# MARC

# MARC Insights – Education Industry Overview

2023

**Do you want to know more about the Education Industry?**

MARC's research expertise can help you unlock full potential of your business by gaining deeper insights on your target market, understand your customer requirements better, know your competitor's actions and performance and hence derive the most optimum customer value proposition to make your business a success!

# Table of Contents

# Industry Overview

**India had over 25 crore school-going students in 2020-21**

**4.13 crore enrolled in Higher Education in 2020-21**

**2.12 crore Males**
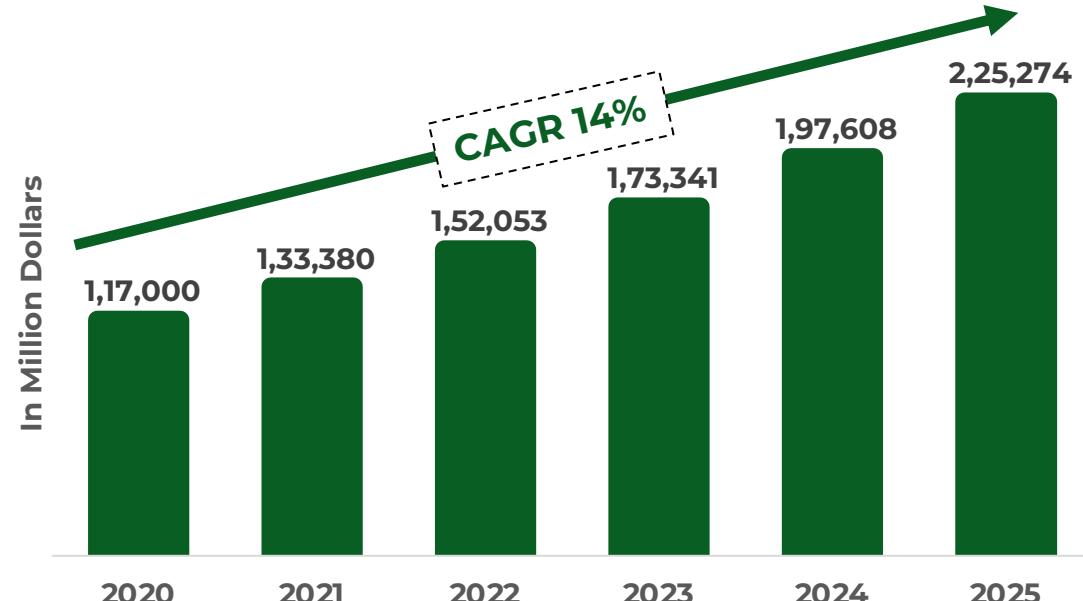
**2.01 crore Females**

**India** has the world's largest population in the age cohort **5-24 years,** with a median age of **28.4** years, making it the **fifth largest economy** in the world.

## Indian Education Market Size 2020-2025



**CAGR 14%**

In Million Dollars

- 2020: 1,17,000
- 2021: 1,33,380
- 2022: 1,52,053
- 2023: 1,73,341
- 2024: 1,97,608
- 2025: 2,25,274
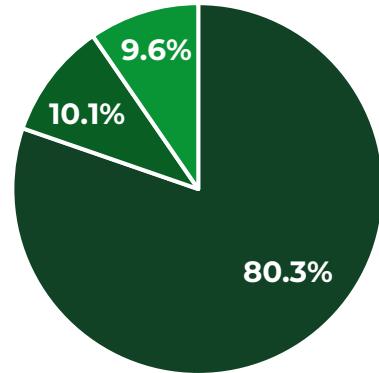
**CAGR 14%**

The **Indian education market** is projected to reach **USD 2,25,274 million** by 2025, with a **CAGR of 14%.**

