

EDUCATIONAL SERVICES AND PUBLICATIONS

Sector Impact – Positive

Background

- Educational services consist of Academic, Non-Academic, Vocational, Technical and Other certified and Training Courses. India has one of the largest education systems in the world. It ranks next only to America and China.
- As per the Government estimates, the number of schools in the country increased from 1.25 million as on March 31, 2008 to 1.29 million as on March 31, 2009. The national spending on education was around 4% of GDP in 2008-09. Half of the money spent by public sector on education is on elementary education.
- About 40% of India's population is in the age group of 6-24 years. Education has been identified as the single most important element in national development. In view of the above, the Government has announced major programs and schemes in the past.
- With the implementation of the Sarva Shiksha Abhiyan (SSA) and Mid Day Meal (MDM) Schemes, the percentage of out-of-school children in the age group of 6-14 declined from 6.6% in 2006 to 4.2% in 2009.
- Even though primary education in India is compulsory, India lags behind other emerging nations in terms of the Gross Enrollment Ratio (GER). The GER in primary education in India was just 98.1% in 2009 which places it at the second-last position among seven developing countries that include Brazil, China, Russia, Indonesia, South Africa and Mexico. The GER in tertiary education was just 11% in India in 2009.
- In an effort to increase the GER and to ensure availability of primary education to every child in the age bracket of 6-14 years, the Right of Children to Free and Compulsory Education Bill, 2009 was passed by the Indian Parliament on August 4, 2009. This bill guarantees free and compulsory education to children between the age of 6 and 14 in a neighborhood school without fees or entrance tests. It also fixes responsibility on schools to reserve at least 25% of their seats for children from the weaker and disadvantaged sections, as specified by the Government. The Central Government and the State Governments will have concurrent responsibility for providing funds for carrying out the provisions of this Bill. The Bill also proposes to ban capitation fees, admission interviews and private tuition. The Bill was passed in both the houses of Parliament and the Right of Children to Free and Compulsory Education Act, 2009 came into force after Presidential assent was received on August 26, 2009.

Budget Proposals

1. The plan allocation for school education has been increased from Rs.26,800 crore in 2009-10 to Rs.31,036 crore in 2010-11. In addition, States will have access to Rs.3,675 crore for elementary education under the Thirteenth Finance Commission grants for 2010-11.
2. To improve female literacy rate, the Government has recast the earlier National Literacy Mission launched in September 2009 as a new programme "Saakshar Bharat". This programme will focus specifically on reducing illiteracy amongst women.
3. The plan allocation to the Ministry of Social Justice and Empowerment has been enhanced to Rs.4,500 crore. With this enhancement, the Ministry will be able to revise the rates of scholarship under its Post-matric Scholarship Schemes for SCs and OBC students.
4. The weighted deductions on payments made to National laboratories, research associations, colleges, universities and other institutions for scientific research has been enhanced from 125% to 175%.

Duty Structure

(%)	Existing	Proposed
EXCISE DUTY		
<ul style="list-style-type: none"> Certain varieties of writing, printing and packaging paper 	8	8
<ul style="list-style-type: none"> Paper, paper board and articles made therefrom manufactured out of non-conventional raw materials by units not having an attached bamboo/wood pulp making plant 	8	8

Excluding:

2% Education cess and 1% secondary & higher education cess

1% National Calamity Contingent Duty (NCCD)

Budget Impact: Industry

1. The school education expenditure is proposed to be increased by 16% in the coming FY. This will positively impact the education sector and will enable the Government to provide education to a greater number of children as proposed under the Right of Children to Free

and Compulsory Education Act, 2009. Despite several measures taken by the Government, India lags behind the other emerging nations in terms of GER. Thus additional outlay of funds as proposed in the Budget 2010-11 is required to improve both the infrastructure as well as the quality of education provided by the schools across the country and also to increase the number of schools so that education can reach a larger number of children. This proposal will also have a positive impact on the publication industry as their target base will increase with the increase in the number of enrolments.

- For the development of a nation, it is imperative to have in place a well-structured elementary education system. The additional availability of Rs.3,675 crore to the States for elementary education will enable the States to build up the infrastructure and other resources required to ensure availability of elementary education to children across the States.

Budget Impact: Companies

Company	Products	% of Sales	Applicable Proposals	Overall Impact
Educomp Solutions	ICT Solutions for Schools , Professional Development and Smart Class	94	1,2,3	◄►
Everonn Systems	Institutional Education	100	1,2,3	◄►
NIFT	Technical Education Solutions	100	1,2,3	◄►
Navneet Publications	Notebooks and Publication	100	1,2,3	▲
Blue Bird (India) Ltd	Notebooks and Publication	98	1,2,3	▲

Legends:

▲▲	Highly Positive	▼	Negative	◄►	Neutral
▲	Positive	▼▼	Highly Negative	∅	No Proposals