



Monograph: February 2015

## Union Budget 2015-16: Education Sector Analysis

The Union Budget was presented by Hon'ble Shri Arun Jaitley on 28th Feb 2015. In general, it was considered to be a balanced budget and it was appreciated by many noted economists and industry experts.

Unfortunately, the budget had hardly any innovative idea for Indian education sector. The education sector in India is full of poor quality service providers and the budget followed the old-fashioned approach of input-driven measures.

Private funding and outcome driven focus on lifelong learning are a few things that Eduvisors longed to witness in the budget.

Moreover, allocation to Schools was reduced by 10% in its planned outlay from Rs.43,517.9 crore in the last budget to Rs.39,038.5 crore. In contrast, Higher Education was given a plan allocation of Rs.15,8555.26 crore in 2015-16, as against Rs.13,000 crore pegged in the revised budget for 2014-15, an increase of nearly 22%.

Indian education sector needs a fresh thinking and a new approach. Opening new institutes and providing resources to certain communities are political and welfare-driven activities. The most critical aspect missing in Indian education sector - Quality - received a mere lip service.

### About Eduvisors:

Eduvisors is a leading sector-focused consulting firm in Education in India. A part of Barry & Stone (B&S), a global network of independent consulting firms with 12 offices in 8 countries, Eduvisors is a pioneer amongst consulting firms in India with sole focus on the Education sector.

For more information, please contact:

#### Vijay Shukla

T: +91 (124) 4119162, 4229162 Extn. 108

M: +91 98103 30659

E: [vijay@eduvisors.org](mailto:vijay@eduvisors.org)

To unsubscribe, please write to [unsubscribe@eduvisors.org](mailto:unsubscribe@eduvisors.org)

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## Education not a top priority

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
1	<p>8. <i>“Our actions have not been confined to the core or macro-economic areas alone. Illustratively, action has been taken with regard to allocation of natural resources; financial inclusion; health and hygiene of the common man; girls and their education; employment for the youth; improved and non-adversarial tax administration; effective delivery of benefits; investment and job creation; welfare of labour; agricultural productivity and increasing farm incomes; power; digital connectivity; skilling our youth;... and, reviving our pride in the nation and culture.”</i></p>	<p>1. Focusing on employment is great. However, the root of India’s problem of producing unemployable youth is linked with poor quality of school education. Education has not been given the importance that it deserves in the Union Budget 2015 .</p> <p>2. Girl education is critical and <i>beti padhao</i> is necessary but not sufficient. The key to success is high enrolment <u>together</u> with good quality of education. The same goes for digital connectivity. We need all our citizens to be educated well enough to be able to make the most of the digital connectivity that the Govt. proposes. Government’s focus on ‘enrolment’ and digital connectivity’ without quality education is like producing a half-baked <i>chapati</i>.</p>

## Old thinking that has not worked - No innovative idea in the budget

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
2	<p><b>16.</b>                      (viii) <i>“Educating and skilling our youth to enable them to get employment is the altar before which we must all bow. To ensure that there is a senior secondary school within 5 km reach of each child, we need to upgrade over 80,000 secondary schools and add or upgrade 75,000 junior/middle, to the senior secondary level. We also have to ensure that education improves in terms of quality and learning outcomes.”</i></p>	<p>The objective is in the right direction but the implementation approach is in the wrong direction.</p> <p>Education and Skilling our youth is critical. Also, setting-up completely accessible schools and growing vertically is a good idea. Further, to say that education improvement is needed in terms of quality and learning outcomes is only politically correct.</p> <p>The key point to note is that the Minister said “we <u>also</u> have to ensure...” sums it up well that ‘quality’ comes as an afterthought.</p> <p>There is no new or different approach that the Union Government has thought of or has expressed in the budget.</p>

## Education - Welfare-driven or development-driven?

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
3	<p>21. <i>“In spite of the consequential reduced fiscal space for the Centre, the Government has decided to continue supporting important national priorities such as agriculture, education, health, MGNREGA, and rural infrastructure including roads. Programmes targeted for the poor and the under-privileged, will be continued by us.”</i></p>	<p>This gives an impression that education is considered in the ‘welfare’ bucket rather than in ‘development’ bucket. The approach is that the government allocates resources for education for the poor, under-privileged as helping them for what-they-are and not for what-they-can-be.</p> <p>The government must learn from certain countries like the US where education is considered as a pillar of development (much like infrastructure) and a national competitive advantage. Consequently, all the policies are drawn up accordingly.</p>

