

**CENTRAL GOVERNMENT EXPENDITURE ON EDUCATION IN INDIA DURING
11th FIVE - YEAR PLAN**

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ABSTRACT

The objective of this paper is to provide a comprehensive assessment of the allocations made by the government of India through its budgetary provision in the education sector over the 11th plan period (2007-12). The initial and last years of the plan have been compared and the growth analysis of the increase in union government expenditure on education provided. In the next stage, schemes have been categorized according to their purpose. Then an analysis of the size of the schemes has been given, and their distribution, both within the education sub-sectors and across the sub-sectors has been tracked. The quantum of public expenditure on education by the union government has gone up significantly during the 11th plan period. During this period, education financing by the union government has reflected the focus on increasing enrolment and reducing dropouts. Institutional grants for higher education, either directly or through the University Grants Commission, have shown significant increase in allocations. The analysis of group – wise expenditure indicates that there are increments in expenditure in the first three groups for every level of education (except group II allocation in university, higher and distance learning and group III allocation in secondary education) and decrease in expenditure in group IV schemes, lowest allocation category, (except secondary and technical education levels). This reflects a move towards consolidation of resources in flagship schemes during the 11th plan period, which is a welcome development.

KEYWORDS: Education Financing in India

INTRODUCTION

Education is the most important lever for social, economic and political transformation. A well- educated population, equipped with the relevant knowledge, attitudes and skills is essential for economic and social development in the twenty first century. Education is the most potent tool for socio - economic mobility and a key instrument for building an equitable and just society. Education provides skills and competencies for economic well-being. Education strengthens democracy by imparting to citizens the tools needed to fully participate in the governance process. Education also acts as an integrative

force in society, imparting values that foster social cohesion and national identity. Recognizing the importance of education in national development, the Twelfth Plan places an unprecedented focus on the expansion of education, on significantly improving the quality of education imparted and on ensuring that educational opportunities are available to all segments of the society.

Recognizing the importance of education, public spending on education has increased rapidly during the Eleventh Plan period. Education expenditure as a percentage of Gross Domestic Product (GDP) has risen from 3.3 per cent in 2004-05 to over 4 per cent in 2011-12. Per capita public expenditure on education has increased from Rs.888 in 2004-05 to Rs.2,985 in 2011-12. The bulk of public spending on education is incurred by the State Governments and their spending has grown at a robust rate of 19.6 per cent per year during the Eleventh Plan. Central spending on education has increased even faster at 25 per cent per year during the same period (Planning commission)

The aggregate expenditure on education includes both plan and non- plan expenditure. Plan expenditure is that part of total budget expenditure, which is meant for financing the schemes and programmes especially framed under the current Five-year plan or the unfinished tasks of the previous plans. So the plan expenditure indicates the direction of changes in the education sector. Non - plan expenditure is the expenditure on operating and maintaining existing education infrastructure. So at the end of a five year plan, the recurring parts of plan expenditure on different programmes or schemes become part of non - plan expenditure. So non - plan expenditure is expected to increase steadily over the years. The scope for decreasing this expenditure is very limited, as it involves maintaining the stock of education infrastructure which has been determined by the policies in the past years and while savings through introduction of efficiency measures are possible that would be a one-time savings. The Centre's share in plan expenditure is very high and has increased from 42 per cent in 1992-93 to 63 per cent in 2003-04. On the other hand, states have consistently accounted for around 92-94 per cent of non plan expenditure. This implies that while states are responsible for the bulk of expenditure centre has come to play a dominant role in shaping the country's education system. It has been noted that the larger part of education expenditure is non - plan. The Centre has always played an insignificant part in it, accounting for 5 to 7 per cent of the total. But its role has assumed increasing importance in Plan expenditure and calls for a closer look. (Anuradha De and Tanuka Endow, 2008)

The share of the centre in plan expenditure fluctuated between 25 to 30 per cent from the inception of Indian planning till the Fourth plan, a period when education was a state subject (Tilak 2003). Even after inclusion of education in the concurrent list in 1976, there was no immediate increase in the share of centre in plan expenditure – it showed a decrease rather than increase. However since then the centre’s share has been increasing over the years – from around 40 per cent in the early 1990s, to more than 60 per cent in the recent years. In absolute terms the increase is particularly rapid since 2000-01. This implies an important shift in the role of Central government vis-à-vis state governments - Plan expenditure through which changes are implemented in the sector is gradually being dominated by the Centre – a sharp contrast from the government’s professed emphasis on decentralization.

