

## **Prarambhik Shiksha Kosh**

In order to bridge the gap between available plan resources and estimated requirements to finance the programmes for universalization of elementary education, an Education Cess @ 2% was levied on Income Tax, Excise Duty, Customs Duty & Service Tax “to fulfill the commitment of the Government to provide and finance universalized quality basic education”. Education Cess was levied by the Finance (No.2) Act, 2004 on (8.7.2004).

2. The Government approved the creation of a non-lapsable fund, Prarambhik Shiksha Kosh (PSK) in the following manner:-

- (i) Elementary Education Sector should, as a matter of Constitutional obligation, be assured Annual Plan allocations in a need-based manner.
- (ii) A Prarambhik Shiksha Kosh (PSK) be created in the Public Account of India, and all proceeds of the Education Cess be credited into it, with minimum possible time lag.
- (iii) The account of the Prarambhik Shiksha Kosh be maintained by the Ministry of Human Resource Development, Department of Elementary Education & Literacy (renamed as Department of School Education & Literacy) and the amount available therein be non-lapsable; and
- (iv) The proceeds of the Education Cess credited to Prarambhik Shiksha Kosh be spent on
  - (a) Sarva Shiksha Abhiyan and
  - (b) Mid-Day Meal Scheme.
- (v) In any financial year, the expenditure on these schemes shall be initially incurred from the Other Budgetary Resources (OBR) component of the Plan allocation and the expenditure will be financed from the Prarambhik Shiksha Kosh only after the OBR is exhausted.
- (vi) Savings in respect of the North-Eastern States relating to Elementary Education (Sarva Shiksha Abhiyan and Mid-Day Meal Scheme) shall be credited to the Non-Lapsable Central Pool of Resources to be earmarked for spending on Sarva Shiksha Abhiyan and Mid-Day Meal Scheme.

3. The accounting modalities/procedure for operation of PSK has been agreed to by the Office of the Comptroller & Auditor General of India. Notification/Resolution dated 30<sup>th</sup> August, 2006 regarding setting up of PSK has been published in the Gazette of India. Education Cess levied and collected by the Government is being accounted for in the Consolidated Fund of India

by the Principal Chief Controllers of Accounts (Pr. CCA), Central Board of Direct Taxes and Central Board of Excise and Customs. The account of PSK is being maintained by the Chief Controller of Accounts (CCA), Ministry of Human Resource Development.

4. The Gross Budgetary Support (including the NER component) and the PSK component, for Sarva Shiksha Abhiyan and Mid-Day-Meal Scheme, year-wise are as indicated in the table below:

(Rs. in crores)										
S. No	Scheme	Budget 2006-07			Budget 2007-08			Budget 2008-09		
		GBS	PSK	Total	GBS	PSK	Total	GBS	PSK	Total
1	Sarva Shiksha Abhiyan	5169.00	5831.00	11000.00	3678.00	6993.00	10671.00	5410.00	7690.00	13100.00
2	Mid Day Meal	2433.00	2915.00	5348.00	3924.00	3400.00	7324.00	2873.00	5127.00	8000.00
	<b>Total</b>	<b>7602.00</b>	<b>8746.00</b>	<b>16348.00</b>	<b>7602.00</b>	<b>10393.00</b>	<b>17995.00</b>	<b>8283.00</b>	<b>12817.00</b>	<b>21100.00</b>

Source: Expenditure Budget- 2007-08 and 2008-09 incorporating Notes on Demand for Grants published by Ministry of Finance.

GBS: Gross Budgetary Support

PSK: Prarambhik Shiksha Kosh

7. **Allocation to States against Education Cess:** The proceeds of Education Cess are utilized exclusively for the Sarva Shiksha Abhiyan (SSA) and Mid-Day Meal (MDM) of the Government. Allocations to the States are not being made separately against the Education Cess. Assistance to them is released under individual schemes of SSA and MDM as per the respective guidelines and budgetary allocations of these schemes.