

School Management and Administration

Unit – V **SCHOOL ADMINISTRATION**

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Unit IV - SCHOOL ADMINISTRATION

Unit - IV

Financing of education in India: Role of Union Government, State Government, Local Bodies / Government, UNESCO, UNICEF, UNDP, World Bank and UNFA in financing education – Funding system of education: Public, fees, student loans, education chess, industry and external aids.

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Introduction

- ❖ Education in India is primarily state-sponsored, making governmental resources central to educational development.
- ❖ Three layers control education — central, state, and district levels.
- ❖ Resource allocation is based on centre-state partnership.
- ❖ Decentralization in the eighties made districts the lowest unit for planning and financial revolution.
- ❖ Key stakeholders in financing education include the Union Government, State Government, Local Bodies, UNESCO, UNICEF, UNDP, World Bank, and UNFPA.

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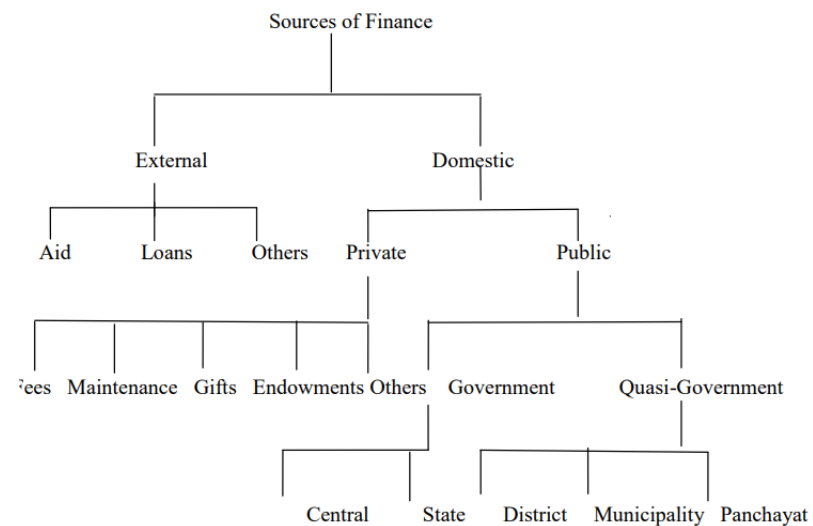
Financing of Education in India

- ❖ Education in India is financed through external and domestic sources.
- ❖ External sources contribute minimally to educational finances.
- ❖ Domestic sources are divided into public and private categories.
- ❖ Public sources include contributions from central, state, and local governments.
- ❖ Private sources include student/parent fees, household expenditures, endowments, and donations.
- ❖ Fees are compulsory payments, while endowments and donations are voluntary contributions..

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Financing of Education in India

Figure 4.1- Sources of Finance



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Financing of Education in India

Role of Union Government

- ❖ Since independence, the Central Government has progressively increased education spending.
- ❖ Grants-in-aid are provided to states, universities, and special institutions.
- ❖ Special grants are allocated to backward states to ensure equality with other states.
- ❖ Scholarships and stipends are offered under various schemes.
- ❖ Central Government assists states in fulfilling constitutional provisions for compulsory primary education (ages 6–14).
- ❖ • Central funds ensure equality of educational opportunity across regions.

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Financing of Education in India

Financial Support for Students (NEP 2020)

- ❖ Efforts will be made to incentivize merit among students belonging to SC, ST, OBC, and other SEDGs.
- ❖ The National Scholarship Portal will be expanded to support, foster, and track scholarship recipients.
- ❖ Private Higher Education Institutions (HEIs) will be encouraged to offer a greater number of free ships and scholarships to deserving students.

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Role of State Government in Financing Education

Primary & Higher Education

PRIMARY EDUCATION

- Free & compulsory under the Right to Education (RTE) Act.
- States responsible for school buildings, teacher salaries & mid-day meals.
- Samagra Shiksha Abhiyan funded at 60:40 (Centre:State) ratio.
- In northeastern & special-category states, Centre's share rises to 90%.

HIGHER EDUCATION

- States fund universities, colleges & technical institutions.
- Central Govt. funds IITs, NITs & IIMs through UGC & AICTE.
- State budgets cover faculty salaries, infrastructure & academic programmes.
- Kerala, Himachal Pradesh & Odisha allocate over 15% of state budget to education; several large states remain below 12%.

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Types of Grants Received by States

PROPORTIONAL GRANTS

- Allocated based on population size or student enrolment.
- Designed to secure broad equalization across states.
- Ensures no state is underfunded due to its size.
- Supports rapid expansion of schooling.

