

**SUFFICIENCY OF BUDGET ALLOCATION FOR NAVODAYA VIDYALAYA
AFTER CONSIDERING INFLATION EFFECT**

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Abstract

This study evaluates the sufficiency of budget allocations for Navodaya Vidyalaya Samiti (NVS) from 2016 to 2024, adjusting for inflation. While nominal budgets increased, the real value declined due to inflation, leading to significant shortfalls in purchasing power, especially in recent years. Key areas like infrastructure and centralized programmes were most affected. The findings highlight the need for inflation-adjusted budgeting and better financial planning to ensure sustainable and effective fund utilization.

Keywords: Navodaya Vidyalaya Samiti (NVS), Budget Allocation, Inflation Adjustment, Consumer Price Index (CPI), Budget Sufficiency, Government Funding, Financial Planning in Education

No. of Tables:	09	No. of Figures:	09	References:	02
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1. Introduction

The Navodaya Vidyalaya Samiti (NVS) is an autonomous organization under the Ministry of Education, Government of India, established to provide quality education to talented children predominantly from rural areas through the Jawahar Navodaya Vidyalayas (JNVs). With its widespread network across the country, NVS plays a vital role in promoting inclusive and equitable education.

In any educational system, adequate and consistent funding is critical for maintaining infrastructure, enhancing teaching-learning processes, and supporting innovation and development. However, the real effectiveness of budget allocations depends not just on the amount sanctioned but also on its purchasing power, which can be significantly eroded by inflation.

Despite consistent increases in the nominal budgets over the years, there is growing concern that these increases do not translate into real growth due to the inflationary impact. This raises questions about the actual sufficiency of funds available to NVS to fulfill its objectives.

2. The Objective of the Study:

The objective of this study is to assess whether the budget allocations to NVS from 2016 to 2024 have been sufficient when adjusted for inflation, and whether the actual expenditure has been adequate in real terms.

3. Research Questions:

1. Are the budget allocations keeping up with inflation?
2. Which specific components of the budget are most affected by inflation?
3. Is the actual expenditure sufficient after adjusting for the inflation effect?

4. Methodology

This study is based on secondary data collected from official government budget documents available on the Navodaya Vidyalaya Samiti's website (navodaya.gov.in). The analysis covers the financial years 2016–2017 to 2023–2024.

Approach:

Data Collection: Nominal values of budget allocations and actual expenditures were compiled across key heads.

Inflation Adjustment: The nominal values were converted to real values using the Consumer Price Index (CPI) as a deflator, ensuring all figures reflect the purchasing power of the base year (2016–2017).

Comparison: Nominal and real values were compared annually to identify discrepancies.

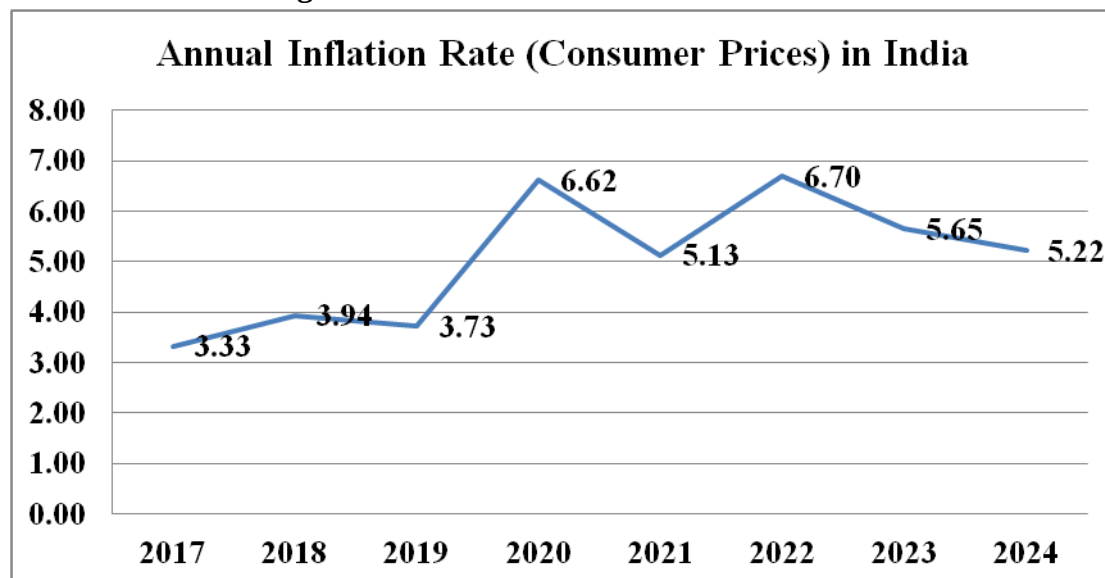
Shortfall Calculation: The difference between nominal and real values was computed to measure the shortfall caused by inflation across each budget head and overall expenditure.

