

**Chapter 2**

**Planning and**

**Financial Management**



## Chapter 2

## Planning and Financial Management

This Chapter focuses on the process of Planning and efficiency in Financial Management. The process of planning and elements to be considered therein need to be in consonance with the guidelines of the Samagra Shiksha Implementation Framework (SSIF) to achieve universalisation of education within the stipulated time frame. The available financial resources as well as their efficient utilisation have been examined in Audit. The audit findings along with conclusions are outlined below:

- The School and Mass Education Department had not prepared the Perspective Plan for the period 2018-20. The Perspective Plans for the years 2020-21 onwards had primarily used the Unified District Information System for Education (UDISE)+ data sources relating to schools, student's enrolment, infrastructure and teachers, instead of following a bottom-up approach *i.e.*, through household surveys.
- School Management Committees (SMCs)/ School Management and Development Committees (SMDCs) had not been constituted in seven out of 85 sampled Government and Government-aided schools during 2018-23. Thirty-eight schools had not prepared School Development Plans, despite constitution of SMCs and SMDCs. Apart from this, district level planning team had not been constituted in any of the sampled districts and none of the sampled blocks had constituted the block level planning team, as of March 2023. Thus, the process of planning was not bottom-up despite being envisaged in the SSIF.
- Spending by the State on education ranged between 3.50 (2018-19) and 3.27 (2022-23) *per cent* of the GSDP for 2018-23, against the recommendation made in the National Education Policy (1968) to spend at least 6 *per cent* of GSDP.
- The Department surrendered ₹ 1,159.31 crore in FY 2019-22, from the budgetary allocation made for the capital expenditure. This is indicative of inability of the Department to create tangible educational assets, despite existence of damaged infrastructure in large number of schools in the sampled districts.

Paragraphs 14.3, 14.4 and 14.5 of the Samagra Shiksha Implementation Framework (SSIF) envisage planning as a continuous process that helps to reach a particular goal or objective in the shortest and the best possible way. This process of planning includes long-term perspective plans and annual plans for universalisation of education within the stipulated time frame. The planning process should be bottom-up, participatory, beginning with the

formation of a core planning team at different levels and development of plans after assessing the local specificity and educational needs and aspirations of the people based on consultative meetings and interaction with the community and target groups.

## **2.1 Deficiencies in Planning**

### **2.1.1 Non-preparation of Perspective Plan at State level**

The SSIF stipulates that there would be a State component plan, both perspective and annual for universalisation of education within the stipulated time frame. Each district shall be required to prepare a perspective plan (for three to five years) based on data collected through household surveys. Keeping in view the Perspective Plan, the Annual Work Plan & Budget (AWP&B) is to be prepared for assessment of the situation and identification of strategies for achieving the goals of the scheme. The district plans would be consolidated at the State level.

Audit noticed that while the State had not prepared the Perspective Plan for the period 2018-20, a State Perspective Plan for 2021-22 to 2025-26 had been prepared but only for Elementary and Secondary educations. In the preparation of the State Perspective Plans, the State had primarily used the UDISE+ data sources relating to schools, student's enrolment, infrastructure and teachers, instead of a bottom-up approach. The Department did not ensure the preparation of district plans through household surveys and consolidation of the same for the preparation of the integrated State Perspective Plan. As such, the long-term goal and specificity of the districts had not been taken into consideration in formulation of the State Perspective Plan. Instead, the State had used the UDISE+ data, which was not consistent with the actual status of infrastructure, as discussed in **Chapter 5** of this Report.

The Department stated (October 2024) that it was not possible to use household data, and therefore UDISE+ data had been used in preparation of the State Perspective Plan. The reply is not acceptable since the data of only existing schools was captured in UDISE+ which helped in identifying deficiencies in existing schools, but the assessment for educational needs and aspirations of the local population was not captured in UDISE+.

### **2.1.2 Absence of participatory and bottom-up planning**

SSIF stipulates participatory and bottom-up planning to reflect the local specificity, educational needs and aspirations of the people. As per Paragraphs 14.2, 14.16 and 14.17 of the SSIF, the School Management Committee (SMC)/ School Management and Development Committee (SMDC) shall in collaboration with the community, PRI members and other stakeholders prepare the School Development Plan (SDP) annually. The BEO shall also facilitate preparation of this SDP. The district and block planning team, in turn, shall review all the SDPs, prioritise them and consolidate the school/habitation plan at the district level into an AWP&B. The district plans shall be considered at the State level for formulation of the Integrated State Consolidated Plan for Samagra Shiksha.

