UNIT 10: PUBLIC SUBSIDIES IN EDUCATION IN INDIA

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10.1 LEARNING OBJECTIVES

After going through this unit, you will able to

- explain the role of public subsidy.
- identify the public subsidies provided in education in India.
- distinguish the public subsidies available in elementary, secondary and higher education.
- evaluate the problems of public subsidies in India

10.2 INTRODUCTION

Subsidy is one of the powerful and effective instruments to increase the welfare of the poor people in most of the developing countries in the

world. Subsidies can also promote economic growth by increasing the level of health and level of skill of the labour force through education especially giving subsidies to the disadvantaged and marginalised section of people. In our country, huge portion of our total population belongs to poor families and they are unable to afford the basic requirements of living like food, health and education. Thus the government subsidy is the only option to benefit these poor people and increase their overall welfare.

However, the main contribution of subsidies is to reduce the price or cost of the goods, so that the goods are available and affordable to larger sections of the population. Hence, it reduces the negative effects of inequality.Generally, subsidies are granted in case of public goods and merit goods like health and education. Besides, subsidies are also given in cases where economies of scale operate.

The provision of public subsidy became a controversial topic of debate in last couple of decades among the policy makers in the developing countries especially in India. In the developing countries like India, there is huge shortage and limitation of public resources. Thus, the governments in these countries face a difficult situation of whether the public fund should be allocated for subsidies or for other developmental works.

In India, there are a number of subsidies given to the poor people on various schemes of education, health, public distribution system (PDS) for food security and on other essential goods like cooking gas (LPG) etc. But in this unit, we shall discuss only the subsidies in education approved by the Government of India.

10.3 SUBSIDIES IN PRE-PRIMARY EDUCATION

There are many subsidies in the pre-primary level of education in our country. Children with 0-6 years of agegroup are given subsidies in India through the scheme of Integrated Child Development Services (ICDS). ICDS

is centrally sponsored schemes launched in 1975 to provide supplementary nutrition with primary health care and informal education of the children with age below 6 years. This scheme is completely free of cost. The services of the ICDS scheme are given through the help of Anganwadi Centres (AWC) which are basically a kind of child care centre. Under this scheme, free nutricious food and basic informal education are given to children.

Universalisation of the ICDS in all blocks of the country was one of the prime objectives of the Tenth Five Year Plan (2002-2007). During the Eleventh Five Year Plan (2007-2012) reconstruction and full decentralisation of the ICDS improved by giving the responsibility of execution to the community and PRIs. Due to the lack of required efficacy of the ICDS program, it was proposed to be expanded and comprehensively restructured in the Twelfth Five Year Plan (2012-2017) to make it more effective.

10.4 SUBSIDIES IN PRIMARY AND SECONDARY EDUCATION

In the primary and secondary levels, the government has made subsidies by launching and implementing various mission approaches which are as follows:

10.4.1 Sarva Shiksha Abhiyan (SSA)

Sarva Shiksha Abhiyan (SSA) is one of the Flagship Programme that aims to provide universal access to free and compulsory elementary education for children form 6-14 years old. The scheme envisages improving enrolment, retention, and the quality of education to enable children to achieve grade appropriate levels of learning. It also aims to eliminate gender differences and gaps between different social categories. SSA was launched in 2001 following the recommendations from the state education ministers' conference in 1998. The 86th Amendment to the Constitution in 2002 made elementary educa-

tion a fundamental right although the Right of Children to Free and Compulsory Education Act was not passed by the Parliament until August 2009. The SSA is implemented with fund sharing by Central and State government in the ratio of 85:15 for all states and 90:10 for Special Category States. In 2004-05, the Central Government imposed an education cess of two percent on all taxes to mobilise additional funds for SSA and the Mid Day Meal Scheme. In 2008-09 it was increased to three percent.

16.4.2 Mid Day Meal Scheme

Mid Day Meal in schools has had a long history in India. In 1925, a Mid Day Meal Programme was introduced for the disadvantaged children in Madras Municipal Corporation. By the mid 1980s, three States viz. Gujarat, Kerala and Tamil Nadu and the UT of Pondicherry had universalised a cooked Mid Day Meal Programme with their own resources for children studying at the primary stage. By 1990-91, the number of States implementing the mid day meal program with their own resources on a universal or a large scale had increased to twelve states.

