

Education in India

A tax and regulatory perspective

July 2025





Education, in India, is conceived as fundamental for achieving full human potential, including, developing an equitable and just society, and promoting national development. The Indian Constitution under Article 21-A guarantees free and compulsory education for all children aged 6-14 years.

India has one of the most extensive global education systems in the world, serving over 250 million students across various levels. India's vastness combined with linguistic and socio-cultural diversities, less-responded segments like the early childhood, and disparities in educational quality and course offerings presents a compelling proposition for meaningful investments and transformations.

The Education Policy 2020 has set the tone and direction for futuristic transformation of the Education ecosystem in India – by revamping of the education structure, enhancing future relevance and responsiveness, and in developing resilient employable youth.

India is also the host to the 2nd largest higher education system in the world

Key statistics¹ pertaining to the education sector are:



1,100+
universities



INR 1,28,650
crore budget allocation
(FY25-26)



45,000+
colleges



43.3
million+ students

¹Sources: Factsheet Details, Press Release: Press Information Bureau, Press Release: Press Information Bureau

The National Education Policy:

An Overview

The **National Education Policy** of India, 2020 (NEP 2020), was approved by the Government on 29th July 2020, which outlines the vision of India's new education system and provides a new direction for the State Public Education systems and the Regulators, namely the University Grants Commission's (UGC) and All India Council for Technical Education (AICTE).

Key features

1

Fostering a flexible, holistic, and multidisciplinary learning environment aligned with industry needs and global educational standards.

2

Creating a dynamic, student-centric, education model by integrating research, sports, internships, and community service into academic credits.

3

Encouraging the creation of multidisciplinary universities and colleges offering diverse subjects and interdisciplinary studies.

4

Integrating practical and future skills into the curriculum to ensure students are job-ready with enhanced employability globally.

5

Emphasizing technology-driven innovative teaching to enable engaging, interactive, and personalized learning experiences.

6

Promoting international research and teaching collaborations, faculty/student exchanges, and supporting top Indian institutes to establish overseas campuses.



Higher education institutions: Navigating the tax and regulatory landscape

The Indian education sector is undergoing rapid transformation, driven by technological advancements, policy reforms, and increasing government focus on improving access and quality. As the government continues to prioritise this critical sector, organisations operating within it must stay agile and well-informed about the frequent regulatory updates and dynamic policy environment, proactively assessing their tax and compliance strategies.

Overview of key areas for consideration



Tax positions adopted for key transactions



Strategic entry planning for establishing Indian presence



Managing tax and regulatory compliances



Collaboration arrangements with domestic institutes



Navigating tax exposure due to visiting faculty

Key focus areas from a tax and regulatory perspective

Exchange control regulations

- Determine sources of funding
- Regulatory approvals
- Profit repatriations possibilities
- Annual compliances under FEMA and FCRA

Indirect tax

- Exemption on core educational services
- Taxability on allied transactions
- OIDAR implications on digitally supplied educational services

Direct tax

- Efficiency in profit upstreaming
- Safeguards to mitigate PE exposure
- Tax positions on cross-border payments

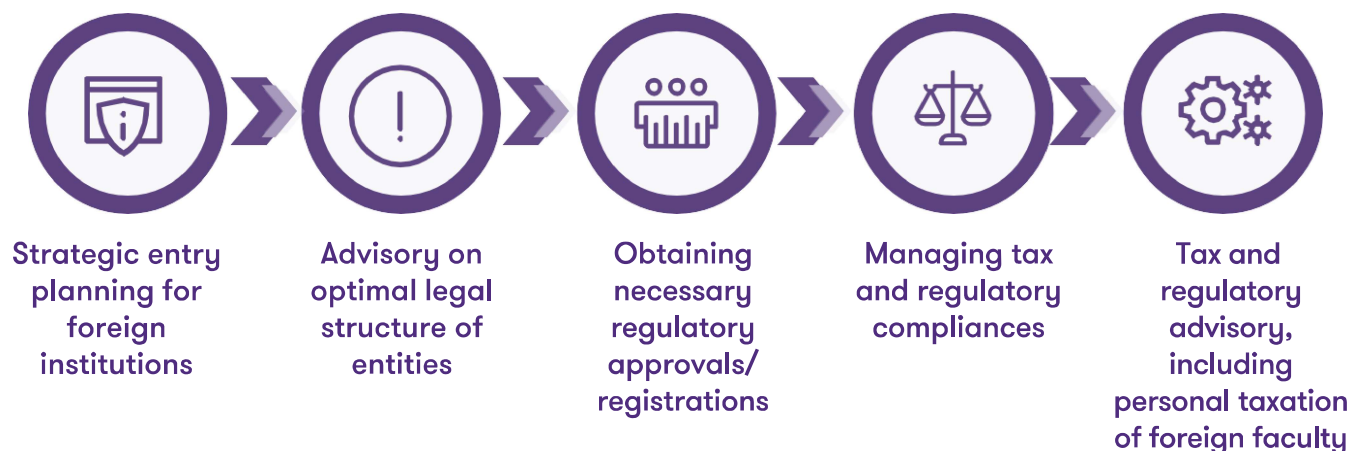
UGC Regulations ¹

- Exemptions from domestic regulations
- Establishing international branch campuses and offshore educational centres

¹UGC (Setting up and Operation of Campuses of Foreign Higher Educational Institutions in India) Regulations, 2023

How Grant Thornton Bharat can assist

Our team of tax professionals can provide end-to-end solutions for setting up and smooth functioning of the education institution.



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