Methodology

In this paper an attempt has been made to provide a comprehensive assessment of the allocations made by the government of India through its budgetary provision in the education sector over the 11th plan period (2007-12). The initial (2007-08) and the last years (2011-12) of the plan have been compared and a growth analysis of the increase in union government expenditure on education provided. In the next stage, schemes have been categorized according to their purpose – Administrative expenditure, increasing enrolment, reducing dropout, improving quality, ensuring equity, institutional grant and grant to north- eastern states. Then an analysis of the size of the schemes (above Rs.5000 million to less than Rs.500 million) has been given, and their distribution, both within the education sub- sector and across the five sub-sectors has been tracked. This study is fully based on secondary sources of data. The necessary data required for the study have been collected from the planning commission, Ministry of finance and ministry of human resource development, government of India. Simple growth and percentage analysis have been used to analysis data.

Budget Allocations for Education During 11th Five – Year Plan

The education budget of the central government can be disaggregated into five broad components. They are:

- (a) Elementary Education
- (b) Secondary Education
- (c) University, higher and distance learning
- (d) Technical Education and

(e) Others, which includes adult education, promotion of language, etc.

Budgetary allocations by the central government for education have increased significantly during 11th plan period. The total expenditure for education sector has risen from Rs.296003 million in 2007-08 to Rs.612784 million in 2011-12 showing a growth of 107%. Budgetary allocation has doubled in the case of University, higher and distance learning, and it has increased by more than two times in the case of secondary and technical education. Allocation for elementary education has increased by 57.69% during the same period.

Table:1 Central Expenditure on Education During 11th Plan (Rs.in Million) (RE)

Education Level	2007-08	2011-12	Increase in percentage
1.Elementary	203104 (68.62)	320272 (52.26)	57.69
2.Secondary	26277 (8.88)	88853 (14.50)	238.14
3.University, higher and distance learning	40081 (13.54)	107330 (17.52)	167.78
4.Technical Education	21236 (7.17)	78261 (12.77)	268.53
5.Others	5305 (1.79)	18068 (2.95)	240.58
Total	296003 (100.00)	612784 (100.00)	107.01

Source: Expenditure budget, Vol.No.2, Union budget 2007-08 and 2011-12, Ministry of finance , Government of India

Note : RE- Revised Estimate

: Figure in parenthesis indicates percentage to total

: Expenditure includes both plan and non- plan expenditure.

On the basis of the data shown in table No.1 following observations are made.

- Expenditure on all levels, i.e., Primary, Secondary, University, higher and distance learning and Technical education has recorded a significant increase
- Expenditure on elementary education is higher than expenditure on all other levels of education sector. Expenditure under elementary education alone accounts more than 50% of the total expenditure on education in 2011-12.

- The proportion of expenditure under University, higher, and distance learning and Technical education in the aggregate expenditure on education has increased from 20% in 2007-08 to 30% in 2011-12
- The proportion of expenditure on Elementary education has been 68.62% of the total expenditure in 2007-08, and it has decreased to 52.26% in 2011-12.

Expenditure on Education by Type of Scheme

Almost the entire allocations in the budget for education by central government are spent through different schemes. The expenditure of the central government on education has been generally categorized into five major groups according to their motivations – (i) increasing enrolment, (ii) reducing dropout, (iii) improving quality, (iv) ensuring equity and (v) institutional grants. Since all centrally – sponsored scheme have a north – east component, the allocations for the region have been separated to provide an estimate of the quantum of resources solely focused on improving education in the north – eastern states of India. The table No.2 shows the allocations of central government on education by different types of schemes.

Table-2: Expenditure on Education by Different Schemes (Rs.in Million) (RE)

Group	Scheme	2007-08		2011 -12	
		No.of Scheme	Allocations	No.of Scheme	Allocations
Group-I	Enrolment increasing scheme	7	122382.2	6	213930.0
Group-II	Dropout reducing scheme	7	61794.2	8	103047.3
Group-III	Quality improving scheme	19	7356.2	17	20314.6
Group-IV	Equity in education	8	3103.0	11	11678.9
Group-V	Institutional grants	40	76501.3	43	212943.7
Group-Va	School education	5	20228.8	6	50129.3
Group-Vb	Higher education	35	56272.5	37	162814.4
Group-Vb(i)	University Grants Commission	1	35819.4	1	89274.1
Group-Vb(ii)	Non- Technical higher education	16	4236.6	15	16140.7
Group-V b(iii)	Technical Higher education	18	16216.5	21	57399.6
Group-VI	Grants for north – east states	19	23661.0	29	49707.0
Group-VII	Other administrative expenditure	-	844.1	-	2029.9

