



# ACCOUNTABILITY INITIATIVE

research and innovation for governance accountability

## BUDGET BRIEFS

### 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.

**Target:** All children in the 6 to 14 age group.

**Cost Share and Implementation:** 60% of 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 publically available only for FY 2008-09.

#### Highlights

Allocation for education in FY 2009-10 (in crore)	Rs. 44,528
Allocation for Sarva Shiksha Abhiyan (SSA) in FY 2009-10 (in crore)	Rs. 13,100
Released for SSA in FY 2008-09*	78%
Unspent for SSA in FY 2008-09*	30%
Spent in second half in FY 2008-09*	63%

\*Complete data is only available for FY 2008-09

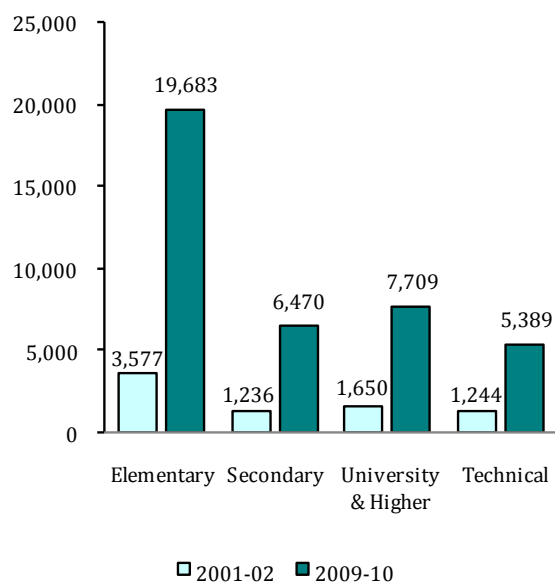
#### Key Facts and Analysis

- ♦ SSA has a history of under-spending. Unspent funds for the current year are carried forward to the next year. Rs. **8,728** crore was the opening balance at the start of FY 2008-09.
- ♦ Expenditures are not aligned with fund availability and mostly funds are spent in the last quarters of the financial year.
- ♦ **44%** of total allocations went to Elementary Education of which SSA was the largest programme.
- ♦ **64%** of SSA funds came from Education Cess.
- ♦ **66%** of SSA allocations in FY 2008-09 went towards teacher salaries and infrastructure.
- ♦ **80%** of funds available for teacher salaries and **65%** for training were spent in FY 2007-08. This is an improvement from FY 2005-06 when **63%** of the teacher salaries and **37%** training funds were spent.
- ♦ Variation in states' ability to spend. In FY 2007-08, 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 4-fold increase in allocations for education since 2001-02, in nominal terms (not controlling for inflation). The current allocations for FY 2009-10 stand at Rs. **44,528** crore.

Over 4-fold increase in allocations for education since 2001-02

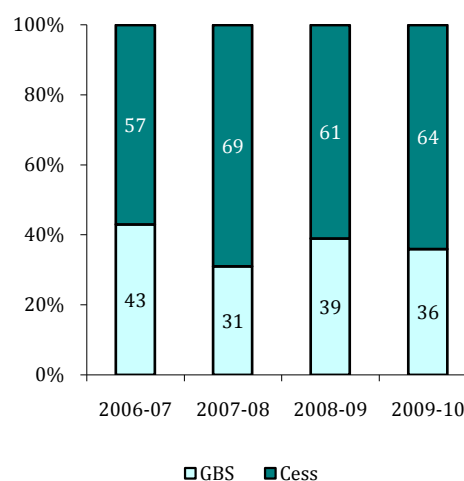


Source: Union Expenditure Budget, Vol.2, 2003-04 till 2009-10, calculated from the Ministry of Human Resource Development  
Note: All figures in crores of rupees. Includes both plan and non-plan, but does not include north-east component.

- In 2008-09, GOI launched Rashtriya Madhyamik Shiksha Abhiyan (RMSA) to promote secondary education. The budget for RMSA in FY 2009-10 was Rs. **1,354** crores.
- Elementary education remains a priority. It constitutes **44** percent of the total allocations for education.
- SSA is the largest scheme for delivering elementary education. Rs. **13,100** crore was allocated for SSA in FY 2009-10 amounting to **30** percent of total education allocations.

- 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 four years the cess has contributed an average of **62** percent of the total SSA funds.

