Setting the context

Where are we

- School education: With ‘Sarva Shiksha Abhiyan’ achieving near universal access, the focus has shifted to improving quality of school education and assessment of learning outcomes
- Higher education: As India’s talent goes global, the government has realised the need for India’s institutions to be competitive, and on par with global standards
- Skilling: On the skills agenda, the government has recognised skilling to be one of the most crucial activities driving India’s development, and therefore has placed continued emphasis on skill development via a number of initiatives.

Key issues/challenges

- Acute shortage of teachers in government schools clubbed with the challenge of inadequate training given to existing teachers
- Inadequate measurement of learning outcomes in primary and secondary education levels resulting in inability to channelise efforts to improve quality in schools
- Ineffective accreditation systems for schools, colleges and skilling institutions leading to inadequate information on the quality of existing institutions
- Inadequacy of research-focused higher education institutions remains a challenge in the country, thus leading to many talented students departing the country to pursue post graduate/doctoral programmes abroad
- Education imparted by colleges being irrelevant to the needs of the job market, thereby resulting in high levels of unemployment
- Tax structure and UGC restrictions posing a barrier to foreign institutions that want to enter India

Government’s stance

- The government continues to express its intent to improve the quality of outcome in the education and skilling sector with a focus on job creation.
- Some of the recent measures taken in this direction include development of National Education Policy (NEP), introduction of National Institute Ranking Framework (NIRF), etc.

Expectations

- Greater incentives for private sector participation and tax and regulatory enablers for foreign universities to operate in India.
- New Education Policy (NEP): Rolling out NEP in order to address learning outcomes related issues by bringing changes in pedagogy and teacher development
- Incentivising institutions that take efforts towards experimentation and technology-led innovations with specially allocated funds
- Increased spend on skill development and provide a policy framework for launch of Skills Universities
- Thrust on online and digital education including tax incentives
- Tax incentive on CSR spend in the education and skilling sector
- Incentive to corporates nominating employees for higher education or provide on-the-job training/internship/skilling opportunities to students
- 100 per cent tax deduction for donations to qualified higher educational institutes as against the current 50 per cent.
Key policy proposals

Key announcements

Primary and secondary education:

- Budget allocation towards school education and literacy has increased from INR43,896 crore (Union Budget 2016-17) to INR46,356 crore, a year-on-year increase of 5.6 per cent.
- The government has announced the introduction of a new system to measure learning outcomes in schools. In the light of this amendment, there is said to be increased emphasis on science, and allowing flexibility in curriculum in order to promote creativity through local innovative content. Although the specific framework of this system has not been defined, we believe this is a welcome move aimed to tackle the primary challenge faced by the Indian school education system today - that of poor learning outcomes.
- The Finance Minister also announced the set up of an Innovation Fund for Secondary Education aimed at 3,479 educationally backward blocks. This fund is proposed to encourage local innovation for ensuring universal access, gender parity and quality improvement. The Innovation Fund will also be used to bring about Information and Communications Technology (ICT) enabled learning transformation – a step in the right direction, this move is also in alignment with the government’s ‘Digital India’ agenda.

Higher education:

- Budget allocation towards higher education has increased from INR29,703 crore (Budget 2016-17) to INR33,330 crore, a year-on-year increase of 12.2 per cent, highlighting the government’s clear push for higher education.
- The government has proposed to reform UGC and provide greater administrative and academic autonomy to quality higher education institutions in the country. A national ranking and accreditation system will be introduced to identify quality institutions. This is expected to encourage private players’ participation in higher education and focus on achieving excellent education.
- The Finance Minister has announced to set up a National Testing Agency, an autonomous organisation to conduct all entrance examinations for higher education institutions in the country. The aim is to create a premier organisation for conducting nation-wide assessments and to reduce the additional tasks of agencies like CBSE and AICTE, thereby encouraging them to focus on their core activity of disseminating quality education.
- The government has announced establishment of two more All India Institute of Medical Sciences (AIIMS) in the states of Gujarat and Jharkhand.