This methodological framework enables a realistic assessment of the sufficiency of NVS budget allocations and highlights areas most affected by inflationary pressures.

5. Trends in Inflation in India

The following graph shows the trends annual inflation rate in consumer prices in India.

Figure No.1 Annual Inflation Rate in India



We can see that inflation was relatively low and stable in the first few years i.e., 2017 to 2019, but the pandemic and global commodity shocks led to higher inflation in 2020 and 2022. The inflation rate in 2023 seems to suggest that India is beginning to stabilize, but the cost of living pressures are likely to persist for many consumers. And in 2024 it decreases further marginally,

As we know that the inflation affects in every aspect of life , as its increases the overall cost of living, it also effects the education sector also. It also effects the amount budgeted for the Navodaya Vidyalaya Samiti.

6. Budget Allocation For Navodaya Vidyalaya Samiti

The programmes and activities of Navodaya Vidyalaya Samiti are fully financed by the Department of School Education & Literacy, Ministry of Education, Govt. of India. The Grant-in-Aid is usually provided by the Ministry for every year. The following budget figures are gathered from the official website of the Navodaya Vidyalaya Samiti. The figures are available from 2016-17. The figures for different head of account are tabulated in the following table.

Table No.1 Budget Allocation for Navodaya Vidyalaya Samiti

S. No.	Units/ Head of Account	2016-2017	2017-2018	2018-19	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
1	NVS Headquarters Office	13.23	18.58	20.08	22.76	22.74	26.92	30.19	31.95
2	Regional Offices & Vidyalayas	1949.32	2589.17	2669.86	2993.57	2875.98	3309.83	4098.13	4633.32
3	Navodaya Leadership Institutes (Training Centers)	3.53	7.63	5.30	5.95	6.50	11.17	10.34	12.01
4	Provision for Various Centralised Activities and Programmes	89.46	229.87	187.59	163.38	202.14	176.51	437.18	272.21
	(a.) Maintenance & Repair of Buildings	29.22	49.35	115.94	150.00	120.12	106.59	75.23	211.8
	(b.) Construction of Buildings	594.3	485.67	236.02	241.73	514.68	523.07	513.36	554.37
	(c.) Construction of Buildings of NV Hqs NLI	9.47	--	--	--	--	--	--	--
6	Total for the year 2016-17 (1to5)	2688.53	3380.27	3234.79	3577.39	3742.16	4154.09	5164.43	5715.66
	Amount refunded to the Ministry being interest earned	--	17.13	13.21	12.64	10.94	8.10	8.27	4.44
7	Provision for 1st two months of Next Financial Year	156.23	127.74	168.85	91.20	--	--	--	--
	Grand Total (6+7)	2844.7	3525.1	3416.8	3681.2	3753.1	4162.1	5172.7	5720.1

		6	4	5	3	0	9	0	
II.	Actual Expenditure	2555.3	3365.1	3164.7	3438.6	3364.8	3977.0	4864.9	5247.4
	2016-17	2	8	7	6	0	5	7	6

From the observation of the above table we can point-out key takeaways:

We can see that NVS has received substantial budget increases, indicating government priority on school infrastructure and education. It shows consistent growth in budget. The gap between budgeted and actual expenditure has narrowed, showing better financial planning and execution.

Significant and stable allocations for construction suggest expansion of schools and facilities shows building construction remains a priority of the authority. The funds refunded are declines significantly showing improved utilization of funds year by year. Further, there is an increase in budgeted values for leadership institutes for training, reflecting investment in human resource development. It shows training & leadership development gains focus.

But, here a question arises that either the amounts budgeted for various heads of the expenditures are sufficient are not, after considering the effect of inflation? Further, attempt to measures the short fall arisen due to conversion of nominal values of the budget in to the real values. These two questions are answered in the following sections.

7. Results: Real Values and Short Fall Due to Inflation for Various Heads of the Budget:

The amounts of the budgets from 2016-17 to 2023-24 are in nominal values to consider the effect of the inflation, it is necessary to convert all these amounts in the real values. For this purpose the inflation rate in consumer prices given earlier in this study are considered. The formula used for the conversion is

$$\text{Real Budget Value} = \frac{\text{Nominal Budget Value}}{\text{CPI in Budget Year}} \times \text{CPI in Base Year}$$

With the help of above formula all the nominal values converted in real values head wise and inflation effect is analyzed and discussed head-by-head in the following sub-sections.

7.1: NVS Headquarters Office

This table compares the nominal budget (allocated funds) with the real budget (adjusted for inflation) to determine the shortfall due to inflation over the years.

