

Government of India  
Ministry of Finance  
Department of Economic Affairs

LOK SABHA  
UNSTARRED QUESTION NO. 3590  
TO BE ANSWERED ON FRIDAY, 16<sup>th</sup> MARCH, 2018  
[PHALGUNA 25, 1939 (SAKA)]

EDUCATION CESS

3590. SHRI SANJAY DHOTRE:  
SHRI RAHUL SHEWALE:  
SHRI BHARTRUHARI MAHTAB:

Will the Minister of FINANCE ( वित्त मंत्री ) be pleased to state:

- (a) the details of the education cess collected on income tax along with its utilization since inception;
- (b) the details of the schemes/programmes identified so far for utilisation of such education cess;
- (c) whether the cases of diversion or under utilization of such cess have come to the notice of the Government since inception, if so, the details thereof and the reasons therefor;
- (d) whether the Government has conducted any study/enquiry in this regard, if so, the details and outcome thereof and if not, the reasons therefor; and
- (e) the steps taken/being taken by the Government for effective use of the corpus collected by the Government through education cess?

ANSWER

MINISTER OF STATE IN THE  
MINISTRY OF FINANCE

(SHRI P RADHAKRISHNAN)

- (a) : The details of 'primary education cess' and 'secondary and higher education cess', levied and collected on income tax and their utilization from inception are provided in the statement annexed to this reply;
- (b) : The proceeds from 'primary education cess' are channeled through a dedicated reserve fund called 'Prarambhik Shiksha Kosh' in Public Account and utilized towards financing the expenditure on 'Mid-day Meal' scheme and 'Sarva Shiksha Abhiyan'. The proceeds from 'secondary and higher education cess' were not channeled through a dedicated reserve fund till 2017-18. The dedicated fund with the nomenclature 'Madhyamik and Uchhatar Shiksha Kosh' in Public Account is proposed to be operationalised from Budget for 2018-19;
- (c) : There have been no instances of diversion of cess collection to any purpose other than those for which cess was levied. However, depending on the pace of expenditure and absorptive capacity of Ministry/Department, the budget allocation to the schemes is reviewed mid-year and revised allocations made, resulting into under utilisation with respect to the collected amount in certain years;
- (d)&(e): No study has been conducted in this regard. Government is, however, aware of the mismatch between the collection of cess and utilisation of the proceeds. Corrective measures have been taken by advancing the budget process cycle, mainly, towards accelerating the expenditure by making available the full budget allocation to the Ministries/Departments from the commencement of the financial year so that the implementing Ministry can plan the expenditure in advance.

\* \* \*



**The statement of information referred to in part (a) of  
the Lok Sabha Unstarred Question No.3590 put down  
for answer on 16.3.2018**

			( ₹ crore )
<b>Year</b>	<b>Collection of Primary Education Cess from Income Tax</b>	<b>Utisation through 'Prarambhik Siksha Kosh'</b>	<b>Collection of Secondary and higher education cess</b>
2004-05	627.46		
2005-06	1204.19		
2006-07	1494.82	193.36	
2007-08	2080.80	10393.00	1032.07
2008-09	2170.42	12817.00	1074.14
2009-10	2465.74	12257.67	1208.15
2010-11	2832.94	15805.00	1400.78
2011-12	3308.04	18334.00	1639.36
2012-13	3891.43	20667.34	1928.89
2013-14	4739.18	19988.24	2351.03
2014-15	5178.89	22323.19	2594.31
2015-16	8492.14	19298.16	4211.86
2016-17	6845.70	19732.47	3419.93

**Notes:**

(1) Primary Education Cess was leviable on Major taxes such as 'income tax', 'corporation tax', 'customs', 'union excise duties' and 'service tax'.

(2) Information provided above relates to collection of primary education cess and secondary and higher education cess on 'income tax'.

(3) No dedicated reserve fund in Public account has been created for 'secondary and higher education tax' till 2017-18.

(4) Collections from 'secondary and higher education cess' were deemed to have financed the higher education from 2007-08 to 2017-18.

(5) A separate fund called 'Madhyamik and Uchhatar Shiksha Kosh' is proposed to be operationalised from Budget for 2018-19.