



Key Segments in Indian Education Industry – Recent Development.

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Introduction

The education background in India has perceived a tectonic shift this past year with the impact of the pandemic and the distressing second wave that hit closer to home.

As schools and colleges across the country were suddenly mourning of the usual student conversation and in-person classroom lectures, India comprised a new age of remote learning with noteworthy speed and commitment.

Curriculums were twisted almost overnight, teachers upskilled, and students adapted to the 'new normal'. What one assumed was a 'quick fix', has become the norm for the past year and a half, and it seems it is here to stay with many learning institutions adopting the fusion model.

Thus, digital learning will continue to be the all-encompassing trend as we enter the new time, as well as learning gaps such as assessment effectiveness and curriculum efficacy taking centre stage.

People's perspective in the past

In the past, India was one of the countries where education was not given much importance. The baby boomers – the generation before millennials were not much concerned about education or getting themselves educated. That is because the outlook of the people then was more worried about consequences than education.

However, as years went by, people in the country noticed how education plays an important role in one's life. India has kept education for girls in the past but has changed over the decade.

Now, we have appreciated that there are a lot of opportunities for students to study and enroll themselves in their favourable field suitably. We see a greater number of students going for higher education these days with a lot more to continue in the coming time.

Key Segments in India's Education Industry

India's education industry consists of various segments catering to the educational needs of different age groups, ranging from preschool to higher education and research. Additionally, e-learning has emerged as a significant segment within the industry.

Pre-school Market:

The pre-school market in India is characterized by fragmentation. It is projected to experience incremental growth of US\$957.86 million between 2021 and 2026, with a compound annual growth rate (CAGR) of 9.57 percent. In 2022, industry reports predict a growth rate of 6.40 percent. The urban segment holds the largest market share, but there is also a growing demand for pre-school care and learning facilities in tier-2 and tier-3 cities, driven by the rise of dual income households.

K-12 School Market:

India boasts the world's second-largest schooling system, comprising over 1.5 million schools and nearly 250 million enrolments. The K-12 sub-segment accounts for more than 50 percent of the overall size of the education industry in India. K-12 schools in India are broadly classified into government-owned schools (approximately 72 percent), private aided schools (privately owned and managed but receiving some form of government aid - approximately 5 percent), and private unaided schools (financed entirely privately - approximately 23 percent).

Although the preference for private school education has been increasing due to better infrastructure and educational facilities, there are several top-performing government schools in the country. India has various education boards governing school education, including the respective State Boards, the Central Board of Secondary Education (CBSE) - which has the widest network of schools in the country, the Indian Certificate of Secondary Education (ICSE) - focusing on practical education and STEM subjects, the National Institute of Open Schooling (NIOS) - facilitating flexible learning opportunities, and the privately-run International Baccalaureate (IB) offered by international schools in the country.

Higher Education:

India's higher education system has the third-highest enrolment globally, following China and the United States. However, the gross enrollment ratio (GER) stands at 27.1 percent (FY 2019-20). In 2019-20, there were 38.5 million students enrolled, with 19.6 million male students and 18.9 million female students. The University Grants Commission (UGC) serves as the central regulator for higher education institutions in India. It establishes standards, coordinates policies and assessment, and provides grants. Technical institutes, on the other hand, are governed by the All India Council of Technical Education (AICTE) and respective councils established for the regulation of higher education in specific fields. These councils include the Council of Architecture, Pharmacy Council of India, Indian Nursing Council, Medical Council of India, and Distance Education Council.

The UGC and AICTE regulate the entry and operations of foreign universities and institutions in India. A higher educational institution is classified as a 'deemed university' if it has been operational for at least 10 years and meets specific criteria that enable it to grant degrees

