

National Education Policy 2020

Strengthening India's knowledge economy

September 2020



The National Education Policy (NEP) 2020 - All set to transform the Indian education system



“Education is the most powerful weapon, which you can use to change the world.”

- Nelson Mandela

Building upon the foundations of its predecessors – Education Commission 1964, National Policy for Education 1986 [modified in 1992 (NPE 1986/1992)], the Right of Children to Free and Compulsory Education Act 2009 and the Rights of Persons with Disabilities (RPWD) Act 2016 – the NEP 2020 focuses on providing education that is equitable, accessible, high-quality and affordable. The policy will act as a roadmap to revolutionise schooling and higher education in India that will support and foster a lifelong learning culture to maximise the rich talents and resources the country has to offer.

The NEP 2020 is a giant leap in a list of initiatives taken by the government in achieving Goal 4 (SDG4) of the 2030 Agenda for Sustainable Development that seeks to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” by 2030.

The policy recognises the ever-changing knowledge and employment landscape in our global ecosystem and focuses on curricular and pedagogy reform, aligning it with international standards and making India a vibrant knowledge economy and a nation of thought leaders. Promoting the holistic development of individuals from an early age, the policy aims to ensure not only cognitive development but overall character development through experiential learning and character building.



Journey to NEP 2020

- First **National Policy on Education**, 1968
- Introduced National School System
- Proposed equal opportunity for all to achieve national and social integration
- Education transferred from State to **concurrent list in 1976**

Challenges

- No proper framework for implementation
- Shortage of funds
- Limited role of Central Government, as education was a state subject

- The Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010 was introduced to regulate the entry and operation of foreign educational institutions to increase skill development and adopt international best practices in education and pedagogy

Challenges

- High constraints for foreign universities to operate as per standards set by Indian regulatory boards
- No incentives; minimum corpus fund, non-repatriation of revenue generated in a bid to avoid commercialisation of education