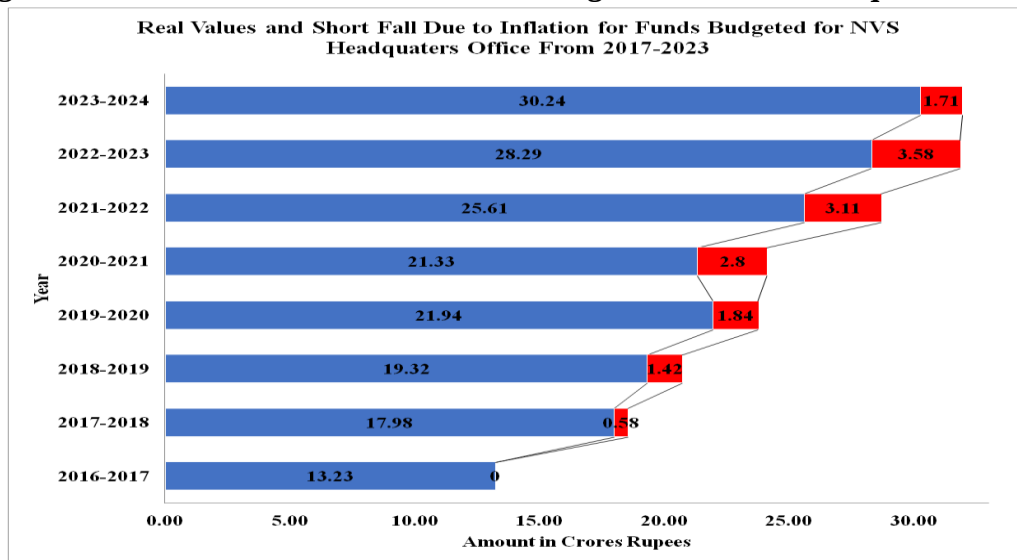
Table No. 2: Inflation Effect on Amounts Budgeted for NVS Headquarters Office

Amount in Crore Rupees

Year	Nominal Value	Real Value	Short Fall Due to Inflation
2016-2017	13.23	13.23	0
2017-2018	18.58	17.98	0.58
2018-2019	20.08	19.32	1.42
2019-2020	22.76	21.94	1.84
2020-2021	22.74	21.33	2.8
2021-2022	26.92	25.61	3.11

2022-2023	30.19	28.29	3.58
2023-2024	31.95	30.24	1.71

Source: navodaya.gov.in and Authors Computation

Figure No.2 Inflation Effect on Amounts Budgeted for NVS Headquarters Office

From the above table and graph we can see that the nominal values budgeted for NVS Headquarters Office though increased from ₹13.23 crores (2016-17) to ₹31.95 crores (2023-24), but Inflation eroded purchasing power, with a cumulative shortfall of ₹14.04 crores over eight years. The highest shortfall was in 2022-23 (₹3.58 crores), but it reduced to ₹1.71 crores in 2023-24, indicating better budget alignment. As we can see that, real values consistently lagged behind nominal values, highlighting the need for inflation-adjusted budgeting. Future budgets should factor in inflation to maintain financial sufficiency for operations.

7.2: Regional Offices & Vidyalayas

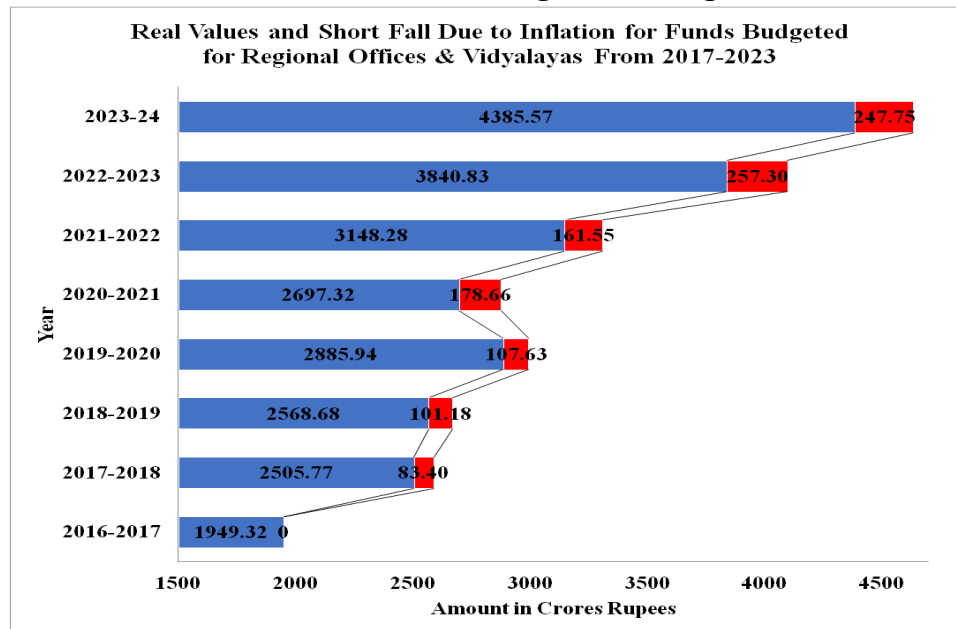
This table compares the nominal budget (allocated funds) with the real budget (adjusted for inflation) to determine the shortfall due to inflation over the years.

