

● BUDGET EXPECTATIONS

Elevating higher education sector

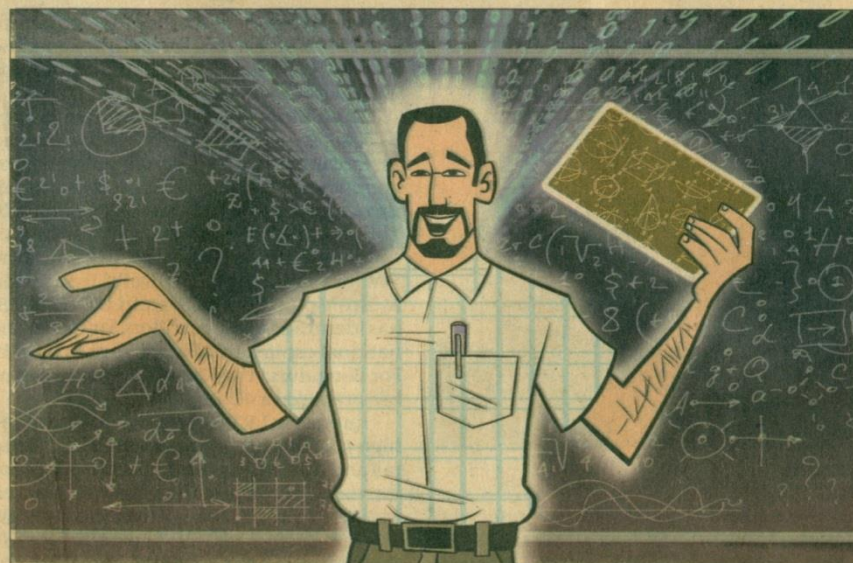
Scholarships provided by the government are mostly applicable only in public higher education institutions. The upcoming Union Budget needs to remove this anomaly

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HIGHER EDUCATION, ALSO known as tertiary education, is instrumental in higher employability, fostering growth, reducing poverty, boosting shared prosperity and instilling capabilities to cope up with economic shocks in a better way. This sector needs a boost from ongoing reforms and innovations, and this week's Union Budget can help provide that boost.

■ **Increase public spending and tone up its efficiency:** India's spending of about 2.7% of its GDP on education (Budget Estimates for 2017-18) needs upscaling and toning up of governance. Budget 2019 is expected to act on the same. Developed countries not only invest a greater proportion of their GDP on education, but also have better governance.

■ **Encourage private participation:** The greater the share of government education expenditure in the total expenditure (public plus private), the lower is the



efficiency of the expenditure. This calls for increasing the share of private sector through bringing in pragmatic policies. South Korea has a majority of tertiary education institutes privately owned, with some central regulations.

■ **Encourage investments, remove barriers:** Budget 2019 needs to look upon relaxation of bottlenecks in investment in education sector, which has a huge potential for growth and investment. The FDI

policy allows a foreign entity to invest 100% in India, but as a not-for-profit organisation, implying that these entities cannot declare dividends or share profits, and the surplus generated by such entities needs to be ploughed back into the institution. This inability of foreign entities to monetise their capital—also the inability of foreign investors to have a direct representation on the trust running the education institution—acts as a dampener.

■ **Private institutions, deemed universities:** In India, private deemed-to-be-universities have been making significant contributions in terms of quality and quantity, and have emerged amongst the top-ranked universities in some global rankings. Private institutes account for two-thirds of higher education in India. Student scholarships provided by the government are mostly applicable only in public higher education institutions. Budget 2019 needs to remove this anomaly.

■ **Tax exemption or minimum tax:** The government needs to consider providing tax sops to encourage higher education institutions. These institutions pay substantial GST on input services, ranging from 5% to 18% (canteen services for students, bus transport, stationery, building maintenance, paint, hotel accommodation and transport for delegates, organising conferences and seminars). Besides, for encouraging digital education, Budget 2019 needs to come up with tax exemptions on digital products and services.

■ **Education-related corporate support and CSR:** Corporate support for higher education has to be brought under the CSR framework. The government must frame policy guidelines to ensure that funding higher education institutions will fulfil CSR compliance. Budget 2019 deliberations on this will be welcome.

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