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Budget 2016 expected to address education infra,

Rohin Kapoor

HIGH achievement always takes place in the framework of high expectation, mused Charles Kettering.

The Indian education sector with its sheersize and potential for social impact is difficult to ignore for our finance minister. Yet, the sector has not been able to garner adequate interest or funds from the government since Independence. Last year, a series of reformatory steps were announced by the administrative ministry; however, there are still a number of issues around infrastructure, quality, and public funding which the forthcoming Budget is expected to address.

In addition to the above, the

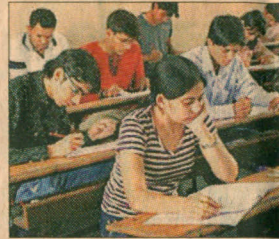
regulatory framework governing investments into the sector, especially by foreign institutions, needs to be overhauled. Although FDI is permitted up to 100% under the automatic route, the regulators do not either recognise or permit foreign investment directly or indirectly in setting up formal educational institutions. With inadequate public funding and practical roadblocks in foreign investment, the sector seems to be caught in a vicious cycle.

With pre-Budget activities becoming busier day by day, the expectations from the academic industry has also become stronger and urgent. We seek the government's attention on the following agenda items:

■ Increasing public expendi-

ture: Although the government had accepted the Kothari commission's recommendation to increase public expenditure to 6% of the GDP, unfortunately it is yet to be implemented. We feel that some of the critical challenges facing this sector can be partially addressed if this happens. At present, the country is spending just 3.5% of its GDP on the entire education sector.

■ Incentivising formal skilling: Skill India has been re-emphasised time and again as a priority area for the government. The upcoming budget can be a great opportunity to create a robust skill enhancement environment which motivates people to upskill themselves, corporates to recognise and reward skilled employees and



public sector recruit partially educated but formally certified skilled workforce. A dedicated fund to fiscally incentivise personal skilling and development of training infrastructure linked to the mandatory CSR provision under the new company law, in order to receive funds from the private sector, may be set up.

■ Separate deduction for tuition fees: Income tax exemp-

tion to propel household investments has been a perfected strategy used by finance ministers across the world. The tuition fees across educational institutions have increased substantially in the recent years and bundling the tuition fees exemption under all-encompassing section 80C with a total deduction of ₹1.5 lakh is no longer practical. To encourage middle class households to pursue academic dreams, a separate section under the Income Tax Act needs to be provided.

■ Reexamine withdrawal of service tax exemption: The government should consider restoring the service tax exemption on renting immovable property by an educational in-

stitution to a third party. Similarly, service tax levy should also be withdrawn from auxiliary education services such as transportation, canteen, etc. provided by educational institutions directly to students.

■ Other sectoral interventions: Given the increasing importance of collaboration with premier global institutions, the government should consider establishing a reciprocal inter-

nationalisation of multi-lateral which will allow foreign institutions to provide their brand perspective on not only education but also industry-academia curriculum innovation, and country, professional



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stitution to a third party. Similarly, service tax levy should also be withdrawn from auxiliary education services such as transportation, canteen, etc. provided by educational institutions directly to students.

■ Other sectoral interventions: Given the increasing importance of collaboration with premier global institutions, the government should consider establishing a reciprocal inter-

nationalisation policy (at a multi-lateral or bilateral level), which will allow top Indian and foreign institutions to set up their branch campuses in respective countries. This will not only enhance the value of teaching but also improve industry-academia relationship, curriculum enhancement, innovation, and research in the country, providing greater operational autonomy to private

educational institutions of excellence to encourage investment in the sector.

It is my humble request to the honorable finance minister to give this sector its due share in the forthcoming Budget. I am certain that the benefits which will accrue to the nation through such reforms will outweigh the costs in the long term.

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