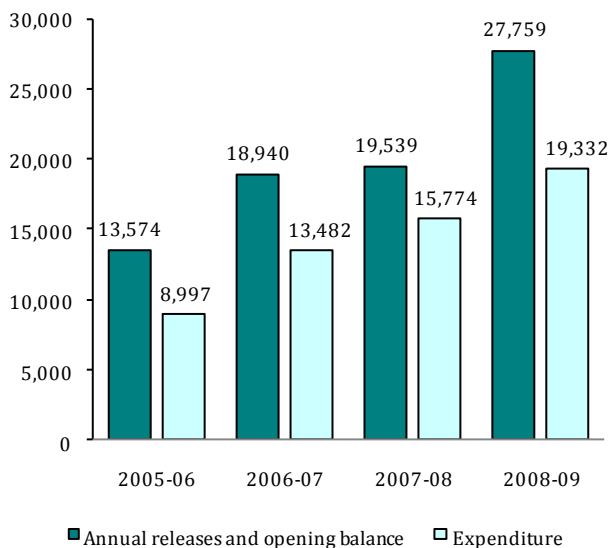
64 % of SSA funds came from Education Cess in 2009-10



Source: Calculated from Expenditure Budget- 2007-09 incorporating notes on demand for grants, compiled by the Ministry of Human Resource Development. Note: Figures have been rounded up.

- 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** crores.

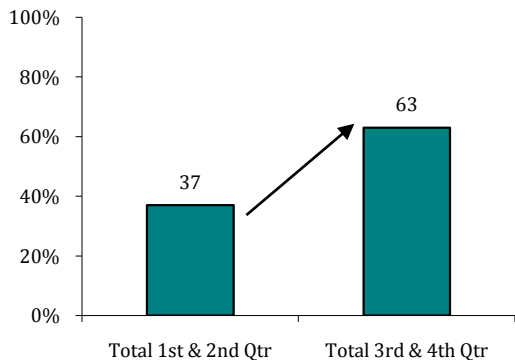
**Expenditures for SSA not aligned with fund availability**



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

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

**Final quarter rush to spend funds**

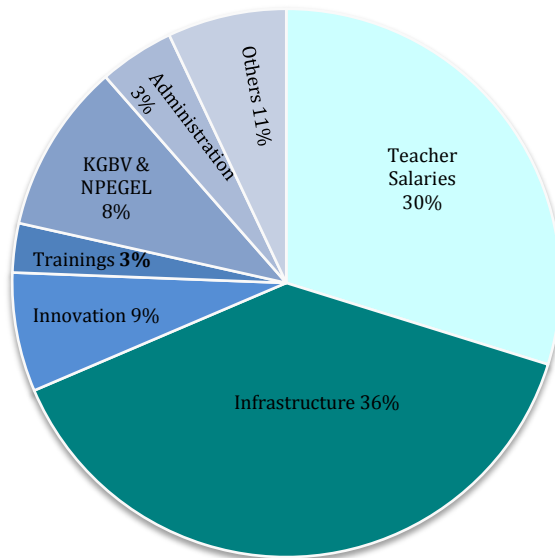


Source: SSA Portal, Minutes of 22nd Quarterly Review Meeting of Financial Controllers, Annex D, Amita Singla - FM Presentation on financial progress.ppt. Note: Figures are in percentages.

**Trends in Break-up of Allocations and Expenditures**

- SSA allocations are tied to certain expenditure items.

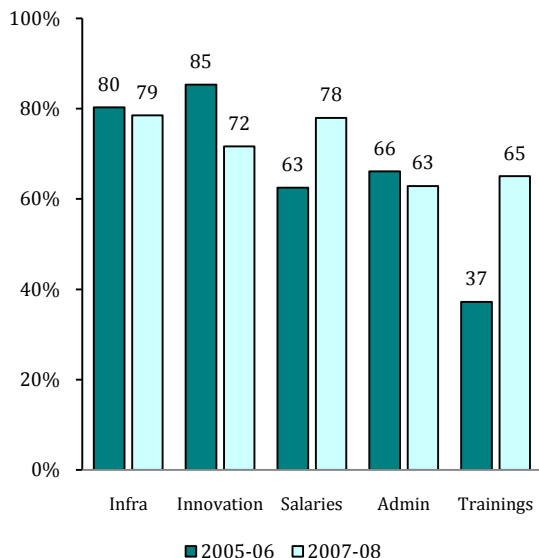
**Largest allocations for SSA go towards teacher salaries and infrastructure**



