

Skill India, Education Policy and Budgeting – Beyond Numbers

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Abstract

India's budget of 2015-2016 after its initial euphoria gives an impression of inadequate attention to Human Development Index (HDI) concerns. Catchy epithets like Make In India and JAM (Jan Dhan, Adhar and Mobile) while pandering to popular discourse fail to address the challenges of bolstering the Skill India initiatives. The paper attempts to bring out the policy initiatives to improve the educational leitmotif in terms of equity, access and excellence over the years and budgetary allocation to buttress these concerns. Our analysis shows that high intent is not backed up by effective implementation leading to huge surrender of funds in flagship programmes. Delineating the global experience in terms of their commitment to education spends and concomitantly their global imprint, the paper makes a strong case to improve our public allocation in education & improve the delivery mechanism through a credible Public Private Partnership (PPP) architecture.

Keywords: *Hdi, Jam, Ppp, Skill India, Make in India*

Introduction

Budget 2015-2016 provided the Modi government the opportunity to show case its real intent in terms of bolstering investment sentiment & human resource quality for realizing hyperboles like Make in India, Skill India, Beti Bachao, Beti Padhao and JAM. There is a growing perception that the budget is high on intent and low on implementation and deadlines and is trying to sub-serve the interests of Corporate India by dangling a bonanza like 5% reduction in taxation. Education is a critical lever to provide the aspirational young India with the scaffolding for meaningful and skill based jobs both within the country and globally. Therefore it will be important to analyze our policy contours of education over the years, the debates on the merits of private vs. public schooling, budget allocation trends and global scenario in terms of allocation & HDI. There appears to be a strong case for improving our public allocation to education and improve our delivery mechanism substantially to realize the goals of Skill-India & bolster our yearning to be a significant global manufacturing hub.

The Policy Contours & Private Vs. Public Schooling Debate

During pre independence the educational policy essentially sub served the colonial interest through English education. The establishment of universities in the metropolitan centres of

Calcutta, Madras and Bombay and the mushrooming of colleges created an elitist edifice within the Indian society. This did not promote the cause of either Science & Technology or building a significant industrial base in India, as supply of cheap raw material through a network of railways and telegraph funded by foreign capital served the manufacturing industry of Great Britain.

Post independence, the Radha Krishnana Committee (1949) flagged the importance of higher education and the need for creation of a regulatory body leading to establishment of University Grants Commission in 1956. The Kothari Commission (1966) was the first definitive recommendatory body which inked for India a vision of Science and Technology as the harbinger of hope and growth. It also underlined the need for high allocation of 6% to education sector out of India's GDP.

The subsequent National Commissions of 1986 and 1992 were largely a continuation of the Kothari theme by including concerns for greater access and equity. Lamentably elementary education was not considered a fundamental right for the vast majority of Indian poor who seethed in poverty, hunger, inequality, and created huge disguised employment particularly in the rural sector. The neo liberal India of 1991 implemented the Right to Education Act in 2009 by making access to primary education from ages 6-14 a fundamental right. This has generated a huge momentum of hope through universal access to education cutting across gender, rural urban and caste divides. The secondary education and higher education segments, however, have been left to private sector initiatives with the former not receiving any significant attention from the corporates. In higher education significant private sector investment has taken place in technical and management education during the last decade improving the GER from 10% to nearly 20% in about 15 years time.

The 12th Plan of Government of India (2012-2017) has underscored Equity, Access and Excellence as the three major cornerstones of India's education policy. India adopted a new liberal policy reflecting in dismantling the License Quota Permit (LQP) Raj. During the last decade, three Commissions viz. Birla-Ambani Committee (2000), The Knowledge Commission (2009) and Narayan Murthy Commission (2012) have addressed the concerns of quality in higher education by recommending the following.

- Higher education should be left to the private sector initiative with thrust on creation of knowledge clusters and promotion of technical and management education.
- FDI inflow should be encouraged in Science and Technology and Management related courses.
- Regulatory mechanism through UGC be replaced by IRHAE on the lines of Telecom Commission to foster excellence.
- Government should act as a facilitator and promote public-private sector participative investment.
- Government budget on higher education should be increased by atleast 1.5% of GDP.

