

Economics of Special Status under RUSA with special reference to Andhra Pradesh

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Abstract:- Rashtriya Uchchar Shiksha Abhiyan (RUSA) is a Centrally Sponsored Scheme (CSS), launched in 2013 aims at providing strategic funding to eligible state higher educational institutions. The central funding (in the ratio of 60:40 for general category States, 90:10 for special category states and 100% for union territories) would be norm based and outcome dependent. The funding would flow from the central ministry through the state governments/union territories to the State Higher Education Councils before reaching the identified institutions. The funding to states would be made on the basis of critical appraisal of State Higher Education Plans, which would describe each state's strategy to address issues of equity, access and excellence in higher education.

Key Words: *RUSA, Special status, Access, Equity, Quality, HEPA*

I. INTRODUCTION:

RUSA funding to states is mainly based on 3 cardinal principles:

Access Greater access requires an enhancement of the education institutional capacity of the higher education sector to provide opportunities to all those who deserve and desire higher education.

The target is to raise the gross enrolment ratio to 32% by the end of XII Plan in 2017.

Equity

Equity involves fair access of the poor and the socially disadvantaged groups to higher education.

Quality

Quality involves provision of education in accordance with accepted standards so that students receive available knowledge of the highest standard that helps them to enhance their human resource capabilities.

Improve the overall quality of state institutions by ensuring conformity to prescribed norms and standards and adopt accreditation as a mandatory quality assurance framework.

'Special category' status is a classification given by Centre to assist in development of those states that face geographical & socio-economic disadvantages like hilly terrains, strategic international borders, economic & infrastructural backwardness and non-viable state finances. The classification **came into existence in 1969** as per the suggestion **given by the Fifth Finance Commission**, set up to devise a formula for sharing the funds of Central govt. among all states.

- **Significant concession** in excise & customs duties, income tax and corporate tax
- **30 percent of planned expenditure** (central budget) goes to 'special category' states
- Special Category states are benefited because of **Normal Central Assistance** which was skewed in favour of these states. These states get **more funds in terms of NCA** and most part of these funds was in the form of grants rather than loans.
- **Special Central Assistance** given to SCS is also an additional amount which can be used by the concerned state for economic development.
- **Centre bears 90% of the state expenditure** (given as grant) on all centrally-sponsored schemes and external aid while **rest 10% is given as loan to state**. For general category, the respective grant to loan ratio is 30:70 where as external aid is passed on in the same ratio as received at the centre.
- **Unspent money does not lapse** and gets carry forward.

Hence, special-category status catalyses the inflow of private investments and generates employment and additional revenue to state. Since centre bears 90% of state expenditure on all centrally-sponsored schemes, state can take more welfare-based schemes from the new savings.

Further, more grants from centre helps in building state infrastructure and social sector projects. As a result, special-category state gets to bridge its development deficit.

'Special Category' status had been granted in the past by the Union government to States having certain characteristics based on the recommendations of the National Development Council.

These include

- i) Hilly terrain;

- ii) Low population density and/or sizeable share of tribal population;
- iii) Strategic location along borders with neighbouring countries;
- iv) Economic and infrastructure backwardness; and
- v) Non-viable nature of State finances.

The following 11 states held Special category status namely, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Jammu & Kashmir, Himachal Pradesh, and Uttarakhand.

Lacunae in the working of Special Category status

Firstly, the way Special Category Status were assigned to a state has been a matter of debate. Various committees used different parameters to classify a state in Special Category status.

Some states lobby central government to classify them in special category. This was to be corrected and the consent of majority of state must be taken before granting a special category status to any state. Moreover there should have been a general consensus among states related to principle used for granting the SCS.

Secondly, data reveals that even after awarding Special category status not much economic progress has been noticed among states. This may mean that for development it's important to follow sound economic policy. Benefit of SCS may act as a stimulus but rest depends on the individual state policy.

Third, the amount of proceeds that states receive has increased after 14th finance commission. So the structure does not seem to have any specific relevance in present context.

Why has the status been removed now?

The Finance Ministry's reasoning for withdrawing the status is that the higher 42% devolution takes into account all needs of states.

Way ahead?

