

Education Sector, GOI 2009-10

Background: The Government of India (GOI) implements a number of programmes for the achievement of the *Education for All* goal. Elementary education is a key priority and Sarva Shiksha Abhiyan (SSA) is the largest programme.

Cost Share and Implementation: 60% of the funds come from the centre and the rest from the states. In most states, Village Education Committees (VECs) have been set up to make plans and monitor school level expenditures.

Complete expenditure data is publicly available up to FY 2008-09.

Highlights

GOI allocation for education in FY 2010-11 (in crore)	Rs. 49,904
GOI allocation for Sarva Shiksha Abhiyan (SSA) in FY 2010-11 (in crore)	Rs. 15,000
Released funds in SSA in FY 2008-09*	78%
Unspent funds in SSA in FY 2008-09*	30%
Spent for SSA in second half in FY 2008-09*	63%

*Complete data is available for FY 2008-09. Data includes centre and state releases. Unspent funds calculated on the basis of fund availability (centre+state+opening balance). Estimates for 2010-11 are budgeted estimates.

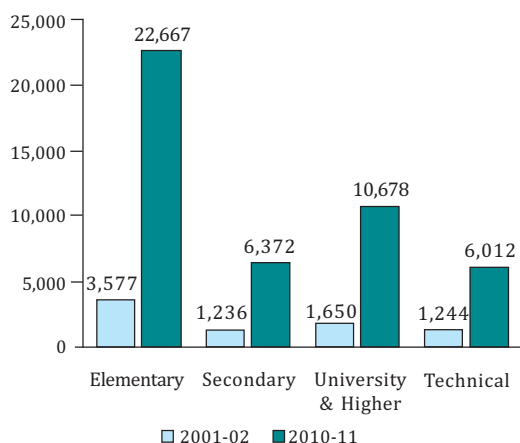
Key Facts and Analysis

- ◆ In FY 2010-11, **50%** of total allocations went to Elementary Education, of which SSA was the largest programme receiving nearly **30%** of total allocations for education.
- ◆ **63%** of SSA funds came from Education cess.
- ◆ SSA has a history of under-spending. Unspent funds for FY 2007-08 amounted to Rs. **8,728** crore, which was the opening balance at the start of FY 2008-09.
- ◆ Expenditures are not aligned with fund availability. In FY 2008-09, **63%** of the funds were spent in the second half of the financial year.
- ◆ **66%** of SSA allocations in FY 2008-09 went towards teacher salaries and infrastructure.
- ◆ **80%** of the funds available for teacher salaries and **65%** of the funds for training were spent in FY 2007-08. This is an improvement from FY 2005-06 when **63%** of the teacher salary funds and **37%** of training funds were spent.
- ◆ Variation in states' ability to spend. In FY 2008-09, Rajasthan and Chhattisgarh spent over **90%** of the allocated funds. Madhya Pradesh and Bihar spent **57%** and **42%** respectively.

Trends in Overall Allocations and Expenditures

- Over 6-fold increase in allocations for education since 2001-02, in nominal terms (not controlling for inflation). The current allocations for FY 2010-11 stand at Rs. **49,904** crore.

Over 6-fold increase in allocations for education since 2001-02

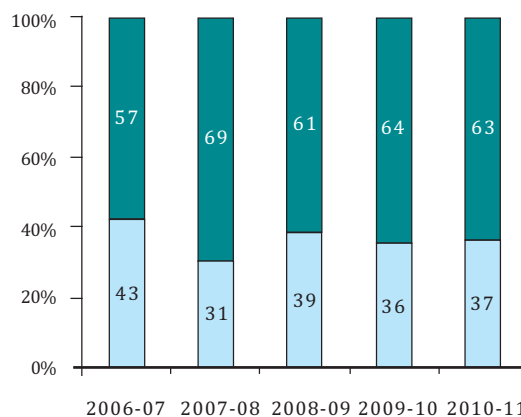


Source: Union Expenditure Budget, Vol2, 2003-04 till 2010-11, calculated from the Ministry of Human Resource Development. Note: All figures in crores of rupees. Includes both plan and non-plan allocations, but does not include north-east component. North-east component for elementary education is Rs. 2,399 crore.