Table No. 3: Inflation Effect on Amounts Budgeted for Regional Offices & Vidyalayas

Amount in Crore Rupees

Year	Nominal Value	Real Value	Short Fall Due to Inflation
2016-2017	1949.32	1949.32	0
2017-2018	2589.17	2505.77	83.40
2018-2019	2669.86	2568.68	101.18
2019-2020	2993.57	2885.94	107.63
2020-2021	2875.98	2697.32	178.66
2021-2022	3309.83	3148.28	161.55
2022-2023	4098.13	3840.83	257.30
2023-2024	4633.32	4385.57	247.75

Source: navodaya.gov.in and Authors Computation

Figure No. 3: Inflation Effect on Amounts Budgeted for Regional Offices & Vidyalayas

From above table and graph we can observe the nominal budget for Regional Offices & Vidyalayas increased from ₹1,949.32 crores (2016-17) to ₹4,633.32 crores (2023-24), more than doubling over eight years. The real budget (inflation-adjusted) is consistently lower than the nominal value, leading to an increasing shortfall due to inflation. The largest shortfall occurred in 2022-23 (₹257.30 crores), followed by 2023-24 (₹247.75 crores), indicating significant value erosion. Over the years, a total of ₹1,137.47 crores has been lost due to inflation in the nominal budget for Regional Offices & Vidyalayas, reducing actual financial capacity. In short, despite nominal increases, inflation-adjusted funds are not keeping pace with rising costs, potentially affecting operations and expansion.

7.3: Navodaya Leadership Institutes (Training Centers)

This table compares the nominal budget (allocated funds) with the real budget (adjusted for inflation) to determine the shortfall due to inflation over the years.

Table No. 4: Inflation Effect on Amounts Budgeted for Navodaya Leadership Institutes (Training Centers)

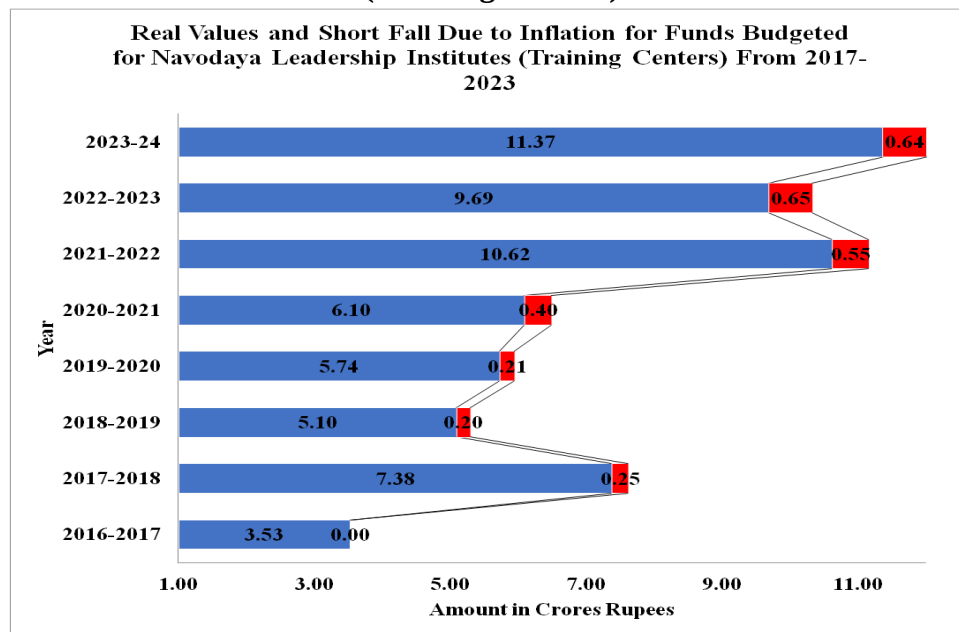
Amount in Crore Rupees

Year	Nominal Value	Real Value	Short Fall Due to Inflation
2016-2017	3.53	3.53	0.00
2017-2018	7.63	7.38	0.25
2018-2019	5.30	5.10	0.20
2019-2020	5.95	5.74	0.21
2020-2021	6.50	6.10	0.40
2021-2022	11.17	10.62	0.55

2022-2023	10.34	9.69	0.65
2023-2024	12.01	11.37	0.64

Source: navodaya.gov.in and Authors Computation

Figure No. 4: Inflation Effect on Amounts Budgeted for Navodaya Leadership Institutes (Training Centers)



Here we can see that the nominal budgeted for leadership institutes increased from ₹3.53 crores (2016-17) to ₹12.01 crores (2023-24), indicating a focus on training and leadership development. But, the real value of the budget is consistently lower than the nominal value, leading to a gradual rise in shortfall due to inflation. The largest inflation loss occurred in 2022-23 (₹0.65 crores), followed by 2023-24 (₹0.64 crores). Over the years, a total of ₹2.90 crores has been lost due to inflation, impacting the institute's real purchasing power.

