

India Union Budget 2022-23

Point of view

Education and Skill Development



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Key announcements for the sector

- **Taxation in Education sector**
 - No deduction available for health & education cess forming part of tax liability
 - Parity sought to be brought between the two exemption regimes - Section 10(23C) and 12AB available to non-profit organisations including educational institutions
 - Rationalisation of compliances for educational institutions including accumulation, payments to specified persons (related parties), return filing, taxes on accredited income
 - Non-profit organisations registered under 10(23C) and 12AB, shall both be subject to taxes on accredited income in case of cancellation of tax exemption registration
 - Specific progressive penalties in case of undue benefits passed on to specified persons, i.e. related parties by a registered non-profit organisation
 - Application of income allowed only on actual payment, not on accrual basis irrespective of accounting method followed.
- **School Education**
 - Acknowledging the learning losses due to closure of schools induced by the pandemic the 'one class-one TV channel' programme of PM eVIDYA will be expanded from 12 to 200 TV channels. This will enable all states to provide supplementary education in regional languages for classes 1-12
 - High-quality e-content in all spoken languages will be developed for delivery via internet, mobile phones, TV and radio through Digital Teachers
 - A competitive mechanism for development of quality e-content by the teachers will be set-up to empower and equip them with digital tools of teaching and facilitate better learning outcomes
 - Allocation of budget for Samagra Siksha went up to INR 37,383 crore in 2022-23 from INR 29,999 crore in 21-22. Similarly, allocation for Strengthening Teaching-Learning and Results for States (STARS) went up from INR 340 crore to INR 550 crore. For programmes such as Accelerating State Education Program to Improve Results (ASPIRE) and Exemplar Schools where there was no allocation in the last budget, amount of INR 600 crore and INR 1800 crore respectively have been allocated for the year 2022-23.
- **Higher Education**
 - A Digital University will be established to provide access to students across the country for world-class quality universal education with personalised learning experience at their doorsteps. This will be made available in different Indian languages and Information and communications technology (ICT) formats. The University will be built on a networked hub-spoke model, with the hub building cutting edge ICT expertise. The best public universities and institutions in the country will collaborate as a network of hub-spokes.

- Under the All India Council for Technical Education (AICTE), five academic institutions on urban planning are to be made centres of excellence. The institutions will get endowment of INR 250 crore each
- Agricultural universities will revise syllabi to meet the needs of modern-day farming.
- Allocation for World Class Institutions increased to INR 1700 crore for the year 2022-23 from INR 1200 crore in 2021-22. Rashtriya Uchhatar Shiksha Abhiyan (RUSA) has been allocated a sum of INR 2042 crore for the year 2022-23 while it was INR 793 crore in 2021-22. Digital e-learning: National Mission in Education Through ICT has been allocated INR 400 crore and Programme for Apprentice Training has been allocated INR 500 crore for the year 2022-23. No allocation was made to these programmes last year.
- **Skilling**
 - Skilling programmes and partnership with the industry will be reoriented to promote continuous skilling avenues, sustainability, and employability. The National Skill Qualification Framework (NSQF) will be aligned with dynamic industry needs innovation and research and development
 - Digital Ecosystem for Skilling and Livelihood – the DESH-Stack eportal – will be launched with an aim to empower citizens to skill, reskill or upskill through on-line training. It will also provide API-based trusted skill credentials, payment, and discovery layers to find relevant jobs and entrepreneurial opportunities
 - Startups will be promoted to facilitate 'Drone Shakti' through varied applications and for Drone-As-A-Service (DrAAS). In select ITIs, in all states, the required courses for skilling, will be started
 - In vocational courses, to promote crucial critical thinking skills, to give space for creativity, 750 virtual labs in science and mathematics, and 75 skilling e-labs for simulated learning environment, will be set up in 2022-23.
 - National Apprenticeship Promotion Scheme (NAPS) has been allocated a sum of INR 170 crore in 2022-23 as against no allocation in the last budget. Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) budget has gone up from INR 193.47 crore in 2021-22 to INR 300 crore in 2022-23.

Implications for the sector

- **Taxation in Education sector**
 - Rationalisation of the exemption provisions have removed advantages of being registered under Section 10(23C) including key changes to taxability of accrued income on cancellation of exemption registration, transactions with related parties, etc.
 - Educational institutions including schools, colleges and universities operating with various service level arrangements with related parties will be under heavier scrutiny due to the introduction of specific penalties on such related party transactions where undue benefit is derived
 - Changes in the allowability of application of income on payment basis will result in timing differences between statutory and tax accounting for non-profits.
- **School Education**
 - The expansion of PM eVIDYA programme will help ensure all children especially those from marginalised sections such as SC/STs and rural areas also have access to education content to supplement and bridge the learning gaps induced by the pandemic and too in their regional languages
 - Development of e-content by teachers using digital tools and delivery of the content through internet and broadcast media with an aim to improve learning outcomes is a welcome move
 - Substantial budget allocation for programmes such as Samagra Siksha, ASPIRE, STARS and Exemplar Schools to strengthen learning outcomes school education

- A big issue that many experts have highlighted is the learning gap accentuated by the pandemic. To address this, we had expected specific measures including long term ones such as enhancing digital infrastructure etc. This perhaps would be drawn from the Samagra allocations.
- **Higher Education**
 - Establishment of a digital varsity, centres of excellence for urban planning and upgrade of syllabi of agriculture universities are all steps in the right direction
 - Support to states through increased allocation to RUSA and impetus to World Class Institutions and Apprenticeship through enhanced allocation will help implement the vision of National Education Policy (NEP) of creating quality institutions and integrating vocational and higher education
 - However, a big missing piece is the lack of announcements on financing higher education and research. Similarly, the Higher Education Commission of India Bill didn't find any mention.
- **Vocational Education**
 - Much needed impetus has been given to ensure that the skilling programmes are in alignment with industry needs through alignment of NSQF to ensure continuity in skilling and employability
 - The launch of the DESH e-portal will ensure continuous skilling, reskilling and upskilling of the workforce which is critical to ensure productivity
 - Increased allocation for programmes such as a NAPS and SANKALP will give a fillip to the skilling agenda.

Overall, there are some laudable initiatives especially the big push for digital across school, skill development and higher education and an increased budget allocation across various initiatives. However, what is missing is the implementation plan for the NEP, adequate funding across the sectors to counter the impact of the pandemic, thrust on research and measures to bridge the learning gaps due to the pandemic which are crucial for the development of the sector. Also, a proper utilisation of budget this year would mark the beginning of the changes recommended in NEP 2020.

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