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EXECUTIVE SUMMARY

- With approximately 28.1 per cent of India’s population* in the age group of 0-14 years, educational sector in India provides great growth opportunity.
- The education sector in India is estimated at US$ 91.7 billion in FY18 and is expected to reach US$ 101.1 billion in FY19.
- The country has become the second largest market for e-learning after the US. The sector is expected to reach US$ 1.96 billion by 2021 with around 9.5 million users.
- Government target of Gross Enrolment Ratio (GER) of 30 per cent for higher education by 2020 to drive investments.

Notes: E – expected, *as of 2015-16
Source: UGC, ¹ India Ratings and Research FY19 Outlook, KPMG – Online education in India, ASER 2016, FICCI HES 2016
Huge demand supply gap with an additional requirement of 200,000 schools, 35,000 colleges, 700 universities and 40 million seats in the vocational training centres.

During April 2000 to December 2017, inflow of US$ 1,670.95 million was witnessed as Foreign Direct Investment (FDI) in education sector.

An estimated investment of US$ 200 billion needed by Government to achieve its target of 30 per cent GER for the higher education segment by 2020.

Largest population in the world of about ~500 million in the age bracket of 5 to 24 years.

Large English Speaking population. India was ranked 27 out of 80 countries in English Proficiency Index 2017.

Increasing internet penetration to help education delivery. As of December 2017, internet penetration in urban and rural areas was 64.84 per cent and 20.26 per cent, respectively.

100 per cent FDI (automatic route) is allowed in the Indian education sector

To liberalise the sector, the government has taken initiatives such as the National Accreditation Regulatory Authority Bill for Higher Educational and the Foreign Educational Institutions Bill.

Revitalising Infrastructure and Systems in Education (RISE) by 2022 was announced in Union Budget 2018-19 with an outlay of Rs 1 lakh crore (US$ 15.44 billion) for four years.

Note: GER stands for Gross Enrolment Ratio, NEP – National Education Policy, HRD – Human Resource Development
Source: Ministry of HRD, Technopak, Department of Commerce Government of India . DIPP
MARKET OVERVIEW
EVOLUTION OF THE INDIAN EDUCATION SECTOR

- In 1992, the National Policy on Education-1986 was revised.
- In 1995 the National Programme of Nutritional Support to Primary Education (NP-NPSE) was launched as a sponsored scheme by the Centre.
- In 1995, National Council of Rural Institutes (NCRI), an autonomous body was established for the promotion of rural higher education.
- In 2012 the amendment of the Indian Institute of Technology Act, 1961 took place which envisages inclusion of 8 new IITs.
- In 2014, Indian Institutes of Information Technology Bill, 2014 was passed by both the houses of the parliament. The bill aims to bring 4 information technology institutes1 under the control of a single authority.
- In May 2016, Shala Asmita Yojana was to track the movement of all students in India.
- A new education policy is being drafted to ensure quality education in India from 2020-40. The draft policy is expected after June 2018.
- The National Testing Agency was approved by the Cabinet in November 2017 to conduct all high stake college entrance exams in India.

Notes: RTE - Right of Children to Free and Compulsory Education, RMSA- Rashtriya Msdhyamik Shiksha Abhiyan, NIT-National Institute of Technology, IISER- Indian Institutes of Science Education and Research, 1 IIIT-Allahabad, IIIT-Gwalior, IIIT Design and Manufacturing Jabalpur, and IIIT Design and Manufacturing Kancheepuram.
EDUCATION LANDSCAPE IN INDIA

Indian Education System

Public sector
- Schools
- Central Govt. funded institutions
- State Govt. funded institutions
- Higher education institutions

Private sector
- Formal setup
  - Schools
  - Higher education institutions
- Non formal setup
  - Pre-schools
  - Coaching classes
  - Multimedia schools
  - Vocational training centers
  - Education material suppliers

Source: Grant Thornton
Gross Enrolment Ratio (GER) in higher education reached 25.2 per cent in 2016-17.

Government has a target Gross Enrolment Ratio of 30 per cent to be achieved by 2020.

Indian literacy rate is estimated to be at 75 per cent in 2016 as compared to 63 per cent in 2011.