Vocational education:

- The Ministry of Skill Development and Entrepreneurship has allocated more funds towards skilling, an increase from INR2,173 crore (Union Budget 2016-17) to INR3,016 crore.
- The government has proposed to expand the Pradhan Mantri Kaushal Kendras (PMKK) to more than 600 districts and from the current state of 60 districts. We believe this move of creating model training centres at district level is likely to popularise vocational education and increase attractiveness to pursue skill training among the youth.
- The Finance Minister has proposed to establish 100 India International Skills Centres across the country. These training centres would target the youth seeking job opportunities outside the country and would offer advanced training courses as per international standards, and also foreign languages modules.
- The government has announced that it would launch the next phase of Skill Strengthening for Industrial Value Enhancement (STRIVE) at a cost of INR2,200 crore. STRIVE will focus on improving the...
quality and market relevance of vocational training provided in ITIs and strengthen the apprenticeship programmes through industry cluster approach

- The government has proposed to set aside INR4,000 crore towards Skill Acquisition and Knowledge Awareness for Livelihood Promotion programme (SANKALP). The aim of this programme is to provide market relevant training to 3.5 crore youth

Digital education:

- The Finance Minister announced the expansion of SWAYAM, the Government of India’s Massive Open Online Courses (MOOC) platform, to include at least 350 online courses. The government has also envisioned for the platform to be more widely available, through linkages with Direct to Home (DTH) channels dedicated to education. The FM has said that the aim is “to enable students to virtually attend courses taught by the best faculty, access high quality reading resources, participate in discussion forums, take tests and earn academic grades”.

Taxation:

- Charitable institutions contributing to the corpus of other charitable institutions out of their current income will not be able to claim such amounts as an application. Charitable institutions are required to file their return of income within the specified due dates in order claim tax exemptions

- Charitable institutions which amend/modify their objects not conforming to registration conditions will be required to re-obtain such charitable registration.

- Power to conduct survey extended to also include any place at which activity of charitable nature is carried out. These provisions are made applicable with retrospective effect from 1 April 2016

Impact

- Energising the youth through education and skilling was called to be, by the Finance Minister, as one of the ten pillars to transform India. The announced measures signal the government’s focus on improving the quality of education across the country and equipping the youth with skills that can help with employment.

- Several provisions to build transparency, encourage digitisation, reduce litigations and disputes is welcome.

- The government has not deferred provisions pertaining to Place of Effective Management residency test or the General Anti-Avoidance Rules and thus continue to remain applicable as per the specified timelines.
Unfinished agenda

What remains

Learning outcomes

- Although the government has explicitly expressed its intent to introduce a new system to improve learning outcomes, the implementation steps are still unclear. It is important that the Ministry of School Education and Literacy draws out a national plan for learning outcome improvement, and makes policy level changes to implement the plan.

New Education Policy

- There was an expectation that the roll-out of this reform would help tackle key challenges in areas of teacher development and pedagogical reforms. However, no announcement was made in this year’s budget about the policy.

- With rapid interest in Early Childhood Care and Education (ECCE) and potential private sector investments in this space an uniform code for safety and health norms would have provided the much needed standards for State government.

Investing in teachers

- The education institutions in India are facing a two-pronged problem of a. teacher shortage and b. poor teacher quality has been widely recognised. The Union Budget could have announced specific initiatives aimed at improving student-teacher ratio, as well as a list of professional development activities to promote quality of teachers.

Lack of mention of foreign institutions in the budget

- As was the case last year, this Union Budget too skips out on easing restrictions to welcome participation of foreign universities. While the budget talks about UGC reforms paving way for higher degree of private player participation, it misses out on creating a conducive environment for participation of foreign universities.

Quality measurement of skilling institutions

- Special budgetary allocation could have been provided to strengthen the National Board for Skills Assessment and Certification (NBSAC). With absolute focus on skilling, and as more and more players are being encouraged to enter this space, it is important that a quality/accreditation standard be established to keep a check on the quality of skill training being imparted.

- Setting up of Skills University – there are no modalities or allocations mentioned in this budget. As this university will take 12-24months to be operational, this delay has further pushed the availability of quality institutions for Skills and opportunity to bring pride in vocational education.

- Short-term skilling, which could bring immediate visibility and quick results has seen gradual acceptance from STAR to PMKVY to PMKVY2. A strong support and thrust on Recognition of Prior Learning (RPL) would have provided the much needed filip to this program.

What is expected going forward

- Greater tax incentives are needed to encourage investment in the education, research and development and skilling sector by private players.

- Tax incentives for online and ICT initiatives in education

- A thorough policy framework is needed for foreign players to set up a business in India

- Models besides the not-for-profit needed to encourage more private sector participation

- Incentives to NGOs/private players that take efforts towards developing innovative content and bringing about ICT-enabled learning transformation.
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