

# Union Budget 2018-19

## Our Point of View

### Education



## Government focuses on school education and its premium institutions; gives skill development a miss

### K-12 education

- Traditionally, Budget allocation to Education has always been more input oriented than outcome based. Union Budget 2018-19 marked the much needed divergence and focused on quality of education. The Government has defined learning outcomes and a National Survey of more than 20 lakh children has been conducted to assess the status on the ground. This will help in devising a district-wise strategy for improving quality of education.
- Integrated approach to K-12 education with no segmentation from pre-nursery to Class 12 would mean students would mean a seamless curriculum.
- Quality of teachers has plagued the education system for long and the emphasis on improving through an integrated B.Ed. programme upskilling of teachers during service was long overdue. The Budget mentioned that the Government has amended the Right to Education Act (2010) to enable more than 13 lakh untrained teachers to get trained.
- Realizing the importance and catalyzing role that technology can play in alleviating the standard of education the Budget proposed to increase the digital intensity in education and move gradually from 'black board' to "digital board". Technology will also be used to upgrade the skills of teachers through the recently launched digital portal 'DIKSHA'.
- Adopting an inclusive approach, the Budget FY2018-19 announced that by the year 2022, every block with more than 50 per cent ST population and at least 20,000 tribal persons, will have an Ekalavya Model Residential School. Ekalavya schools will be at par with Navodaya Vidyalayas and will have special facilities for preserving local art and culture besides providing training in sports and skill development.

### Higher education

- To boost Research and Development (R&D) in higher education space and step up investments in research and related infrastructure in premier educational institutions, including health institutions, an initiative named "Revitalising Infrastructure and Systems in Education (RISE) by 2022" with a total investment of INR1,00,000 crore in next four years was announced in the Budget 2018-19. Higher Education Financing Agency (HEFA) would be suitably structured for funding this initiative.
- Encouraging research in newer domains, Department of Science and Technology will launch a 'Mission on Cyber Physical Systems' to support establishment of centres of excellence. The initiative would invest in research, training and skilling in robotics, artificial intelligence, digital manufacturing, big data analysis, quantum communication and Internet of Things (IoT). Hence, the allocation on Digital India (2015) initiative was doubled to INR 3073 crore in FY2018-19.
- Lack of incentives to pursue research has been a problem and to address this, perhaps, the "Prime Minister's Research Fellows' (PMRF)' Scheme will be launched in FY2018-19. Under this, 1,000 B.Tech students would be identified each year from premier institutions and provide them facilities to do Ph.D. in IITs and IISc, with a

handsome fellowship. It is expected that they would voluntarily commit few hours every week for teaching in higher educational institutions.

- The Budget also announced setting up of few institutions of higher education such as a specialised Railways University at Vadodara, two new full-fledged Schools of Planning and Architecture, to be selected on challenge mode and 18 new SPAs would be established in the IITs and NITs as autonomous schools, also on challenge mode. Also, 24 new Government medical colleges and hospitals would be set-up by upgrading existing district hospitals in the country.

## Skill development

- In the skill space, the Government is setting up a model aspirational skill centre in every district of the country under the Pradhan Mantri Kaushal Kendra Programme. The Budget FY2018-19 mentioned that 306 Pradhan Mantri Kaushal Kendras have been established for imparting skill training through such centers.
- Launch of National Apprenticeship Scheme with stipend support and sharing of the cost of basic training by the Government to give training to 50 lakh youth by 2020.
- Introducing system of fixed term employment for apparel and footwear sector.
- To boost employment in the formal sector, the Government will contribute 12 per cent EPF for new employees joining formal sector and 8 per cent EPF for Women employment for first 3 years was proposed in the Budget FY2018-19.
- Around 450 farm level training centers under Department of Agriculture, Research and Education was announced in the Budget FY2018-19.
- Skill training in high end domains robotics, artificial intelligence, digital manufacturing, big data analysis, quantum communication and internet of things. This will take place through center of excellence established under 'Mission on Cyber Physical Systems' anchored by the Department of Science and Technology.

## Key announcements

### Direct tax

- Reduced tax rate of 25 per cent for companies having gross receipts during the financial year 2016–17 not exceeding INR250 crore. Such concessional tax rate will not be available for LLPs.
- Currently, there are no restrictions on payments made in cash by charitable or religious trusts or institutions. In order to encourage a cash less economy, any cash payments in excess of INR10,000 would not be regarded as application of income by the respective charitable or religious trusts or institutions.
- At present, there are no checks on whether charitable or religious trusts adhere to the provisions of deduction of tax at source. In order to improve TDS compliance of such entities, 30 per cent of the amounts on which taxes are not deducted at source would not be regarded as application of income.
- Currently, long-term capital gains arising from transfer of listed equity shares, units of equity oriented fund and unit of a business trust are exempt from tax. It is now proposed to tax such long term capital gains exceeding INR 100,000 (with effect from FY2018-19) at the rate of 10 per cent without indexation benefit subject to certain conditions. For the purpose of computing this capital gains, any unrealized gains arising up to 31 January 2018 are grandfathered.
- It is proposed to roll out a new scheme for electronic mode of tax assessments across the country in order to reduce human interface and bring in greater efficiency and transparency.

### Indirect tax

- No GST related amendments in the Budget (as decision on GST related amendments taken by the GST Council).
- Social Welfare Surcharge (Welfare Cess) levied at 10 per cent on customs duty to finance education, health and social security measures.

## Budget impact

- Much needed emphasis on learning outcome improvement, teacher training programmes and gradual transition from blackboards to digital infrastructure in schools. There was also a clear focus on inclusive schools - focus on opening up Ekalavya schools in chosen blocks for promote holistic education, preserving local culture.
- Much needed emphasis on importance of teacher training, use of digital medium for in-service, continuous development of teachers. But what remains to be seen is how well teachers can adapt to digital medium, use digital medium for better learning outcomes, use of digital assessment and analysis for better interventions.
- Apart from the regular skilling programs under Ministry of Skills Development and Entrepreneurship, Ministry of Rural Development, this Budget has also seen specific sector based allocations targeted on skills development (Agriculture, MSME sectors, Digital Technology). This presents an opportunity for specialized skilling required for these sectors
- For all the news about job crisis making headlines, surprisingly, the Budget had no special focus on Skills/Skill India.
- Budget lacked much need impetus on International Skills Centre, enhancing Private Sector Participation (such as Skills University) and thrust on a larger apprenticeship program.
- EPF contribution to new employees will help in boosting formal sector employment and incentive for women (8% EPF contribution for first three years) could act as a trigger for more participation of women in workforce
- Research has been given the much needed thrust. A culture of original research and innovation needs to emanate from such measures. To enable this, the process of leveraging these assets and guidance to younger faculty on the research and publication process is essential. Consolidation of scholarships could streamline identification and tracking of beneficiaries. A monitoring and impact assessment system should also be in place.



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