

# India Union Budget 2021-22

## Point of view

### Education and Skill Development

#Budget2021 #KPMGBudgetLive



## Key announcements for the sector

- Taxation in Education sector
  - Blanket tax exemptions for educational institutions expanded to include educational institutions with total receipts up to INR5 crore from INR1 crore
  - Utilisation of corpus funds or borrowed funds not considered as an application for charitable purposes. Replenishment of such corpus or repayment of borrowed funds shall be treated as application of income
  - Set off any excess spends / deficit not permitted to be adjusted in future years for charitable institutions.
- School education
  - More than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy
  - 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states.
- Higher education
  - Higher Education Commission (HEC), an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and funding to be set up
  - Formal umbrella structures will be created in 9 cities where there are various research institutions, universities, and colleges supported by the Government of India so that these institutions can have better synergy, while also retaining their internal autonomy. A Glue Grant will be set aside for this purpose
  - Proposal to set up a Central University in Leh.
- Announcements related to implementation of National Education Policy (NEP)
  - Standards will be developed for all schoolteachers in the form of National Professional Standards for Teachers
  - A unique indigenous toy-based learning – pedagogy for all levels of school education will be developed
  - A National Digital Educational Architecture (NDEAR) will be set to support teaching, learning activities, educational planning, governance and administrative activities of the Centre and the States/ Union Territories

- Standardisation of Indian Sign language across the country and develop National and State Curriculum materials for children with hearing impairments
- Senior and retired teachers will be employed for individual mentoring of schoolteachers and educators through constant online/offline support on subjects, themes and pedagogy
- A holistic assessment is envisaged to provide students with valuable information on their strengths, areas of interest, needed areas of focus to help them make optimal career choices
- Online modules covering the entire gamut of adult education will be introduced
- Enable the training of 56 lakh schoolteachers through the National Initiative for School Heads and Teachers for Holistic Advancement (NISTHA)
- Central Board of Secondary Education (CBSE) Board Exam reforms to be introduced in a phased manner to be effective from the 2022-23 academic session. Exams will move away from rote-learning and students shall be tested on their conceptual clarity, analytical skills and application of knowledge to real life situations
- To promote enhanced academic collaboration with foreign higher educational institutions, it is proposed to put in place a regulatory mechanism to permit dual degrees, joint degrees, twinning arrangements and other such mechanisms.
- Scheduled Castes and Scheduled Tribes Welfare
  - 750 Eklavya model residential schools to be set up in tribal areas
  - Revamped Post Matric Scholarship Scheme for the welfare of Scheduled Castes (SC). Have enhanced the Central Assistance to INR35,219 crore for 6 years till 2025-2026, to benefit 4 crore SC students.
- Skilling
  - Amendment of the Apprenticeship Act to realign the existing scheme of National Apprenticeship Training Scheme (NATS) for providing post-education apprenticeship, training of graduates and diploma holders in Engineering. Allocation of INR3000 crore toward this.
- Innovation and Research and Development
  - Funding for National Research Foundation with an outlay of INR50,000 crore over 5 years was announced.
- Migrant workers and labourers
  - A portal that will collect relevant information on gig, building and construction workers among others will be launched. This will help formulate health, housing, skill, insurance, credit and food schemes for migrant workers
  - Social security benefits will extend to gig and platform workers. Minimum wages will apply to all categories of workers, and they will all be covered by the Employees State Insurance Corporation. Women will be allowed to work in all categories and also in the nightshifts with adequate protection. At the same time, compliance burden on employers will be reduced with single registration and licensing, and online returns.

## Implications for the sector

- Taxation in Education sector
  - Increased tax exemption limit will provide relief to smaller educational institutions with turnover of less than INR5 crore without need for specific approvals from the tax authorities
  - Clarity on issues of application of income will reduce tax litigation and disputes considering increased reliance on corpus funding and borrowed funds to undertake activities in the education space
- Research and higher education

- Research in universities got a boost with the INR50,000 crore funding for National Research Foundation and also the 'Glue Grant' to bring synergies with standalone research labs
- Formation of HEC will be crucial to implement NEP
- Collaborations with foreign universities will enhance and will be more meaningful with regularisation of Twinning and Dual Degree programmes
- Funding, especially capital requirement for higher education institutions, would be crucial and this has not been addressed in this budget.
- School education
  - There is much needed emphasis on standards and development for teachers. It is heartening to see this budget highlight this in multiple sections
  - This budget could signal the beginning of the end of the rote-learning era. Clear and specific timeline and guidance has been issued
  - Marginalised and disadvantaged sections of the society have been addressed through the enhanced post-matric scholarship and the standardisation of sign language to develop a national curriculum
  - While these are some point measures, allocations for large implications of implementing NEP on infrastructure, curriculum revamp across school education, assessment, digital enablement etc. are missing.
- Skilling
  - Much needed impetus has been given to the apprenticeship programme. The INR3000 crore allocation to NATS will be a shot in the arm for our skilling programmes. It is important for the industry to consider this and proactively reach out to the skilling institutions
  - The formal vocational education programme spearheaded by Industrial Training Institutes, Industrial Training Centres, Polytechnics needs a big push to be in sync with rapidly increasing demand from the industry. Unfortunately, in this budget also, this did not grab the attention of the Government.

Overall, there are some specific initiatives to cheer but the big opportunity to ride on the acceptability of digital formats and implement the big transformation agenda in NEP has not been given adequate attention. Adequate funding and structural reforms are key to NEP's success.

## KPMG in India contact

**Narayanan Ramaswamy**

**National Head**

Education and Skill Development

E: narayananr@kpmg.com



[home.kpmg/in/socialmedia](https://home.kpmg/in/socialmedia)



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011  
Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

© 2021 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

KPMG (Registered) (a partnership firm with Registration No. BA- 62445) converted into KPMG Assurance and Consulting Services LLP (a Limited Liability partnership firm) with LLP Registration No. AAT-0367 with effect from July 23, 2020.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

This document is for e-communication only.



<https://bit.ly/39nSSY6>

Access  
Budget microsite