Note: est – estimated, Next update on enrolment is expected in AISHE 2017-18 to be released in 2019
Source: Census 2011, Ministry of HRD, UGC, AICTE, NCTE, MHRD and INC., UGC Annual Report 2013-14
India had 850 operational universities as of April 2018.

With both the Government and the private sector stepping up to invest in the Indian education sector, the number of schools and colleges have seen an uptrend over the past few years.

Government’s initiative to increase awareness among all sections of the society has played a major role in promoting higher education among the youth.

Total number of agricultural universities in the country increased from 35 in 1999 to 75 in 2017.

Note: CAGR - Compound Annual Growth Rate. * As on April 12, 2018, Next update on colleges is expected in AISHE 2017-18 to be released in 2019
Source: UGC, PWC, AISHE 2016-17
There has been a significant increase in the share of the state private universities as part of total universities from 3.43 per cent in 2008-09 to 34.82 per cent as of April 2018.

As of April 2018, India has 384 state universities, 123 deemed to be universities, 47 central universities and 296 private universities.

Source: UGC
India has the world’s largest higher education system and it ranks second in terms of student enrolment in higher education. India has 35.7 million people enrolled in higher education.

In February 2017, the Central Government approved the proposal of conducting a single entrance test for engineering and architecture seats at UG level, from 2018.

Online higher education may prove to be a good alternative and is expected to grow at 41 per cent CAGR between 2016-2021.

In November 2017, the Higher Education Funding Agency (HEFA) approved projects worth Rs 2,066.73 crore (US$ 321.5 million) for research and related infrastructure in the India.

Source: UGC, UNESCO, MHRD Annual Report; US Department of Education
RECENT TRENDS AND STRATEGIES
### NOTABLE TRENDS IN THE K-12 SEGMENT

| **Private schools adopting franchise models** | Various operating models like a mix of franchisee and owned-schools are being used by the private players to ensure their economic viability |
| **Emergence of international school segment** | With increasing awareness, private Indian players are collaborating with international brands to provide international standard quality education |
| **Increasing use of technology** | Schools are investing in information and multimedia education technologies to provide better education to students.  
Increase in technology has also influenced the education sector due to which smart classes are gaining acceptance  
Technology-driven learning is introducing a qualitative and quantitative difference to education. The introduction of online learning in Indian education system has changed its scenario, with its reach and economical access.  
Byju’s, the mobile learning startup, is expecting a billion dollar evaluation, on the back of increasing use of the app by students. More than 400,000 students are using the app currently, ranging from K-12 students to students preparing for competitive exams. |
| **Key Challenges** | Enrolment rate across the senior classes is quite low, while the girls dropout rate have witnessed increase in comparison to that of boys in the primary and secondary levels. |

**Note:** *As per latest available data  
Source: Ministry of Human Resource Development, KPMG, UGC*
# NOTABLE TRENDS IN THE HIGHER EDUCATION SEGMENT

| Specialised degrees gaining popularity | With more and more students opting for industry focused qualifications, the demand for specialised degrees is picking up.  
| | Most of the universities are offering MBA / Technical degrees with focus on specific sectors. |
| Multi campus model gaining popularity | Many private institutions are adopting multi city campus model to scale up their operations and expand in the untapped market of tier 2 and tier 3 cities. |
| International collaborations | In order to meet the need of today’s demanding students who seek international exposure, many Indian universities and colleges have entered into joint venture agreements with international universities to provide world class education.  
| | In April 2018, Government of India and France signed an agreement to facilitate Mutual Recognition of Academic Qualifications between the two countries. |
| Investment in online learning | IFC, a financial institution, which is a part of the World Bank, invested US$ 50 million in Byju’s, a Bengaluru based company. This investment will help the company in expanding its market share in the online learning industry.  
| | In April 2018, Reliance Industrial (RIL) announced that it would invest US$ 180 million in online education platform Embibe over the next three years. The platform uses Artificial Intelligence (AI) to improve performance in competitive exams. |

**Note:** Information as per latest available data  
**Source:** KPMG, UGC, News sources
## NOTABLE TRENDS IN THE VOCATIONAL TRAINING SEGMENT