In this context, Audit noticed that:

- In seven out of 85 sampled Government and Government-aided schools<sup>3</sup>, SMCs/ SMDCs had not been constituted during 2018-23.
- The district level planning team had not been constituted in any of the sampled districts and none of the sampled blocks had constituted the block level planning team, as of March 2023.
- Of the 78 sampled schools, in which SMCs/ SMDCs were constituted, 38 (49 *per cent*) schools had not prepared SDP for 2018-23, 28 schools had prepared SDP for periods ranging from one to four years. Only 12 schools had prepared SDPs for 2018-23 and submitted to the BEOs for consolidation and review.
- The BEOs did not have records and reports in support of preparation and submission of SDPs by the schools and compilation of SDP at Block level. The BEOs merely issued instructions to the schools for preparation of SDP, but did not ensure its preparation by them or its compilation at the block level.
- Two sampled schools, (i) Project Upper Primary School, Pandriguda, identified the need for a dining hall, approach road, boundary wall in their SDPs (2021-22) and (ii) Project Upper Primary School, Banaguda identified the need for construction of complete boundary wall in their SDP (2021-22). However, these gaps had not been addressed as of March 2023. This was indicative of the fact that the needs and requirements at the ground level were not being considered during the planning process.

Thus, the educational needs and concerns of the local stakeholders were not taken into consideration in formulation of the district and State plans.

The Department did not offer (October 2024) any views on constitution of SMC/ SMDC, block and district level planning teams. It, however, stated that, about 95.63 *per cent* schools had prepared SDP during 2024-25. The reply is not acceptable because SDP provides requirements at school level and compilation of all SDPs at the block and district levels is equally important for formulation of 'Integrated State Consolidated Plan' to reflect the local specificity and needs.

### **2.1.3 Non-preparation of School Safety Plan**

In pursuance of the direction of the Hon'ble Supreme Court of India, SME Department issued (February 2018) Plan of Action to all DEOs for preparation of the School Disaster Management Plan (SDMP) and School Safety Plan (SSP) for ensuring security and safety of children in all categories<sup>4</sup> of Elementary and Secondary schools. As per the modalities, the SMCs/ SMDCs in Government and Government-aided schools and the management of the

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<sup>3</sup> Excluding test-checked 12 Private un-aided schools, 10 Government aided Higher Secondary schools and one non-functional school. The guidelines (October 2022) of the Director of Higher Secondary Education, SME Department, stipulated constitution of SMDC in all Government Higher Secondary schools

<sup>4</sup> Government, Government aided, Private and Special category

Private unaided schools shall prepare the SSPs. The DEOs shall monitor the process to ensure timely preparation of the SSPs and their implementation. The State Advisory Council (December 2015) constituted under the RTE Act, advised the Government to ensure fire safety measures in all schools.

Audit noticed that out of 64<sup>5</sup> sampled schools, only 14 (22 *per cent*) schools had prepared SSPs. The norms of school safety measures were not adhered to by most of the sampled schools, as discussed below:

- The DPC conducted structural audit of school buildings in 14 sampled schools only, including 12 schools which had prepared SSPs. Students in the sampled schools continued their classes in unsafe/damaged classrooms, as shown in **Pictures 2.1** and **2.2** and discussed in **Chapter 5** of this Report.



*Picture 2.1 (photograph taken on 09.09.2023)*

*Maa Saraswati Shishu Mandir, Gorposh where classrooms were situated on the 1<sup>st</sup> floor of the building and the children had to climb the open staircase made of iron bars, to reach the classes.*



*Picture 2.2 (Photograph taken on 08.11.2023)*

*Dilapidated ceiling of classroom used for teaching children of Class V in Government Upper Primary School, Bharuamunda, Komna Block of Nuapada.*

- 08 (12 *per cent*) schools did not have functional fire extinguishers.
- 20 (31 *per cent*) schools did not have Safety Guidelines Display Board for the students for acquainting them about the fire safety measures.
- In 47 (73 *per cent*) schools, teachers had not undergone training on disaster management.
- 35 (55 *per cent*) schools had not adopted CCTV surveillances measures for the safety of the students.

Thus, the State and the district authorities had failed to ensure preparation and implementation of school safety plans and measures for the safety of the students.

The Department accepted the fact and stated that (October 2024) 95.63 *per cent* schools had prepared School Safety Plans, 87 *per cent* schools had completed structural audit and 97.14 *per cent* schools had complied with fire extinguisher norms, during 2024.

