

INDIAN EDUCATION INDUSTRY

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Education Sector in India

Globally, India is a significant player in the education sector. The country is equipped with the world's largest network of secondary educational institutions. There is an ample amount of potential in the Indian Education sector that can be tapped. The country has the world's largest young population whose age lies between 3 to 23 years, which is the target market for the education sector.

In India, the education sector is run and managed by both private as well as government-operated institutions. The government policies, as well as schemes, highly support the education sector in India. Education is one of the most essential elements that add to the socio-economic growth of the country. At present, Indian literacy rate stands at 76%. The Indian education sector has undergone a reform to meet the ever changing demands. IITs and IIMs are considered as the most prominent higher education institutions in India

The basic concept of any education sector in the educational process includes the examinations which are conducted to assess the abilities of persons. There are various educational institutions who have gone into collaborations with several assessments and testing companies. The digitized assessment enables efficient and fair testing programmes. Various institutions adopt this assessment testing strategy which helps in reducing the evaluation pressured on teachers and students. The education testing sector is gaining popularity as it results in cost reduction and increases the effectiveness of the assessment. There are a number of vendors in the market, competing on factors such as research activities, technology, and labor.

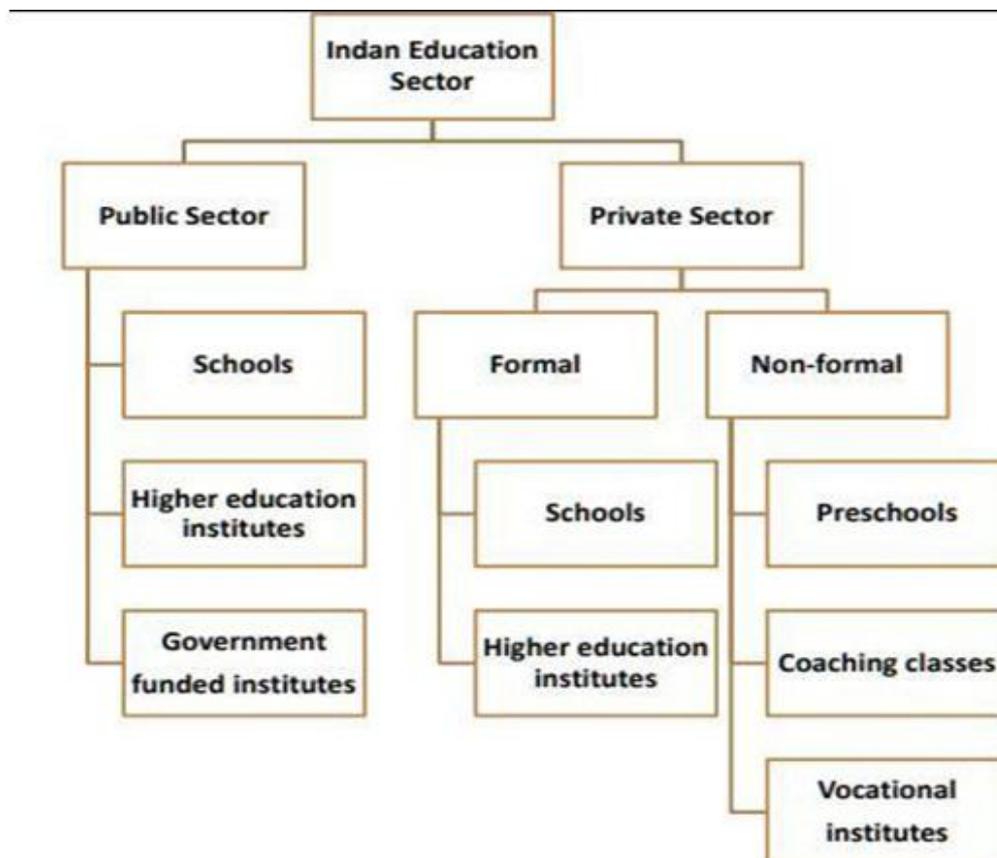
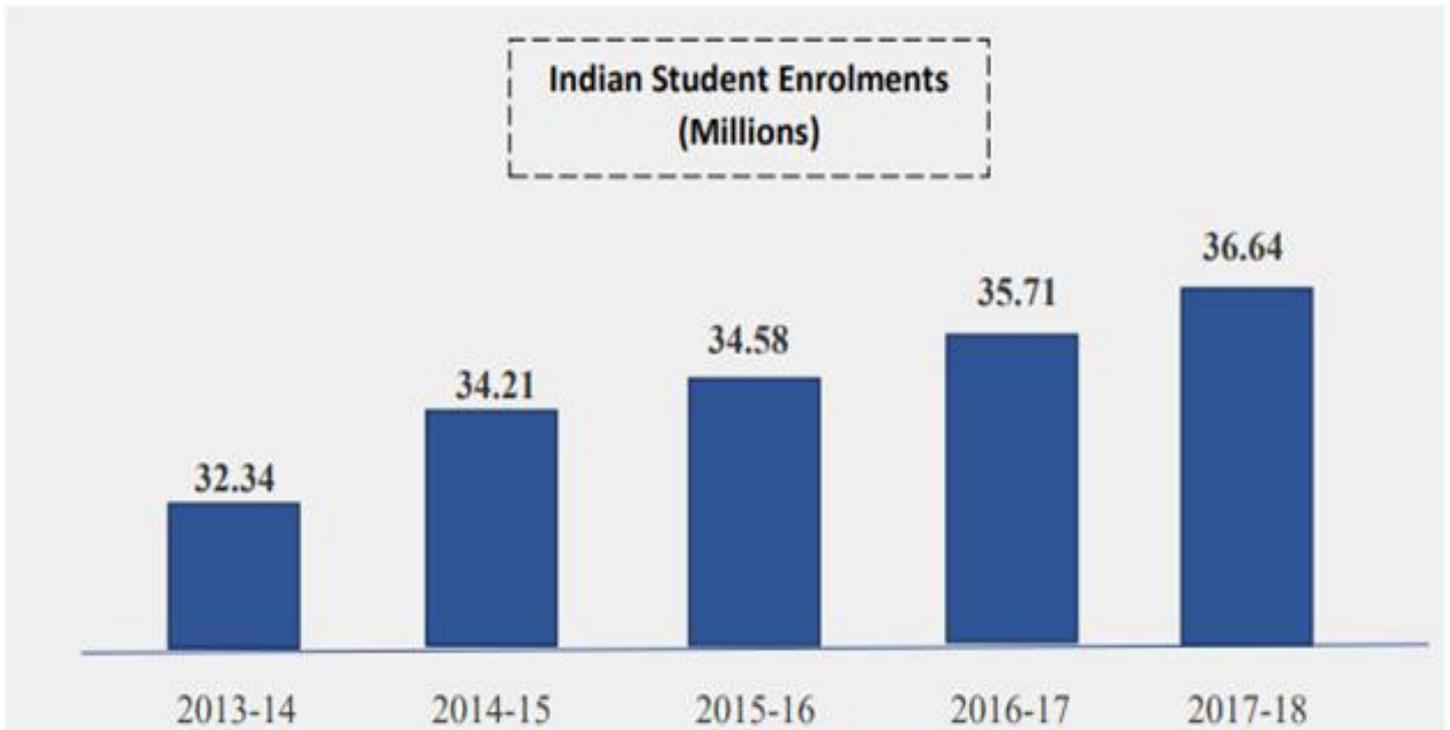


