

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

**LOK SABHA
UNSTARRED QUESTION NO 969
TO BE ANSWERED ON MONDAY THE 08TH FEBRUARY, 2021
MAGHA 19, 1942 (SAKA)**

EDUCATION CESS

969. DR. A. CHALLAKUMAR:

Will the Minister of FINANCE be pleased to state:-

(a) the details of education cess levied, modus operandi of its allocation and the amount collected on income tax during the last three years across the country;

(b) whether the Government has utilized the education cess collected so far and if so, the details thereof and if not, the reasons therefor;

(c) the details of the schemes/programmes identified so far for utilization of education cess;

(d) whether the Government has conducted any study for utilisation of education cess before imposing it on income tax; and

(e) if so, the details thereof and if not, the reasons therefor along with the other steps taken/being taken by the Government for effective use of the corpus collected by the Government through education cess?

**ANSWER
THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)**

(a) (i) Initially, education cess was levied @ 2% from Financial Year 2004-05 to make available additional resources for basic education and Mid-Day Meal scheme. Subsequently, from Financial Year 2007-08, an additional cess @1% was levied to fund secondary and higher education and the expansion of capacity by 54% for reservation for socially and educationally backward classes. Further, to take care of the needs of education and health of Below Poverty Line (BPL) and rural families, 'Education Cess' @3% was replaced by 'Health and Education Cess' @4% from Financial Year 2018-19.

(ii) The allocation of the Cess is as under:

The total proceeds of Health and Education Cess are distributed as under:-

Primary & Secondary Education	- 60%
Higher Education	- 15%
Health	- 25%

(iii) Details of Education Cess/ Health and Education Cess collected on Income Tax during the last three years across the country are as under:

(In Rs. Crores)

S.No.	Financial Year	Total Amount of Education Cess collected
1	2017-18	28,174.09*
2	2018-19	40,590.57**
3	2019-20	38,430.21**

* Education cess includes Primary Education cess and Secondary & Higher Education cess

** From F.Y. 2018-19 Primary and Secondary Education Cess has been changed as Health and Education cess

(b) Details of utilization of education cess in last three financial years are as under:

(In Rs. crores)

Financial Year	Department of Higher Education	Department of School Education	Total
2017-18	0	19,088.01	19,088.01
2018-19	7,935.72	28,506.54	36,442.26
2019-20	9,088.75	30,656.81	39,745.56

(c) The details of the schemes/programmes identified so far for utilization of education cess are as under:

1. Schemes implemented by Department of Higher Education:-

- (i) Rashtriya Uchhatar Shiksha Abhiyan (RUSA)
- (ii) Interest Subsidy and contribution for Guarantee Funds
- (iii) Scholarship for College and University students
- (iv) Pandit Madan Mohan Malviya National Mission on Teachers and Teaching
- (v) Support to Indian Institutes of Technology
- (vi) University Grants Commission (UGC)

- (vii) All India Council for Technical Education (AICTE)
- (viii) Grants to Central Universities (CUs), and
- (ix) Support to National Institutes of Technology.

2. Schemes implemented by Department of School Education:-

- (i) Mid Day Meal Scheme
- (ii) Samagra Shiksha
- (iii) Scholarships, and
- (iv) Incentives

(d) and **(e)** The work related to levy of direct taxes and cess on direct taxes is part of continuous process of study of various factors of economy undertaken in course of legislative and budgetary exercise. Proposal regarding levy of education cess was part of Finance (No.2) Bill, 2004 which was enacted as Finance (No.2) Act, 2004 after debate and discussion in the Parliament. The budget exercise is carried year after year and proposals of allocation of education cess for expenditure on education and health are put before the Parliament for effective utilization of amount collected from the cess.