MARKET SIZE

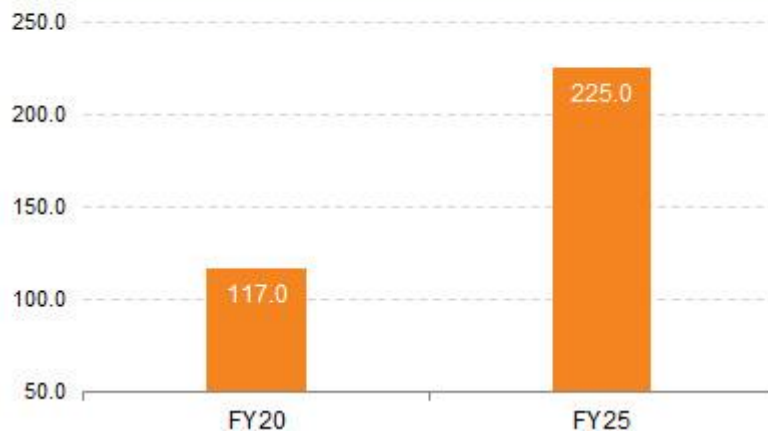
The education sector in India was projected to be worth US\$ 119 billion in FY21 and is expected to extent US\$ 227 billion by FY24.

India has over 245 million school-going students, more than any other country. India had 35.5 million students joined in higher education in 2018-19, with 20.6 million male and 18.6 million female students.

According to UNESCO's 'National Education Report for India 2020', the Scholar Teacher Ratio (STR) at senior secondary schools was 45:1, as against 24:1 of the overall school system.

Number of colleges in India extended 41,342 in FY20. As of November 14, 2022, the number of universities in India stood at 1,021. In 2022-23, there are 7,902 total AICTE approved institutes in India. Out of these 7,402 institutes, there are 2,576 undergraduate, 3,786 postgraduate and 2,951 diploma institutes.

Education Industry in India (US\$ billion)



The Indian education market size is expected to reach US\$ 27 billion by 2030, from US\$ 600-850 million in 2021. According to KPMEG, India has also become the second largest market for E-learning after the US.

The Virtual education market in India is expected to grow by US\$ 2.48 billion during 2021-2025, growing at a CAGR of almost 24%. The market grew by 18.22% in India in 2021.

INVESTMENTS/ RECENT DEVELOPMENTS

From May 2021-June 2022, Foreign Direct Investment (FDI) equity inflows stood at US\$ 6.90 billion according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

The education and training sector in India has saw some major investments and developments in the recent past. Some of them are:

- In June 2021, the Indira Gandhi National Open University (IGNOU) launched an online MA programme in Sustainability Science.
- Under the revised course as per the provisions of the National Education Policy (NEP) 2020, students of BA-LLB (five-year integrated law course) of Allahabad University (AU) will be trained about disaster management.
- A total of 120 Indian institutions have been qualified for the Times Higher Education World University Rankings 2022, up from 61 in 2020.
- As per the QIS World University Rankings 2022, India is home to 37 out of almost 1,500 top global institutions in the world, with the Indian Institute of Science in Bengaluru being the highest-ranked institution in the country at rank 155.
- In September 2022, Byju's raised US\$ 260 million from its existing investors, including Qatar Investment Authority (QIA).
- In September 2021, Unfold U Group, India's leading online education player, announced plans to enter the space of Metaverse education.
- In August 2021, Edtech startup Sunstone, which offers higher education programmes, raised US\$ 37 million in funding, with participation from Alteria Capital and WestBridge Capital.
- In August 2021, Bharti AXA Life announced a partnership with Great Learning, a leading global edtech company, to curate and develop a Post Graduate Program in life insurance sales.
- Nine Indian institutes - the Indian Institute of Science (IISc) in Bengaluru and eight Indian Institutes of Technology (IITs) - were among the top 450 universities in the QS World University Rankings 2022.
- Indian edtech startups have received total investment of US\$ 4.84 billion across 150 deals in FY22.