Fig: Classification of Indian Education Sector

The Indian education sector is composed of Pre-school, Primary, Secondary, and Higher Secondary education. This also includes technical and professional degree in later stages of the education. Some other miscellaneous parts of the Indian education sector are- vocational training, distance education, e-learning, coaching classes, etc.

Market Overview



Home to the world’s largest population, India has around 500 million people whose age lies between 5-24 years. This is one of the most crucial reasons as to why India offers excellent market opportunities for investors. In the financial year 2018, the Indian education sector is estimated at US\$ 91.7 billion (Rs. 6,50,290 crores), which is predicted to become a US\$ 101.1 billion (Rs. 7,16,874 crores) by the financial year 2019 and the US \$180 billion (Rs. 12,76,335 crores) by the year 2020.

There are around 39,050 colleges and 903 universities in India. Approximately 36.64 million higher education students are enrolled in these colleges and universities. India stands at second position after the US in terms of e-learning. The e-learning sector of India is expected to get an immense boost and reach US\$ 1.96 billion (Rs. 13,899 Crores) by the year 2021. The Gross Enrolment Ratio (GER) is expected to reach 30 percent by the year 2020. The idea is to drive investments in the education sector. Government plans exhaustively to boost the education sector. One of such plans by the Government is to promote the education industry. It is even expected that education testing sector will evolve at a CAGR of more than 8% by 2022.

World’s 49 best universities are located in India (Times Higher Education World University Rankings 2019). The country witnesses a significant increase in the state private universities.

Current Developments

The Indian Education Sector is growing exponentially and many developments are taking place to support this growth. Following are some of the current developments in the education sector:

1. Private schools are now adopting franchise models. In order to ensure strong economic viability, private players are now opting for multiple operating models for schools. One of these is an amalgamation of owned and franchise schools.
 - The setting up of a new educational institution is a troublesome task and extremely expensive. In such cases, franchise often offers opportunities to establish an educational system at minimum cost.
2. The sudden emergence of the segment for an international school. The educational sector players are now effectively collaborating with international school brands. This is to offer world-class educational quality.
3. The sudden boom of technology and its usability. To keep up with the growth, schools are now investing in information as well as multimedia education.
 - Byju's, an e-learning platform, has approximately 400,000 K-12 active students who are preparing for one or the other competitive exams. Recently, in January 2019, Byju's acquired Osmo, a US-based e-learning platform, to expand its horizon and go international.
 - The size of the market for digital publishing has also seen significant growth in recent years. It has increased at a CAGR of 5.29 percent.
 - Government of India is taking an initiative to give support to colleges in giving online courses and increase their reach to students who live in the rural area.
4. Popularity gain of specialized degrees. Students in India are choosing to gain knowledge industry-wise. To do so, they are now opting for education and qualification that are industry-focused. This is the reason why specialized degrees are now more in demand.
5. The popularity of the Multi-campus model. Private education institutions in the country are opting for a multi-campus model. This is done to expand its potential market and scale-up the existing operations.
6. Educational Institutions are collaborating with International educational platforms. Students seek international exposure and to meet this demand, the Indian universities are joining hands with international universities and offer state-of-the-art education to the students.
7. Microsoft India recently hosted the first-ever 'Education Day on December 04-05 2018. This two-day event was attended by more than 220 educators, who joined to show their recent innovation and work.

