Grant-In-Aid System of Educational Finance in India.

The term grant-in-aid is English in origin.In England, in the beginning of the nineteenth century,

grants were given to overcome the poverties of local authorities in managing local affairs. The British

officers started this system in India in order to meet the insufficiency of funds for the spread of education among the people.

MEANING

 Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given by the Union Government to State Governments and/or Panchayati Raj Institutions.

Grant was a gift or money from the sovereign power to a legal person for use for the benefit of the

general public\* Gradually it came to mean a contribution by a governmental unit to another unit\*

Since a grant is usually made to meet only a part of the expenditure\* It is often called grant-in-aid\*

**Grant-in-aid has been defined as follows s**

 **Dictionary of Education**

Grant-in-aid is a financial grant frequently in the form of periodic payments made by a Government or Agency to another Government or Agency or to an individual by way of assistance for a general or specific purpose

 **Encyclopaedic Dictionary and Directory of Education**

Grant-in-aid is sum of money paid by one body to another towards the cost of a servicer

To sum up s

1\* Grant-in-aid is a financial grant,

2. It is made by a government or agency to another

government or agency or indivisual\*

3\* it is given in the form ofperiodic payments\*

4, it is given for a specific purpose\*

5\* It is given either out of the exchequer of the superior governmental authority out of the sources of revenue specifically designated.

PURPOSES OP GRANT-IN-AID

The purpose of grant-in-aid is to help in

the spread of education. Government alone with all

its multifarious responsibilities will not be able to

meet the cost of education for all people. Hence# the

local effort and private agencies should be encouraged

to share the burden of this welfare activity of the

people. Following are the purposes of grant-in-aid.

( i ) Equalisation of educational opportunities

A democracy has faith in the worth and

potentialities of the common man. Therefore, equality

of educational apportunity to all children Irrespective

of caste, creed, colour or economic status is the basic

principle of the educational system of all democracies!

A democracy is not merely a form of government, but

primatily it is a mode of associated living of conjoint

communicated experiences. Education, therefore, has to

train all the citizens in the democratic way of life.

It is the duty of the democratic state to

provide facilities for education to all people. It

should arrange for a minimum programme of universal

education and provide opportunities for the development

of individuals according to their talent and capacity.

Therefore, all possible agencies have to be encouraged

and enployed to spread education as rapidly as possible.

The purpose of a system of grant-in-aid is to provide

equality of educational opportunity to all people.

( ii) Encouragement of Private enterprise

After defence, education ,1s the costlist

activity in which the government has to invest funds.

Today, people recognise the power of government to improve

their individual and social status. This recognition,

along with many other factors, has enormously increased

governmental expenditure throughout the world. Therefore\*

government alone can not shoulder the entire burden of

financing education. The task of providing education to

the masses Is stupendous. It has to be shared with such

agencies as are prepared to take up this responsibility.

Hence a high degree of this responsibility should be

placed in the local community. The purpose of grant-inaid is to bring forth private enterprise in the field

of education and encourage their co-operation,

(ill) Sharing the burden

The financial resources of private agencies

differ according to their availability of donation and

subscriptions from the public. The public munificence,

in turn\* depends on the affluence of the people and

their interest in education. There is a limit to the

income from fees\* The private agencies, therefore,

can not raise funds to the extent required for the

conduct of educational programme. The States must

share their burden if worthwhile education is to be

provided by private agencies. The grant-in-aid shares

the burden of private enterprise in providing good

education,

( iv) stimulating various areas of study

The needs and requirements of human resources

in the various fields of the country's development have

to be determined and suitable courses for preparing the

required personnel have to be provided. The neglect

of technical and vocational education in India by

British Government has helped to educate a large number

of men who are not only unemployed but unemployable

also. The private agencies, in the absence of adequate

funds, may provide for cheap and less useful courses.

In such circumstances, the State may encourage the

provision of valuable areas of study through grant-inaid system.

( v ) Ensuring efficiency and control

In order that education may serve its purpose,

a fairly high standard of efficiency has to be maintained

over the whole State. Qualified staff, adequate accommodation. requisite equipment and literature have to be

produced to the institution. The system of grant-in-aid

helps to maintain standards of efficiency and provides

scope for supervision and control.

CHARACTERISTICS OP GRANT-IN-AID

The grant-in-aid is made by a superior

authority to a subordinate agency. Grants are given for

the benefit of the general public and they are paid for

a specific purpose. They ordinatlly do not meet the

whole expenditure, but a part of it. The rest is

contributed by the receiver of the grant. The payment

of grants is periodical. Grants once paid are seldom

taken back\* But they can be withheld or withdrawn if

the conditions are not satisfied. The following are

the characteristics of a good grant-in-aid system.