Following the demand for Special Status by Bihar, a committee was appointed under Dr. Raghuram Rajan in 2013. This committee suggested that States classified as 'Special Category States' and those seeking inclusion in that category, would find that their need for funds and special attention more than adequately met by a basic allocation to each State and the categorisation of some as 'least developed'. Considering special status to any new State will result in demands from other States and dilute the benefits further. It is also not economically beneficial for States to seek special status as the benefits under the current dispensation are minimal. States facing special problems will be better off seeking a special package.

Its not Special Status but Special Package to AP

The Central Government is committed to help and assist the newly created State of Andhra Pradesh. The commitments of the Centre emanate from four basic documents, namely, the provisions of the Andhra Pradesh Reorganisation Act, 2014, the report of the Fourteenth Finance Commission, the statement of the then Prime Minister before the Parliament on 20.2.2014 and the Report dated 1.12.2015 of Vice Chairman, NITI Aayog on Developmental Support to the Successor State of Andhra Pradesh under the Andhra Pradesh Reorganisation Act 2014. The above mentioned commitments are broadly categorized as under:-

(i) The Andhra Pradesh Reorganisation Act:

(a) Section 46 of the Act provides for a reference to be made to the Fourteenth Finance Commission to take into account the resources available to the Successor States and make separate awards to them. It further provides for a developmental package to be given to the backward areas of the State of Andhra Pradesh. It also provides for adequate incentives in particular for Rayalaseema and north coastal regions of the State.

(b) Section 90 of the Act declares the Polavaram Irrigation Project as a National Project.

(c) Under Section 93 of the Act, the details of institutions and infrastructure to be developed in the State are outlined in the Thirteenth Schedule to the Act.

(d) Section 94 of the Act provides for appropriate fiscal measures, including offer of tax incentives, to be given to the Successor States to promote industrialization and economic growth. It further provides for support to programmes for backward areas including physical and social infrastructure. In addition, it provides for giving special financial support for creation of essential facilities in the new capital of the successor State of Andhra Pradesh, including the Raj Bhawan, High Court, Government Secretariat, Legislative Assembly, Legislative Council and such other essential infrastructure.

(ii) Statement of the then Prime Minister Dr. Manmohan Singh on 20.2.2014:

The then Prime Minister, Dr. Manmohan Singh on 20.2.2014 stated before the Rajya Sabha that Special Category Status would be extended to the State of Andhra Pradesh for a period of five years. This would be done to put the State's finances on a firmer footing. He further stated that the resource gap for the year 2014-15 would be compensated by the Central Government.

(iii) Fourteenth Finance Commission:

The Fourteenth Finance Commission defined the financial relationship between Centre and the States for the five year period ending 2019-20. The Commission did not make a distinction between Special and General Category States. Its approach was to fill the resource gap of each State to the extent possible through tax devolution. Accordingly, the Commission recommended an enhanced devolution of 42% of the Central Government's tax revenues to States. If devolution alone could not cover the assessed gap, for certain States, a revenue deficit grant was provided. Andhra Pradesh was one of the States determined to be a revenue deficit State, and the Commission recommended that the Centre would provide revenue deficit grant for the period of the Fourteenth Finance Commission. The amount of deficit for each year was mentioned in the report itself and a total of Rs.22,113 crores is to be paid to Andhra Pradesh as revenue deficit grant for the 5 year period.

(iv) Report on Developmental Support to Andhra Pradesh dated 1.12.2015:

The Vice Chairman, NITI Aayog Dr. Arvind Panagariya studied various aspects of the support to be given to Andhra Pradesh under the Reorganisation Act and made recommendations regarding effective implementation.

The Central Government's commitments to the State of Andhra Pradesh in respect of educational and other institutions:

A Petroleum University has already been established.

The IIT has already been functioning from a transit campus and the main campus is being constructed.

The National Institute of Technology has already been functioning since September 2015 in a temporary campus and its main campus is being constructed.

The Indian Institute of Information Technology, Kurnool has already started functioning from the temporary campus and would start functioning and its main campus is being constructed.

The site for the Central University in Anantapur district has already been selected.

The Indian Institute of Science Education and Research has been established in Tirupati.

The Indian Institute of Management has been established at Visakhapatnam.

An All India Institute of Medical Sciences has been approved at Guntur and the land for the same is being taken over. A Tribal University is to be established in the State of Andhra Pradesh for which a Site Selection Committee of the State has already approved the land.

A National Institute of Disaster Management is being established in the State of Andhra Pradesh for which identification and takeover of the land is being completed.