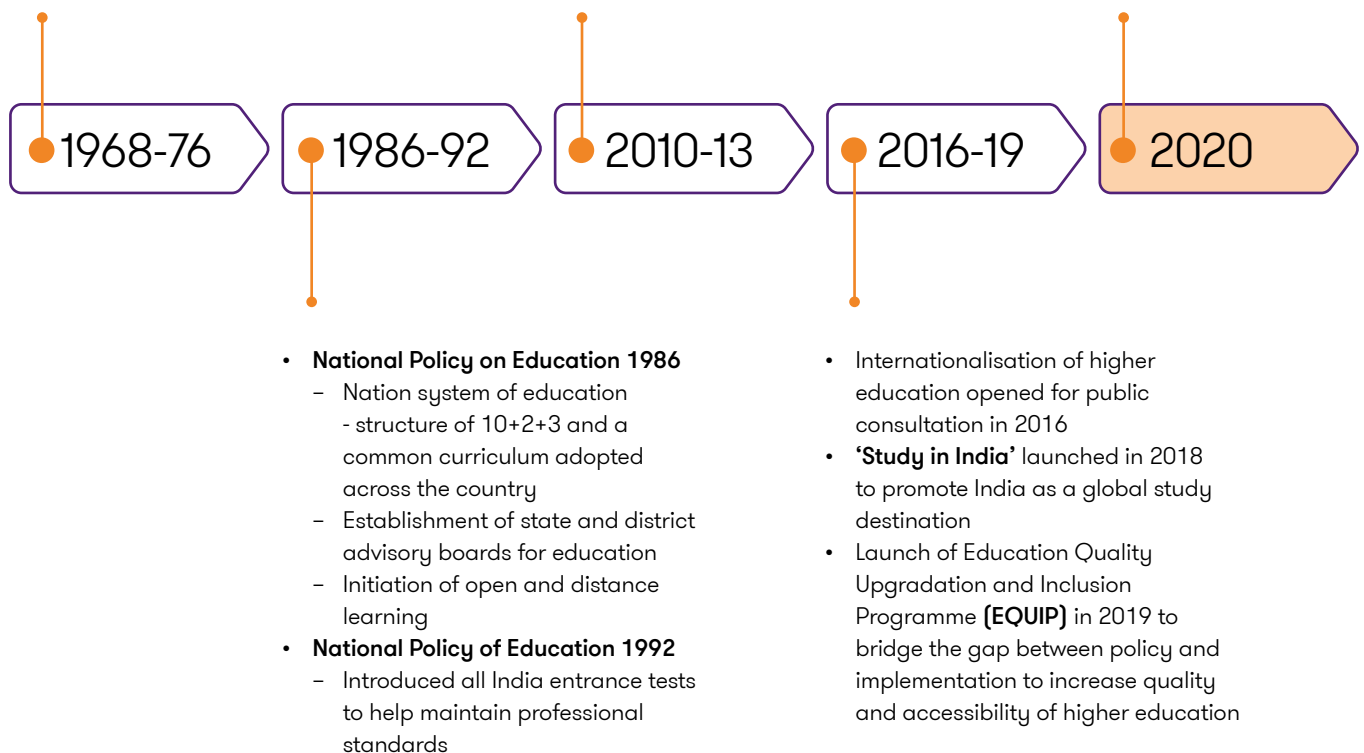
Status

- Not passed

- **National Education Policy 2020**
 - Increased focus on accessibility of high quality education
 - Reforms in education structure for ECCE and secondary education
 - Overhaul of higher education regulatory bodies
 - Foreign HEIs permitted to operate on Indian soil

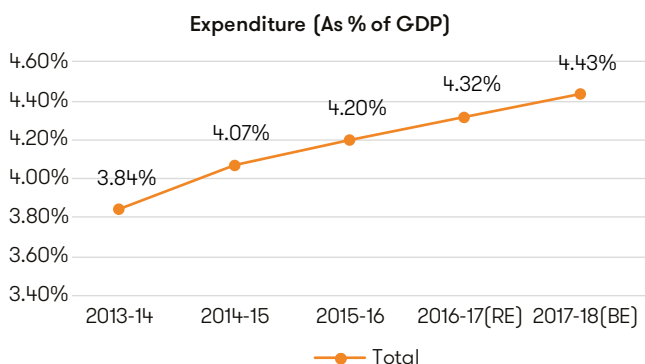
Opportunities

- RE/Investors in setting up campuses with Indian and foreign HEIs
- Private and foreign companies to form financial partnerships with Indian HEIs with improved fiscal conditions
- Companies in Edtech, AI, ML, Data science space for collaboration with central/state institutions with a greater focus on research and innovation



To ensure economic, social, intellectual and technological progress envisaged by the government and the citizens of the country, substantial increase in investment in the education sector is immediately required. Total government expenditure as a percentage of GDP increased from 3.84% in 2014 to 4.43% in 2018, a step in the right direction. To develop a high-quality and equitable public education system, both central and state governments must work together, with participation of private partners (domestic and foreign). The aim should be to increase public investment in the education sector to reach 6% of GDP at the earliest – in line with spending on education (5.9% of GDP each in 2018) in advanced economies such as the United States of America and Australia.

Figure 2 Total government expenditure on education in India



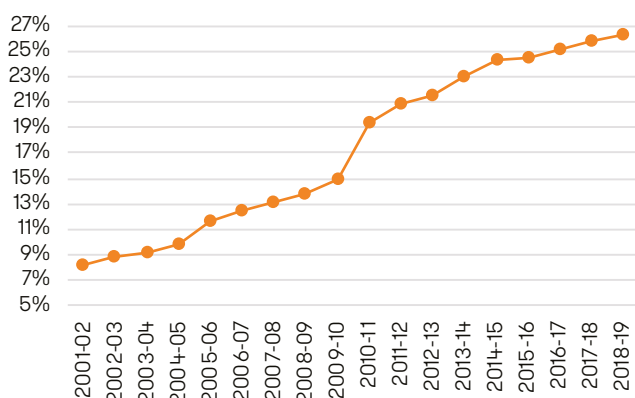
Entry of foreign universities in India – a much-needed bold step

For a progressing economy, high-quality higher education is the key to developing a socially conscious, knowledgeable and skilled nation. One of the major announcements in the NEP 2020 is to allow foreign universities to set up campuses in the country. The policy states, “A legislative framework facilitating such entry will be put in place and such universities will be given special dispensation regarding regulatory, governance, and content norms on par with other autonomous institutions of India”. While foreign institutions are already present in India, complex regulatory frameworks and difficult-to-navigate evaluation processes have limited these institutions to vocational, distance/online learning and twinning programmes.