- In 2008-09, GOI launched Rashtriya Madhyamik Shiksha Abhiyan (RMSA) to promote secondary education. The budget for RMSA in FY 2010-11 was Rs. **1,700** crore.
- Elementary education remains a priority. It constitutes **50** percent (including north-east component) of the total allocations for education.
- SSA is the largest scheme for delivering elementary education. Rs. **15,000** crore was allocated for SSA in FY 2010-11 amounting to **30** percent of the total education allocations. Allocations for SSA include north-east component.

- Education cess or Prarambhik Shiksha Kosh (PSK) is the main source of funding for SSA. PSK is a **2** percent tax-on-tax paid by the general public. Over the last five years the cess has contributed an average of **63** percent of the SSA funds.

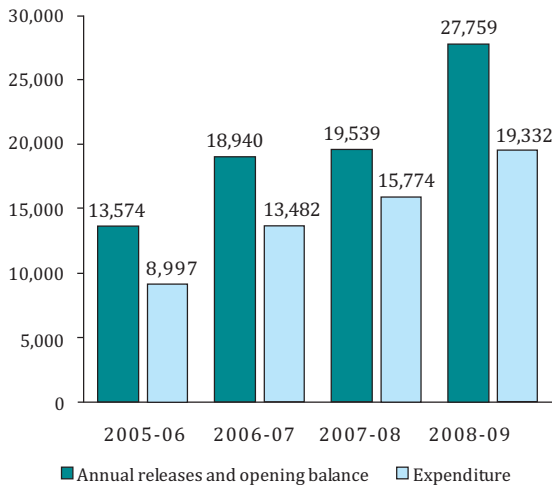
63 % of SSA funds came from Education cess in 2010-11



Source: Calculated from Expenditure Budget- 2007-10 incorporating notes on demand for grants, compiled by the Ministry of Human Resource Development. Note: Figures in percentages. Does not include north-east component, which is Rs. 1,398 crore.

- SSA has a history of under-spending. Unspent funds for the current year are carried forward to the next year. Total funds available for expenditure in any given year are thus made up of both annual allocations for the year and unspent monies from previous years.
- In FY 2008-09, SSA had an opening balance of Rs. **8,728** crore.

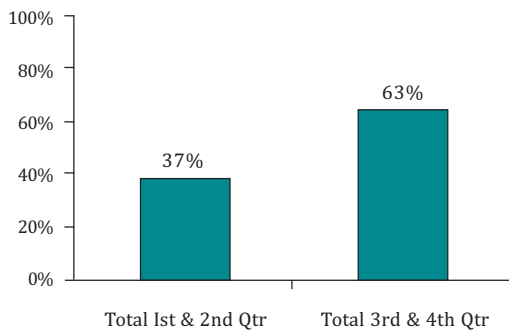
Expenditures for SSA not aligned with fund availability



Source: Calculated from SSA Portal, Financial Management. Data for 2008-09 is from 10th Joint Review Mission. <http://ssa.nic.in/ssadoc/jrm/Final%20Aide%20Memoire.pdf>. Note: Figures in crores of rupees.

- In FY 2008-09, **70** percent of total funds available were spent. This is a **10** percent drop from the previous year. Expenditure is not uniform across the year. Most of the money is spent in the final quarters of the financial year.

Final quarter rush to spend funds

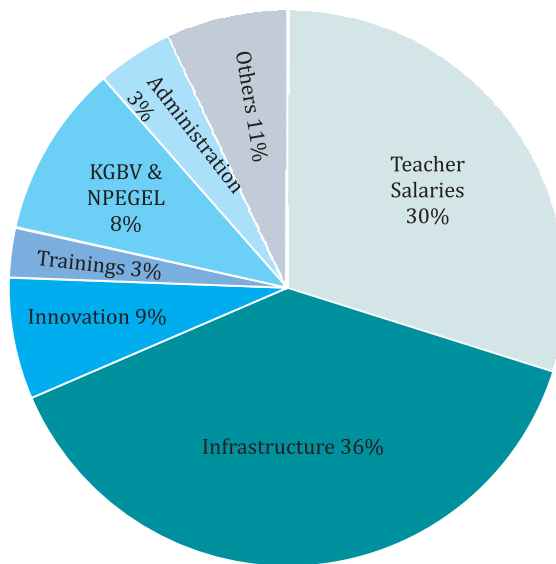


Source: SSA Portal, Minutes of 22nd Quarterly Review Meeting of Financial Controllers, Annex D, Amita Singla - FM Presentation on financial progress ppt. Note: Figures in percentages.