Source: Calculated from SSA portal, Financial Management, Statement & 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: All 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**



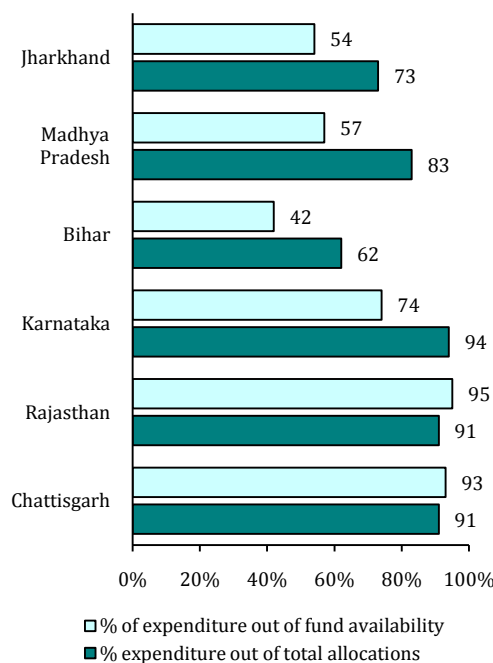
Source: Calculated from SSA portal, Financial Management, Statement and component wise allocation and expenditure. Trainings include both teacher and community trainings. Admin includes funds for Research and Evaluation and Management. Infra includes grants for civil works, major repairs, school grant and maintenance grant. Note: All 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 2005-06 when **63** percent of teacher salary funds and **37** percent of trainings funds were spent.
- However, expenditure on innovation activities (a grant of up to 1 crore per district) decreased in 2007-08, with only **72** percent of allocated funds spent, down from **85** percent in 2005-06.

**Trends in State Government Expenditures**

- Wide variations exist in state governments’ ability to spend funds.
- 18 states spent over **80** percent of total funds available to them in 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 are for 2008-09 and are in percentages.

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

**This section offers some practical leads to accessing further and more 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 <a href="http://www.indiabudget.nic.in">www.indiabudget.nic.in</a>	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 It is important to remember to account for the North-East Region Component.
Ministry of Human Resource Development <a href="http://education.nic.in/Policy/AnnualPlan2008-09.pdf">http://education.nic.in/Policy/AnnualPlan2008-09.pdf</a> . Accessed on December 10, 2010.	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 <a href="http://www.education.nic.in/Elementary/ccamain.asp">http://www.education.nic.in/Elementary/ccamain.asp</a>	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 <a href="http://164.100.51.121/financial-management/allocation-releases-and-expenditure">http://164.100.51.121/financial-management/allocation-releases-and-expenditure</a> Accessed on January 10, 2010.	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 30 <sup>th</sup> September" – both have different numbers.
SSA Portal, Monitoring, Joint Review Mission <a href="http://ssa.nic.in/ssadoc/jrm/Final%20Aide%20emoire.pdf">http://ssa.nic.in/ssadoc/jrm/Final%20Aide%20emoire.pdf</a> Accessed on December 10, 2010.	10 <sup>th</sup> Joint Review Mission has updated expenditure data for 2008-09.
SSA Portal, Minutes of 22nd Quarterly Review Meeting of Finance Controllers <a href="http://ssa.nic.in/financial-mgmt-docs/22nd-quarterly-review-meeting/Annex%20D%20-%20Amita%20Singla%20-%20FM%20Presentation%20on%20financial%20progress.ppt">http://ssa.nic.in/financial-mgmt-docs/22nd-quarterly-review-meeting/Annex%20D%20-%20Amita%20Singla%20-%20FM%20Presentation%20on%20financial%20progress.ppt</a> , Annex D, Amita Singla - FM Presentation on financial progress.ppt. Accessed on January 10, 2010.	A PowerPoint presentation giving state-wise trends including expenditure trends for 2008-09.
Centre for Budget and Governance Accountability (CBGA) <a href="http://www.cbgaindia.org">http://www.cbgaindia.org</a>	The website is a good source for budget-related documents, including <i>Budget Track</i> , and regularly comes up with reports documenting government expenditures in the social sector.
Analysis of Budgeted Expenditure 2002-03 till 2006-07 <a href="http://www.educationforallindia.com/analysis-of-budgeted-expenditure2004-06-to2006-07.pdf">http://www.educationforallindia.com/analysis-of-budgeted-expenditure2004-06-to2006-07.pdf</a>	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.

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