7.4) Provision for Various Centralized Activities and Programmes

The following table gives the nominal values, real values and short fall due to inflation from 2016-17 to 2023-24 in the amounts budgeted for Provision for Various Centralised Activities and Programmes

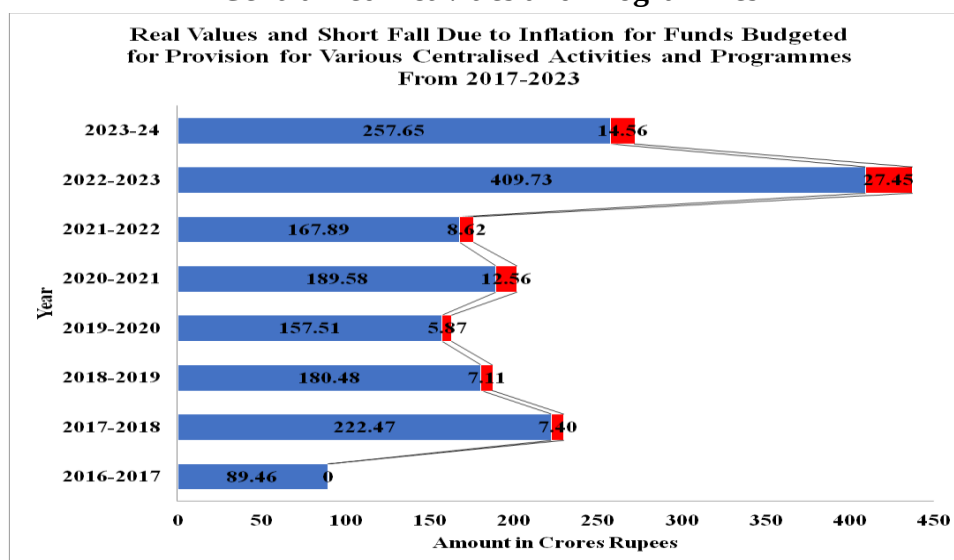
Table No. 5: Inflation Effect on Amounts Budgeted for Provision for Various Centralized Activities and Programmes

Amount in Crore Rupees

Year	Nominal Value	Real Value	Short Fall Due to Inflation
2016-2017	89.46	89.46	0
2017-2018	229.87	222.47	7.40
2018-2019	187.59	180.48	7.11
2019-2020	163.38	157.51	5.87

2020-2021	202.14	189.58	12.56
2021-2022	176.51	167.89	8.62
2022-2023	437.18	409.73	27.45
2023-2024	272.21	257.65	14.56

Source: navodaya.gov.in and Authors Computation

Figure No. 5: Inflation Effect on Amounts Budgeted for Provision for Various Centralized Activities and Programmes

It can be seen that the nominal budget for centralized activities and programs has fluctuated, peaking at ₹437.18 crores (2022-23) before dropping to ₹272.21 crores (2023-24). After considering the inflation effect the real value of the budget is consistently lower, with increasing shortfalls due to inflation in recent years. Due to this there is short fall in the funded provided, the largest loss occurred in 2022-23 (₹27.45 crores), followed by 2023-24 (₹14.56 crores). The cumulative short fall Over eight years, ₹83.57 crores has been lost due to inflation, impacting the effective execution of programs. On point that is different from the other heads is that this allocation shows significant fluctuations, making long-term planning challenging.

7.5: Construction Activities

In the budget of Navodaya Vidyalaya Samiti construction head is further classified in two sub heads first is maintenance & repair of buildings and second is construction of buildings. The nominal values, real values and short fall due to inflation in this regard is given in the following table.

