



FICCI note for “Improving Ease of Business thorough executive actions in School Education”

Existing	Suggested action	Reason
A. Replace the present heavily regulated system with “Minimum Government Maximum Governance: - Encourage young people to get involved in institution building, Create competition, Expand the sector to bridge the Demand – Supply gap		
<p>1. In this age of reform, school education continues to remain heavily regulated. It is becoming de-motivating and unviable to set up or operate a K-12 school</p>	<p>A. Create a 5 year review cycle for every school to be conducted by a non-governmental body that operates at arm’s length from the government. Publish a comprehensive report about every school and make it public.</p> <p>B. Lay down clear disclosure norms wherein every school should publish information pertaining to facilities, faculty, course curriculum and fee structure on school’s website</p> <p>C. Provide complete autonomy to private K-12 schools in terms of:</p> <ul style="list-style-type: none"> a. Faculty employment b. Fixation of Fee 	<p>A. De-regulation will lead to competition, which in turn would lead to fair play and bringing down prices</p> <p>B. Fruits of liberalisation and benefits of free market competition have been well experienced by the society in sectors such as healthcare, telecommunication, etc</p>
<p>2. Private schools, which have been offering quality education have become softest targets and are increasingly getting burdened.</p>	<p>A. Admissions under RTE Act should be referred to private un-aided schools only when there is no seat available in neighbourhood state/government/private schools</p> <p>B. Compensation under RTE Act should be commensurate to school’s infrastructure and delivery model. It could be pegged to 80% of the actual fee charged</p>	<p>A. It is becoming increasingly unviable to run an unaided private school</p> <p>B. Credible schools are not expanding</p>

	from regular students.	
3. In most of the states, schools can only be set up by either Societies or Trusts	<p>A. Allow schools to be set up by companies.</p> <p>B. Facilitate ways for existing schools to convert from Societies or Trusts to Company format</p>	<p>A. Company formats are more transparent as they have to adhere to compliance and disclosure norms as per the Companies Act</p> <p>B. Companies can access Capital Markets to source funding for expansion</p>
4. Current guidelines are ambiguous on 'Return on Capital Employed' to the Sponsoring Body	<p>A. Allow Sponsoring Bodies of the schools to withdraw a nominal return of 18% p.a on their capital employed</p>	<p>A. Current framework is either silent or restricts the same.</p> <p>B. This leads to malpractice or litigation due to different interpretations.</p> <p>C. There is an opportunity cost of money deployed for investment</p> <p>D. This shall bring transparency and encourage more and more private investment for setting up new schools.</p>
5. There is no clarity as to how much surplus a school can generate and how the same can be deployed	<p>A. Allow Schools/Sponsoring Bodies to generate surplus of up to 20% every year that could be used for:</p> <ul style="list-style-type: none"> a. Investing in latest technologies b. Upgrade current systems and infrastructure c. Introduce new disciplines and faculties d. Improve student : teacher ratios e. Invest in new learning resources f. Expand in new campuses 	<p>A. Several court judgements allow educational institutions to generate surplus, however the quantum and usage is not defined</p> <p>B. Present framework is ambiguous around this aspect that leads to litigation</p> <p>C. Institutions need to generate and accumulate surplus for revamping their infrastructure and deploy advanced learning resources and investing in ICT</p> <p>D. Due to this lack of clarity, next generation of school owners is moving to other professions rather than involving</p>

		themselves for improvement of legacy institutions.
6. Schools sitting on premier land and infrastructure, have no room to leverage the same for improvement or expansion	<p>A. Allow existing schools to break their current single structure into a 'Prop-Co' and 'Op-Co'.</p> <p>B. 'Prop-Co' owns the land and building and 'Op-Co' runs the schools</p> <p>C. 'Prop-Co' could give the land and building to the 'Op-Co' on long term lease</p> <p>D. 'Prop-Co' can leverage existing land and building to raise new capital through Real Estate Investment Trusts (REIT's)/ Infrastructure Investment Trusts' (InvIT's) that can be used for improvement/expansion of existing school as well as setting up new schools</p>	<p>A. Schools are in dearth of funds to improve or expand.</p> <p>B. There is no source currently available to them to raise new capital or debt</p> <p>C. This shall provide schools an access to raise institutional money and expand</p>
<p>B. Public-Private Partnership (PPP) Framework: Improve the standards of state schools, provide opportunity for educators and entrepreneurs</p>		
<p>1. Presently there does not exist any attractive or commercially viable model for private players to come forward.</p> <p>2. Several schemes have been announced in the past but there have hardly been any takers</p>	<p>A. Identify low performing state/municipal/village schools and create a bucket for offering them to private players on PPP</p> <p>B. Where feasible and viable, allow private operators to use part of the facility to run a private school alongside improving the quality and functioning of the state school.</p> <p>C. In such models, government should define standards to be maintained in the state/municipal/village school and allocate the</p>	<p>A. Lack of resources and inefficient management has made the state school system redundant.</p> <p>B. Various governments have announced various PPP schemes but the fact is that due to lack incentive for the private operator, none has been able to make a significant impact.</p> <p>C. We need to break out from the traditional thought and face today's reality by making projects commercially viable and attractive to</p>

	<p>budgets to the private operators. Private operators to further add to the budgets through the surplus generated from the parallel school and improve standards and quality.</p> <p>D. For schools where such parallel schools are not feasible, government should offer 'Viability Gap Funding' to the private operator for making a reasonable return of say 15% PA</p>	<p>private operators.</p>
<p>C. Define different genres of schools for a New Resurgent India</p>		
<p>1. Current system does not provide clear definitions for different kind of schools</p>	<p>A. Define different genres of schools</p> <p>B. Promote differentiated schools to compliment various programs such as 'Make in India', 'Digital India', 'Start up India' etc</p> <p>C. Set up regulations commensurate to the nature of school</p>	<p>A. With times, different genres of schools have emerged to cater to differing needs and aspirations of the society and also internationally mobile families</p>