Source: Analysis of Budget expenditure on Education 2007-08 and 2011-12,
 Ministry of human resource development, Government of India

Note : RE – Revised Estimate

One implication of the data from table.2 is that the sizes of the schemes vary significantly. For example, There are 6 schemes to increase enrolment with total outlay of over Rs.200,000 million. On the other hand, there are 43 schemes for Institutional grants with total outlay of Rs.212,943 million in 2011-12. Similarly, the number of funding schemes that have been remarked for the north- east has increased from 19 in 2007-08 to 29 in 2011-12. There are 37 schemes for funding higher education with the total outlay of over 162,000

million in 2011-12. During the 11th plan, education financing by the central government has reflected the focus on increasing enrolment and reducing dropouts. Institutional grants for higher education, either directly or through the UGC, have shown significant increase in allocations.

Expenditure on Education by Groups

In this paper, schemes have been grouped together according to their allocation size for different sectors of education, with four groups for every sector. Group-I contains schemes with allocation of Rs.5000 million or more, Group-II comprises those between Rs.1000-5000 million, Group-III covers those between Rs.500-1000 million and Group –IV those below Rs.500 million. The table No.3 shows the expenditure on education by groups. Analysis of group-wise expenditure indicates that there are increments in expenditure in the first three groups for every level of education (except group –II allocation in university, higher and distance learning and group-III allocation in secondary education) and decrease in expenditure in group-IV schemes (except at secondary and technical education levels)

Table-3 : Expenditure by Group (Rs.in million) (RE)

Level Group	Elementary education		Secondary education		University, higher and distance learning		Technical education		Others	
	2007-08	2011-12	2007-08	2011-12	2007-08	2011-12	2007-08	2011-12	2007-08	2011-12
Group-I	198490 (97.73)	313800 (97.98)	20688 (78.73)	79808 (89.82)	35819 (89.37)	102608 (95.60)	13857 (65.25)	54282 (69.36)	-	7650 (42.34)
Group-II	4120 (2.03)	5265 (1.64)	3700 (14.09)	7367 (8.29)	1800 (4.49)	1620 (1.51)	2477 (11.67)	15694 (20.05)	1833 (34.54)	4388 (24.28)
Group-III	-	1000 (0.31)	1510 (5.74)	700 (0.79)	972 (2.43)	2156 (2.01)	2052 (9.66)	4872 (6.22)	1407 (26.53)	2735 (15.14)
Group-IV	494 (0.24)	207 (0.07)	379 (1.44)	978 (1.10)	1490 (3.71)	946 (0.88)	2850 (13.42)	3413 (4.37)	2065 (38.93)	3295 (18.24)
Total	203104 (100.00)	320272 (100.00)	26277 (100.00)	88853 (100.00)	40081 (100.00)	107330 (100.00)	21236 (100.00)	78261 (100.00)	5305 (100.00)	18068 (100.00)

Source: Analysis of Budget expenditure on Education 2007-08 and 2011-12, Ministry of human resource development, Government of India

Note : RE- Revised Estimate

: Figure in parenthesis indicates percentage to total.

Group-I (Schemes above Rs.5000 Million)

Group-II (Schemes between Rs.1000- 5000 Million)

Group-III (Schemes between Rs.500 -1000 Million)

Group-IV (Schemes below Rs.500 Million)

Looking at the percentage distribution of expenditure within each categories of education, we find that the proportion has increased in group-I and decreased in other groups, barring a slight increment in group-II for secondary education. From the analysis carried out in this section, it is evident that the government has tended to focus on schemes with higher allocation. Calculating the percentage of allocation of each group out of the total education expenditure and adding up all sectors, it is clear that the government has increased expenditure through group-I schemes and reduced expenditure through other small sized one in other groups.

Conclusion

Budget allocations on education by the central government have increased significantly between 2007-08 and 2011-12. Budget allocation has doubled in the case of university, higher and distance learning and has increased by more than two times in the case of secondary and technical education. During the 11th plan, education financing by the central government has reflected the focus on increasing enrolment and reducing dropouts. Institutional grants for higher education, either directly or through the UGC, have shown significant increase in allocation. The government has tended to focus on schemes with higher allocations. Calculating the percentage of allocation of each group out of the total education expenditure and adding up all sectors, it is clear that the government has increased expenditure through group-I scheme and reduced expenditure through small sized ones in other groups.

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