ISSN PRINT 2319 1775 Online 2320 7876
Research paper UGC CARE Listed (Group -I) Journal Volume 11, Iss 10, 2022

Implementation of NEP 2020 and its Financial Implications

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ABSTRACT

Education policy of a nation plays a key role in knowledge production through a robust method to promote Research & Development (R&D) in academic activities. An efficient policy enables the knowledge system to contribute in the creation of knowledge-based goods. By announcing the National Education Policy (NEP) in July 2020, India made significant adjustments to its educational system after a long period of 34 years. The strategy intends to improve education for roughly 300 million children in the nation through a variety of changes, increasing public spending in education from 4.4% of India's GDP to 6%. India's administrative policy statement, NEP 2020, which aims to provide equitable and high-quality education to all citizens, has once again stressed the necessity of raising public investment in the education sector to at least 6% of GDP as soon as practicable. The Union government and the states' total financial allocation for education spending in 2021–22 was 3.1% of the nation's GDP, well below the goal. Since many decades ago, there has been a considerable discrepancy between the 6% aim and the actual investment position. The main challenges include providing financial support to various essential elements and components of education, such as decent and pleasant service conditions at schools, adequate and safe infrastructure, computing devices, internet, libraries, and sports and recreational resources will be provided to all teachers and students, including children of all genders and children with disabilities, receiving a safe, inclusive, and effective learning environment.

Keywords: R&D, GDP, public finance, economics, policies, developing countries, India.

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INTRODUCTION

Nearly 30 years have passed since the previous policy was implemented before the Government of India's announcement of the National Education Policy on July 29, 2020. During this time, the world has changed a lot, and so has India in terms of youth aspirations and the workplace. The new policy introduces revolutionary changes in school and higher education in keeping with the need to evolve with the times and link India's educational system with modern practises used around the world. The policy's main goals are to give students with the necessary flexibility in planning their careers, to match education with the requirements of the future workplace, and to deliver technology-driven education.

NEP 2020 proposed several reforms and key highlights include:

1. Early Childhood Care and Education (ECCE): The policy emphasizes the importance of early childhood education and aims to provide a strong foundation to children early childhood education and aims to provide a strong foundation to children.

2. School Education: The NEP 2020 advocates for a 5+3+3+4 structure, where the foundational stage (ages 3-8) is divided into two parts: 3 years of pre-primary school (ages 3-6) and grades 1-2 (ages 6-8). It also proposes a flexible and multidisciplinary curriculum, reducing the emphasis on board exams, and promoting experiential learning.

3. Higher Education: The policy suggests significant changes to higher education, including the introduction of a four-year multidisciplinary undergraduate program with multiple exit options, the establishment of a National Research Foundation (NRF), and increased focus on vocational education.

4. Teacher Education: The NEP 2020 aims to transform teacher education by implementing a four-year integrated B.Ed. program and promoting continuous professional development for teachers.

It also is suggested that vocational education be incorporated into the formal educational system starting in grade VI. By reducing cultural barriers to vocational education, this policy may assist

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students make an informed decision about their academic and professional paths based on their aptitude and ability.

The policy has taken into account a student's alternatives and choices for academic flexibility in higher education as well, through the numerous sites of entry and exit. In a 4-year undergrad curriculum, a student can choose to finish with a certificate after the first year, a diploma after the second year, or a degree after the third year. Students will have the option to re-enter the programme from where they had left, at the same or a different institution, even if they leave before finishing the program's complete term.

An academic credit-bank database is suggested to be put up in order to store academic credits digitally. This will allow for the tracking of the student's progress through higher education. Students who have this kind of flexibility have a lot of options for developing their professions while also being prepared for any unforeseen life circumstances that might need a temporary break from their education.

Allowing higher education institutions to provide multidisciplinary courses is another significant development that is anticipated to be advantageous to students. This approach gives students the freedom to combine studies according to their interests, which may not be the same as the traditional combination of subjects we are accustomed to. Choice and flexibility like this will support innovations anticipated in the workplace of the future and promote youth aspirations.

Although the policy's revolutionary changes are urgently needed to modernise the educational system, its implementation is likely to be difficult. To put the policy initiatives into practise, large investments will be needed in infrastructure, technology, and teacher preparation. As rote memorization gives way to conceptual learning, for instance, the change in school education will necessitate the training of new pedagogy for instructors.

