Key announcements for the sector

- Allocation of INR99,300 crore for education sector, while INR3,000 crore for skill development in FY 20-21
- Centre to announce new education policy soon
- Steps will be taken to attract external commercial borrowing and foreign direct investment (FDI) in the education sector
- A degree-level full-fledged online education programme to be offered by institutes ranked in the top 100 by the National Institutional Ranking Framework
- Programme for urban local bodies to provide opportunities for internship to young engineers up to one year
- National Police University and National Forensic University are being proposed in the domain of policing science, forensic science, cyber-forensics, etc. Also, proposal to establish an Indian Institute of Heritage and Conservation under Ministry of Culture; it shall have the status of a deemed university to start with
- Proposal to attach medical colleges with district hospitals on PPP model to deal with the shortage of doctors
- Special bridge courses to be designed for teachers, nurses, para medical staff, care-givers. In all, 150 higher education institutions to offer apprenticeship diplomas by March 2021
- Large hospitals with sufficient capacity to offer resident doctors Diploma and fellow of National Board (DNB/FNB) courses under the National Board of Examinations
- Government will promote ‘Study in India’ initiative. IND-SAT exam will be held in Asian and African countries to provide scholarships for foreign students to study in Indian universities
- Common Entrance Test for all non-gazetted posts in governments and public sector banks.

Direct and indirect tax proposals

1. Educational institutions, hospitals and specified government entities established for the benefit of general public holding tax exemption registrations under multiple provisions permitted to claim exemption under single provision only, rendering other exemptions inoperative

2. Under the new registration procedure, prescribed tax exemptions registrations and donor tax benefit exemption registrations (which so far were permanent unless specifically cancelled) for all charitable purposes including education will be restricted to five years requiring renewal on expiry of the five year period
3 Existing charitable entities holding valid registrations will be required to reapply for registration by 31 August 2020

4 New charitable entities to receive provisional registration till commencement of charitable activities up to a period of three years. Post commencement of activities, fresh application to be made for registration

5 Statement of donations to be filed by charitable entities to enable donors to claim tax exemptions. The failure to file such statement to attract penalty

6 Withdrawal of exemption from Basic Customs Duty (BCD) on following goods thereby attracting BCD and Social Welfare Surcharge at applicable rates
   • One set of pre-recorded cassettes accompanying books for learning languages and essential complement to such books
   • Audio cassettes, if recorded with material from books, newspaper or magazines, for the blind.

Implications for the sector

• Budgetary allocation towards skill development is much less compared to education. This becomes significant given the fact that education policy talks about integration of vocational education with general education

• One can expect the New Education Policy (NEP) reinforced with all the recommendations will provide the much-needed reforms in bringing learning outcomes to the centre stage

• Steps to attract external commercial borrowing and foreign direct investment (FDI) in the education sector are commendable. However, it will be interesting to see how and when this unfolds since there is no clarity on how private sector will be regulated

• Online education has been given a thrust with the big step of allowing 100% online degree courses in top 100 NIRF institutions. This is the beginning of a revolution that could happen in the online, digital space for education and could benefit millions of youngsters in India who can’t afford the traditional format of education. However, acceptability of such courses both for a government job and corporate sector remain to be seen. It was expected there would be more incentives in the ed-tech space. It is a missed opportunity where India could have become the hub of ed-tech innovations and adoption, given the need in this country

• KPMG in India has been vocal about bringing apprenticeship, industry involvement and vocational training in professional education – especially engineering. FM has announced that 150 HEIs would now offer quality vocational education through embedded diploma courses. Also, Urban Local Bodies will now have apprenticeship programme for engineers. This, we hope, will be the beginning of this journey to make engineering education more effective in solving local and national priorities and more importantly increase job prospects

• National Police University, National Forensic University, Indian Institute of Heritage and Conservation are specialised institutions with immediate and direct job prospects and other sectors such as safety (industry and civil), home (inland) security, procurement, culinary and should also be included

• Medical education has rightfully been given a big thrust in several places in this budget. The bridge courses for nurses and paramedics are absolutely a wonderful move to bring more trained professionals in this space and increase job prospects both in India and abroad. It should be expanded to other sector job roles/occupation as well, wherever there is an international demand. The District Hospital attached medical colleges has been an oft-repeated model, which could bring about a revolution. However, it remains to be seen how it will be executed

• The ‘Study in India’ initiative has been further strengthened through INDI-SAT exam, which will be held in Asian and African countries to provide scholarships for foreign students to study in Indian universities. This shall further help India establish itself as a hub of learning among international students

• A proposal to set up a National Recruitment Agency (NRA) as an independent professional organisation for conducting an online Common Entrance Test for recruitment for all non-gazetted posts is a much-needed reform. There will be a centre in each district, especially in the aspirational districts. This will ease the effort in terms of time, resources and costs for the applicants.
• While rationalisation of the tax registration process is a step towards curbing misuse of charitable status and ensuring only genuine organisations enjoy exemption, periodic renewal of approvals and disclosure requirements will result in increased administrative costs and compliances.

• Provisional tax registration for three years for newly set-up organisations is a welcome step.