4

# Industry Overview
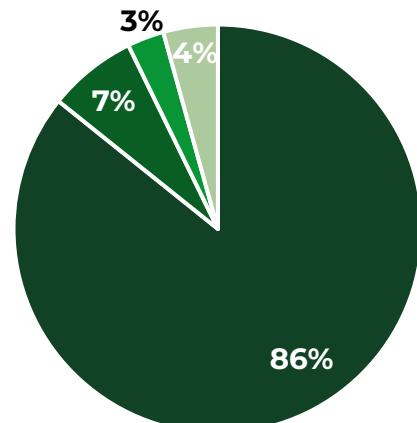
## Indian School System segments

### By level of Education:
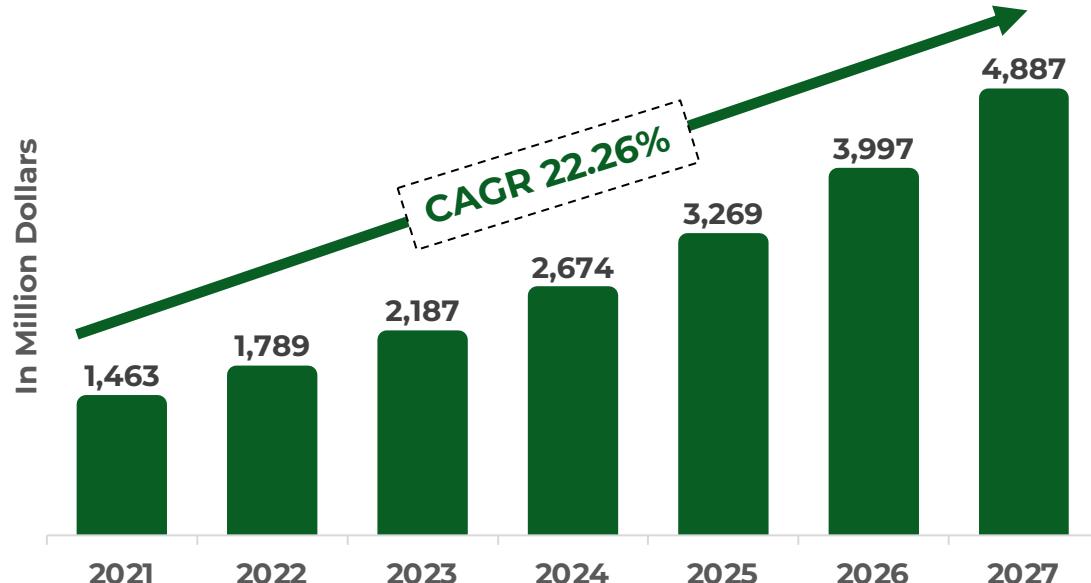


- ■ Primary
- ■ Secondary
- ■ Higher Secondary

9.6%
10.1%
80.3%

### By Ownership:



- ■ Government
- ■ Aided
- ■ Private
- ■ Others

3%
7%
4%
86%

## Online Education Market Size 2021-2027



In Million Dollars

CAGR 22.26%

| 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|------|------|------|------|------|------|------|
| 1,463 | 1,789 | 2,187 | 2,674 | 3,269 | 3,997 | 4,887 |
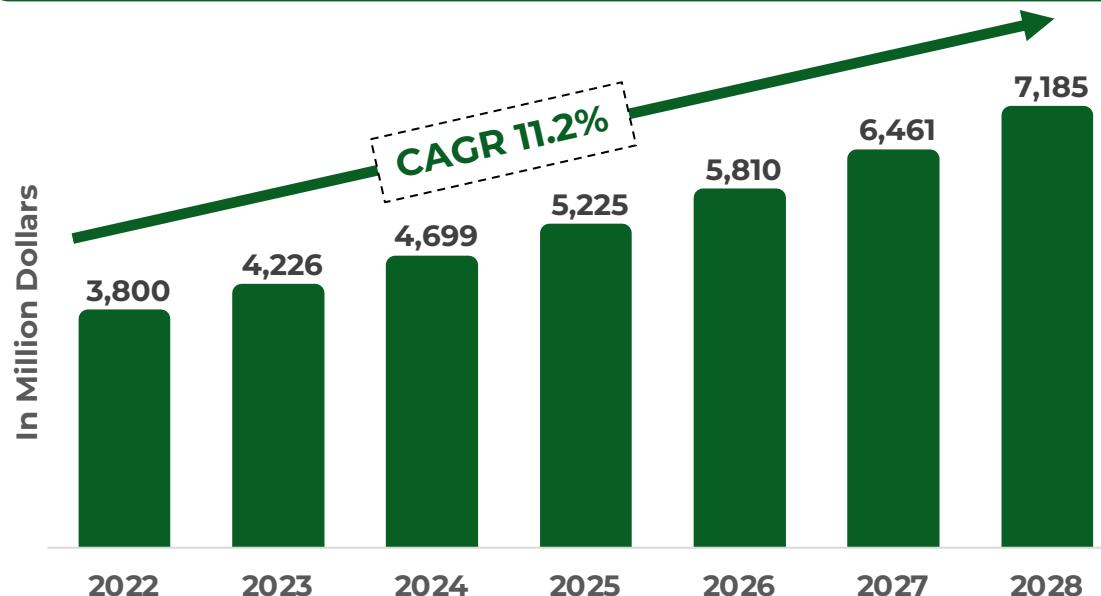
The **Online Education** is expected to reach **USD 4,887 million by 2027**, expanding at a compound annual growth rate **(CAGR) of 22.26%** during the **2021 – 2027** period.

According to KPMG report as of 2022, the size of the **Indian Ed-Tech market** is anticipated to increase from **USD 700-800 million in 2021** to **USD 30,000 million by 2031**. India has surpassed the US to become the second-largest market for e-learning.

5

# Pre-Primary Segment

## Preschool/Childcare Market Size 2022-2028

CAGR 11.2%

**In Million Dollars**

- 2022: 3,800
- 2023: 4,226
- 2024: 4,699
- 2025: 5,225
- 2026: 5,810
- 2027: 6,461
- 2028: 7,185

**CAGR 11.2%**

The **Indian preschool/childcare** market is expected to reach **USD 7,185 million** by 2028, with a **CAGR of 11.2%**.

## Market Drivers

**Parents are becoming aware of the importance of early childhood care and education.**

**Women are driving the pre-school market due to their hectic work schedules.**

**Increased household disposable income encourages them to invest in high-quality education.**

**Ease of entering the segment and low investment**

**Substantial improvement in the quality of pre-schools**

# Pre-Primary Segment

## Major Players

### Kidzee

🏫 1700+   🥧 34%

### Eurokids International Private Limited

🏫 884+   🥧 30%

### Apple Kids

🏫 300+   🥧 12%

### Kangaroo Kids Education Ltd
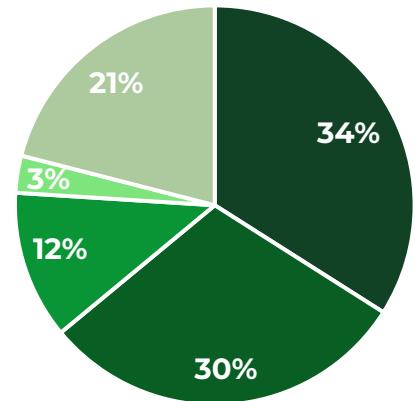
🏫 130+   🥧 3%

## Market share of Pre-primary segment

- ■ Kidzee — 34%
- ■ Euro Kids — 30%
- ■ Apple Kids — 12%
- ■ Kangaroo Kids — 3%
- ■ Others — 21%