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<sup>5</sup> Test-checked Government, Government aided and Private schools (Elementary and Secondary schools).

**Recommendation 2.1**

*The perspective and annual plans should be formulated with active participation of the local communities and stakeholders for proper assessment and fulfilment of local educational needs.*

**2.2 Financial Management****2.2.1 Public spending on education vis-a-vis Gross State Domestic Product (GSDP)**

National Education Policy (1986) recommended spending at least 6 per cent of the GDP on Education. Paragraph 26.2 of NEP (2020) also envisaged increasing the public investment on Education Sector to 6 per cent of GDP at the earliest by the Centre and the States working together.

Audit noticed that the public spending by the State on education<sup>6</sup> ranged between 3.50 (2018-19) and 3.27 (2022-23) per cent of the GSDP during 2018-23. The percentage of spending gradually declined during 2020-23. Thus, the State had not reached the target for public spending on education recommended in the NEP in any of these years. The details are given in **Table 2.1**.

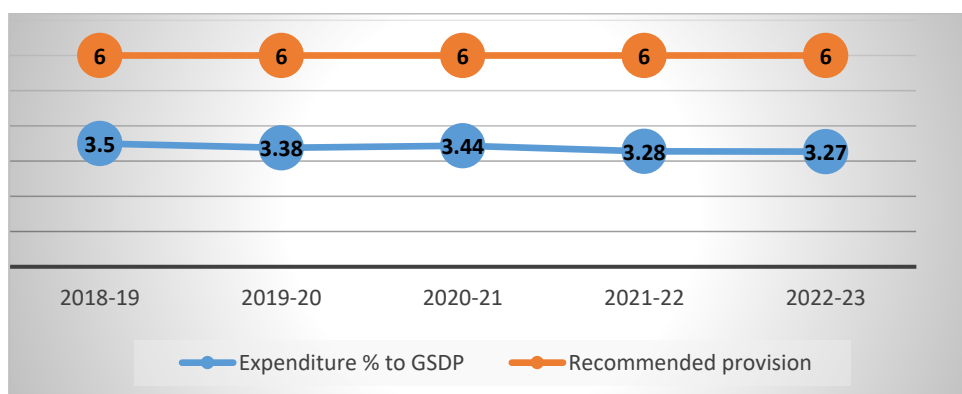
**Table 2.1: Expenditure in the education sector in comparison to the GSDP during the FYs 2018-19 to 2022-23**

Year	Odisha GDP (₹ in crore)	Expenditure under education (₹ in crore)	Percentage of Expenditure to GSDP
2018-19	4,98,576	17,471.31	3.50
2019-20	5,46,413	18,469.10	3.38
2020-21	5,42,889	18,671.13	3.44
2021-22	6,38,342	20,923.65	3.28
2022-23	7,74,869	25,329.69	3.27

(Source: State Finances Audit Report and Finance Account)

The percentage of spending on education to GSDP vis-à-vis the stipulation made in the NEP, is shown in **Chart 2.1**.

**Chart 2.1: Percentage of expenditure on education to GSDP against recommendation of NEP**



(Source: State Finances Audit Report and Finance Account)

<sup>6</sup> Education includes (i) General Education (ii) Technical Education and (iii) Medical Education

### 2.2.2 Declining share of the budget of the SME Department in the budget provision of the State

During 2018-19, the budget provision of the SME Department was ₹15,737 crore, which was increased to ₹21,558 crore during 2022-23. Although there was an increase in the absolute figures of the Department's budget provision, the percentage of its share in the overall budget provision of the State had declined consistently from 11.61 per cent in 2018-19 to 9.64 per cent in 2022-23, as summarised in **Table 2.2**.

