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

<table>
<thead>
<tr>
<th>Existing</th>
<th>Suggested action</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Replace the present heavily regulated system with “Minimum Government Maximum Governance:”</strong> - Encourage young people to get involved in institution building, Create competition, Expand the sector to bridge the Demand – Supply gap</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **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** | 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.  
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  
C. Provide complete autonomy to private K-12 schools in terms of:  
   a. Faculty employment  
   b. Fixation of Fee | A. De-regulation will lead to competition, which in turn would lead to fair play and bringing down prices  
B. Fruits of liberalisation and benefits of free market competition have been well experienced by the society in sectors such as healthcare, telecommunication, etc |
| **2. Private schools, which have been offering quality education have become softest targets and are increasingly getting burdened.** | 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  
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 | A. It is becoming increasingly unviable to run an unaided private school  
B. Credible schools are not expanding |
from regular students.

| 3. In most of the states, schools can only be set up by either Societies or Trusts | A. Allow schools to be set up by companies.  
B. Facilitate ways for existing schools to convert from Societies or Trusts to Company format | A. Company formats are more transparent as they have to adhere to compliance and disclosure norms as per the Companies Act  
B. Companies can access Capital Markets to source funding for expansion |
|---|---|---|
| 4. Current guidelines are ambiguous on ‘Return on Capital Employed’ to the Sponsoring Body | A. Allow Sponsoring Bodies of the schools to withdraw a nominal return of 18% p.a on their capital employed | A. Current framework is either silent or restricts the same.  
B. This leads to malpractice or litigation due to different interpretations.  
C. There is an opportunity cost of money deployed for investment  
D. This shall bring transparency and encourage more and more private investment for setting up new schools. |
| 5. There is no clarity as to how much surplus a school can generate and how the same can be deployed | A. Allow Schools/Sponsoring Bodies to generate surplus of up to 20% every year that could be used for:  
   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 | A. Several court judgements allow educational institutions to generate surplus, however the quantum and usage is not defined  
B. Present framework is ambiguous around this aspect that leads to litigation  
C. Institutions need to generate and accumulate surplus for revamping their infrastructure and deploy advanced learning resources and investing in ICT  
D. Due to this lack of clarity, next generation of school owners is moving to other professions rather than involving |
| 6. Schools sitting on premier land and infrastructure, have no room to leverage the same for improvement or expansion | A. Allow existing schools to break their current single structure into a ‘Prop-Co’ and ‘Op-Co’.  
B. ‘Prop-Co’ owns the land and building and ‘Op-Co’ runs the schools  
C. ‘Prop-Co’ could give the land and building to the ‘Op-Co’ on long term lease  
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 | A. Schools are in dearth of funds to improve or expand.  
B. There is no source currently available to them to raise new capital or debt  
C. This shall provide schools an access to raise institutional money and expand |

| B. Public-Private Partnership (PPP) Framework: Improve the standards of state schools, provide opportunity for educators and entrepreneurs |  
1. Presently there does not exist any attractive or commercially viable model for private players to come forward.  
2. Several schemes have been announced in the past but there have hardly been any takers | A. Identify low performing state/municipal/village schools and create a bucket for offering them to private players on PPP  
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  
C. In such models, government should define standards to be maintained in the state/municipal/village school and allocate the | A. Lack of resources and inefficient management has made the state school system redundant.  
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.  
C. We need to break out from the traditional thought and face today’s reality by making projects commercially viable and attractive to |
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.

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

<table>
<thead>
<tr>
<th>C. <strong>Define different genres of schools for a New Resurgent India</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Current system does not provide clear definitions for different kind of schools</td>
</tr>
<tr>
<td>A. Define different genres of schools</td>
</tr>
<tr>
<td>B. Promote differentiated schools to compliment various programs such as ‘Make in India’, ‘Digital India’, ‘Start up India’ etc</td>
</tr>
<tr>
<td>C. Set up regulations commensurate to the nature of school</td>
</tr>
<tr>
<td>A. With times, different genres of schools have emerged to cater to differing needs and aspirations of the society and also internationally mobile families</td>
</tr>
</tbody>
</table>