*Source –https://blog.ipleaders.in/structuring-playschool-business-india/*
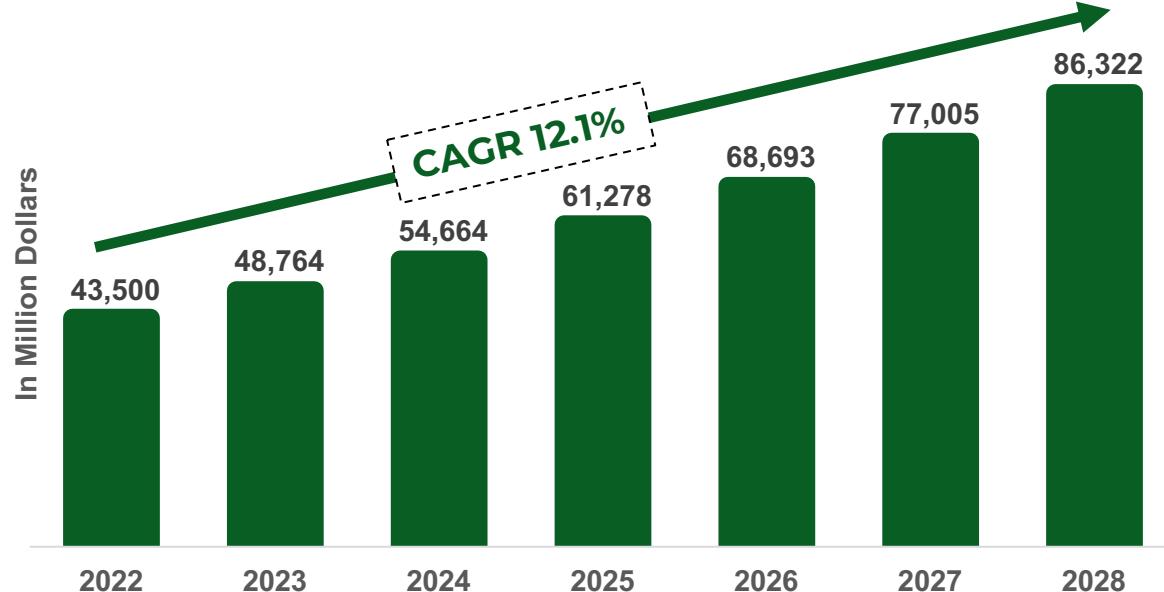
**Growth Constraints**

Pre-primary schools face constraints due to insufficient space for classrooms, play areas, and facilities.

Pre-primary schools' growth are affected by competition as many players already have firm roots in this industry.

7

# K-12 School Segment

## Indian School Market Size 2022-2028



**CAGR 12.1%**

In Million Dollars

| Year | Value |
|------|-------|
| 2022 | 43,500 |
| 2023 | 48,764 |
| 2024 | 54,664 |
| 2025 | 61,278 |
| 2026 | 68,693 |
| 2027 | 77,005 |
| 2028 | 86,322 |

Source : https://www.imarcgroup.com/india-school-market

**CAGR**

**12.1%**

The **Indian school market size** reached USD 43,500 million in 2022 and is expected to reach USD 86,322 million by 2028 at a **CAGR of 12.1%** during **2023-2028**.

In 2021-22, the enrolment of students was around 255.7 million, 1.96 million higher than in 2020-21.

Source : https://www.qeios.com/read/XZUPSA

## Market Drivers

The Indian school market is driven by a large population and a shortage of quality education.

The infrastructure for education in both urban and rural areas have received financial support from public and private institutions.

New Education Policy emphasizes on the need for vocational education and skill development while focusing on online education and resources.

The growing acknowledgment of the significance of quality education is fuelling the demand for reputable K-12 schools.

Government initiatives like the Right to Education Act promote increased enrolment in schools

8

# K-12 School Segment

## Major Players

### Delhi Public School

223     # 1
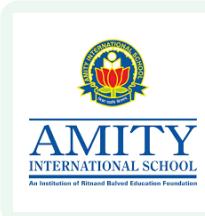
### The Ryan International Schools

137     # 2

### Amity International School

8     # 3

### JBCN International School

3     # 4

Source :https://www.zoominfo.com/companies-search/location-india-industry-k-12-schools ;https://educationtoday.co/
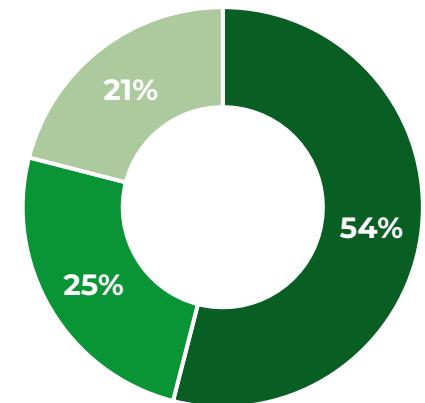
## K-12 school segment