India's higher education sector – all set to capitalise on a strong base

India boasts of one of the largest higher education systems in the world, with over 990 universities, approximately 40,000 colleges and 10,700 standalone institutions. The overall GER is 26.3%, amounting to 37.4 million students. While India's higher education GER is significantly lower than countries, such as Brazil or those in Europe and North America, India has seen an increase of over 11% in since 2010. The country has seen an increasing trend in GERs for all categories, a promising statistic in line with the vision to double the GER to 50% by 2035.

Figure 3. Total GER for higher education in India



With quality being a primary concern, more than 7,50,000 students, of the 85 million (14-18-year old) ready for higher education, travelled to foreign countries in 2018, according to the Ministry of Home Affairs. Of the total, 72% students travelled to five leading destinations – the USA (2,11,703), Canada (1,24,000), Australia (85,115), Saudi Arabia (70,800) and the UAE (50,000).

Facilitating cross-border education, by allowing foreign universities to open their doors on Indian soil, will be beneficial for the economy as well as instrumental in developing global citizens, who are socially aware and empathetic towards all cultures. Favourable demographics, i.e. a population of 500 million people in the age bracket of 5-24, a services-driven economy with a demand for highly skilled workforce, favourable fiscal conditions (Foreign Direct Investments and External Commercial Borrowings) make India a strong market for investment in the education sector.



Key highlights for higher education in NEP 2020

Focus on multidisciplinary education

The fragmented nature of the current higher education system in India will undergo a phased restructuring process aimed at consolidation, to ensure optimal use of infrastructure and resources. The aim is to have HEIs with a capacity of over 3,000 students in almost every district in the country to provide access to high-quality education across sections of the society. Only 4% of HEIs in India currently have more than 3,000 enrolled students.

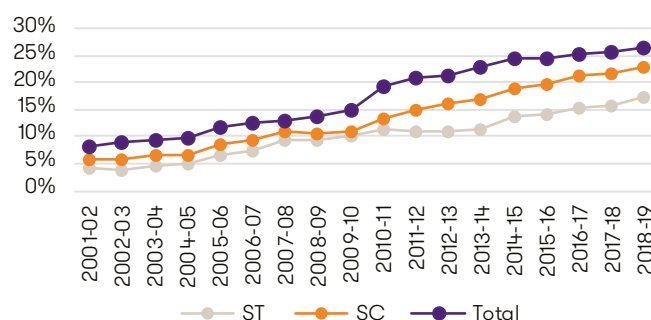
While India continues to be a global education provider, with prestigious institutions, such as the IITs and IIMs, only three Indian institutions are on the Top 200 QS World University rankings 2020 list. The vision is to increase the number of public MERUs to increase the focus on research and innovation while increasing the standard of Indian education to a global level. MERUs will consist of a group of specialised colleges that provide holistic and well-rounded education and research facilities.

Despite the importance of research and innovation in keeping up with the rapid changes in education, India's current investment in the space is only 0.69% of the GDP. The establishment of a National Research Foundation (NRF) will not only enable a culture of research but also provide merit-based funding to universities whose capabilities are currently limited. Industry and private organisations will be invited to form partnerships to further this mission of increasing the importance of research in the country.

Increase equity and accessibility

One of the cornerstones of the policy is equitable education for all. While there has been a steady increase in GERs in the SEDGs, they still fare lower than the national average of 26.3% and stand at 23% and 17% for scheduled castes and scheduled tribes, respectively. Increase in the number of high-quality HEIs in 'aspirational' districts and special education zones that contain a large number of SEDGs and availability of merit-based financial assistance are likely to increase GERs of SEDGs in both private and public HEIs.