<table>
<thead>
<tr>
<th>Increasing interest from PE/ VC firms</th>
</tr>
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<tbody>
<tr>
<td>- Private equity players have become bullish on the fast growing education sector including vocational and supplementary training.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Online channel gaining momentum</th>
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<tbody>
<tr>
<td>- With rising internet penetration in India, vocational training companies are selecting the online channel to offer courses and increase their national reach.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate partnerships</th>
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<tbody>
<tr>
<td>- In a recent trend, vocational training companies have entered into agreements with corporate houses to train their existing employees with the required skill sets</td>
</tr>
<tr>
<td>- Also through corporate partnerships, vocational training companies are training college passouts with both soft and hard skills required by their corporate partners.</td>
</tr>
<tr>
<td>- In April 2018, National Programme on Technology Enhanced Learning (NPTEL) and Internshala signed an Memorandum of Understanding (MoU) to provide internships in over 1,800 colleges in India.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Enrolment in higher education</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 35.7 million students have enrolled in higher education of which 19 million are male and 16.7 million are female.</td>
</tr>
</tbody>
</table>

*Source: KPMG, Ministry of HRD, KAIZEN*
<table>
<thead>
<tr>
<th>STRATEGIES ADOPTED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Providing online and supplemental solutions</strong></td>
</tr>
<tr>
<td>▪ As the Indian education industry opens up to new innovative ways of learning, Educomp has decided to explore this opportunity by offering its various online and supplemental solutions to help institutions to leverage the most of technology</td>
</tr>
<tr>
<td>▪ Dish TV has added 32 educational channels of HRD Ministry to its platform.</td>
</tr>
<tr>
<td>▪ Plastic Water Labs is building virtual reality platform to help students understand science and mathematics better.</td>
</tr>
<tr>
<td><strong>Offering scholarships</strong></td>
</tr>
<tr>
<td>▪ In 2017, NIIT launched India’ Nxt Tech Star movement to mentor students across India in building applications for the next generation.</td>
</tr>
<tr>
<td><strong>Joint Ventures</strong></td>
</tr>
<tr>
<td>▪ Domestic service providers have formed joint venture with foreign players. For example Educomp has formed joint venture with Raffles to form Raffles Millennium International Colleges which offer courses in fashion design, fashion marketing, interior design, product design and graphic design, jewellery design</td>
</tr>
<tr>
<td>▪ In an initiative to build Andhra Pradesh as a global brand for higher education, the state government in November 2016, signed 4 memorandums of understanding (MoUs) with various organizations engaged in educational activities, to promote innovation, internationalization and establishment of research capacities.</td>
</tr>
<tr>
<td>▪ Indian institutions are open to establish strategic alliances with Australian institutions, as the country is the preferred destination for Indian students seeking quality foreign education.</td>
</tr>
</tbody>
</table>

Source: Company Websites
GROWTH DRIVERS AND OPPORTUNITIES
Increasing disposable incomes and willingness of people to spend on education is a key driver for the Indian education industry.

**GROWTH DRIVERS**

**Education in India**

**Formal Education**
- **Higher education**
  - Increasing awareness in India is driving private college enrolments.

**K-12**
- High demand of qualified employees from the growing service sector.

**Coaching institutes**
- Higher competition for professional courses.
- Engineering coaching industry in India was estimated at Rs 1.2 lakh crore (US$18.62 billion) in 2017.

**Informal Education**

**Pre-schools**
- Franchisee models and increasing awareness in tier 2 and 3 cities is set to drive the sector.
- The pre-school market in India is expected to grow at 23 per cent CAGR between 2017-22.

**Vocational education**
- Increasing demand for skilled labour.
- Low employability levels.
- Increasing number of Industrial Training Institutes; As of May 2018, there were 14,232 ITIs in the country.

**Source:** Netscribes and CLSA, KPMG, TechSci Research
### Proposed FDI in education
- As the Indian education industry opens up to new innovative ways of learning, Educomp has decided to explore this opportunity by offering its various online and supplemental solutions to help institutions to leverage the most of technology.
- 100 per cent FDI (automatic route) is allowed in the Indian education sector.
- An estimated investment of ~US$ 200 billion is required to achieve the government’s target of 30 per cent GER for the education sector by 2020.
- The government promotes Public Private Partnership and tax concessions to encourage foreign players in the industry.
- Government announced the establishment of more than 10 community colleges in association with the Government of Canada and more than 100 in the coming year.
- Dish TV has added 32 educational channels of HRD Ministry to its platform. The service will offer telecast of live classroom lectures from top institutions across the country.

