The plan grant (or capital grant) from the government - which covers the cost of buildings, laboratories, libraries and other infrastructure - was decreased significantly, ignoring the need of regeneration of ageing infrastructure of the existing IITs, as pointed out in the [2011 Kakodkar committee report](#).

Any plan expenditure for assistance to state governments for degree colleges was withdrawn in the maiden budget of the new government and the trend has continued in the current budget. Total Strategic Assistance for State Higher Education is provided through the *Rashtriya Uchcha Shiksha Abhiyan* (RUSA) and an amount of Rs. 1,155 crores is allocated for this purpose. However, there is a sharp fall in the budget allocation to RUSA in the 2014-15 budget in comparison to the 2013-14 budget. This points towards an increase in financial responsibilities of the state governments in terms of using their own funds for implementation of schemes. However, the [poor spending capacity of the states](#) and the [underperformance of state-level public service provision](#) owing to poor quality and corruption point towards sheer inefficiency and incapability of the state governments to step up.

Notwithstanding the fact that it is the constitutional responsibility of the government to provide school education to a burgeoning population, this sub-sector has witnessed a huge dip in budgetary allocation. Budget estimates of combined plan outlay of the centre and states towards school education in the present union budget saw a decline of almost 25% compared to the previous year. On a disaggregate level, there was no percentage change in the total central plan outlay, while the decline in the state outlay was as much as 26% (Figure 3).

Figure 3. Change in budget outlay on school education, 2014-15 to 2015-16

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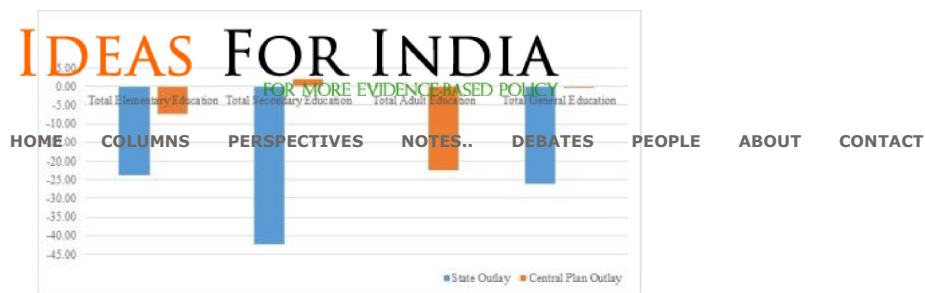
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Source: Union budget 2015-16.

Note: The outlays presented are budget estimates and the change is in percentage terms.

Most of the students who are currently transitioning into the secondary and higher-secondary classes would have entered the labour force by 2017. The drastic fall in budgetary outlay for school education, driven by a 40% reduction in the outlay for secondary education, seems contradictory to the thrust on skill-development campaigns.

Some may argue that fulfilling the objectives of skill development, and providing employment to the ever-increasing number of job-seekers, along with maintaining the quality of school education is a shared responsibility of the government and the private sector. It is also known that inadequate funds to finance school infrastructure and teachers' salaries, among a number of other reasons, are important factors contributing to high drop-out rates in schools. So, the reality is that private schools which are able to maintain a certain minimum level of quality of education are unaffordable to the marginalised sections of the society because of which they play a more exclusive rather than an inclusive role. On the other hand, the relatively affordable private schools are severely constrained in the provisioning of quality school education. In the last two five-year plans, the Ministry of Human Resource Development (MoHRD) proposed a framework to engage with the private sector to provide quality school education keeping in mind broader social goals of equity and inclusion. However, lack of utilisation of the allocated budget under the public-private partnership (PPP) in school education in the 11th Plan suggests that the private sector is hesitant in venturing into this field.

Way forward

While it is important for the government to lay emphasis on higher education and skill development at the post-secondary level to fill the gap created by the poor quality school education (Economic Survey 2014-15), this can only be a transitory arrangement. The long-term solution to the problem of poor quality school education lies in focusing on school education itself.

In normative terms, the objective of the government should be the provisioning of quality education which is accessible to all social groups in the country. While the budget shows tapering of funds under major heads of the education sector as a whole, the more troubling aspect of this budget is the disconcerting trade-off we see between school education and higher education whereby school education suffers and higher education gains very little.

Notes:

1. Social services are broadly classified into three categories – Education, Health and Others. 'Education' includes expenditure on education, sports, arts and culture. 'Health' not only includes expenditure on medical and public health, and family welfare, but also on water supply and sanitation. Finally, 'Others' includes expenditure on a range of services such as housing, urban development, welfare of Scheduled Castes (SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs), labour and labour welfare, social security, nutrition, and relief on account of natural calamities.
2. Plan expenditure is the expenditure of the government on the (current) five-year plan. Non-plan expenditure covers all expenditure of the government not included in the five-year plan. It may either be revenue expenditure or capital expenditure. Part of the expenditure is obligatory in nature, such as interest payments, pensionary charges and statutory transfers to states and union territory governments. A part of the expenditure relates to essential functions of the government such as defence, internal security, external affairs and revenue collection.
3. Budget estimates are the detailed estimates of probable receipts and expenditures of the government for a financial year, framed in advance. Revised estimates are estimates of the receipts and expenditures for a financial year, framed during the course of the year, with reference to the transactions already recorded and in anticipation for the remainder of the year in the light of the orders already issued ([Budget Manual, Government of India, 2010](#)).
4. The analysis that follows is based on the data available at <http://indiabudget.nic.in/ub2015-16/eb/sbe60.pdf>.

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