

## Budget 2015: Great Cry Little Wool

It was anticipated that Budget 2015 would be an Innovatively Disruptive Budget and that the present Finance Minister would completely transform this annual, mundane exercise. However, if we benchmark the Budget of 2015 against the aspirations of various stakeholders, it falls well short of expectations. More disappointing is the fact that, given the squeezed legroom for expenditure, the government has managed to get its priorities completely wrong, for instance, MNREGA, which was labelled as a failed scheme, in Parliament, by Prime Minister Modi himself just a day before the budget, which earmarked INR 5000 crore more this year.

This new Budget, can, at best, be construed as a macro-economic one targeted at the corporate sector while the middle class has not only been completely neglected but also burdened. The government has merely paid lip service as far as Education is concerned; there is no vision, no path-breaking ideas - in point of fact the public spend on Education (~INR 69,000 crore) has declined as a percentage of GDP to ~3%, instead of increasing it substantially. What is more disturbing is that a major portion of this budget will be spent on meeting operating costs while little would be left for infrastructure expansion and upgrade. There are serious doubts on whether the government will be able to achieve all that which has been promised to the Indian populace on a shoestring budget, including the upgrading of 80,000 secondary schools.

As per Technopak estimates, India needs investment of up to US 200 billion across the Schooling, Higher Education, and Vocational Education segments to bridge the current gap in our Education Infrastructure (Exhibit 1).

Schools (K-12): 1.5 mn		Colleges: 35,539 Universities: 700		Vocational Training Centers: ~22,000	
Government: 1.1 mn	Private: 0.4 mn	Government: ~11,000	Private: 25,000	Government ITIs: 2,271 Polytechnics - 9,900	Private ITIs and Institutions: 9,673
No. of Students: 264 mn		No. of Students: 20 mn		No. of Students: 4.5 mn	
Annual Intake: 18 mn		Annual Intake: 5 mn		Annual Intake: 3 mn	
Additional Requirement: 40,000 Schools		Additional Requirement Colleges: 35,000, Universities: 700		Additional Capacity Required: 20 mn	
Additional Capacity Required: 40 mn		Additional Capacity Required: 20 mn			
Additional Requirement of Teachers: 2 mn		Additional Requirement of Faculty: 1.7 mn		Additional Requirement of Trainers: 1 mn	
Additional Resources USD 60 bn		Additional Resources: USD 100 bn		Additional Resources: USD 40 bn	

Source: Technopak Analysts

It is clearly evident that, as far as Education is concerned, public spending will clearly not suffice to bridge this ever-widening gap. It was therefore expected that this government would announce schemes for encouraging private investment in the sector. However, there was no such announcement. Against the backdrop of double-digit growth projections in the economy, a 7-10% increase in the expenditure on Education was entirely called for. However, the government has made almost no effort to spend on one of the most critical challenges facing our nation, viz. our public education system.

With 42% of tax revenues going into the coffers of state governments, the central government was further squeezed in terms of increasing the budgetary allocation under various heads. It was therefore imperative to spend each rupee carefully. However, if one carefully analyses the various announcements made in the budget, one realizes that there is a strong political undertone rather than astute economic prudence. One example is the government's decision to set up an Indian Institute of Management (IIM) in Jammu & Kashmir, and a Film Production Centre in Arunachal Pradesh, which begs the question as to where in these states is the industry's ecosystem for placements and industry-academia partnerships. It seems as if the government has not taken any lessons from the other newly-opened IIMs. One would also like to argue that, given the falling numbers of CAT aspirants and the oversupply of management institutions, the government's priorities are set inaccurately in terms of launching more IIMs.

Another major disconnect in the budget is the government's inability to look beyond the school education system. Governments in the past have done well on the school education front and it is evident in terms of rising enrolment. The focus should now have been on bringing in more accountability into the system in order to address such challenges as high dropout rates and the declining quality of the public school education system. Further, with more people ascending the education ladder, a large amount of investment is required to expand the public higher and vocational education infrastructure.

Our nation is at risk and India's much touted demographic dividend can well prove to be a curse if our teeming millions do not become skilled and employable. With nearly 600 million of India's population below the age of 25 years, there is need for large-scale skilling and employment generation. Apart from the Skill India Mission, the government seems to have no other plan to avert the risk of a demographic disaster. It is a well-accepted fact

that if India has to train 500 million people, it needs a pool of 3-4 lakh qualified trainers across various trades. It was expected that the government would set up skilling universities to address the increasing demand for qualified trainers. However, on this front as well, the government has been found lacking on vision as no funds were allocated for this purpose.

While the integrated education and livelihood scheme, called "Nai Manzil", is a welcome move and will impact 40 million school dropouts in India, it has to be understood that merely providing School Leaving Certificates will not translate into skills and jobs for minority youth. It is also to be seen how the National Skills Mission and the Deen Dayal Upadhyay Gramin Kaushal Yojana shape up, especially in the absence of a Vocational Education and Training Act. Similarly, the proposal of Apprenticeship Training Institutes for Women in Haryana and Uttarakhand is another welcome move but what was required was a complete revamping of the Apprenticeship Act.

Some positives from the budget were the announcement of the Atal Innovation Mission, "an Innovation Promotion Platform involving academics, entrepreneurs, and researchers and draw upon national and international experiences to foster a culture of innovation, R&D and scientific research in India", and the Self-Employment and Talent Utilization (SETU), a Techno-Financial, Incubation and Facilitation Program "to support all aspects of start-up businesses and other self-employment" activities, particularly in technology-driven areas. Student Financial Aid Authority will have to be set up in order to administer and monitor scholarships as well as educational loan schemes, and the Pradhan Mantri Vidya Lakshmi Karyakram will ensure that no student misses out on higher education for lack of funds. However, at the risk of repetition, on the whole, this budget falls well short of expectations.

**Authored By:**  
**Aurobindo Saxena (Associate Director, Education)**