### Immense growth potential
- India has the world’s largest population of about 500 million in the age bracket of 5 to 24 years and this provides a great opportunity for the education sector.
- The Indian education sector is set for strong growth, buoyed by a strong demand for quality education.
- The education industry in India is estimated to reach US$ 144 billion by 2020 from US$ 97.8 billion in 2016.

### Policy support
- The continued focus of the Government of India towards liberalising the Education sector, is reflected by the proposed introduction of trend setting bills such as the Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010 and the Educational Tribunals Bill, 2010.
- Adoption of “The Model School Scheme” to provide quality education in rural areas by setting up of 6000 schools across the rural regions of the country.
- In February 2017, HRD Ministry formed a panel of Central Advisory Board of Education to boost girls’ education in Telangana with the help of the state government.
- ‘Mentor India’ campaign launched by Niti Aayog in August 2017.
- World Bank aided SANKALP and STRIVE schemes approved in October 2017 in order to boost Skill India Mission.

**Source:** Technopak, India Ratings and Research, PricewaterhouseCoopers, Deloitte, Technopak, PTI
OPPORTUNITIES

Public Private Partnership (PPP)

- Setting up of formal educational institutes under the PPP mode and enlarging the existing ones.
- In the case of PPP the Government is considering different models like the basic infrastructure model, outsourcing model, equity/hybrid model and reverse outsourcing model.
- In 2016, the government announced a scheme to set up 2,500 model schools under PPP.

Opportunities for foreign investors

- More opportunities for the private and foreign sector involve twinning arrangements/academic and financial partnership with Indian institutions, rendering infrastructure services including development, IT and development of course content.
- Future opportunity of setting up campuses of foreign universities in India.
- The Michael and Susan Dell Foundation announced an investment of US$ 100,074 in Shiksha Financial Services India Pvt Ltd and provide loans to private schools.
- A US$ 10 million Development Impact Bond has been started by the British Asian Trust to provide education to marginalised children in India.

Opportunities for innovative services

- With the tutoring in the schooling segment expected to grow from US$ 8 billion in 2011 to US$ 26 billion in 2020, there lies a large and fast growing market for coaching and tutoring services imparted through innovative means, mainly the internet.
- RISE INDIA, aims at training 100,000 drivers over a period of 3 years, impart training to 2.5 lakh drivers, in the next 7 years.
- Reliance Jio has submitted a proposal to connect around 38,000 colleges and provide free Wi-Fi access to 30 million college students across the country.

Notes: PPP - Public Private Partnership
Source: Technopak, India Ratings and Research, UGC Report on “Inclusive and Qualitative expansion of Higher Education”, PricewaterhouseCoopers, Deloitte, Livemint
Education and training

KEY POLICIES AND INITIATIVES
### Union Budget 2018-19
- Outlay for the education sector is set at Rs 85,010 crore (US$ 13.13 billion), as per Union Budget 2018-19.

### National Education Policy
- The new National Education Policy (NEP) considers education as an utmost important parameter in the country. The NEP majorly focuses on quality of education as well as innovation and research in the sector. Final draft of the policy is expected after June 2018.

### Technical Education Quality Improvement Programme
- The programme was started in April 2017 with funding from the World Bank to improve quality of technical education in 19 states of India and would run for three years.

### Atal Innovation Mission (AIM)
- With an aim of promoting innovation and entrepreneurship among secondary school students in the country NITI Aayog, Government of India has launched the Atal Innovation Mission (AIM)
- In June 2018, 3,000 additional Atal Tinkering Labs were approved, taking the total number of labs to 5,441.

### Samagra Siksha
- In May 2018, the Ministry of Human Resource Development, Government of India launched this scheme which will integrate Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA) and Teacher Education (TE) schemes with the aim of achieving holistic development of school education in the country.

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**Notes:** NEP – National Education Policy
### Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA)
- The scheme was approved in February 2017, with the aim of providing digital literacy to 60 million rural households in the country by March 2019.
- As of January 2018, more than 10 million candidates have been trained under the scheme.

### Prime Minister’s Research Fellows Scheme
- The scheme was approved in February 2018 under the Union Budget 2017-18, with the aim of improving the quality of research in the country by attracting the best talent.
- The scheme has been approved for a period of 7 years beginning from 2018-19 at a cost of Rs 1,650 crore (US$ 254.9 million).