Table No. 6: Inflation Effect on Amounts Budgeted for Construction Activities

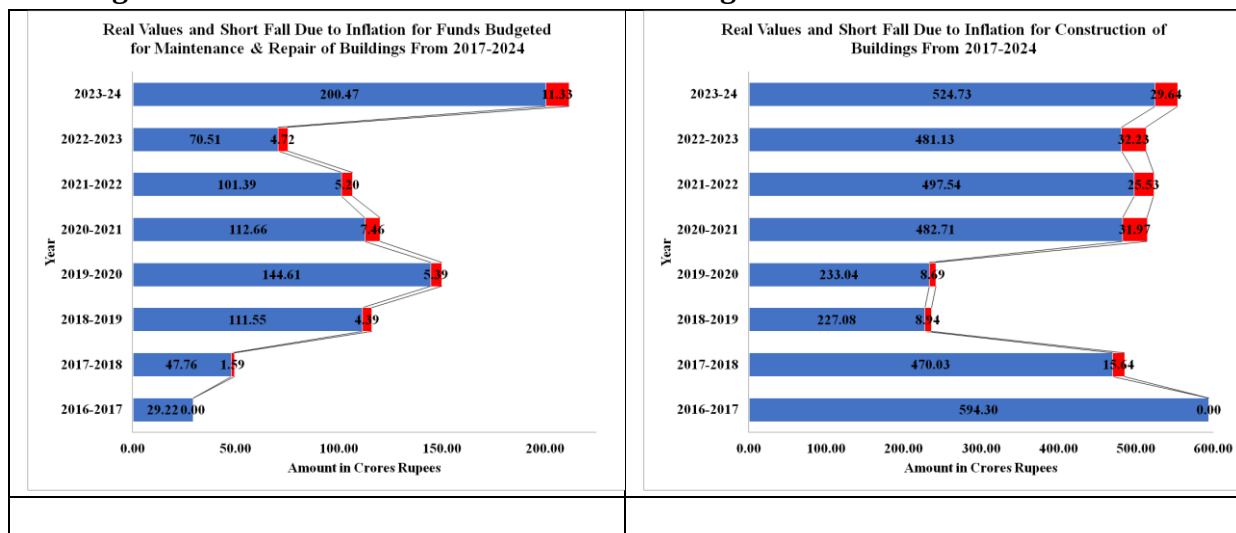
Amount in Crore Rupees

	(a.) Maintenance & Repair of Buildings			(b.) Construction of Buildings		
Year	Nominal Value	Real Value	Short Fall Due to	Nominal Value	Real Value	Short Fall Due to

			Inflation			Inflation
2016-2017	29.22	29.22	0.00	594.3	594.30	0.00
2017-2018	49.35	47.76	1.59	485.67	470.03	15.64
2018-2019	115.94	111.55	4.39	236.02	227.08	8.94
2019-2020	150.00	144.61	5.39	241.73	233.04	8.69
2020-2021	120.12	112.66	7.46	514.68	482.71	31.97
2021-2022	106.59	101.39	5.20	523.07	497.54	25.53
2022-2023	75.23	70.51	4.72	513.36	481.13	32.23
2023-2024	211.8	200.47	11.33	554.37	524.73	29.64

Source: navodaya.gov.in and Authors Computation

Figure No. 6: Inflation Effect on Amounts Budgeted for Construction Activities



We can see that in regard maintenance & repair of buildings budget is increased from ₹29.22 crores (2016-17) to ₹211.8 crores (2023-24), showing a strong emphasis on building upkeep. While in case of construction of building the allocation has fluctuated but remained high, reaching ₹554.37 crores in 2023-24.

In case of maintenance & repair of buildings The real value has been consistently lower than the nominal value, leading to a cumulative shortfall of ₹34.08 crores over eight years. While a total of ₹152.64 crores has been lost due to inflation over eight years, reducing the actual purchasing power for new construction.

In case of maintenance & repair of buildings ₹11.33 crores in 2023-24, indicating that even with increased allocation, inflation erodes purchasing power. and in case of construction of building the same short fall, 2022-23 saw the highest shortfall (₹32.23 crores), followed closely by 2023-24 (₹29.64 crores).

7.6 Total for the year

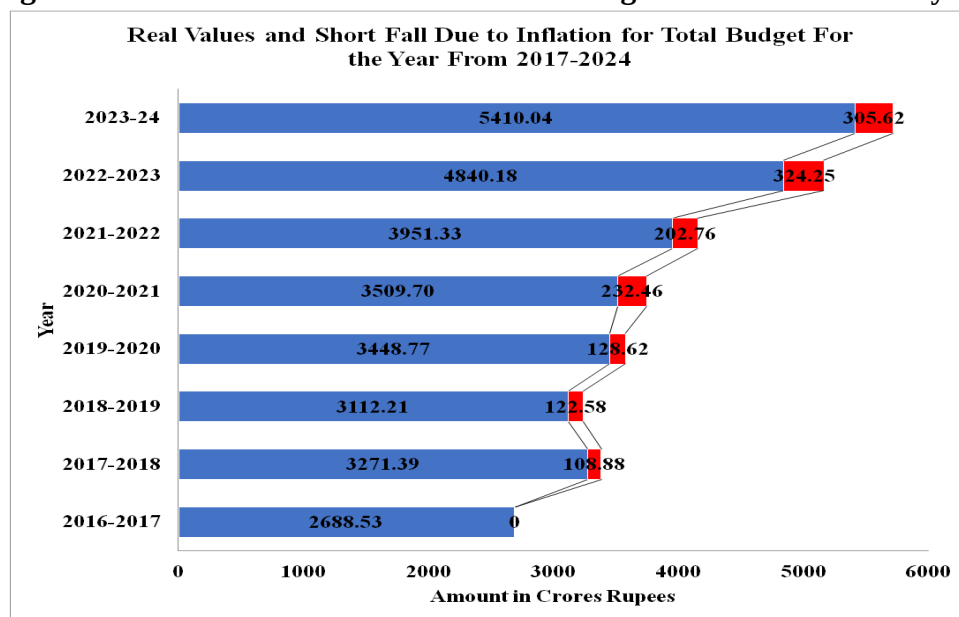
The following tables shows nominal values, real values and short fall due to inflation in regard with total budgeted values for Navodaya Vidyalyaya Samiti.