- Government aided — 54%
- Private aided — 25%
- Private unaided — 21%

Source: https://studybase.in/blogs/2/k-12-education-system-its-presence-in-india
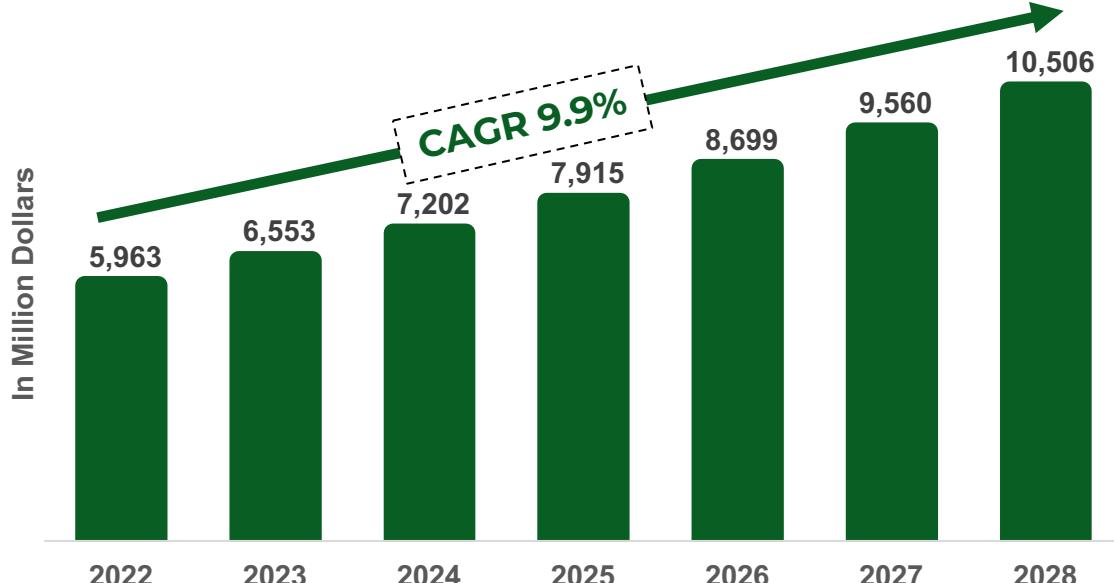
**Growth Constraints**

Rising population leads to a lack of learning materials and equipment.

Lack of quality instructors and the low ratio of teaching professionals to students.

# Higher Education Segment

## Indian Higher Education Market Size 2022-2028



**In Million Dollars**

CAGR 9.9%

- 2022: 5,963
- 2023: 6,553
- 2024: 7,202
- 2025: 7,915
- 2026: 8,699
- 2027: 9,560
- 2028: 10,506

Source – https://www.einnews.com/pr_news/618573397/india-higher-education-market-size-2023-outlook-growth-industry-analysis-overview-research-report-2028

**CAGR 9.9%**

The Indian higher education market size is expected to reach **USD 10,506 million** by **2028**, exhibiting a growth rate **(CAGR) of 9.9%** during **2023-2028**.

## Market Drivers

**Aspirations of parents to provide quality education for their children lead to a growing demand for K-12 services.**

**Rapid urbanization has led to the establishment of new schools and increased access to education.**

**As India's economy is growing, disposable income has increased, enabling more families to afford good quality K-12 education.**

**Increasing demand for skilled workforce drives growth in higher education sector.**

**Globalization and international collaboration fuel higher education sector growth through study abroad and global partnerships.**

10

# Higher Education Segment

## Major Players

| Public Universities | | | |
|---|---|---|---|
| **Indian Institute of Science** | 7 | 5,023+ | 1 |
| **Jawaharlal Nehru University** | 1 | 7,793+ | 2 |
| **Banaras Hindu University** | 1 | 15,000+ | 3 |
| **Calcutta University** | 14 | 19,000+ | 4 |

| Private Universities | | | |
|---|---|---|---|
| **Amrita Vishwa Vidyapeetham** | 6 | 18,000+ | 1 |
| **Manipal University** | 11 | 28,000+ | 2 |
| **VIT Vellore** | 4 | 30,000+ | 3 |
| **BITS Pilani** | 4 | 22,000+ | 4 |
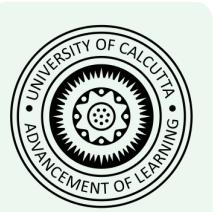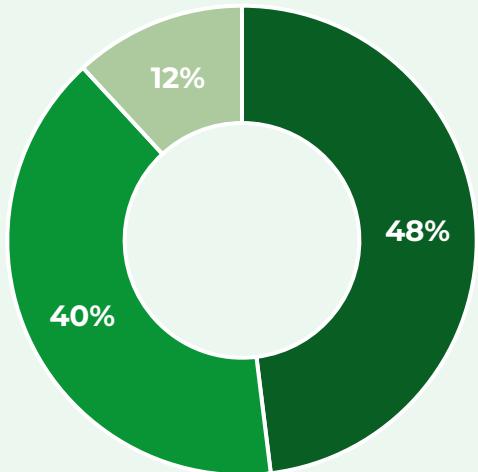
# Higher Education Segment

## Higher Education School Segment



- Government Universities (48%)
- Private Universities (40%)
- Deemed Universities (12%)

Source:https://aishe.gov.in/aishe/viewDocument.action;jsessionid=646F0C699CD3073622C7AB20EFD412EF.n3?documentId=352

There are a total of 1,072 Universities in India of which

- 515 are government owned universities (48%)

- 430 are private owned universities (40%)

- 127 are deemed to be universities (12%)