Figure 4. GER for higher education among SEDGs



Open distance courses currently make up for approximately 11% of GER and are expected to increase significantly as the government takes strides to ensure the quality of distance education is at par with programmes run on HEI campuses.

With the Digital India campaign working towards decreasing the digital divide, the online higher education segment is projected to grow at a healthy CAGR of 41% between 2016 and 2021. There is immense scope to leverage technology to deliver effective teaching, accessible anywhere and on any device.



Elevate the quality of faculty

Faculty vacancies in HEIs are high and to optimise faculty-student ratio and cultivate a culture of excellence and innovation, not only is there a need of high number of faculty members but an increased focus on the professional development of faculty members who are committed to their institution. Autonomous institutions will be encouraged to drive excellence by providing their faculty members with professional development opportunities to further their own competency and design curricular and pedagogical approaches that have high impact and will ultimately affect the number of enrollments and highly qualified and employable graduates.

Internationalisation – education beyond borders

Foreign collaborations will enable homegrown HEIs to design their curriculum in alignment with international standards and bring in quality technical knowledge and content delivery systems (pedagogy). Students will not only have access to a wider base of opportunities with key focus on research and innovation and curriculum exchange but also have access to world-class faculty, simultaneously enhancing the teaching standards in India. The increased presence of India in the global higher education landscape will also open doors for Indian HEIs to penetrate new markets overseas.

Improved governance and efficiency

Measures taken to improve the regulation and governance of HEIs, excluding legal and medical education, through a single umbrella body, the HEI, will reduce the current administrative challenges posed by varying regulatory bodies. The same set of governance protocols as well as accreditation and academic standards will improve overall standards across HEIs. Public disclosure of financials, audits and educational outcomes, amongst others, will allow for better tracking and monitoring to ensure the effectiveness of the policy.

Key drivers

Growth in demand

Aggressive target of achieving GER of 50% that would require a substantial increase in HEIs to accommodate the high inflow of students to produce highly qualified graduates well equipped with the skills required in the workforce. Foreign institutions can collaborate with Indian institutions to help plug that gap by being a more accessible provider of high-quality education.

Enabling legislative framework

Foreign HEIs looking to enter India will benefit from a new legislative framework in the near future to ensure parity with Indian HEIs on governance, regulation and content norms.

Cost advantage

Foreign HEIs setting up campuses in India will attract both Indian but international students, as high-quality education will be available at more affordable costs.

Increasing investment opportunities

100% FDI allowed the education sector through the automatic route. Budget 2021-2022 also promoted the use of ECB within the sector to boost capacity and capability building as well attract highly qualified and talented professionals.

Opportunities for stakeholders

The NEP 2020 has presented opportunities not only in the education sector, but in other sectors, such as finance, pharmaceuticals and healthcare too.

Renaming the Ministry of Human Resource Development to Ministry of Education is a sign of the government's focus to revolutionise the education system in the country. The availability of expertise to see the implementation will be key. Using the policy as a roadmap, the CBE, in close collaboration with the Ministry of Education and corresponding state bodies, must continuously review short-term institutional frameworks that shall help in achieving the long-term vision the government wants to achieve through this policy.

Public-private partnerships

- To set up new HEIs and invest in enhancing current HEIs
- To collaborate with private research labs across the country

Increased investment in the education sector

- Opportunities for both private and foreign companies to form financial partnerships with Indian HEIs
- Government support for enhanced private and philanthropic activity in the sector
- Financial services institutions can partner with private HEIs to offer scholarships and self-financed education loans, in addition to collaborating with the National Scholarship Portal to support and track the progress of students receiving scholarships

Increased awareness and need for digital empowerment

- Participation of private players to provide technological solutions with respect to content creation and delivery, digital infrastructure, capability development to increase accessibility and device penetration
- Opportunities for players in artificial intelligence, machine learning, data science, etc., to further research efforts on the use of said technologies to address and mitigate global challenges including healthcare and climate change
- Opportunity for private sector players to be involved with the operationalisation of NETF with respect to content, technology and pedagogy of e-learning as well as guidelines for dissemination of information through e-learning

How Grant Thornton can help?