With a view to enhancing enrollment, retention and attendance and simultaneously improving nutritional levels among children, the National Programme of Nutritional Support to Primary Education (NP-NSPE) was launched as a Centrally Sponsored Scheme on 15th August 1995, initially in 2408 blocks in the country. By the year 1997-98, the NP-NSPE was introduced in all blocks of the country. It was further extended in 2002 to cover not only children in classes I -V of Government, Government aided and local body schools, but also children studying in EGS and AIE centres. Central Assistance under the scheme consisted of free supply of food grains @ 100 grams per child per school day, and subsidy for transportation of food grains up to a maximum of Rs 50 per quintal.

In September 2004, the scheme was revised to provide cooked mid day meal with 300 calories and 8-12 grams of protein to all children studying in classes I - V in Government and aided schools and EGS/ AIE centres. In addition to free supply of food grains, the revised scheme provided Central Assistance for (a) Cooking cost @ Re 1 per child per school day, (b) Transport subsidy was raised from the earlier maximum of Rs 50 per quintal to Rs. 100 per quintal for special category states, and Rs 75 per quintal for other states, (c) Management, monitoring and evaluation costs @ 2% of the cost of food grains, transport subsidy and cooking assistance, (d) Provision of mid day meal during summer vacation in drought affected areas.

In July 2006 the scheme was further revised to provide assistance for cooking cost at the rate of (a) Rs 1.80 per child/school day for States in the North Eastern Region, provided the NER States contribute Rs 0.20 per child/school day, and (b) Rs 1.50 per child/ school day for other States and UTs, provided that these States and UTs contribute Rs 0.50 per child/school day. In October 2007, the scheme had been further revised to cover children in upper primary (classes VI to VIII) initially in 3479 Educationally Backwards Blocks (EBBs). Around 1.7 crore upper primary children were included through the expansion of the scheme. From 2008-09 1st of April, 2008, the program has been extended to cover all children studying in Government, Local Body and Government-aided primary and upper primary schools and the EGS/AIE centres including Madarsa supported under SSA of all areas across the country.

In the year 2009, food norms had been revised to ensure balanced and nutritious diet to children of upper primary group by increasing the quantity of pulses from 25 to 30 grams, vegetables from 65 to 75 grams and by decreasing the quantity of oil and fat from 10 grams to 7.5 grams. The calorific value of a mid-day meal at upper primary stage has been fixed at a minimum of 700 calories and 20

grams of protein by providing 150 grams of food grains (rice/wheat) per child/school day, the same for the primary level is 450 calories and 12 grams of proteins.

Article 21 A provides Right of the Indian Constitution for free and compulsory education to all childrens. This has been ensured through the enactment of Right to Education Act 2009, which came into force on 1st April 2010. SSA has been entrusted the responsibility to realise the provisions of RTE Act, 2009. Chapter 4, Para 21 of RTE Act, 2009 stipulates that preference will be given to the disadvantaged groups and weaker sections while nominating the representatives for the School Management Committee. The Act further states that all schools should have all weather building consisting of a kitchen-cum-stores to cook Mid Day meal in the the school by 2012-13. The model rules under RTE Act also provide that the School Management Committee will monitor the implementation of the Mid Day Meal in the school.

During the Eleventh Five Year Plan (2007-2012), the MDM program targeted to cover 60 million additional children in the country at the upper primary level by 2008-09. During the 12th Five Year Plan (2012-2017), MDM would be expanded to cover pre-primary schooling in a progressive manner, private unaided schools, particularly in the SC/ST and minority-concentrated areas, and poor children admitted in neighbourhood private schools against the 25 per cent earmarked seats as per provisions of the RTE Act. Moreover, Govt. of India sanctioned MDM facilities and construction of kitchen shed to all schools for smooth working of MDM program.