Government Initiatives to Boost the Education Sector.

- Recently in 2019, the first-ever US-India Knowledge Exchange (USIKE) happened. In this, few US universities came to India, interacted with the government and educational institutions representative. The purpose of this meeting was to encourage collaborative innovation as well as research in academic fields.

- In 2018, the Indian government and the France government signed an agreement. The agreement was to facilitate Mutual Recognition of Academic Qualifications between India and France.
- In March 2019, under the scheme SPARC (Scheme for Promotion of Academic and Research Collaboration), the Indian government accepted seven proposals for research. IIT Mandi is to collaborate with international universities and undertake collaborative research. At the same time, these will proffer courses to students for the short-term.
- The Government is planning to launch 'Study in India' scheme. This is to bring foreign students to India for higher education.

Growth Drivers

Following are the Growth drivers for the Indian Educational Sector:

In Formal Education

1. Higher Education

- Realization and recognition of educational benefits

2. K-12

- High-ever demand for qualified, certified, and eligible employees.

In Informal Education

1. Coaching Institutes

- Increasing competition for a wide variety of professional courses.
- The coaching industry for engineering is valued at US\$ 18.62 billion (Rs.1,32,043 crores) in the year 2017.

2. Preschools

- Recognition of education in tier-2, tier-3 cities and franchisee models, are driving the growth of the sector.
- The market of pre-schools is to grow at an expected CAGR of 23% between the year 2017-2022.

3. Vocational Education

- The demand for skilled labor is increasing, which drives the growth of vocational training.
- All-time low employability levels.
- Growth in the number of Industrial Training Institutes.

Investment Opportunities

The Indian Education Sector allows one hundred percent FDI (Foreign Direct Investment). This eases international trade. To meet the government's 30% GER target, an investment of approximately US \$200 billion (Rs. 14,18,100 crores) is required by the year 2020.

The Government support in PPP (Public-Private Partnership), as well as tax concessions, encourages players to invest in the education sector. Financial Institutions too can leverage the opportunities the education sector has to offer.

In February 2019, India's President publicized that Government is soon to open seven IIMs, seven IITs, four NIDs, fourteen IIITs, one NIT as well as 5000 Atal Tinkering Labs. The idea is to improve education and make it world-class. The government has also infused US\$ 57 million (Rs. 404 crores) for the development of world Class Institutions. Also, the Indian government continues to liberalize the education industry which can be seen in Government trend of setting up bills.

The country has immense potential for growth because it offers a large base for the target market (approximately 500 million young population). The education sector all set for development as the country is in high demand for quality education. Expected to reach US\$ 144 billion (Rs. 10,21,032 crores) by the year 2020.

Major Players

UGC: University Grants Commission is responsible for the promotion as well as the coordination of university-level education. They frame and monitor universities as well as advise central governments on how to improve the university-level education.

AICTE: All India Council For Technical Education was set up by the Government to properly plan as well as coordinate the entire system of technical education in the country.

CBSE: Central Board of Secondary Education define, analyze, monitor, develop norms, organize, fulfill educational requirements , affiliate institutions for school-level education.

ETS: Education Testing Services, is educational testing and assessment organization. It is conducted for advancing equity and quality in education.

Road Ahead

The education sector is on a growth trajectory that will have transformed drastically by the year 2030. It has been estimated that by the year 2030, the education sector, especially the higher education one will:

1. transform and become innovative
2. have an approximate GER (Gross Enrolment Ratio) of 50%.
3. Reduce disparity based on state-wise, social, or gender wise by around 5%.
4. Emerge as the largest global provider of talent.
5. Be among the world's five best countries in research output.



Conclusion

The Indian Education sector has appreciated many reforms and continuously worked upon revamping its financial outlays. The main idea behind this is to build the country as a knowledge center for students. Various government schemes are supporting education sector and helping it transform to match world-class education quality. As populous as India is, the country offers a huge market for the education sector and offers various investment opportunities. Some of the investment opportunities are the result of advanced technological reform that the sector is experiencing as well as, an all-time high demand for skilled employees.

Dear Valuable Client / Colleague,

In case you require any further detailed analysis on above mentioned content, please do get back to us and we shall be happy to provide you the same.

With Best Regards,

Team JPC

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