( i ) Adequacy i The amount of grant should be

adequate. It should neither be too less nor too much.

It should be enough to meet the cost of education.

( ii) Flexibility s The amount of grant to various

agencies will depend on the local conditions, their

financial resources, type of education and the operational

cost. Every good system of grant-in-aid must be sufficiently drastic to allow variations In the amount of grant to suit local conditions. It should, on the other hand, be sufficiently rigid to preclude any suspicion that one school is more favourably treated than another.

(iii) Stability s stability is not opposed to flexibility

It means that the grant-in-aid system should be such as

to ensure a more or less stable income. Frequent

fluctuations in the amount of grant will cause uncertainty

to educational managers.

( iv) Sinplicity s Simplicity refers to the modus

operand! of the grant-in-aid system. A long channel and

several formalities through which an application for grant

has to pass often cause various delays. All procedural

complexities should be done away with.

( v ) Security i The grants made should be secured

from misappropriation\* profiteering and fraud. The

rules should be so framed that there should be no ■

chances of false payments\* irregular accounts and

mismanagement of funds, provision for regular audit

and supervision should be made and the grant should be

suspended or withdrawn if any such defalcation is

suspected.

 TYPES OF GRANTS

There are various types of grants. Grants are named on the basis of their periodicity of occurrence

specific purpose for which they are made sources from

In the year 1852- 53, it was Wood's Despatch which proposed the sanction of grant-in- aid to the voluntary organisations and private bodies, to establish new schools. The principles adopted for sanctioning the grant-in-aid are both ‘proportionate grant’ system and ‘deficit formula’. According to proportionate grant system, a certain proportion of total expenditure incurred is made available to the institutions. The deficit grant is based on the differences between the total approved expenditure minus the total resources of the institution.

(a) Recurring grant.

(b) Non-recurring grant.

(a) Recurring Grant:

In case of Boy’s M.E. School and High School, recurring grant- in-aid in ex-state areas at 2/3rd of the net deficit, is paid from the beginning of the class VI and VIII. But in other areas these schools receive minimum grant-in-aid at Rs. 30/- and Rs. 75/- per month respectively from the academic year immediately following the year of presentation of candidates for the final certificate examination. After enjoining the minimum grant-in-aid for three years, the school becomes eligible to receive grant at 2/3rd of the net deficit.

 After the revision of the scales of pay in the year 1961, additional grant-in-aid is paid at 3/4the of the additional expenditure incurred in the case of teachers of high schools and M.E. Schools. In case of Girl’s High and M.E. Schools, the entire additional expenditure is home by Government.

(b) Non-Recurring Grant:

In case of Boys’ school non-recurring grant is paid at 50 per cent of the total estimated cost on account of building, equipment, furniture, library, laboratory etc. The other 50 percent is to be met by the management. In case of Girl’s schools, non-recurring grant is given at 50 percent in ex-state and educationally backward areas and 60 percent in areas, on account of school buildings, furniture and equipment.

**Maintenance grant**

This grant partially subsidizes the school management in meeting the current expenditure essential for proper functioning of the school plant. The items of expenditure generally admissible for this grant Include salaries of teachers, establishment charges, maintenance costs, contingencies, rent, taxes, losses due to fee remissions, scholarships and other financial concessions to students.

**Salary grant** :

 salary grant includes salaries and allowances of teachers and ministerial staff\* contribution to provident fund, remuneration to staff during professional training period and the like. Its proportion to total expenditure varies from 33 per cent in West Bengal to cent per cent in Kerala.

**Grants according to Sources**

Another classification of grants is based on the sources from which the grants are given. Following

are such grants.

 Central grants of federal grants are given by the Central of Federal Government to the state Government f local bodies or private agencies from its revenue receipts.

 State grants or government grants are the allocations made by the State government to local bodies

and private agencies.

 Local bodies grants are the assignments made by the municipal boards, district boards or other local bodies to institutions and private agencies.

U.G.C. grants are the funds allotted by the University Grants Commission to the universities and

colleges for advancement of higher education.

 Foundation grants are the financial help made by a philanthropic foundation trust, endowment or agency for improvement of education. In some other countries, a foundation grant is sometimes the financial assistance given by the State Government for the whole or part payment of costs.