## Growth Constraints

**Cost and Affordability**: The rising cost of higher education is a significant constraint, limiting access for students from lower-income backgrounds. Tuition fees, textbooks, and living expenses pose financial burdens, leading to barriers in pursuing higher education.
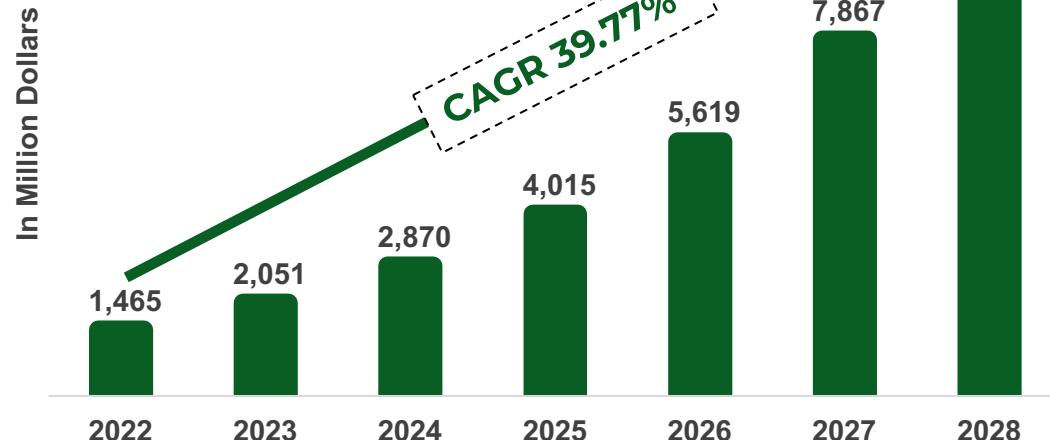
**Access and Inclusion**: Limited access to higher education, especially for marginalized groups, restricts growth. Factors such as geographic location, socioeconomic status, and educational disparities create barriers to entry, impacting the overall inclusivity of higher education.

**Skills Mismatch:** The misalignment between the skills taught in higher education and the demand of the job market is a constraint. Graduates may face challenges finding employment if their acquired skills do not match industry requirements.

# Edtech Segment

## Indian Edtech Market Size 2022-2028

In Million Dollars

**CAGR 39.77%**

- 2022: 1,465
- 2023: 2,051
- 2024: 2,870
- 2025: 4,015
- 2026: 5,619
- 2027: 7,867
- 2028: 11,005

Source : https://timesofindia.indiatimes.com/blogs/voices/how-is-indias-edtech-economy-looking-to-shape-in-the-coming-years/
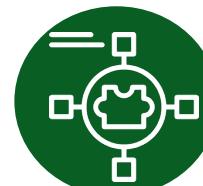
### CAGR

### 39.8%

The Indian edtech segment market size is expected to reach **USD 11,005 million** by **2028**, exhibiting a growth rate **(CAGR) of 39.77%** during **2022-2028.**

## Market Drivers

**Advancements in Technology:** Mobile devices, internet access, and high-speed connections have enhanced EdTech accessibility.

**Personalized and Adaptive Learning:** EdTech leverages data analytics and AI for tailored learning experiences.

**Rise in remote learning:** COVID-19 accelerated adoption of online education and virtual classrooms.

**Cost-effectiveness and Scalability:** EdTech provides affordable alternatives and can scale rapidly to reach a wide audience.

**Government Initiatives:** Governments support EdTech through policies, funding, and promoting digital literacy.

# Edtech Segment
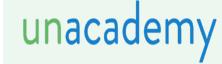
## Major Players

**Byjus**

58%  |  150+ Mn users  |  1

**Unacademy**

11%  |  13+ Mn users  |  2

**UpGrad**

2%  |  2+ Mn users  |  5
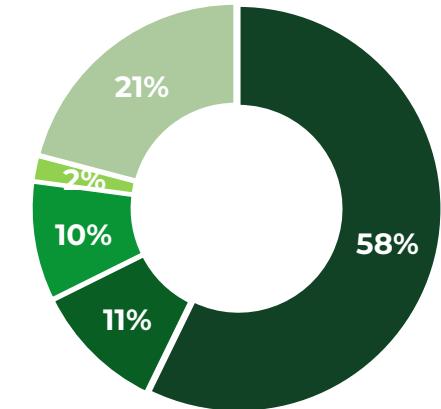
**Vedantu**

10%  |  35+ Mn users  |  8

### Edtech Market Share



- Byjus
- Unacademy
- Vedantu
- UpGrad
- Others

58%  21%  2%  10%  11%

Source – https://www.ibef.org/blogs/india-to-become-the-edtech-capital-of-the-world/

**Growth Constraints**

**Access and Infrastructure**: Limited internet access and technology devices hinder widespread adoption of EdTech, especially in underserved areas.

**Equity and Inclusion**: Digital divide and socioeconomic disparities pose challenges in providing equal access to EdTech solutions for all learners.

# Advantage India

## ROBUST DEMAND

India has the largest population in the age range of 5-24 years, creating an equal opportunity for the education sector. Every day, over 250 million students attend school, and the "Study in India" programme has drawn in more foreign students, with a staggering increase in applications by 146% for the year 2021 in comparison to 2020.

## COMPETITIVE ADVANTAGE

India has a large English-speaking population, ranking 52nd in the English Proficiency Index 2022, and 9 Indian institutes are among the top 500 universities in the QS World University Rankings 2023.

## INCREASING INVESTMENTS

The Government of India has taken initiatives to allow 100% FDI in the education sector. This means that any foreign company can invest in India without approval from government or the Reserve Bank of India.

## POLICY SUPPORT

FDI equity inflows to Indian e-tech startups reached USD 7,920 million in FY22, with Physics-Wallah becoming India's 101st unicorn by raising USD 100 million in a Series-A funding round.

# Industry Trends

## Advent of International Private Schools

Setting up IB schools to prepare students to compete at a global level and seek international opportunities.

## International Offshore Centres

With GIFT City, India has allowed setting up of international branch campuses (IBCs) and offshore education centres (OECs).

## Gamification of education

Gamification is increasing engagement and preparing students to trust their intuition, making learning more effective and enjoyable.

## Emerging as e-learning Hub

India has the second largest e-learning market in the world with around 7 ed-tech unicorn startups within the country.

## Availability of a wide range of short-term and specialized courses

Unique skill development programs are available as there is a rising demand for diploma/vocational courses soon after secondary education.