- In June 2021, Pfizer India and the Americares India Foundation launched the OPEN AMER – an online education platform for nurses to learn anti-microbial resistance.
- In May 2022, edtech platform PhysicsWallah became India's 103st unicorn by raising US\$ 120 million in a Series-A funding round from WestBridge Capital and GSV Ventures, valuing the company at US\$ 1.3 billion.
- In May 2022, edtech unicorn UpGrad raised US\$ 245 million in a funding round that included Lupa Systems LLC and US testing and assessment provider Educational Testing Service, valuing the company at US\$ 2.15 billion.
- In June 2022, Amazon India introduced the second edition of Machine Learning (ML) Summer School, with the aim to provide students the opportunity to learn important ML technologies from Amazon scientists, making them ready for careers in science.
- India has 79 universities in Times Higher Education Emerging Economies University Rankings 2021, behind Russia with 100 and China with 87.
- In February 2022, the AICTE - sponsored by AWES Academy and EduSkills - launched a two-month virtual internship program in AI for 5,000 students. The course duration is two months and the students will receive a certificate and a digital badge upon completion.
- In February 2022, education-focused fintech firm Propelld raised US\$ 37 million from in a series-B funding round from WestBridge Capital, Stellaris Venture Partners, India Quotient and others.
- In March 2022, the Tech Mahindra Foundation, the company's CSR arm, partnered with Amazon Internet Services Private Limited (AISPL) to help underemployed or unemployed people get started in cloud computing. The AEWS re/Start programme is a 14-week in-person skills-based training programme that covers foundational AEWS Cloud abilities, as well as practical job skills like interviewing and resume writing to assist individuals prepare for entry-level cloud positions.
- In October 2021, Teachmint was valued at US\$ 550 million after a US\$ 75 million funding round.
- In October 2021, Byju's raised Rs. 2,300 crore (US\$ 310 million) to increase the company's valuation from US\$ 16.5 billion in 2020 to US\$ 17 billion in 2021.





EDUCATION

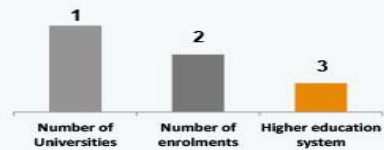


MARKET SIZE

Education Industry in India (US\$ billion)



Global Rank



SECTOR COMPOSITION



KEY TRENDS

Expected Growth in Student Enrolment in Higher Education



Number of Colleges



GOVERNMENT INITIATIVES

STEM-based edtech companies are partnering with Niti Aayog and the government to build a STEM ecosystem

"New India Literacy Programme" for the period FY22-27 to cover all the aspects of adult education

'MyNEP2020' platform to invite suggestions/inputs/memberships from stakeholders for preparing drafts for development of the National Professional Standards for Teachers (NPST) and the National Mission for Mentoring Program Membership (NMM)



ADVANTAGE INDIA

- Robust demand:** India has the largest population in the world in the age bracket of 5-24 years with ~580 million, presenting a huge opportunity in the education sector. Applications for the 'Study In India' programme increased by 148% in 2021.
- Competitive advantage:** Large English-speaking population allows easy delivery of educational products. Nine Indian institutes - the Indian Institute of Science (IISc) in Bengaluru and eight Indian Institutes of Technology (IITs) - were among the top 500 universities in the QS World University Rankings 2023.
- Policy support:** 100% FDI (automatic route) is allowed in the education sector in India. The Government of India has taken initiatives like National Accreditation Regulatory Authority Bill for Higher Educational and the Foreign Educational Institutions Bill.
- Increasing Investments:** The education market in India is expected to be worth US\$ 225 billion by FY25. From April 2000-June 2022, foreign direct investment (FDI) equity inflows stood at US\$ 7.92 billion in the Indian Education Sector.

Reference - <https://www.ibef.org/industry/education-sector-india/infographic>

Conclusion

In 2030, it is estimated that India's higher education will:

- Combine training methods that involve online learning and games, and it is expected to grow by 35% in the next 3-4 years.
- Assume transformative and advanced approaches in higher education.
- Have an enlarged Gross Enrolment Ratio (GER) of 55%.
- Decrease state-wise, gender-based and social disparity in GER to 7%.
- Occur as the single largest provider of global talent with one in five graduates in the world being a product of the Indian higher education system.
- Be among the top five countries in the world in terms of research productivity with an annual R&D spend of US\$ 145 billion.
- Have more than 30 universities among the global top 300 universities.

Various government initiatives are being adopted to increase the growth of the distance education market, also focusing on new education techniques such as E-learning and M-learning.

The Government of India has taken numerous steps including opening of IIT's and IIM's in new locations, as well as allocating educational grant for research scholars in most government institutions. Furthermore, with the online mode of education increasingly being used by several educational organisations, the higher education sector in India is set for major change and development in the years to come.

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