Table No.7: Inflation Effect on Amounts Budgeted for Total for the year

Amount in Crore Rupees

Year	Nominal Value	Real Value	Short Fall Due to Inflation
2016-2017	2688.53	2688.53	0
2017-2018	3380.27	3271.39	108.88
2018-2019	3234.79	3112.21	122.58
2019-2020	3577.39	3448.77	128.62
2020-2021	3742.16	3509.70	232.46
2021-2022	4154.09	3951.33	202.76
2022-2023	5164.43	4840.18	324.25
2023-2024	5715.66	5410.04	305.62

Source: navodaya.gov.in and Authors Computation

Figure No.7: Inflation Effect on Amounts Budgeted for Total for the year

From the above table and graph we can say that there is consistent growth in the total budgeted amount for Navodaya Vidyalaya Samiti. Because the nominal budget increased from ₹2,688.53 crores (2016-17) to ₹5,715.66 crores (2023-24), more than doubling in eight years. But if we consider the erosion of these budgeted values due to inflation effect, then we can see that the real value has consistently lagged behind, causing a cumulative shortfall of ₹1,424.17 crores over the period. There is highest inflation impact, the 2022-23 had the worst shortfall (₹324.25 crores), followed by 2023-24 (₹305.62 crores). These years indicate significant inflation-driven loss of financial capacity. And due to this the gap between nominal and real values has widened, meaning the purchasing power of the budget is reducing despite increased allocations.

7.7: Grand Total

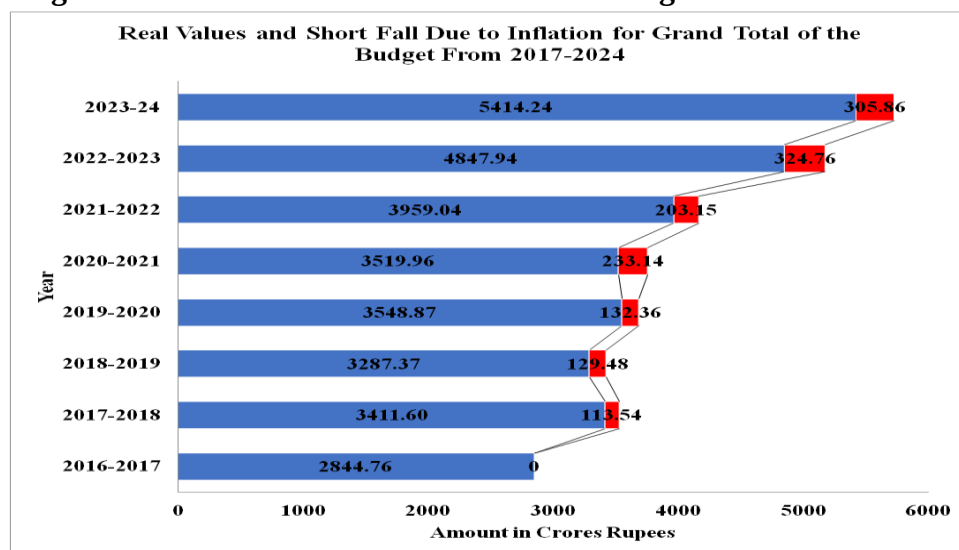
The following tables shows nominal values, real values and short fall due to inflation in regard with grand total budgeted values for Navodaya Vidyalaya Samiti.

Table No. 8: Inflation Effect on Amounts Budgeted for Grand Total

Amount in Crore Rupees

Year	Nominal Value	Real Value	Short Fall Due to Inflation
2016-2017	2844.76	2844.76	0
2017-2018	3525.14	3411.60	113.54
2018-2019	3416.85	3287.37	129.48
2019-2020	3681.23	3548.87	132.36
2020-2021	3753.10	3519.96	233.14
2021-2022	4162.19	3959.04	203.15
2022-2023	5172.70	4847.94	324.76
2023-2024	5720.1	5414.24	305.86

Source: navodaya.gov.in and Authors Computation

Figure No. 8: Inflation Effect on Amounts Budgeted for Grand Total

The above are the nominal , real values and short fall for the grand total figures of the budget for Navodaya Vidyalaya Samiti. We can see that the nominal budget increased from ₹2,844.76 crores (2016-17) to ₹5,720.1 crores (2023-24), nearly doubling in eight years. Despite this increase, the real value of the budget has lagged, leading to a cumulative shortfall of ₹1,442.29 crores over the period.