## Education - Not a tool for misdirected welfare

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
4	<p>45. <i>“An integrated education and livelihood scheme called ‘Nai Manzil’ will be launched this year to enable Minority Youth who do not have a formal school-leaving certificate to obtain one and find better employment. Further, to show-case civilization and culture of the Parsis, the Government will support, in 2015-16, an exhibition, ‘The Everlasting Flame’. The allocation for the Ministry of Minority Affairs is being protected. The BE for the year 2015-16 is Rs 3,738 crore.”</i></p>	<p>The government thinks it can make youth employable, circumventing formal education. This is ridiculous. Though this is a matter with the ministry of minority affairs, the ministry of HRD should have taken the lead to bring the minority out-of-school youth to mainstream school rather than following the approach that the minority youth cannot be educated beyond school-going age and hence must be helped in other ways.</p> <p>The government must consider the principles of ‘life long learning’ and create policies, as opposed to thinking solely whether minority youth went to the school or not.</p>

## Education - Collaboration is good

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
5	<i>50. "Establishing a mechanism to be known as SETU (Self-Employment and Talent Utilisation). SETU will be a Techno-Financial, Incubation and Facilitation Programme to support all aspects of start-up businesses, and other self-employment activities, particularly in technology-driven areas. Rs 1,000 crore initially set aside in NITI Aayog for this purpose."</i>	<p>This is a great start. SETU has the potential to transform India.</p> <p>Even when the amount of money set-aside is small, SETU kind of an initiatives can propel India to a higher trajectory.</p>

## Education - Some good news

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
6	<i>70. "After the success of Visas on arrival issued to travelers of 43 countries, I propose to increase the countries covered to 150, in stages."</i>	This is a fantastic move. This decision has the potential to attract a large number of global citizens. Hopefully, a small fraction will get attracted towards Indian education system and we will have higher proportion of international students and teachers in India. Additionally, collaborative research will now be easier to conduct with easier movement of people across borders.

## Education - Skills development to be decentralized and not centralized

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
7	<i>76. "Launch of a National Skills Mission through the Skill Development and Entrepreneurship Ministry. The Mission will consolidate skill initiatives spread across several ministries and allow standardization of procedures and outcomes across 31 Sector Skill Councils."</i>	<p>This is a misdirected approach to Skill development.</p> <p>Skills Mission can not work like Literacy Mission. The government's thought process of centralizing a critical initiative like skill development is likely to produce limited impact. A better way ahead would have been to create local centres of excellence for skills.</p>

## Education - Old wine in new bottle

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
8	<i>77. Rs 1500 crore for enhancing the employability of youth under Deen Dayal Upadhyaya Gramin Kaushalya Yojana.</i>	<p>This is an old wine in new bottle - some of us may still remember Aajeevika Skills scheme - the DDUGKY is merely a new packaging of the old scheme with the only major change being, entry age changed from 15 years to 18 years.</p> <p>Having shared the above, if the implementation is done well, India can make a significant impact and contribution in international market for semi-skilled labour.</p>

## Education - Financial Aid, need to be careful

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
9	<i>79. "With a view to enable all poor and middle class students to pursue higher education of their choice without any constraint of funds, I propose to set up a fully IT based Student Financial Aid Authority to administer and monitor Scholarship as well Educational Loan Schemes, through the Pradhan Mantri Vidya Lakshmi Karyakram. We will ensure that no student misses out on higher education for lack of funds."</i>	<p>This is a welcome step. However, it is vital to be extremely careful with the design and delivery of such programs.</p> <p>A few developed countries have overdone such programs leading to huge financial liabilities. For example, in 2014, the student debt in the US exceeded \$1.2 trillion.</p>

## Education - Shooting in the wrong direction (1/2)

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
10	<p><b>80.</b> <i>“Hon’ble Members will remember that in the Budget Speech of July, I had indicated my intention to provide one major Central Institute in each State. In the fiscal year 2015-16, I propose to set up All India Institutes of Medical Sciences in J&amp;K, Punjab, Tamil Nadu, Himachal Pradesh and Assam. Keeping in view the need to augment Medical Sciences in Bihar, I propose to set up another AIIMS like institution in these States. I propose to set up an IIT in Karnataka, and upgrade Indian School of Mines, Dhanbad into a full-fledged IIT. I also propose to set up a Post Graduate Institute of Horticulture Research and Education in Amritsar. IIMs will be setup in J&amp;K and Andhra Pradesh. In Kerala...</i></p>	<p>This is disastrous. Rather than focusing on improvement of quality of knowledge creation and dissemination, the government is desirous of doling out ‘national institutes’ to various states.</p> <p>Opening such institutions in initial years cause great amount of capital expenditure (e.g. each AIIMS can cost upwards of Rs 800 crore). Naturally, such capital expenditure on expansion lead to compromise on resources needed to improve quality of existing institutions.</p>