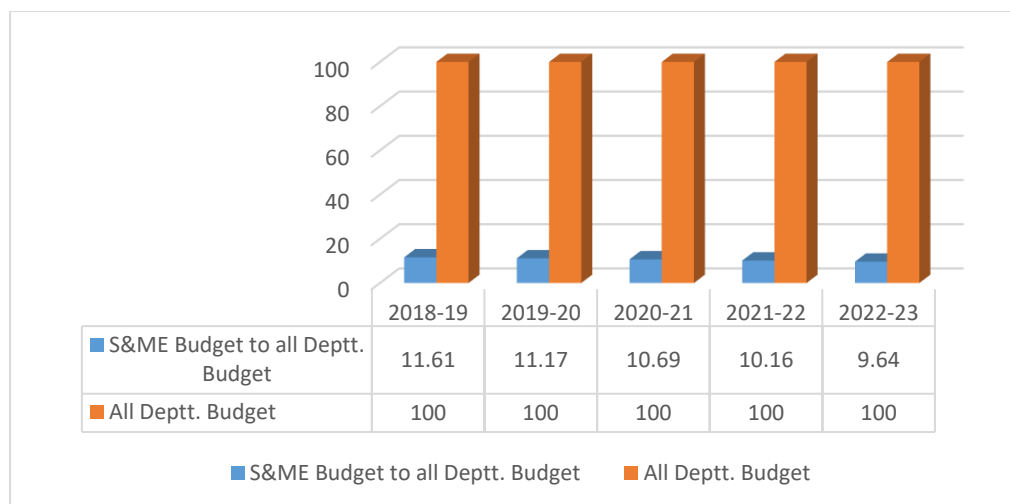
**Table 2.2: Budget for the SME Department vis-à-vis State Budget for the FYs from 2018-19 to 2022-23**

Year	Demand-wise gross budget provision (Appropriation Accounts)		
	Total State budget (₹ in crore)	Budget for SME Department (₹ in crore)	Percentage of State budget
2018-19	1,35,513.59	15,737.21	11.61
2019-20	1,55,630.54	17,388.09	11.17
2020-21	1,67,633.27	17,914.92	10.69
2021-22	1,95,723.37	19,885.05	10.16
2022-23	2,23,676.36	21,557.91	9.64

(Source: Appropriation Accounts of the State)

The declining trends in budget for the SME Department are shown in **Chart 2.2**.

**Chart 2.2: Declining trends in budget provision of SME Department vis a vis Overall budget of the State**



(Source: Appropriation Accounts of the State)

### 2.2.3 Persistent savings and surrender of funds on appropriation/ grants

Analysis of the budget provisions and corresponding expenditure made by the SME Department for the years 2018-23 showed persistent savings and surrender of funds (both Capital and Revenue), ranging from 5 per cent (2022-23) to 18 per cent (2021-22) of the grants/ appropriation with overall savings/ surrender of 12 per cent during 2018-23. Surrender of provision under Capital head, amounting to ₹1,159.31 crore by the Department in FY 2019-22, indicated inability of the Department to create tangible educational assets, despite damaged infrastructure, as noted in sampled districts (**Paragraph 5.3**



of *Chapter 5*). The details of the savings and surrenders are given in *Table 2.3*.

**Table 2.3: Budget provision, expenditure and surrender of funds by SME Department**

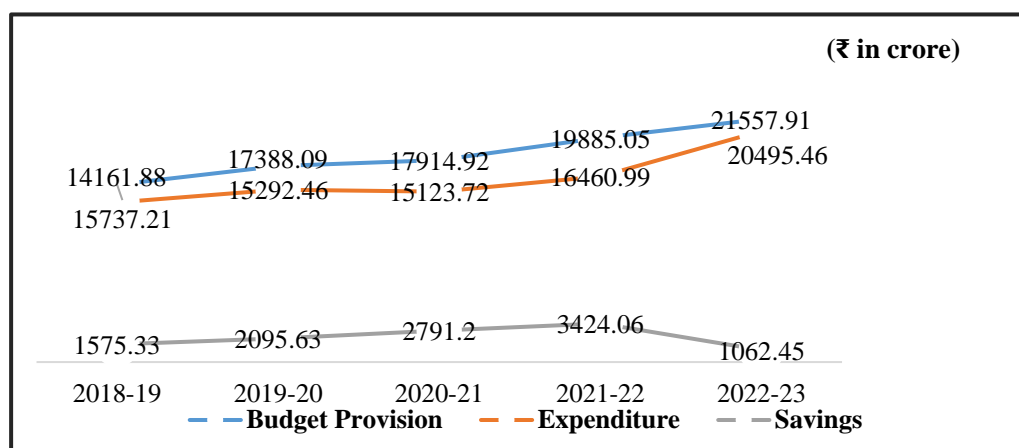
(₹ in crore)

Particulars		2018-19	2019-20	2020-21	2021-22	2022-23	Total
Budget Provision		15,737.21	17,388.09	17,914.92	19,885.05	21,557.91	92,483.18
Utilisation		14,161.88	15,292.46	15,123.72	16,460.99	20,495.46	81,534.51
Savings		1,575.33	2,095.63	2,791.2	3,424.06	1,062.45	10,948.67
Percentage of savings		10	12	16	17	5	12
Amount Surrendered	Capital	50.91	114.86	329	715.45	4.29	1,214.51
	Revenue	1,521.91	1,979.51	2,460.14	2,906.85	1,056.01	9,924.42
Total funds surrendered		1,572.82	2,094.37	2,789.14	3,622.3	1,060.3	11,138.93
Percentage of surrender		10	12	16	18	5	12

(Source: Appropriation Accounts of the respective years)

The budget provision, expenditure incurred and savings for the period 2018-23, are showing in *Chart 2.3*.