## Rising role of Artificial Intelligence

AI technologies are being utilized in education for student assessments, progress reports, and even professional counselling.

# Impact of Covid on Education Industry

At the time of Covid-19 a comprehensive initiative called **PM e-VIDYA**, was initiated as a part of **Atma Nirbhar Bharat Abhiyan** on 17th May 2020. The initiative includes:

## GOVERNMENT INITIATIVES

**Diksha** is an e-learning app with 8000 e-books available for students and educators, based on curriculum.

**Swayam** is a national online education platform with over 1900 courses covering school and higher education.

**Swayam Prabha TV channel** per class from Class 1 to 12 and extensive use of Radio, Community radio and CBSE Podcast- Shiksha Vani.

**DAISY** (Digitally Accessible Information System) to support visually and hearing impaired and **MANODARPAN** to provide psychosocial support to students, teachers and families for Mental Health and Emotional Wellbeing

## POSITIVE KEY IMPACTS

- Online learning helped students manage their time more effectively.
- Gave students an excellent chance for independent study and aided their ability to evaluate the lessons learned.
- Students who had difficulty in any topic could find related videos by using YouTube and other online platforms.
- Since several projects and presentations were required as part of their evaluation, students were able to pick up new computer skills.

## NEGATIVE KEY IMPACTS

- There was little to no internet connection for pupils in many remote places.
- The use of online education and learning has widened the gap between the urban and rural poor
- Both educators and students were caught unprepared by the quick and unusual switch.
- A lot of colleges and institutions were shut down.

# Post Covid Trends in the Education Industry

In more than 190 nations, Covid caused serious disruption that kept children inside their homes and forced an unprecedented 1.4 billion kids out of their pre-primary, primary, and secondary schools. Around 360 million pupils' education suffered in India alone.

## Rise of Tech in Education - Opportunities

Technology has changed the way instructors and students interact in a classroom setting, allowing instructors to interact face-to-face with students, mentor them, and be a guide to their development. Trends such as V-SATs, Virtual classrooms, ERP platforms, and AR modules have shaped the sector.
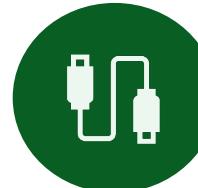
## Rise of Tech in Education - Challenges

The rise of technology in education has led to increased cybersecurity risks and incidents, which can have a significant cost and psychological impact on students. India has been the biggest target of cyber threats, leading to the disruption of classroom learning.

## Education Trends In The Post-Covid Era

**Online Learning:** Use of online learning platforms to engage students are being opted.

**Tech Education for teachers became a priority:** use of technology to deliver better engaging, effective, and collaborative lectures in the digital realm will be the priority.

**Leveraging Auxiliary Learning Platforms:** Students are using online learning platforms to supplement their learning.

**Weaving Socialization Into The Online Classroom**: focus on collaborative learning experiences to create an immersive online space for educators in the post covid world.

**Blended Learning As The Future Of Education:** The current state of blended/online education in a growing nation like India to offer a practical and realistic vision of a new approach to education in the post-covid world.

# MARC Forecast

School education in India has traditionally been characterized by overcrowding and ineffective learning. However, with infrastructure growth, investments, and technological advancements, the school infrastructure has seen significant growth, with digital learning and smart class formats helping students improve their academic performance.

### Learning through AI, Machine Learning, VR, and Big Data

Offers students with a more customized learning experience by using distribution methods and information that are suited to their specific needs.

### Lifelong Learning and Skill Development

As the job market continues to evolve rapidly, the need for lifelong learning and upskilling becomes crucial. Continuous learning opportunities and focus on developing skills that are in demand in the workforce.

### Blended or Hybrid Learning

Gives learners the freedom to engage with their course materials and learn on their own terms, whether online or in-person.

### Multidisciplinary Approach

The importance of a multidisciplinary approach to education will increase. Encouraging students to explore various subjects and integrate knowledge from different disciplines will foster critical thinking, creativity, and problem-solving skills.

### Remote Learning

It enables individuals to access educational resources without having to travel or rely on their education taking place in a single location.

### Upskilling and Training Teachers

Teachers need to assess their own skills and identify age-appropriate teaching methods to improve their teaching abilities.
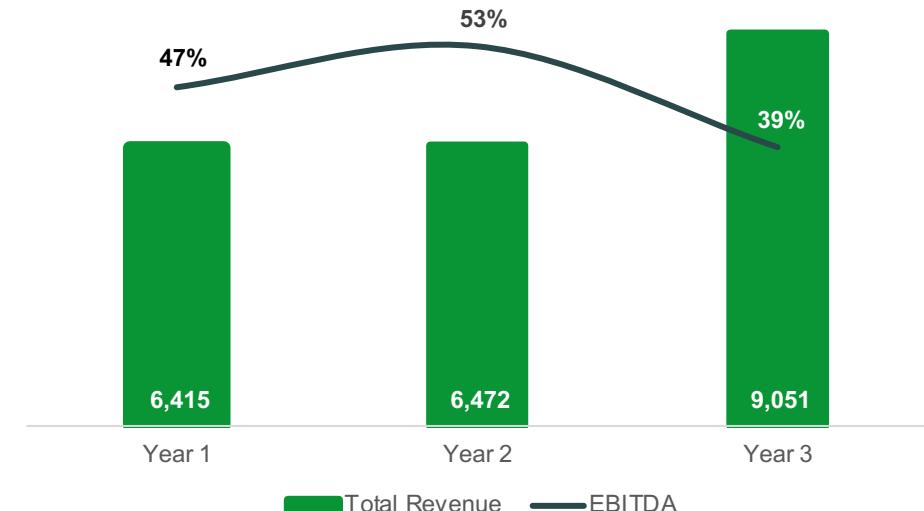
# Ever wondered if your business is performing up to its full potential or if its in-tune with the industry?