BACKWARD AREA GRANTS

- Directed at socio-economically underdeveloped states.
- Addresses poor infrastructure, teacher shortage & low literacy.
- Backward Regions Grant Fund (BRGF) launched in 2007.
- Covers 250 districts across 27 states.

SPECIFIC PURPOSE GRANTS

- Conditional transfers tied to specific programmes.
- Released only upon implementation of defined schemes.
- Examples: Sarva Shiksha Abhiyan, Mid-Day Meal programme.
- Cover both recurring & non-recurring expenditures.

Balancing Autonomy & Dependence: States bear most expenditure but central government retains policy control through conditional funding — a dynamic known as "federalism by finance."

UNESCO — United Nations Educational, Scientific and Cultural Organization

Promoting quality education, literacy and lifelong learning worldwide

ROLE IN EDUCATION

- Leads global efforts to achieve Education for All (EFA) goals.
- Promotes inclusive and equitable quality education.
- Develops international frameworks and education policy standards.
- Supports literacy programmes and teacher training initiatives.
- Monitors progress through the Global Education Monitoring (GEM) Report.

KEY CONTRIBUTIONS IN INDIA

- Supports India's National Literacy Mission and adult education programmes.
- Assists in curriculum development and educational policy reforms.
- Provides technical assistance for teacher training and capacity building.
- Promotes vocational education and skill development programmes.
- Funds research and innovation in science and technology education.
- Collaborates with MHRD (now MoE) on inclusive education strategies.

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UNICEF — United Nations Children's Fund

Ensuring every child's right to quality education and child development

ROLE IN EDUCATION

- Focuses on universal access to primary education for all children.
- Advocates for girls' education and gender equality in schools.
- Supports early childhood care and education (ECCE) programmes.
- Promotes child-friendly school environments and sanitation.
- Works to reduce dropout rates and improve learning outcomes.

KEY CONTRIBUTIONS IN INDIA

- Supports Sarva Shiksha Abhiyan (SSA) and the Right to Education (RTE) Act.
- Funds construction of school buildings and sanitation facilities.
- Promotes enrolment of girls and children from marginalised communities.
- Provides technical and financial support for mid-day meal programmes.
- Assists in developing child-friendly teaching and learning materials.
- Partners with state governments for early childhood education initiatives.

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UNDP — United Nations Development Programme

Linking education with sustainable development and poverty eradication

ROLE IN EDUCATION

- Integrates education within broader human development frameworks.
- Supports capacity building for education governance and planning.
- Promotes education as a tool for poverty reduction and empowerment.
- Assists in developing national education plans aligned with SDGs.
- Funds vocational training and livelihood education programmes.

KEY CONTRIBUTIONS IN INDIA

- Supports India's efforts to achieve Sustainable Development Goal 4 (SDG 4).
- Funds programmes linking education with employment and skill development.
- Assists in capacity building for district-level education planning.
- Promotes non-formal and adult education for marginalised populations.
- Supports education in disaster-affected and conflict-prone regions.
- Collaborates with government on decentralised education management.

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World Bank — International Bank for Reconstruction and Development

Financing and reforming education systems for sustainable human capital

ROLE IN EDUCATION

- Provides loans, grants and technical assistance for education reforms.
- Supports strengthening of school infrastructure and quality standards.
- Promotes accountability, assessment and education data systems.
- Funds higher education modernisation and research capacity building.
- Advocates for results-based financing in education programmes.

KEY CONTRIBUTIONS IN INDIA

- Financed the District Primary Education Programme (DPEP) across India.
- Provided significant funding for Sarva Shiksha Abhiyan (SSA).
- Supported Rashtriya Madhyamik Shiksha Abhiyan (RMSA) for secondary education.
- Funded higher education reforms through the Technical Education Quality Improvement Programme (TEQIP).
- Assists in implementing learning assessments and school accountability measures.
- Provides loans for improving education quality in backward states.

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UNFPA — United Nations Population Fund

Advancing education for reproductive health, gender equality and youth empowerment

ROLE IN EDUCATION

- Promotes comprehensive sexuality education and life skills programmes.
- Focuses on education for adolescent girls and young women.
- Supports population education and awareness in school curricula.
- Advocates for keeping girls in school to delay early marriage.
- Links education with reproductive health and rights programmes.

KEY CONTRIBUTIONS IN INDIA

- Supports India's Population Education Programme (PEP) in schools and colleges.
- Funds life skills education for adolescents under the ARSH initiative.
- Promotes gender-sensitive curricula to empower girls through education.
- Assists in training teachers on population and reproductive health education.
- Collaborates with state governments to reduce school dropout rates among girls.
- Supports awareness campaigns on child marriage and girls' right to education.