Trends in Break-up of Allocations and Expenditures

- SSA allocations are tied to certain expenditure items.

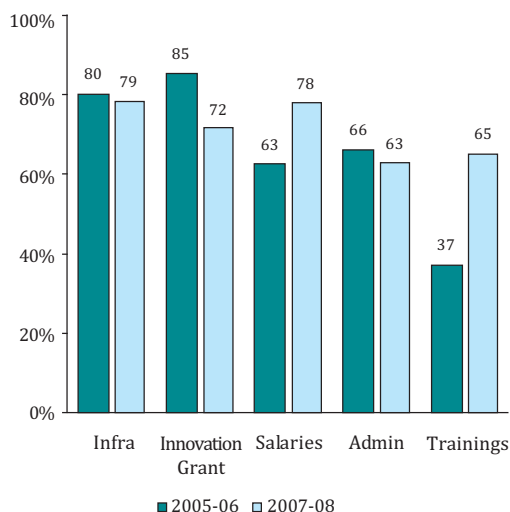
Largest allocations for SSA go towards teacher salaries and infrastructure



Source: Calculated from SSA portal, Financial Management, 'State-wise & component-wise allocation and expenditure'. Trainings include both teacher and community trainings. Innovation includes innovation component, EGS/AIE & remedial education, Administration includes funds for Research and Evaluation and Management. Note: Figures in percentages and pertain to the FY 2008-09.

- In FY 2008-09, teacher salaries and infrastructure constituted **30** percent and **36** percent of the total SSA allocations respectively. Innovation (including activities such as girls' education, early childhood care, computer education etc), Education Guarantee Schemes (EGS), and remedial education together constituted **9** percent. Trainings (both community and teacher training) constituted **3** percent of the total SSA allocations.

Variations in expenditure capacity across SSA components



Source: Calculated from SSA portal, Financial Management, 'State-wise & component-wise allocation and expenditure'. Trainings include both teacher and community trainings. Admin includes funds for Research and Evaluation and Management. Infra includes grants for civil works, major repairs, school grant and maintenance grant. Note: Figures in percentages and pertain to 2007-08. Data for 2008-09, only available till September 2009.

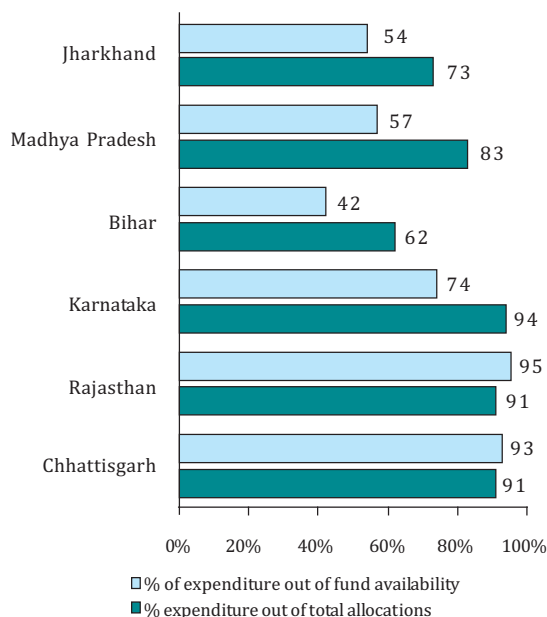
- Spending capacity varies across budget items. In FY 2007-08 nearly **80** percent of the available funds for teacher salaries and infrastructure were spent, while **65** percent of the training funds were spent. This is an improvement over FY 2005-06 when **63** percent of teacher salary funds and **37** percent of training funds were spent.
- However, expenditure on innovation activities (a grant of up to **1** crore per district) decreased in FY 2007-08, with only **72** percent of allocated funds spent, down from **85** percent in FY 2005-06.

Trends in Expenditures at the State Level

- Wide variations in state governments' ability to spend funds. 18 states spent over **80** percent of total funds available to them

in FY 2008-09, while 8 states spent less than **60** percent.

Wide inter-state variation in spending capacity



Source: Calculated from SSA Portal, 10th Joint Review Mission.. Note: Figures in percentages and pertain to FY 2008-09.