MARC's detailed and comprehensive analysis of your business performance, as well as of your competitors and their strategies and how your own business is performing against the industry benchmarks, all of this with MARC's personalized recommendations.

# Profit & Loss Snapshot

**Institution A**
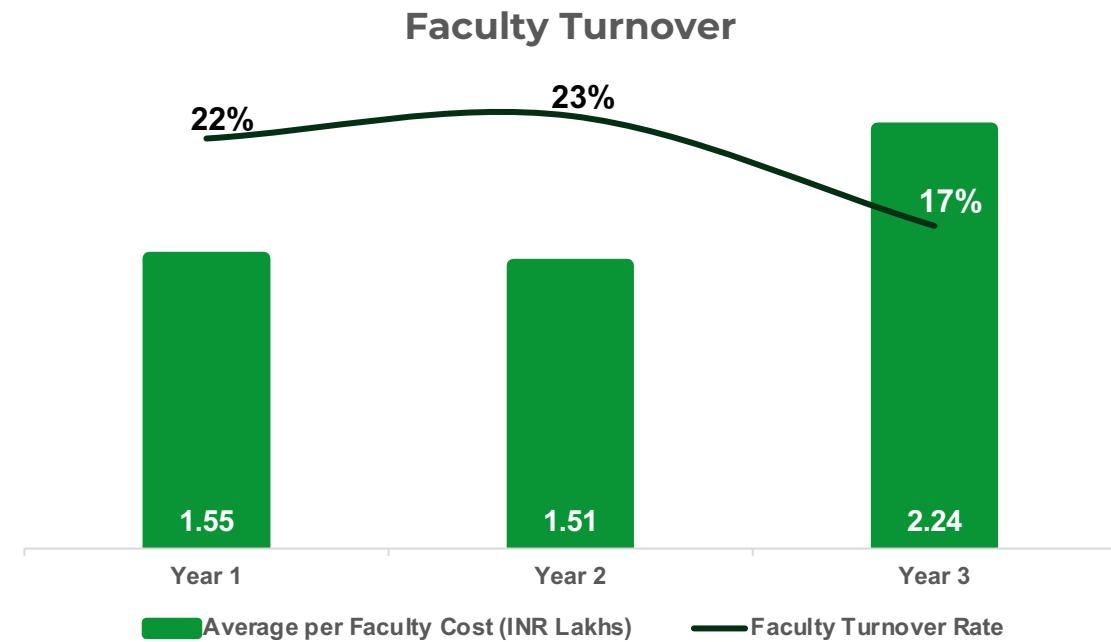
| INR Lakhs | Actuals | | | Common Size | | | AVar. | |
|---|---|---|---|---|---|---|---|---|
| | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 | Year 2 | Year 3 |
| Revenue from Operations | 6,415 | 6,472 | 9,051 | 100% | 100% | 100% | 1% | 40% |
| **Total Revenue** | **6,415** | **6,472** | **9,051** | **100%** | **100%** | **100%** | 1% | 40% |
| | | | | | | | | |
| Expenses | | | | | | | | |
| Employee Cost | (1,477) | (1,422) | (2,196) | (23%) | (22%) | (24%) | (4%) | 54% |
| Operating Expenses | (704) | (595) | (1,133) | (11%) | (9%) | (13%) | (15%) | 91% |
| Selling and Admin Expenses | (643) | (292) | (1,306) | (10%) | (5%) | (14%) | (55%) | 347% |
| Miscellaneous Expenses | (585) | (762) | (924) | (9%) | (12%) | (10%) | 30% | 21% |
| **Total Expenses** | **(3,408)** | **(3,072)** | **(5,559)** | **(53%)** | **(47%)** | **(61%)** | **(10%)** | **81%** |
| | | | | | | | | |
| **EBITDA** | **3,007** | **3,401** | **3,492** | **47%** | **53%** | **39%** | **13%** | **3%** |
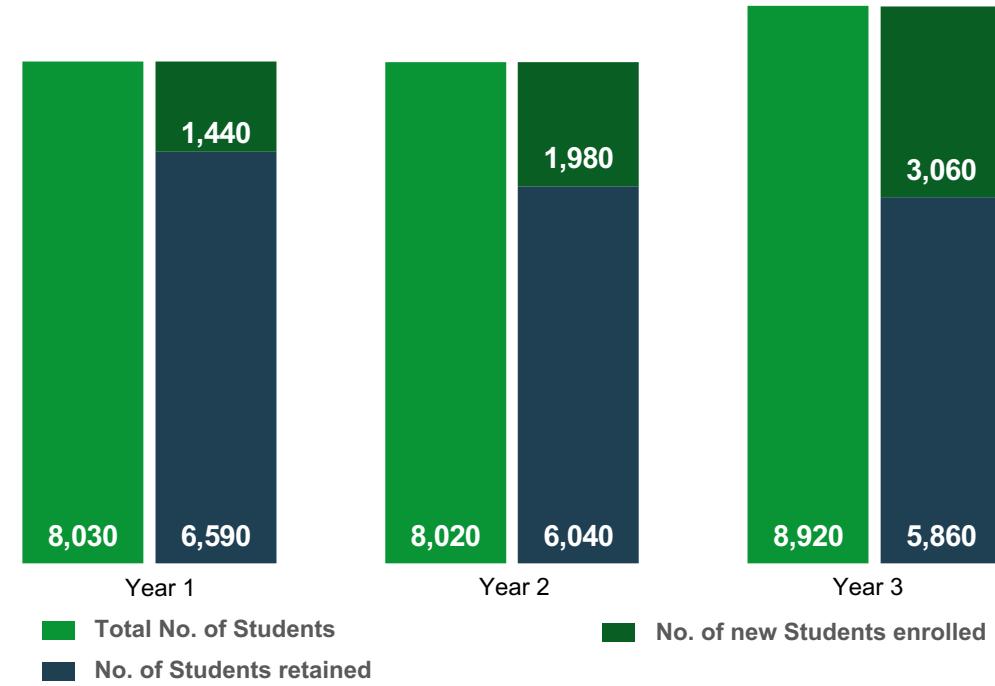