10.4.3 Rashtriya Madhyamik Shiksha Abhiyan (RMSA)

Rashtriya Madhyamik Shiksha Abhiyan (RMSA) is a new mission undertaken by the Government of India to improve the secondary

education in the country. This scheme was launched in March 2009 and it is a centrally sponsored scheme implemented by the Ministry of Human Resource Development, Government of India. The funding of the scheme is provided by both central and state government with a proportion of 75:25. But, in case of Northeastern states, the funding proportion is 90:10.

The main goals of this scheme are to increase access, improve quality of secondary education and bring equity in the secondary level of education system in the country in terms of the development of school infrastructure and other facilities. The infrastructural development of secondary schools under RMSA scheme are (i) Additional class rooms, (ii) Laboratories, (iii) Libraries, (iv) Art and crafts room, (v) Toilet blocks, (vi) Drinking water provisions and (vii) Residential Hostels for Teachers in remote areas. Moreover, for the improvement of quality the important interventions undertaken under the scheme are (i) appointment of additional teachers to reduce PTR to 30:1, (ii) focus on Science, Math and English education, (iii) In-service training of teachers, (iv) science laboratories, (v) Information and Communication Technology (ICT) enabled education, (vi) curriculum reforms; and (vii) teaching learning reforms. To maintain the equity in the education system the important equity interventions provided in the scheme ar(i) special focus in micro planning (ii) preference to Ashram schools for upgradation (iii) preference to areas with concentration of SC/ST/Minority for opening of schools (iv) special enrolment drive for the weaker section (v) more female teachers in schools; and (vi) separate toilet blocks for girls.

10.5 SUBSIDIES IN HIGHER EDUCATION

There are two strands of thought on the funding of higher education. In terms of a traditional approach, higher education is considered a public good and, therefore,the funding responsibility of higher education almost solely rests upon the government.Apart from that, there is also an emerging

viewpoint in liberal perspective that considers higher education as a private good. Hence, the responsibility of funding higher education in this case falls upon the parents and the students.

But, many researchers have shown that the cost of higher education is very high and thus the free provision of higher education in the developing countries is not possible because of resource constraint which is the ultimate stumbling block of development in those countries. Thus, based on these empirical findings and resource constraint, most of the developing countries opined that higher education will be partially subsidised where a part of the cost will be provided by the government in the forms of fee subsidies and other subsidies and the rest of the cost will have to be borne by the parents or students.

Thus, like in the other developing countries, the higher education in India is not completely subsidised. There has been a misconception that higher education in Inda is heavily subsidised by the state. But, the available evidence shows that higher education is heavily subsidised by the state in most parts of the world, and that the level of subsidy in India is not at all high in comparison with others. Similarly, the rate of cost recovery in higher education in our country is also fairly comparable with many other developed and developing countries. In India, the subsidies in higher education are provided in terms of financing of universities, fee subsidies and other subsidies like scholarship etc. But, it is important to note that the rates of public subsidy and the cost recovery (through student fees) in India are not significantly different from the corresponding rates in other developing and developed countries.

Furthermore, there is an asymmetry in terms of policy and practices on higher education in the Indian context. The official view is that higher education is a non-profit sector. Hence, private participation should be encouraged without commercialisation of higher education. However, the practices have been quite far away from such policy declarations. The resource

crunch from the state to fund higher education has created compulsions for the government institutions to run the self-financing programs and shift the burden of the cost to the students. On the other hand, there has been greater participation of the private players who have introduced self-financing programmes and begun to charge fees in addition to recovering capital as well as revenue expenditure incurred to run the programmes.Self-financing programmes are now becoming a reality which cannot be assumed away there is a need to understand the fee range and differentiation of the fee structures along the programmes in different types of institutions. There is a need to examine how important the self-financing programs have become as a means to fund higher education? It is also important to know the differentiation in the fees between theregular and the self-financing programmes. An empirical understanding of the self-financing programs and the dynamics of these practices in terms of access and equity dimensions are important aspects to be examined.



CHECK YOUR PROGRESS

Q 1. What is a subsidy?

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Q 2. Why does a country need to provide subsidy?

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Q 3. What are the subsidies in primary and secondary level provided in India?