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Public Funding of Education

Government financing as the backbone of India's education system

SOURCES OF PUBLIC FUNDING

- Central Government allocates funds through the Union Budget under the Ministry of Education.
- State Governments contribute the largest share of public education expenditure.
- Local bodies such as municipalities and panchayats fund primary and elementary schools.
- Centrally Sponsored Schemes (CSS) provide shared funding between Centre and states.
- Finance Commission grants support states with lower revenue capacity.

KEY PROGRAMMES & FACTS

- Samagra Shiksha Abhiyan — umbrella scheme covering school education (funded 60:40).
- PM POSHAN (Mid-Day Meal Scheme) — nutritional support funded publicly.
- India targets 6% of GDP for education expenditure as per NEP 2020.
- Higher Education Financing Agency (HEFA) funds infrastructure in central institutions.
- Grants-in-aid provided to aided private schools and deemed universities.
- National Education Mission funds digital infrastructure and teacher training.

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Fees & Household Expenditure

Private contributions through tuition fees and direct household spending

TYPES OF FEE STRUCTURES

- Tuition fees are the primary source of revenue for private unaided institutions.
- Aided institutions charge nominal fees regulated by state government policies.
- Government institutions charge subsidised fees, sometimes near zero for primary level.
- Capitation fees (unofficial) collected by some private institutions at entry level.
- Examination, hostel, library and laboratory fees form additional components.

SIGNIFICANCE & CONCERNS

- Household expenditure on education has risen significantly over the past two decades.
- Private school fees can be 5–10 times higher than government school costs.
- Fee regulation policies differ widely across states, causing inequity.
- RTE Act mandates 25% free seats for economically weaker sections in private schools.
- Higher education fees at IITs, IIMs and private universities vary enormously.
- Rising fees pose a barrier for first-generation learners and rural students.

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Student Loans

Financing higher education through institutional and government loan schemes

MAJOR LOAN SCHEMES

- Vidya Lakshmi Portal — single-window platform for education loan applications.
- Central Sector Interest Subsidy (CSIS) scheme provides interest relief for economically weaker students.
- Dr. Ambedkar Interest Subsidy Scheme supports OBC and EBC students studying abroad.
- Padho Pardesh — interest subsidy for minority community students studying overseas.
- State Bank of India, Bank of Baroda and other PSU banks offer structured education loans.

KEY FEATURES & CHALLENGES

- Loans cover tuition fees, hostel charges, books, equipment and travel expenses.
- Repayment begins 6–12 months after course completion or employment.
- Collateral-free loans available up to ₹7.5 lakh under IBA model scheme.
- NPA (Non-Performing Assets) in education loans remains a concern for banks.
- NEP 2020 proposes a National Scholarship and Loan Authority for better coordination.
- Low awareness among rural students limits uptake of available loan schemes.

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Industry & Corporate Funding

Private sector and CSR contributions to education financing

MODES OF INDUSTRY FUNDING

- Corporate Social Responsibility (CSR) under Companies Act 2013 mandates 2% of net profit for social causes including education.
- Industry–academia partnerships fund research, labs and innovation centres.
- Public–Private Partnership (PPP) models support school and college infrastructure.
- Endowments and chairs established by corporates in universities and IITs.
- Skill development funding through National Skill Development Corporation (NSDC) with industry participation.

EXAMPLES & IMPACT

- Tata Trusts, Reliance Foundation and Azim Premji Foundation invest heavily in school education.
- Infosys Foundation funds digital labs, libraries and scholarships across government schools.
- Industry funds Centres of Excellence (CoE) in IITs and NITs for applied research.
- Apprenticeship and internship programmes bridge the skill–education gap.
- CSR spending on education exceeded ₹5,000 crore annually in recent years.
- FICCI and CII collaborate with MoE on curriculum alignment with industry needs.

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External Aid & International Funding

Multilateral and bilateral assistance supporting India's education development

SOURCES OF EXTERNAL AID

- World Bank provides loans and technical assistance for school and higher education reforms.
- UNESCO supports policy development, teacher training and literacy programmes.
- UNICEF funds primary education, child-friendly schools and girls' enrolment.
- UNDP links education with sustainable development goals and poverty reduction.
- UNFPA supports population education, life skills and adolescent girl education.

KEY FUNDED PROGRAMMES

- District Primary Education Programme (DPEP) — World Bank-funded, launched in 1994.
- Sarva Shiksha Abhiyan (SSA) received significant World Bank financial support.
- Technical Education Quality Improvement Programme (TEQIP) — World Bank assisted.
- Rashtriya Madhyamik Shiksha Abhiyan (RMSA) received bilateral donor support.
- External aid now forms a smaller share as India's own public spending has grown.
- ADB and JICA also fund vocational education and skill development initiatives.

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