**Chart 2.3: Savings out of the budget provision**



(Source: Appropriation Accounts of the respective years)

#### 2.2.4 Under-utilisation of funds of Samagra Shiksha

The fund-sharing pattern between the Centre and the State under Samagra Shiksha was in the ratio of 60:40. The budget proposals were prepared by OSEPA in the form of AWP&B, covering the interventions specified in the Samagra Shiksha, which was appraised and approved by the Project Approval Board (PAB), GoI, Ministry of Human Resources.

Audit noticed that the State had retained huge unspent balances during 2018-23. The utilisation of funds by the State ranged between 44 and 50 per cent of the available funds during 2018-23.

The year-wise (2018-23) availability and utilisation of funds are detailed in *Table 2.4* and *Chart 2.4*.

**Table 2.4: Availability and utilisation of funds by OSEPA**

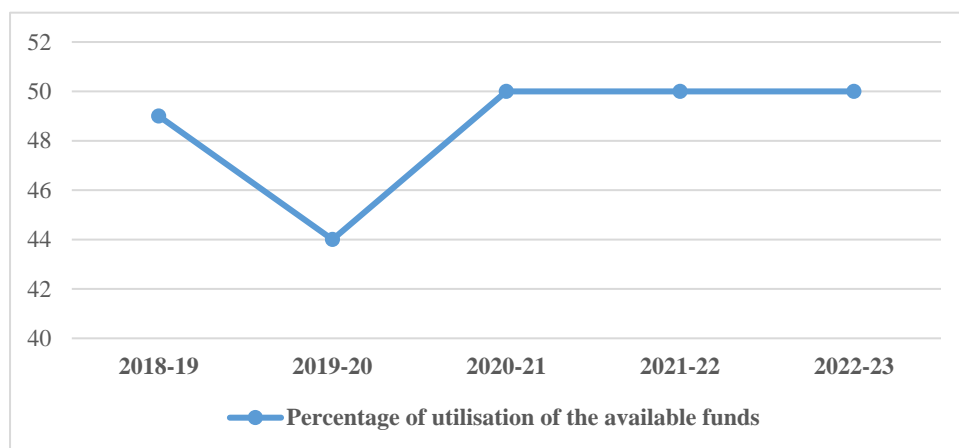
(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Approved Outlay as per	4,199.81	4,411.53	4,150.84	3,028.34	3,936.23

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
AWP&B					
Unspent balance at the beginning of the year	200.88	228.41	724.3	531.27	257.93
Opening balance (Advance)	1,859.73	2,136.86	2,393.52	2,141.33	2,143.84
Total receipt during the year	2,605.12	3,216.48	2,246.8	2,083.94	3,962.41
Total funds available	4,665.73	5,581.75	5,364.62	4,756.54	6,364.19
Expenditure incurred	2,300.47	2,463.92	2,692.02	2,354.76	3,182.48
Closing balance (Advance)	2,136.85	2,393.52	2,141.33	2,143.84	2,869.68
Unspent balance at the close of the year	228.41	724.3	531.26	257.93	312.04
Percentage of utilisation of the available funds	49	44	50	50	50

(Source: Information furnished by OSEPA)

**Chart 2.4: Percentage of Utilisation of available funds**



(Source: Information furnished by OSEPA)

The Department stated (October 2024) that while calculating the total funds available, the opening balance (advance) should not be taken into consideration, as the same had already been released to the sub-district level in the previous year. The reply is not acceptable, since unadjusted/ unutilised amount of the previous year is a part of opening balance of the next year.

#### **2.2.4.1 Under-utilisation of funds by the sampled districts**

In the sampled districts, utilisation of funds ranged between 68 (Nabarangpur) and 96 *per cent* (Koraput) of the total release for the period 2018-23. Audit noticed that non-utilisation of funds provided under training programs and teachers' salaries, *etc.*, were the main reasons for under-utilisation of funds by the districts. The details are given in **Table 2.5**.

