

VAT on private universities

Judicious decision called for

FINANCE minister's proposed 10 percent value added tax (VAT) on around 160 private sector universities including medical and engineering colleges has not found favour with those who have been targeted. Whatever the rationale for the levy, we don't want the burden to fall on the students.

The university circles have made it more or less clear though, it would be charged on the students' tuition fees. Already many private universities have been charging high fees, regardless of the variations in the quality of education being imparted. So if the VAT is passed on to the students, that much more burden would fall on their parents or guardians.

It is important to remember that the University Act requires such private institutions to operate on non-profit basis given the high purpose of catering to the needs of higher learning. That is why it is envisaged that their fees will be consistent with socio-economic standards of the country. In reality, however, profits are made by many a university. So a certain tax obligation cannot be brushed aside, especially for the commercially run institutions. But to exact it from the students does not stand to reason.

They are, by and large, demand-driven institutions. The public sector educational institutions could not cope with the rising demands for higher education in the country. Some of them do offer high quality education turning out useful graduates. Besides, importantly increased access to higher education within the country has been a foreign exchange saver limiting the number of those seeking education abroad.

We hope, as the education secretary has suggested, there will be due deliberation on the proposed VAT before arriving at a judicious decision.