To ensure that teachers and students, including children of all genders and children with disabilities, receive a safe, inclusive, and effective learning environment and are comfortable,

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financial support will be given to various essential elements and components of education, such as decent and pleasant service conditions at schools, adequate and safe infrastructure, computing devices, internet, libraries, and sports and recreational resources. (Ramakrishna, 2021)

In the case of higher education, the decision to offer multidisciplinary courses will necessitate investment in new buildings and infrastructure, as well as hiring faculty for the newly offered areas. India's objectives for economic and development are projected to be greatly aided by the New Education Policy's effective implementation (Kazmi, 2021).

The NEP 2020 views the first three to eight years of life as the critical window for a child's entire development. Before children start formal schooling at age six, the provision of structured educational facilities for them has a dual purpose. Preschool education, on the one hand, considerably promotes a child's total development, including all facets of their physical, social, emotional, and cognitive growth. On the other hand, research has shown that a person's education prior to completing primary school tends to have a significant impact on their chances of continuing their education.

Thus, it is well known that pre-school education establishes a child's preparedness for formal schooling and builds the groundwork for that readiness. Additionally, research suggests that youngsters between the ages of four and six have the mental capacity to learn in a more regulated, but play-based setting. At this point, all children—but those from impoverished communities in particular—need a suitable programme for getting ready for school, one that is adaptable and centred on the child's priorities and interests.

Financial Implications

Background: The Initial Decades of Shaping Public Investment on Education

The Kothari Commission was established in 1964, at the conclusion of the third Five-Year Plan, to examine the nation's educational system. Its responsibility was to advise the government on broad guidelines and plans for the advancement of education. Among its recommendations was, for the

ISSN PRINT 2319 1775 Online 2320 7876

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first time ever that education expenditure as a share of Gross National Income (GNI) be increased from 2.9 per cent in 1965-66 to 6 per cent by 1985-86.

	1965-66	1970-71	1975-76	1980-81	1985-86
Percentage of total educational expenditure as a share of total Gross National Income	2.9	3.4	4.1	5	6
Educational expenditure per capita	12.1	17.3	24.7	36.1	53.9
Key Assumptions (Background Parameters) • Real annual growth of national income: 6% • Annual growth of population: 2.1% • Annual growth of total educational expenditure: 10%					

Source: Vol 4: Planning, Administration, Finance. Education Commission Report, 1964-66.

Available online at: *http://14.139.60.153/bitstream/123456789/186/1/Report-Education%20and%20National%20Development-Vol-4- Planning%2C%20Administration%2C%20Finance.pdf*

During the first three Five-Year Plans, which ran from 1951 through 1966, education accounted for, on average, 7% of all budgetary expenditures. The National Policy on Education (NPE) 1968 stated that the country should strive to "...increase the investment in education to reach a level of expenditure of 6% of the national income as early as possible" after the Union government accepted the Kothari Commission's proposal for education spending. The percentage of GNI spent on education quadrupled from 1.7% in 1968–1969 to 3.5% in 1985–1986 but remained stable at 3.4% in 1986–1987.

As a result, it took until the late 1980s to accomplish the goal. Later, a different strategy, the NPE 1986, placed more emphasis on the need to guarantee that everyone has equal access to educational opportunities and make enough money available for education by increasing public spending to achieve the same aim. However, funding for the education sector remained meagre even from 1986–1987 to 2001–2002, when India's economy grew rapidly. If we look at real spending, India spent less than 3% of its GDP on education from 2015–16 to 2018–19.

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It is equally crucial to emphasise that the objective of 6% was set with the GNI, which is theoretically larger than GDP, as the denominator. Therefore, the aim should have ideally been little higher than 6% when education spending is computed as a proportion of GDP.

The target was created using some depressing criteria, such as a high pupil-teacher ratio at the primary level, a lower percentage of capital spending allocated to schools, a lack of free uniforms, stationery, meals, and ICT (information and communication technology), etc. Second, the target is already conservative. When these services are provided now, the scope of public expenditure is far larger. Pre-primary education is now included in the NEP 2020, when earlier projections did not.