## Education - Shooting in the wrong direction (2/2)

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
11	<p><i>...I propose to upgrade the existing National Institute of Speech and Hearing to a University of Disability Studies and Rehabilitation. I also propose three new National Institutes of Pharmaceutical Education and Research: in Maharashtra, Rajasthan, and Chattisgarh; and an Institutes of Science and Education Research in Nagaland and Odisha. I also propose to set up a Centre for Film Production, Animation and Gaming in Arunachal Pradesh, for the North-Eastern States; and Apprenticeship Training Institute for Women in Haryana and Uttrakhand."</i></p>	<p>Rather than setting-up more number IITs or IIMs (in various states), the government should have focused on increasing capacity and enhancing quality of the existing IITs. It's not even a politically wise move. For example, most people including residents of Karnataka would agree that India needs world class IITs and even if there is no IIT in Karnataka.</p> <p>Setting-up IITs, IIMs, NIPER, ISER etc. left-right-and-centre in a variety of states may be a feel good for the 'beneficiary' states but it is a reflection of poor vision of the government on higher education.</p>

## Education - Allocation not enough

S. No.	Observation from Union Budget 2015	Eduvisors Analysis
12	<b>84.</b> <i>“In spite of the large increase in devolution to states, which implies reduced fiscal space for the Centre in the same proportion, we are committed to the welfare of the poor and the neo-middle class. Keeping this in mind, adequate provision is being made for the schemes for the poor and the dis-advantaged. Illustratively, I have allocated Rs 68,968 crore to the education sector including mid-day meals....”</i>	Spending on mid-day meals can hardly be considered as spending on education. Mid-day meals scheme is certainly needed but can be a part of social welfare. While Rs 68,968 crore seems like a big number (despite 15% cut from the estimate of 2014), it takes away the amount spent on actual education.

# Summary

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The budget has gone from bad to worse so far as the education sector is concerned. The following points are to be noted:

- a. No mention of much needed structural reforms; one can infer that not much thought has gone into developing strategies for education sector;
- b. Government has gone completely wrong in Higher Education. Instead of focusing on quality improvement in education and research, the government has taken the path of infrastructure creation;
- c. No innovative new policy announced for education sector that can directly raise quality of creation or dissemination of knowledge.
- d. SETU is the only promising initiative in education sector with significant potential for India's social milieu.

The government is obligated to make the right investment decisions in education not only for the current stakeholders but also for the future generations.

Not focusing on quality and putting infrastructure creation on top priority will ensure that the Indian School and Higher Education remain poor.

The government needs to wake up and get obsessed with (a) learning outcomes and (b) high quality research as the twin areas of focus. Unless, the government makes Quality central to education policy, India will never be able to come out of the generally experienced poor environment for knowledge creation and knowledge dissemination.

Private funding and outcome driven focus on lifelong learning are a few things that Eduvisors longed to witness in the budget.



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India | Australia | Canada | Greece | Singapore | UAE | UK | USA

## India Headquarters

### Gurgaon

A-25/12, DLF Phase 1  
Gurgaon-122002

## India - Satellite Offices

### Delhi

1400 A  
14th Floor, Devika Tower  
6 - Nehru Place  
New Delhi - 110 019  
India

### Bangalore

1084, Sobha Daffodil  
Somasundarpalya, Sector 2  
HSR Layout  
Bangalore - 560 102  
India

### Hyderabad

Lotus 107, Serene County  
Gachibowli  
Hyderabad - 500 032  
India

## Barry & Stone network

### Australia

11/4 Manatunga Street, Clayton  
Victoria, 3168, Australia

### Canada

207, Hews Way  
Edmonton, Alberta  
T6L 6W6 Canada

### Greece

19 KM, Athens Lamia  
New En Erytharia  
14671, Greece

### Singapore

483, Block 438, Avenue 4  
Choa Chu Kang, Singapore 680438

### UAE

M 14, Alwadi Building,  
Sheikh Zayed Road,  
P.O. Box - 125316, Dubai UAE

### UK

Brook House, Cowley Mill Road  
Uxbridge, Middlesex UB8 2QE

### USA

4 D, Cedar Lane, Highland Park  
New Jersey 08904

## Thank You

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For more information, please contact:

### Vijay Shukla

T: +91 (124) 4119162, 4229162 Extn. 108

M: +91 98103 30659

E: [vijay@eduvisors.org](mailto:vijay@eduvisors.org)