The Table showing difference of benefits between with Special status and without Special status

Economics of RUSA with reference to special status to AP										
S.No		Without Spl Status			With Special Status			Special Status Benefit in Rs. Crores	No of Units	Actual Benefit
		Central Share in Rs.Crores	State Share in Rs. Crores	Rs. In Crores	Central share in Rs. Crores	State Share in Rs. Crores	Rs. In Crores			
		60%	40%	Total	90%	10%	(F-C)		(H x I)	
1	Component 1	33	22	55	49.5	5.5	16.5	1	17	
2	Component 2	33	22	55	49.5	5.5	16.5	1	17	

3	Component 3	12	8	20	18	2	6	3	18
4	Component 4	7.2	4.8	12	10.8	1.2	3.6	6	22
5	Component 5	2.4	1.6	4	3.6	0.4	1.2	2	2.4
6	Component 6	15.6	10.4	26	23.4	2.6	7.8	1	7.8
7	Component 7	1.2	0.8	2	1.8	0.2	0.6	56	34
8	Component 8	72	48	120	108	12	36	1	36
9	Component 9	3	2	5	4.5	0.5	1.5	1	1.5
10	Component 10	0.348	0.232	0.58	0.522	0.06	0.174	1	0.2
11	Component 11	6	4	10	9	1	3	1	3
12	Component 12	9	6	15	13.5	1.5	4.5	1	4.5
13	Component 13	60	40	100	90	10	30	1	30
14	Component 14	6	4	10	9	1	3	1	3
15	Component 15	3	2	5	4.5	0.5	1.5	1	1.5
16	Component 16	1.2	0.8	2	1.8	0.2	0.6	1	0.6
17	Component 17	9.402	6.268	15.7	14.1	1.57	4.701	1	4.7
18	Component 18	1.2	0.8	2	1.8	0.2	0.6	1	0.6
	Total	275.55	183.7	459	413.3	45.9	137.8		202

Note: The amounts for Faculty recruitment and Faculty improvement under components 10 & 11 will be increased based on the involvement of intake of Faculty.

List of various components under different Programmatic and Financial Norms

1. **Component-1:** Creation of Universities by way of upgradation of existing Autonomous Colleges
2. **Component- 2:** Creation of Universities by conversion of colleges in a cluster
3. **Component-3:** Infrastructure Grants to Universities
4. **Component- 4:** New Model Colleges (General)
5. **Component-5:** Upgradation of existing Degree Colleges to Model Degree Colleges
6. **Component- 6:** New Colleges (Professional)
7. **Component-7:** Infrastructure Grants to Colleges
8. **Component-8:** Research, Innovation and quality improvement
9. **Component-9:** Equity Initiatives
10. **Component-10:** Faculty Recruitment Support
11. **Component-11:** Faculty Improvement
12. **Component- 12:** Vocationalisation of Higher Education
13. **Component-13:** Leadership Development of Educational Administrators
14. **Component-14:** Institutional Restructuring and Reforms
15. **Component-15:** Capacity Building and Preparation, Data Collection and Planning
16. **Component-16:** Management Information System
17. **Component-17:** Support to Polytechnics
18. **Component-18:** Management Monitoring Evaluation and Research (MMER)

Setting up of Higher Education Financing Agency (HEFA)

A proposal to have a fund, which can go up to Rs 20,000 crore to help with infrastructure requirements and research activities at top educational institutions, would be taken to the Cabinet. In the Union Budget, the government had announced that it would set up Higher Education Financing Agency with an initial corpus of Rs 1,000 crore.

II. CONCLUSION:

The state is going to benefit around Rs.200 to Rs.400 crores if Andhra Pradesh is bestowed with special status exclusively from RUSA towards Higher Education. With this additional amounts all the Govt Degree Colleges(145) that are available in the state and State Universities (14) will be benefitted immensely. The share of HEFA is likely to be 50:50, If the AP is to get Rs.10,000 crores it has to be contributed another Rs.10,000 crores which will be an herculean task for the debt laden state. If there is Special status state has to contribute only 10%, So instead of contributing 50% the 10% of share that will be around Rs.2000 crores is easy for this State.The State Government can effort States contribution very easily as it amounts only 10% of total share. This will reap greater harvest in terms of Equitable Access with inclusive growth and provides Quality education while transforming Andhra Pradesh as Education Hub and a Knowledge Society.

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