2022-23 had Worst Years for Inflation Loss because there is highest shortfall (₹324.76 crores), followed by 2023-24 (₹305.86 crores). Because these years saw the most severe loss of purchasing power due to inflation. And due to this the gap between nominal and real values has widened, indicating real purchasing power is declining over time.

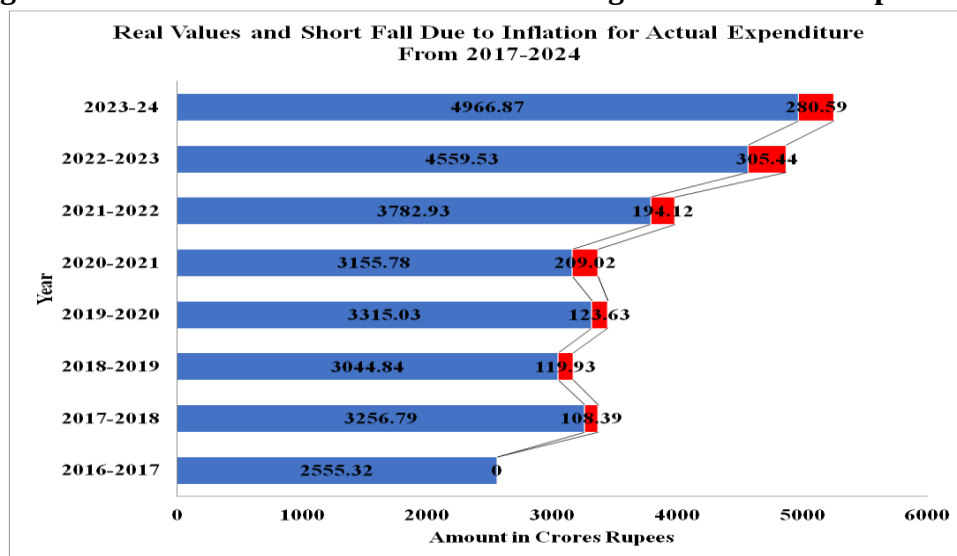
7.8: Actual Expenditure

Table No. 9: Inflation Effect on Amounts Budgeted for Actual Expenditure
Amount in Crore Rupees

Year	Nominal Value	Real Value	Short Fall Due to Inflation
2016-2017	2555.32	2555.32	0
2017-2018	3365.18	3256.79	108.39
2018-2019	3164.77	3044.84	119.93
2019-2020	3438.66	3315.03	123.63
2020-2021	3364.80	3155.78	209.02
2021-2022	3977.05	3782.93	194.12
2022-2023	4864.97	4559.53	305.44
2023-2024	5247.46	4966.87	280.59

Source: navodaya.gov.in and Authors Computation

Figure No. 9: Inflation Effect on Amounts Budgeted for Actual Expenditure



There is consistent increase in the nominal expenditure increased from ₹2,555.32 crores (2016-17) to ₹5,247.46 crores (2023-24), showing a significant rise in spending. But, The real value of expenditure is consistently lower, leading to a cumulative shortfall of ₹1,341.12 crores over the years. And this causes highest inflation loss, the 2022-23 saw the highest shortfall (₹305.44 crores), followed by 2023-24 (₹280.59 crores). The shortfall worsened over time, indicating that even though nominal spending increased, it was not enough to counter inflationary effects.

From all above results we can trace out the key takeaway from the findings as:

1. Persistent Inflationary Shortfalls

Across all budget categories, inflation has significantly eroded the real purchasing power of allocated funds. The cumulative shortfall due to inflation ranges from ₹1,341 crores

(actual expenditure) to ₹1,442 crores (grand total budget), highlighting the need for inflation-adjusted planning.

2. Growing Budget but Declining Real Value

Although the nominal budget and expenditure have increased, their real values have not kept pace. The highest shortfalls were observed in 2022-23 and 2023-24, indicating a worsening financial impact over time.

3. Critical Areas Most Affected

Building Construction & Maintenance: A ₹152.64 crore loss due to inflation impacts infrastructure development.

Centralized Activities & Training Programs: The fluctuating budget, coupled with inflation losses, affects program sustainability.

Regional Offices & Vidyalayas: The largest budget head faces the highest real value erosion, impacting school operations and expansion.

8. Strategic Recommendations

Inflation-Indexed Budgeting: Future allocations must incorporate automatic inflation adjustments to maintain real spending power.

Long-Term Financial Planning: Stability in infrastructure and operational funding is crucial for sustained growth.

Optimizing Resource Utilization: Efficient financial management can help mitigate the impact of inflation on core activities.

9. Conclusion

While budgetary allocations have increased, inflation has consistently eroded real value, reducing the actual impact of these funds. To ensure sustainable operations and development, NVS must adopt inflation-adjusted budgeting and strategic financial planning to safeguard its long-term objectives.

10. References

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