Table 2.5: Under-utilisation of funds by the sampled districts

(₹ in crore)

Sampled district	Total funds available during 2018-23	Utilisation during 2018-23	Percentage of utilisation	Unspent amount during 2018-23	Percentage of unspent amount
Bhadrak	541.26	428.07	79	113.19	21
Koraput	679.26	651.10	96	28.16	4
Nabarangpur	790.36	535.51	68	254.85	32
Nuapada	262.46	220.86	84	41.60	16
Sambalpur	429.38	309.30	72	120.08	28
Sonepur	255.29	211.60	83	43.69	17
<b>Total</b>	<b>2,958.01</b>	<b>2,356.44</b>	<b>80.00</b>	<b>601.57</b>	<b>20</b>

(Source: Information furnished by the sampled districts)

### 2.2.5 Delayed release of funds

As per Manual of Financial Management and Procurement (FMP) for Samagra Shiksha, there shall be two instalments each year from GoI, one in April-May and the second in September for implementation of the programme. The second instalment shall be based on utilisation of 50 *per cent* of the funds already released by the GoI and release of the commensurate State share by the State Government. The first instalment would cater to the expenditure need for April to September and the second instalment for October to March. In the first instalment, the recurring grant would constitute up to 75 *per cent* and non-recurring grant up to 50 *per cent* of the total amount sanctioned during the year.

From the analysis of funds released by GoI and GoO for 2018-23, Audit noticed that GoI had released ₹1,141.22 crore (15 *per cent*) and the GoO had released the corresponding matching share of ₹ 1,182.86 crore (21 *per cent*) during the last month of each financial year *i.e.* March. As a result, the expenditure could not be made under the scheme, leading to unspent balances and adjustment of funds by the GoI from the Central share in the following year. The details are given in Table 2.6.

Table 2.6: Funds released during the month of March (₹ in crore)

Year	Total amount released by GoI	Amount released in the month of March by GoI	Total amount released by GoO	Amount released in the month of March by GoO
2018-19	1,238.81	133.76	1,327.22	206.18
2019-20	1,892.89	0	1,273.39	96.83
2020-21	1,301.45	40.91	877.52	228.22
2021-22	1,238.07	322.77	825.38	222.45
2022-23	1,836.67	643.78	1,224.45	429.18
<b>Total</b>	<b>7,507.89</b>	<b>1,141.22</b>	<b>5,527.96</b>	<b>1,182.86</b>

(Source: Information collected from the records of OSEPA)

The Department stated (October 2024) that after submission of requisite documents during August to December, GoI releases the funds during December to March of the financial year. Had the Department submitted the

documents well in time, GoI would have released funds timely, as stipulated in the guidelines.

#### **2.2.6 Loss of Central assistance due to failure in utilisation**

As per Manual of Financial Management and Procurement (FMP) of Samagra Shiksha, GoI would release up to 25 *per cent* of the expenditure incurred under the Scheme against recurring activities of the previous year as *ad-hoc* grant during the month of April-May. However, the amount would be released after adjusting the unspent balance of the recurring grant of the previous year. The States/ UTs may utilise the unspent balance of the previous year for the recurring activities approved during the current year.

Audit noticed that OSEPA retained huge unspent recurring balances at the close of each financial year, ranging from ₹ 199.37 crore to ₹ 694.30 crore, during 2018-23. Consequently, the GoI curtailed the committed Central share to the extent of ₹ 369.10 crore, during 2019-22. The details are given in **Table 2.7**.

**Table 2.7: Short release of Central share (₹ in crore)**

Year	Committed share of GoI	Actual amount released by GoI	Short release by GoI
2019-20	1,894.84	1,892.89	1.95
2020-21	1,453.34	1,301.46	151.88
2021-22	1,453.34	1,238.07	215.27
<b>Total</b>	<b>4,801.52</b>	<b>4,432.42</b>	<b>369.10</b>

(Source: Records of OSEPA)

The OSEPA admitted the fact of loss of the Central share for the above period.

#### **Recommendation 2.2**

*In view of large scale shortages in teaching staff and deficiencies in physical infrastructure in schools, the budgetary outlay for school education may be increased appropriately for the all-round development of school education.*

#### **Recommendation 2.3**

*Efficient utilisation of allocated funds may be ensured to deliver the educational needs of the student to the best extent.*