The above commissions are symptomatic of the free market spirit espoused by neo-classical economists like Bhagwati and Panagariya. The objective is to allow complete freedom in the matter of determination of fee structure, salary to be paid, quality of course content. The CSR policy of the government also enjoins upon the private corporate sector to contribute to the education sector in terms of research grants, fellowship and scholarships and improvement of infrastructure. On the other hand, Neo Left Economists like Sen and Dreze are of the view

that privatization in education has been anti poor, prohibitively expensive and do not offer anything significant in terms of quality. In this backdrop it will be prudent to underscore the findings of independent agencies.

The ASER report 2014 brings out that there is definitive drift on the part of people living in villages to send their children to private schools, which accounts for 29% of primary schools in rural areas. Some of its important findings are listed below

- Only 58% of children enrolled in classes 3 to 5 can read a class-1 text.
- Less than half (47%) are able to do a simple two-digit subtraction
- Only 37% of children enrolled in class 4 or 5 can read fluently
- Less than half (45%) are able to divide 20 by 5
- Reading and Maths skills of class 4 pupils in India’s top schools are below the international average

Panagariya in 2008 drawing reference to a study by Muralidharan & Kremer (2006) bring out how children in private schools exhibit high attendance rate and score higher than those in government schools. The other distinguishing features of private schools are lower teacher absence with most teachers being better qualified and younger than their counterparts in the government schools. Karopady (2014) in a perceptive article in Economic Political Weekly has brought out the findings of Andhra Pradesh school choice as per which the private school children perform better than the public schools when they move to private schools. The performance in subjects like Telgu and Maths, however, does not improve significantly while in case of English it is initially better. In the long run there is no significance difference in the learning outcomes. All the same, parents prefer private school as (a) English as a subject is a major attraction, (b) students use smart uniforms and (c) they get an opportunity to mix with affluent sections leading to social integration. His finds are as under

Table 1 : Learning Levels of Children by Type of School in West Godavari District

Class	Government School Children		Private School Children	
	Telgu (%)	Math (%)	Telgu (%)	Math (%)
1	39.0	29.1	62.2***	56.0***
2	39.9	25.5	57.7***	43.3***
3	35.9	21.7	53.4***	37.5***
4	32.1	19.1	46.7***	30.5***
5	42.4	26.1	55.6***	42.0***

*Significance levels: *** 1%.*

Source- Article by DD Karopady in EPW, December, 20, 2014

Despite such conflicting perceptions on the efficacy of private schooling vs. public schooling in India there is a near unanimity of opinion that budget allocation for education as a ‘merit good’ (Musgrave) should be significantly increased to ensure **better infrastructure, induct better quality teachers and foster research activities in the universities**. There has to be a convergence between Equity, Access and Excellence in education to ensure holistic human resource growth, critical for an aspirational India

Budget Allocation Trends

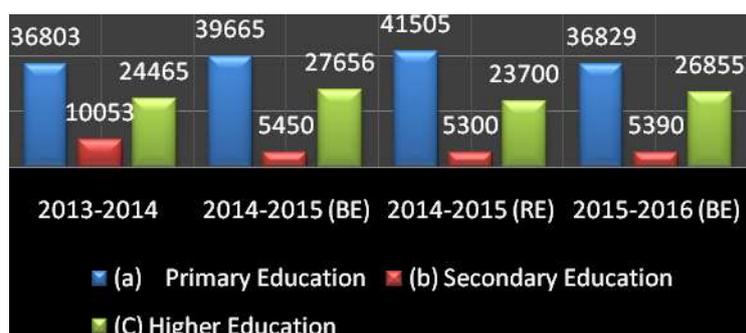
The following table brings out the allocation to primary, secondary and higher education over the last two years and the allocation made during the current years.