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10.6 LET US SUM UP

- Subsidy is one of the powerful and effective instruments to increase the welfare of the poor people in most of the developing countries in the world. Subsidies can also promote growth by increasing the level of health and the level of skill of the labour force through education especially by giving subsidies to the disadvantaged people.
- The main aim of subsidies is to reduce the price or cost of the goods, so that the goods are available and affordable to larger sections of the population.
- Generally, subsidies are granted in case of public goods and merits goods such as health and education. But, sometimes, subsidies are given in cases where economies of scale operate.
- But, the provision of public subsidy became a controversial topic of debate in last couple of decades among the policy makers in the developing countries especially in India. In these countries, huge shortage of public resources is main reason of low subsidy.
- In India, there are a number of subsidies given to the poor people on various schemes such as education, health, public distribution system (PDS) for food security and on other essential goods like cooking gas (LPG) etc.
- There are many subsidies provided in our country. In the pre-primary level, children from 0-6 years of age group are given subsidies in India through the scheme of Integrated Child Development Services (ICDS).
- In the primary and secondary levels subsidy in education is provided through the Sarva Shiksha Abhiyan (SSA), Mid Day Meal Scheme and RMSA schemes.
- Sarva Shiksha Abhiyan (SSA) is one of the Flagship Programme that aims to provide universal access to free and compulsory elementary education for children 6-14 years old.
- Mid Day Meal Scheme is actually the National Programme of Nutritional Support to Primary Education (NP-NSPE) to provide free sup-

ply of food grains as 100 grams per child per school day, and subsidy for transportation of food grains up to a maximum of Rs 50 per quintal.

- However, the higher education in India is not completely subsidised. There has been a misconception that higher education in Indiais heavily subsidised by the state.
- In India, subsidies in higher education are provided in terms of financing of universities, fee subsidies and other subsidies like scholarship etc.



10.7 FURTHER READING

1. Benson, C. (1978). *The Economics of Public Education.* Houghton Mifflin, Boston, Massachusetts
2. Bowles, S. (1969). *Planning Educational Systems for Economic Growth.* Harvard University Press, Cambridge, Massachusetts
3. Psacharopoulos, George. (ed.) (1987). *Economics of Education: Research and Studies.* Pergamon Press, Oxford



10.8 ANSWERS TO CHECK YOUR PROGRESS

Answer to Q No.1:

Subsidy is one of the powerful and effective instruments to increase the welfare of the poor people in most of the developing countries in the world. The main objective of subsidies is to reduce the price or cost of the goods, so that the goods are available and affordable to larger sections of the population. Generally, subsidies are granted in case of public goods and merits goods for example health and education.

Answer to Q No.2:

The main contribution of subsidies is to reduce the price or cost of the goods, so that the goods are available and affordable to larger sections of the population and hence it reduces the negative effects of inequality. Generally, subsidies are granted in case of public goods and merits goods like health and education. Besides, subsidies are also given in cases where economies of scale operate. Thus, subsidies promote economic growth by increasing the level of health and level of skill of the labor force through education especially giving subsidies to the disadvantaged and marginalised section of people.

Answer to Q No.3:

In the primary and secondary levels in India, subsidies are provided in education through many schemes viz., Sarva Shiksha Abhiyan (SSA), Mid Day Meal Scheme and RMSA schemes. Sarva Shiksha Abhiyan (SSA) is one of the Flagship Programme that aims to provide universal access to free and compulsory elementary education for children 6-14 years old. Mid Day Meal Scheme is actually the National Programme of Nutritional Support to Primary Education (NP-NSPE) to provide free supply of food grains as 100 grams per child per school day, and subsidy for transportation of food grains up to a maximum of Rs 50 per quintal.



10.9 MODEL QUESTIONS

Q 1. What is a subsidy? Explain briefly.

Q 2. What is the importance of subsidy that should be introduced in the developing countries?

Q 3. Mention the subsidies provided in pre-primary level in India.

Q 4. Explain the subsidies provided in primary and secondary levels of education.

Q 5. Write a note on Subsidies in higher education.

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