

Financing the Education in India

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Introduction

- Education in India is primarily a state sponsored activity. Therefore, the pattern of educational development depends, to a great extent, on the availability of governmental resources for education. As noted earlier, there are three layers of control of education in India — the central, the state and the district levels. Among these, districts are not constitutional or statutory units though they are important administrative units. Therefore, resource allocation mechanisms are based on centre-state partnership in educational endeavours. However, in the eighties, with the focus on decentralisation, the district is treated as the lowest viable unit for planning and devolution of financial resources and delegation of administrative powers. In this situation, some of the provincial governments have already initiated steps to constitute Commissions to evolve criteria for devolution of resources between state governments and district authorities, but this has not yet become a wide spread phenomena.

Mechanism

- Education in India is financed by both central and state governments. The governments at these levels provide funds for their own institutions and to institutions set up by private individuals or societies to whom grants are made on the basis of grants-in-aid policies of the government. The state governments differ in terms of the system of grants and they also differ by levels of education. Generally, private institutions which come under the purview of grants-in-aid code are given recurring and non-recurring grants.

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- The recurring grant includes a salary grant, a hostel grant and a maintenance grant.
- The financing of education in India grants include a building grant, an equipment grant, etc. Sometimes ad hoc grants are also given to these institutions for specific purposes such as the promotion of science and craft teaching, etc. The grants-in-aid policies also help to keep a check on and ensure certain levels of standards in terms of teacher qualifications, fees, maintenance of accounts, etc. Moreover, all the institutions receiving grants-in-aid are subjected to governmental inspection and supervision. However, it should be noted that in practice, the grants-in-aid policies are hardly used to maintain quality in education.

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- The Constitution of India has categorised the government functions into three: List I : list of union or central government functions; List 2 : list of state government functions; and List 3 : list of concurrent functions. In the case of concurrent functions the central and state governments enjoy equal power of legislation, subject to a provision which protects and upholds the supremacy of the central government in the event of a conflict between the central and state legislation. Education was placed under List 2 (list of state functions) except for a few parts of education which were placed under List 1.

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- The following sectors of education were listed as functions of the central government (List 1): central universities, Union agencies and institutions for professional and technical education, Union agencies for co-ordination and determination of standards in institutions for higher education and any other institution declared by the Parliament to be an institution of national importance. These provisions of the Constitution resulted in the establishment of such institutions as the Central Board of Secondary Education (CBSE), the University Grants Commission (UGC), Deemed Universities, the National Council of Educational Research and Training (NCERT) and the National Institute of Educational Planning and Administration (NIEPA) (UNESCO: 1984). Vocational and technical training of labour was listed in the concurrent functions. All other areas and sectors of education were under List 2.

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- In 1976, through a constitutional amendment, education was shifted from the state list to the concurrent list. This legalized the involvement and dominance of the central government in educational development. Many state governments opposed this shifting of education to the concurrent list. Though education was put under the concurrent list, it did not show any difference in terms of organisation and financing of education in India. It is interesting to note that the National Policy on Education.
- The federal structure and mechanisms of financing education in India Education (Department of Education : 1986) puts emphasis on decentralised planning and management of education even though education continues to be in the concurrent list. Any recognisable positive effects of concurrency in education are yet to be noted.

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- The Central Government intervenes in education in three main ways: the Central government has its own central sector in education, which includes, besides the sectors listed in the Union List (List 1), the Central schools, the Regional Colleges of education, National scholarships, the programmes of the University Grants Commission (UGC) such as the creation of Centres for Advanced Study, etc. Administrative as well as financial functions of this sector are the total responsibility of the Central government. These activities are planned, implemented and financed exclusively by the Centre. Secondly, there is a sector known as centrally sponsored sector the responsibility of which the states do not accept on their own.

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- The central government could however persuade the state governments to accept the responsibility of their implementation. They constitute part of the central plan in respect of which the states act as executive agencies. They are designed and developed by the centre. The activities in this sector include promotion of Sanskrit, Hindi in non-Hindi speaking states, promotion of students tours, etc. The central government takes care of the financial part of these activities. Then there is the centrally assisted sector which includes activities in the promotion of which the centre is actively interested though they are embodied in the state plans.

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- The states only partially accept the financial responsibilities of this sector. The opening of non-formal education centres, enrolment of handicapped students in the integrated schools, etc., are some of such activities. The financial contribution of the centre to such activities might vary between 25 per cent to 100 per cent of the total cost of these activities. The central grants of all these three kinds often lead to the decision making at the state level being replaced by central decision and to that extent such grants erode state autonomy.

- Source- *The Financing of Education in India*, by-N.V. Verghese and Jandhyala B.G.Tilak, 1991, International Institute of Educational Planning, Paris

Recent trends

- Education has been made fundamental right by the The Right of Children to Free and Compulsory Education Act or Right to Education Act (RTE), 2009. Earlier, by 86th CAA, 2002 it was inserted in the Constitution as Article-21A.
- Since 2000-2001 Sarva Shiksha Abhiyan (SSA) is operational in the country
- Education cess was imposed in income tax slabs to meet out SSA expenditures.
- Private sector is increasing fast in India.
- National Education Policy-2020 aims 6% of GDP on education, which is about 3 % at present.