Table 2 : Allocation to Education (Rs. Crore)

Type of Education	2013-2014	2014-2015 (BE)	2014-2015 (RE)	% Change	2015-2016 (BE)	% Change
(a) Primary Education	36803	39665	41505	12.8	36829	-11.3
(b) Secondary Education	10053	5450	5300	-47.3	5390	1.7
(C) Higher Education	24465	27656	23700	-3.1	26855	13.3
Total	71321	72771	70505	-1.1	69074	-2.0

Source: India Budget: 2015-2016, MHRD

Figure 1: Allocation to Education



It would be seen from the above that

- There has been a marginal drop in the overall allocation this year compared to 2014-2015 (Revised Estimates (RE))
- The significant decline is in the allocation towards secondary education
- There are persistent surrenders at the RE stage compared to the initial allocation at (Budget Estimates (BE) stage)

Such trends are disquieting largely because the share of education has remained sticky around 3% as against 6% promised by the HRD minister during August 2014 and thereafter and recommendation of Kothari Commission way back in 1966. Also inadequate allocation to secondary education which provides employment to semi formal sector and a gateway to higher education which is the “swiftest elevators to modern Indian power” is indeed a distressing trend.

Primary Education

As already brought out, the RTE Act 2009 has been a watershed moment for India by bringing in flag ship programmes like Sarva Sikshya Abhiyan (SSA) & Mid-Day Meal (MDM) programmes. The Modi government included into its panoply allocation for

Madrassas and Minorities in the July 2014 budget.

The following tables brings out the allocation trends during the last two years towards the major programmes and allocation for 2015-2016

Table 3 : Elementary Education: Budget Allocation Trend

Major Programmes	2013-2014	2014-2015 (BE)	2014-2015 (RE)	% Change	2015-2016 (BE)	% Change
Sarva Sikshya Abhiyan (SSA)	14469	18841	15313	5.8	17820	16.4
Mid-Day Meal (MDM)	6413	8734	6935	8.1	7000	0.9
Allocation to Madrassas & Minorities	182.8	375	143	-21.8	375	162.2

Source: Demand No-59: India Budget: 2015-2016

It would be seen from the above that there are huge surrenders at the RE stage for the two flagship programmes SSA and MDMs. It would be worthwhile to study to what extent it has affected creation of infrastructure for the schools & quality of teaching and accentuated drop outs among children. Further the initiative towards modernizing Madrassas seem to have run into implementation glitches.

Higher Education

As brought out, the private sectors have been the piped pipers who are often credited with providing quality infrastructure and indifferent quality. The common refrain has been that while the state universities languish in terms of poor allocation from the UGC while the elite institutions like IITs, IIMs and NITs and Central Universities receive handsome grants by the UGC on a sustained basis. The following table brings out the picture

Table 4 : Allocation to Elite Institutions

Major Programmes	2013-2014	2014-2015 (BE)	2014-2015 (RE)	% Change	2015-2016 (BE)	% Change
NIT	2171	1752	1852	-14.7	1714	-7.5
IIT	3696	3896	3746	1.4	3538	-5.6
IIM	285	275	272	-4.6	275	1.1

Source: Demand No-60: India Budget: 2015-2016

It would also be useful to study how allocations against various programmes under higher education have been utilized over the years and whether there is any directional change this year. The following brings out the details.

Table 5 : Higher Education: Budget Allocation Trend

Major Programmes	2013-2014	2014-2015 (BE)	2014-2015 (RE)	% Change	2015-2016 (BE)	% Change
Higher Education	24465	27656	23700	-3.1	26855	13.3
RUSA	262.3	2200	397	51.4	1155	190.9
Open & Distance Education & ICT	212	583	254		635	
National Mission Through ICT	120	180	125	4.2	180	44.0
IGNOU	85	113	112	31.8	113	0.9
Online Courses	-	90	4.5	-	135	-
Cheers	-	202	4.5	-	200	-

TEQIP	399	450	400	0.25	376	-6.0
Setting-up New IITs/IIMs	0.9	450	15	-	1000	-

Source: Demand No-60: India Budget: 2015-2016

It would be seen from the above that there was significant under spend (14%) last year at the RE stage in higher education. Further, programmes like RUSA and online courses and Cheers have witnessed significant surrenders. It is, however, refreshing to note that online courses and digital learning have been given significant importance this year. The TEQUIP a programme in collaboration with World Bank, which seeks to improve the quality of technical degree courses in the state universities, has witnessed a reduction of allocation this year. This is not an encouraging trend.