Similar to this, the Kothari Commission assumed substantially lower unit costs for 1965–1966 when evaluating resource needs for higher education. For roughly 30% of the students, it also suggested cost effective part-time and correspondence courses. It advised the extension of higher education to be done in a methodical, decades-long fashion, taking into account the limited resources available at the timeAny fresh estimate of the public investment requirements objective should ideally be higher than 6% in view of the existing circumstances.

As part of its release of the national budget for the upcoming fiscal year 2023–24, the union government made public the allocation of around INR 1.13 trillion for national-level education spending, including school and higher education. In the interim, a budget of around Rs. 3574 crore has been allocated for the technical and vocational education sector.

With school education witnessing a remarkable increase of 16.5% and higher education seeing an increase of 8%, the overall financial allocation for national education policy has climbed by 13% from the previous year.

The charts below illustrate that the Covid-19 pandemic, which disrupted school operations and planned activities as well as a re-prioritization of funding to healthcare and pandemic management, caused a decrease in education spending in 2020 and 2021. However, starting in 2022, the budget

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has grown steadily over time and is currently far higher than it was before the pandemic. The Education Ministry has received the greatest budgetary allotment ever this year.

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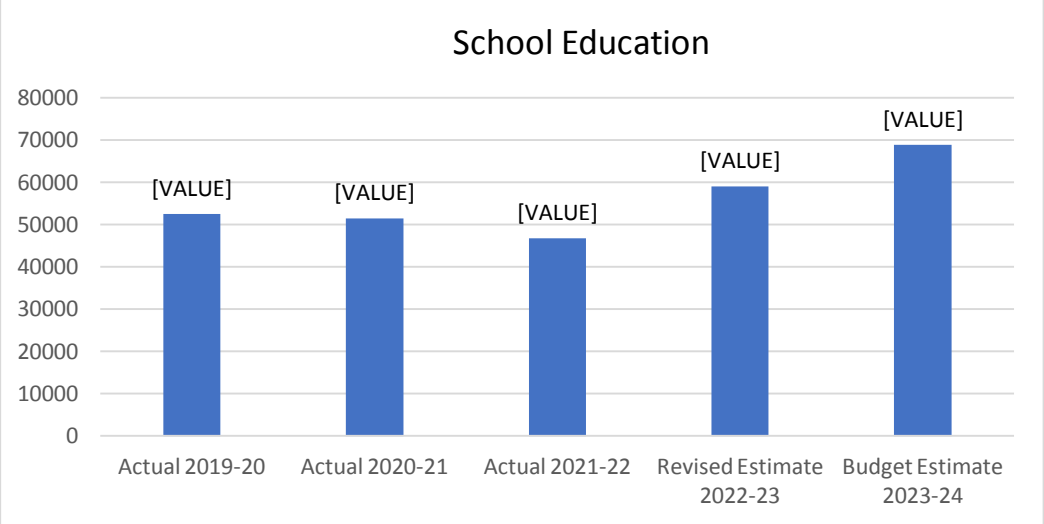