### Ek Bharat Shreshtha Bharat
- In March 2018, Ek Bharat Shreshtha Bharat (EBSB) was launched by Ministry of Human Resource Development, Government of India with the objective of promoting national integration through engagement between states, union territories, central ministries, educational institutions and general public.

*Source: Meity, Government of India*
RISING INVESTMENTS

- Private investments in the Indian education sector have increased manifold over the past two decades.
- As of June 2018, the Ministry of Human Resource Development, Government of India is also planning to raise around Rs 1 lakh crore (US$ 15.52 billion) from private companies and high net worth individuals to finance improvement of education infrastructure in the country. The funds will be mobilised by the Higher Education Funding Agency (HEFA).

Source: HRD Ministry, EY
<table>
<thead>
<tr>
<th>University Grants Commission (UGC)</th>
<th>All India Council of Technical Education (AICTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahadur Shah Zafar Marg, New Delhi</td>
<td>7th Floor, Chanderlok Building</td>
</tr>
<tr>
<td>Pin:110 002</td>
<td>Janpath, New Delhi-110 001</td>
</tr>
<tr>
<td>EPABX Nos. 23232701/ 23236735/ 23239437/ 23235733/ 23237721/ 23232317/ 23234116/ 23236351/ 23230813/ 23232485</td>
<td>AICTE EPABX Numbers: 91-11-23724151 to 91-11-23724157</td>
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<tr>
<td>Fax. Nos. 23231797/ 23239659</td>
<td>AICTE Fax Number: 91-11-23724183</td>
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<tr>
<td>Website: <a href="http://www.ugc.ac.in/">http://www.ugc.ac.in/</a></td>
<td>Website: <a href="http://www.aicte-india.org/">http://www.aicte-india.org/</a></td>
</tr>
</tbody>
</table>
USEFUL INFORMATION
GLOSSARY

- CAGR: Compound Annual Growth Rate
- FDI: Foreign Direct Investment
- FY: Indian Financial Year (April to March)
- GER: Gross enrolment Ratio
- GOI: Government of India
- HRD: Human Resource Development
- AICTE: All India Council of Technical Education
- INR: Indian Rupee
- RTE: Right of Children to Free and Compulsory
- RMSA: Rashtriya Madhyamik Shiksha Abhiyan
- UGC: University Grants Commission
- US$: US Dollar

Wherever applicable, numbers have been rounded off to the nearest whole number
## Exchange Rates

### Exchange Rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year INR</th>
<th>INR Equivalent of one US$</th>
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<tbody>
<tr>
<td>2004–05</td>
<td>44.95</td>
</tr>
<tr>
<td>2005–06</td>
<td>44.28</td>
</tr>
<tr>
<td>2006–07</td>
<td>45.29</td>
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<td>2007–08</td>
<td>40.24</td>
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<td>2008–09</td>
<td>45.91</td>
</tr>
<tr>
<td>2009–10</td>
<td>47.42</td>
</tr>
<tr>
<td>2010–11</td>
<td>45.58</td>
</tr>
<tr>
<td>2011–12</td>
<td>47.95</td>
</tr>
<tr>
<td>2012–13</td>
<td>54.45</td>
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<tr>
<td>2013–14</td>
<td>60.50</td>
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<tr>
<td>2014–15</td>
<td>61.15</td>
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<tr>
<td>2015–16</td>
<td>65.46</td>
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<tr>
<td>2016–17</td>
<td>67.09</td>
</tr>
<tr>
<td>2017–18</td>
<td>64.45</td>
</tr>
</tbody>
</table>

### Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR Equivalent of one US$</th>
</tr>
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<tbody>
<tr>
<td>2005</td>
<td>44.11</td>
</tr>
<tr>
<td>2006</td>
<td>45.33</td>
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<td>2007</td>
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<td>2012</td>
<td>53.49</td>
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<td>2013</td>
<td>58.63</td>
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<td>2014</td>
<td>61.03</td>
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<tr>
<td>2015</td>
<td>64.15</td>
</tr>
<tr>
<td>2016</td>
<td>67.21</td>
</tr>
<tr>
<td>2017</td>
<td>65.12</td>
</tr>
</tbody>
</table>

*Source: Reserve bank of India, Average for the year*
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