Our Growth Advisory team can help you navigate with the most optimum strategy for entering the Indian market.

Assistance can be provided on various fronts:

- 1 Market assessment:** Understanding your requirements, evaluation of regulatory policies and incentives, etc.
- 2 Location assessment**
- 3 India entry assessment:** Optimal entry route, investment structure, go-to-market strategy, etc.
- 4 Compliance:** Legal entity formation, partner search, tax structuring, etc.
- 5 Implementation action plans**

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Glossary

BE- Budget estimates

CABE – Central Advisory Board of Education

ECB – External Commercial Borrowings

ECCE – Early Childhood Care and Education

EQUIP – Education Quality Upgradation and Inclusion Programme

FDI – Foreign Direct Investment

GDP – Gross Domestic Product

GER – Gross Enrolment Ratio

HECI – Higher Education Commission of India

HEI – Higher Education Institutions

MERU – Multidisciplinary Educational and Research Universities

NEP 2020 – National Education Policy 2020

NETF – National Educational Technology Forum

NRF – National Research Foundation

RE- Revised estimates

RPWD - The Rights of Persons with Disabilities (RPWD) Act 2016

SEDG – Socio-Economically Disadvantaged Groups



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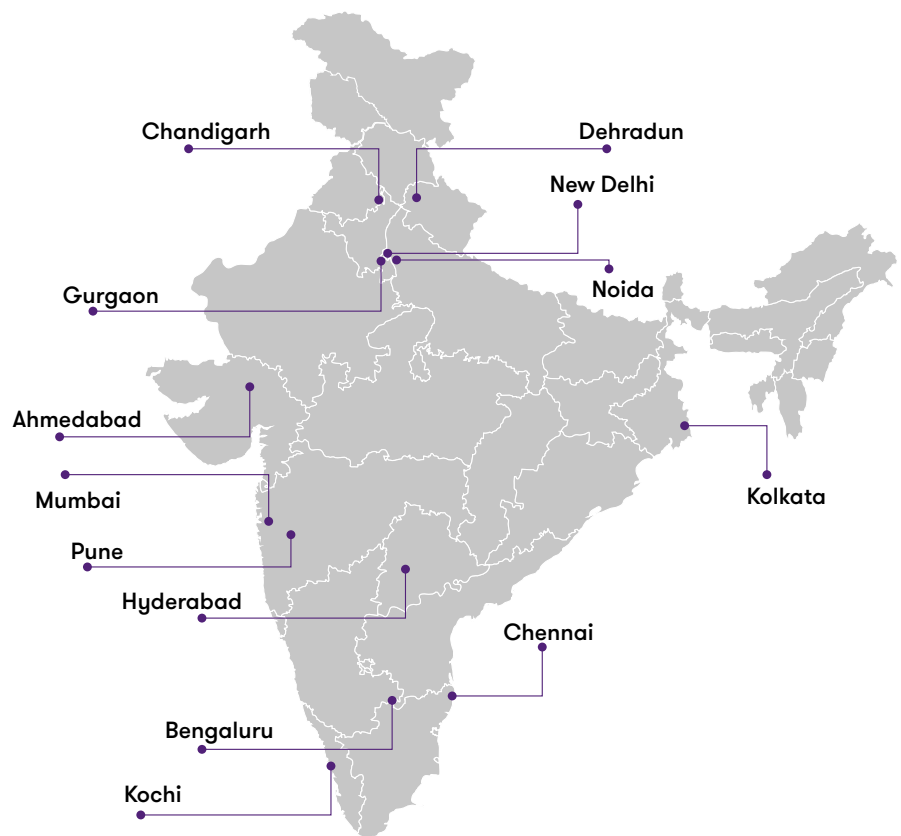
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