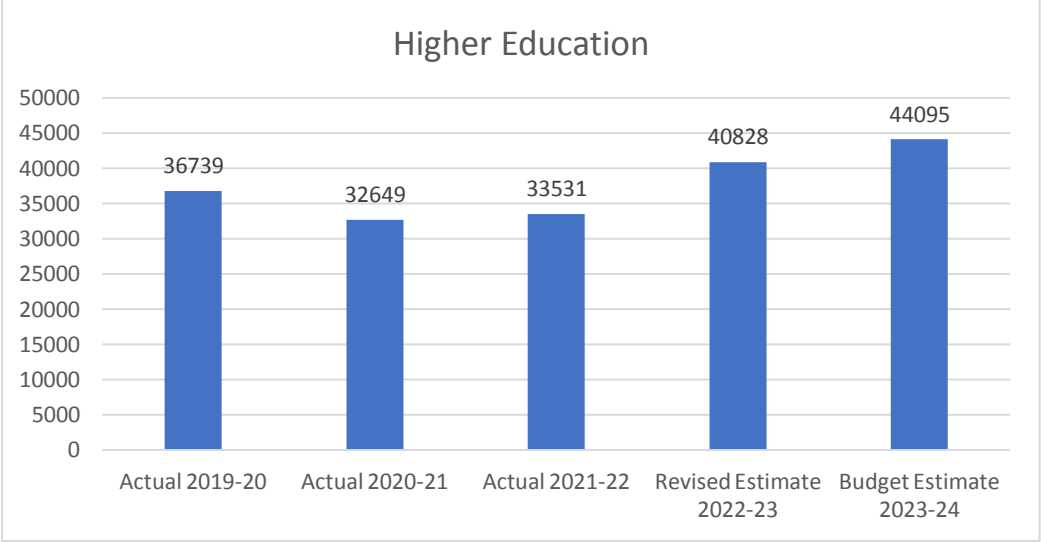

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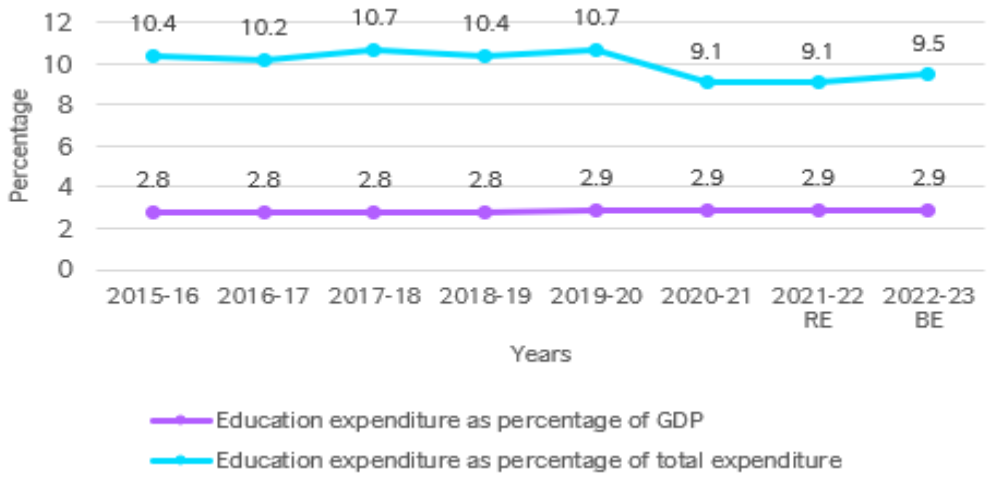
The overall anticipated expenditure for education in India, however, is not included in the national education budget. In order to present a complete picture, allocations must be merged with those made at the state level.

The entire education expenditure, including both national and state level expenditure, amounted to 2.9% of the nation's 2022 GDP, according to India's most recent Economic Survey 2022-23, a percentage that has been stable for the past four years. This is far less than the NEP 2020's goal of 6% of GDP for India's education budget. Since 2020–21, less than 10% of all government expenditures on all sectors has gone towards education, down from a historical average of roughly 10%.



Conclusion

The NEP-2020's visionary framework of holistic and inclusive education offers clear provisions for a wide variety of basic and advanced needs of a prospective quality education system. The goal is to guarantee sufficient:

• Personnel resources

• Physical assets

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• Online sources

It is extremely concerning that India has failed to meet the comparatively conservative target of 6% for close to four decades. Although there is currently a system in place for the Centre and the States to work together to increase public spending in the education sector to at least 6% of GDP. Additionally, it has been challenging to satisfy all of the additional financial requirements due to the economic crisis brought on by the current epidemic, which will require vigorous collaboration between all parties. Special arrangements have been created in NEP 2020 in order to reach all citizens without discriminating on the basis of socioeconomic status, gender, ethnicity, caste, or religion. This industry should be developed with public funding. It still appears to be stuck on reaffirming a public investment in education objective that was initially planned to be reached by 1985–1986. This is principally true given that a sizable majority of kids in the nation still do not have access to education beyond the basic level. The government has started implementing reforms in accordance with the National Education Policy 2020. By March 2022, there will be 41 million more students enrolled in higher education than there were in March 2021, and there will be 1,113 universities, 648 medical colleges, and 23 Indian Institutes of Technology among the higher education institutions (HEI).

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