The redeeming features of budget 2014 and 2015-2016 are their resolve to setup IITs and IIMs in different states. However, as would be seen from the above table that the utilization of funds during 2014-2015 was only Rs.15 crores as against an allocation of Rs.450 crores. The significant ramp up this year would, therefore, need to be backed up by effective implementation.

Rakesh Mohan writing in India Policy Forum (2013-2014) observes that the most encompassing constraint in India is lack of adequate delivery of public services in both quality and quantity. While the first generation of reforms empowered the private sector, the second generation of reforms in India must focus on effective delivery of public goods like education in both quantitative and qualitative terms in partnership with the private the sector.

Human Development Index and Public Expenditure

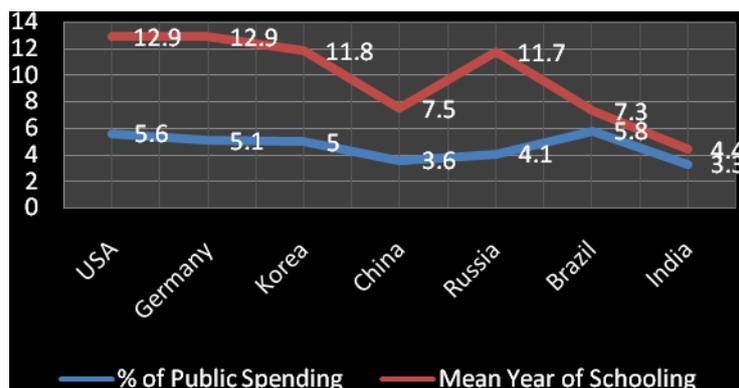
India ranks 135 out of 187 in terms of HDI which is a composite of per capita income, mean years of schooling and life expectancy. Public allocation to education is a vital cog in promoting HDI and minimizing the Gender Inequality Index as it provides women equal space to women in their quest for human development. The following table brings the global picture in respect of a few developed and BRIC countries.

Table 6 :HDI, GII and Public Spending

Country	HDI	GI	% of Public Spending	Mean Year of Schooling
USA	0.914	0.262	5.6	12.9
Germany	0.911	0.046	5.1	12.9
Korea	0.891	0.101	5	11.8
China	0.719	0.202	3.6	7.5
Russia	0.778	0.314	4.1	11.7
Brazil	0.744	0.441	5.8	7.3
India	0.586	0.563	3.3	4.4

Source: Human Development Report 2014

Figure 2: Public Spending and Mean Years of Schooling



It would be seen from the above that most of the developed and emerging economies of BRIC spend around 5% of their GDP and are substantially high in terms of Mean Years of Schooling (MYS) and HDI compared to India which is stuck at around 3% allocation and a measly +4.4 in terms of Mean Years of Schooling.

Conclusion

The foregoing clearly reveals that in terms of access and greater egalitarianism India's Public Policy has largely helped substantial improvement in enrolment into primary education. Private education, particularly for English learning and social integration remains a cherished dream for the vast majority of impoverished and marginalized. Studies have consistently demonstrated that allocation to primary education would need to be significantly ramped up to ensure better infrastructure, improved sanitary conditions (particularly for girl children) and revamp quality of teachers. The present practice of inducting teachers on contract basis by paying low wages is certainly not conducive to quality as the 12th Plan clearly brings out. The budget allocation in higher education instead of merely sustaining allocation to elite institutions should allocate significantly higher budgets to state universities which desperately clamour for improvement in basic infrastructure and research outfit. The private sector should apart from exploiting commercial potential of higher education should pay increasing attention to the quality aspects; particularly research and patenting. The CSR initiative of private corporate apart from Aziz Premji Foundation is hardly an edifying feature in field of education. The Economic Survey (2013-2014) has underlined India's growth strategy as one of "slow boring of hard boards" a phrase coined by the sociologist Max Weber. On the other hand Rosenstein Rodan (1943) had famously said that "countries with large surplus workforce in agriculture should go for "Big Push" through economies of scale in order to escape low level of equilibrium trap". China adopted this strategy prompting Ms. Joan Robinson to comment that "Mao's China is more Gandhian than Gandhi's India" is both ironical and apt. India needs a big push in public investment for education, a new education policy which truly puts a premium of skill up-gradation and quality in lieu of "creative incrementalism" as brought in Economic Survey 2014-2015.

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