- Rajasthan and Chhattisgarh, for instance, spent **95** and **93** percent of the total funds available, whereas Bihar and Madhya Pradesh spent **42** and **57** percent respectively.
- Inability to spend is in part a consequence of large opening balances - unspent money from the previous financial year that carries forward to the next year. For example, in FY 2008-09, the opening balance of Rajasthan was **7** percent of total available funds, while for Bihar, it was **48** percent.
- However, variations exist even in the ability to spend funds allocated in the same year (not including opening balance). Rajasthan spent **91** percent of

- the year's allocations in FY 2008-09, while Bihar spent only **62** percent.
- Uttar Pradesh was able to spend **88** percent of both the year's total allocations as well as the total funds available (including opening balance) in FY 2008-09.
 - Variations also exist in state capacity to spend from year to year. In FY 2007-08, Karnataka was able to spend over **90** percent of the total funds available. However, in FY 2008-09 the state spent **74** percent of total funds.

This section offers some practical leads to accessing further and detailed information on the union government's education sector budget. However, reader patience and persistence is advised as a lot of this information tends to be dense and hidden amongst reams of data.

Data Sources	Useful Tips
Union Budget, Expenditure Vol.2 www.indiabudget.nic.in	This volume provides total ministry-wise and department-wise allocations as well as disaggregated data according to sectors and schemes from 1998-99 onwards. The data has both revised and budgeted estimates and should be calculated according to the Major-Head and Sub Major-Head. For elementary education, the head is 2202.01.
Ministry of Human Resource Development http://education.nic.in/Policy/AnnulPlan2008-09.pdf <i>Accessed on December 10, 2010</i>	Annual plan for the Department of School Education and Literacy for the year 2008-09 including both Centrally Sponsored Schemes and Central Sector Schemes.
Department of School Education and Literacy, MHRD http://www.education.nic.in/Elementary/ccmain.asp	Month-wise and scheme-wise statement of expenditure for 2007-08 and 2008-09 (till January 2009), Grants in Aid for State Government (07-08 and 08-09 till May 08). It is important to note that there is a discrepancy between this website, (according to which there have been no releases for SSA) and the SSA Portal which gives details of the actual releases.
SSA Portal, Financial Management http://164.100.51.121/financial-management/allocation-releases-and-expenditure <i>Accessed on January 10, 2010</i>	State-wise Allocation, Release and Expenditures for SSA (up to September 08) and Component-Wise break-up of Allocation and Expenditures. There are two different data-sets available for releases: One with "Allocation, Release and Expenditure 30-09" and the other with "Expenditure State-Wise up to 30th September" – both have different numbers.
SSA Portal, Monitoring, Joint Review Mission http://ssa.nic.in/ssadoc/jrm/Final%20Aide%20emoire.pdf <i>Accessed on December 10, 2010</i>	10th Joint Review Mission has updated expenditure data for 2008-09.
SSA Portal, Minutes of 22nd Quarterly Review Meeting of Finance Controllers http://ssa.nic.in/financial-mgmt-docs/22nd-quarterly-review-meeting/Annex%20D%20-%20Amita%20Singla%20-%20FM%20Presentation%20on%20financial%20progress.ppt , Annex D, Amita Singla - FM Presentation on financial progress.ppt <i>Accessed on January 10, 2010</i>	A PowerPoint presentation giving state-wise trends including expenditure trends for 2008-09.
Centre for Budget and Governance Accountability (CBGA) http://www.cbgaindia.org	The website is a good source for budget-related documents, including Budget Track, and regularly comes up with reports documenting government expenditures in the social sector.
Analysis of Budgeted Expenditure 2002-03 till 2006-07 http://www.educationforallindia.com/analysis-of-budgeted-expenditure2004-06-to2006-07.pdf	Detailed information regarding centre and state allocations and expenditures including those made by other ministries. It provides a good holistic review of financial trends. The most recent data available online is of 2006-07.

Prepared by Avani Kapur, akapur@accountabilityindia.org & Sruti Bandyopadhyay, sbandyopadhyay@accountabilityindia.org
Advisory Support Dr. Anit Mukherjee, Fellow, National Institute of Public Finance and Policy, anit@nipfp.org.in



Budget Briefs is an attempt to undertake basic analysis on social sector budget data including trends in allocation and expenditure patterns and collate and make accessible budget data sources. Information from this document may be reproduced or redistributed for non-commercial purposes in part or in full with due acknowledgement to Accountability Initiative ("AI"). The opinions expressed are those of the author(s). More information on *Budget Briefs* can be found at http://accountabilityindia.org/know_budget.php?menu=4