**The company's revenue has increased drastically by 40% in Year 3 mainly due to due to increase in number of admissions. Total expenses increased by 81% YoY in Year 3.**

- In Year 2, despite 1% increase in revenue, total expenses have decreased by 10% leading to a high EBITDA margin of 53%.

- Employee cost is the major expense of Institution A as it stands at 23%, 22% and 24% as a percentage to revenue in Year 1, Year 2 and Year 3, respectively. It declined in Year 2 by 4% mainly due to decline in salaries and wages paid.

- Operating expenses includes all professional expenses and cost of any materials purchased. Operating expenses decreased in Year 2 by 15% due to decrease in purchase of extracurricular course kits.

- Selling and admin expenses decreased in Year 2 by 55% due to decrease in advertisement cost. In Year 3 it increased drastically to 3 times its value in Year 2 due to increase in rent charges.

21

# Institution A analysis

**Faculty Turnover**



| | Year 1 | Year 2 | Year 3 |
|---|---|---|---|
| Faculty Turnover Rate | 22% | 23% | 17% |
| Average per Faculty Cost (INR Lakhs) | 1.55 | 1.51 | 2.24 |

- Average per Faculty Cost (INR Lakhs)
- Faculty Turnover Rate



| | Year 1 | Year 2 | Year 3 |
|---|---|---|---|
| No. of new Students enrolled | 1,440 | 1,980 | 3,060 |
| Total No. of Students | 8,030 | 8,020 | 8,920 |
| No. of Students retained | 6,590 | 6,040 | 5,860 |

- Total No. of Students
- No. of new Students enrolled
- No. of Students retained

- It can be observed that the average cost per faculty increased drastically in Year 3 owing to increase in salaries of teachers while it was lower in Year 2 due to new teachers joining at lower salaries.

- The faculty turnover ratio has been between 17%-23%. The average acceptable faculty turnover ratio is 10% indicating that Institution A has a high turnover ratio which needs to be looked into. High faculty turnover is a sign of instability within the institution and creates an atmosphere of uncertainty for students leading to students leaving the institution.

- Revenue stood at INR 8,020 Lakhs in Year 2, despite decline in number of students, due to increase in revenue per student. In Year 3, the revenue per student increased with drastic increase in total revenue and number of students.

- While the student retention rate is witnessing a declining trend YoY owing to high faculty turnover rate, new enrolments is witnessing an increasing trend which is contributing to the increase in total number of students enrolled.

22

# Competitor Analysis

## Year 3 (INR Lakhs)



47% | 14% | 39% | 32%

Institution A: 9,051
Institution B: 16,997
Institution C: 2,934
Institution D: 10,400

Revenue — EBITDA

## Instructional Cost to Total Cost



Institution A: 60% | 66% | 64%
Institution B: 72% | 80% | 83%
Institution C: 69% | 59% | 50%
Institution D: 68% | 67% | 64%

Year 1 | Year 2 | Year 3

- It can be observed that Institution A has the highest EBITDA at 47% and Institution B has the lowest EBITDA at 14% despite revenues of Institution A being lower in comparison to Institution B.

- Instructional cost consists of Operating expenses and Employee cost. It is an aggregate of all the cost involved in imparting education to students enrolled. Instructional cost to total cost as a percentage tells us how much percentage of the total cost is used for educational purposes.

- It can be observed that the ratio of Institution B is increasing YoY indicating that a significant portion of their costs are towards teaching and delivering education. Conversely, Institution C and D are seeing a declining trend in the ratio indicating the institution is spending more on indirect costs.

*Institution A is a client of MARC when compared to Institution B, Institution C and Institution D which are top players in the Indian Education Industry

# KPI's

| Particulars | Institution A | Institution B | Institution C | Institution D | Industry Benchmarks |
|---|---|---|---|---|---|
| **Revenue (INR Lakhs)** | 9,051 | 16,997 | 2,934 | 10,400 | - |
| **EBITDA** | 47% | 14% | 39% | 32% | 28% |
| **EBT** | 21% | 7% | 20% | 4% | 10% |
| **ROE** | 49% | 48% | 7% | 46% | 20% |
| **Instructional Cost to Total Cost Ratio** | 0.64 | 0.83 | 0.50 | 0.64 | 0.65 |
| **Pass Percentage** | 90% | 94% | 92% | 99% | 86% |
| **Student to Faculty Ratio** | 10 | 25 | 30 | 25 | 20 |
| **Revenue generated per Student (in INR)** | 1.0L | 1.7L | 1.6L | 0.5L | 0.5L – 2.5L |
| **Revenue generated per Faculty (in INR)** | 10.3L | 42.5L | 48.9L | 13.0L | 5.0L – 20.0L |
| **Instructional Cost per Student (in INR)** | 0.4L | 1.2L | 0.50 | 0.3L | 0.2L – 0.8L |

*KPIs are based on Year 3 Financials

*Institution A is a client of MARC when compared to Institution B, Institution C and Institution D which are top players in the Indian Education Industry

# MARC

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## Our Socials

in linkedin.com/company/marcglocal/

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