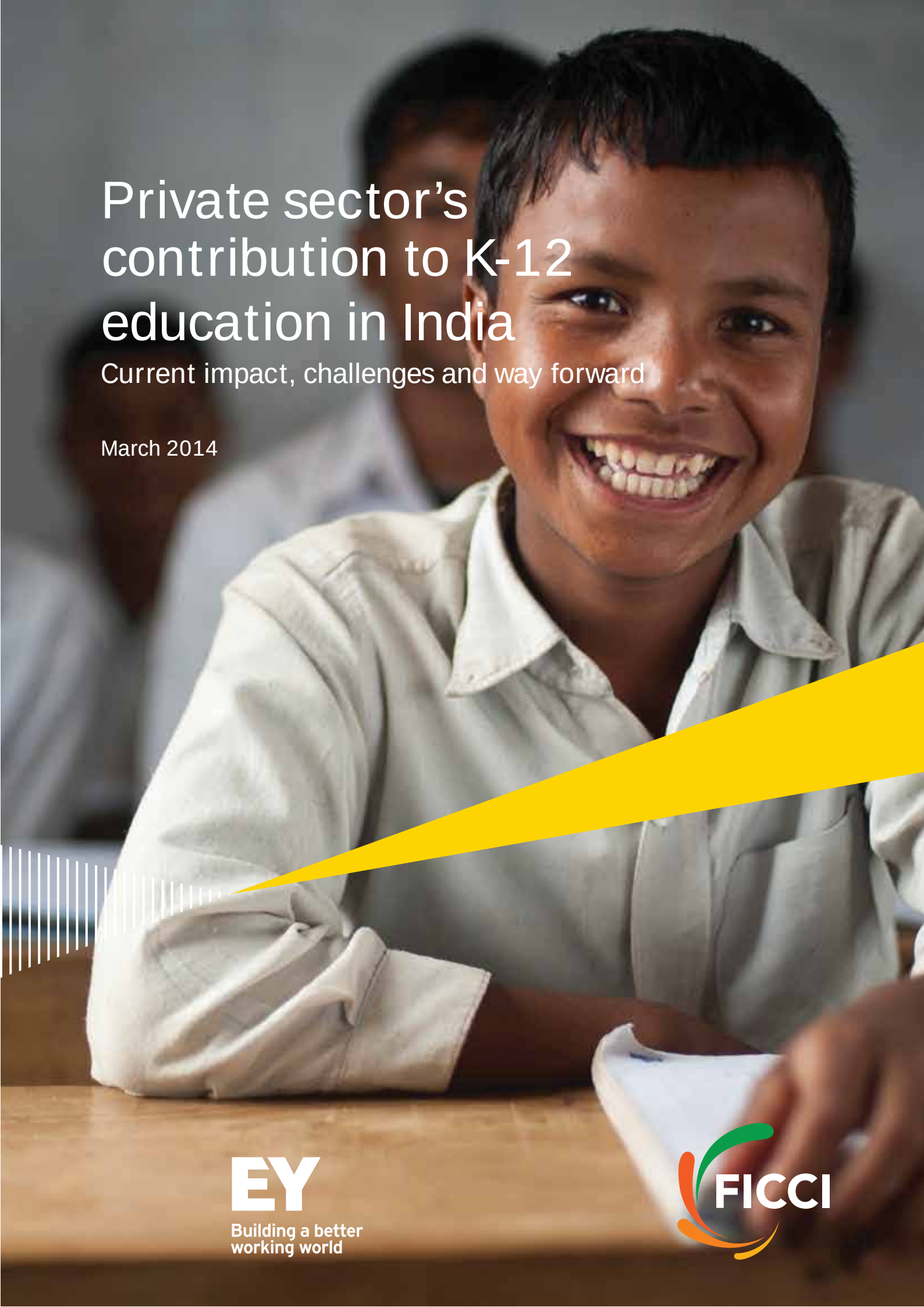


Private sector's contribution to K-12 education in India

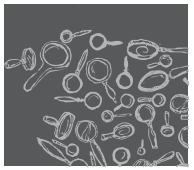
Current impact, challenges and way forward

March 2014

EY
Building a better working world

FICCI

Contents



Foreword

The economic growth in India since the past two decades have led to an aspirational middle income society which in turn has increased the demand for quality delivery and facilities at all levels of education. Government's Sarva Siksha Abhiyan started in 2001 aimed towards universalisation of elementary education in the country followed by Rashtriya Madhyamik Siksha Abhiyan for secondary school in the year 2005 definitely increased the enrolments but has not met the quality parameters as several reports and studies indicate. This has led the parents across income levels to send their children to private schools instead of government schools, and supplementing classroom instruction with tuitions.

Today, one of the most striking trends in Indian school education is the increase of private sector participation with an estimated 3 lakh private schools with 40% of the total student enrolment. Private enrolment in elementary schools is approximately 35% and over 50% at the secondary level. Studies in cities like Mumbai and Patna show that upward of 75% of children in these cities are attending private schools. This trend holds true in rural India as well. The Annual Status of Education Report (ASER) shows that enrolment in private schools at the elementary in rural India has increased from 19% to 29% in the seven year period from 2006 to 2013.

Majority of private schools deliver higher quality education as gauged by educational outcomes such as performance on board exams and evidence from standardized assessments. Private schools are also operationally more efficient and perform better on indicators such as student attendance and instructional time in the classroom. Yet, private schools face several financial and operational challenges such as complex regulatory frameworks, high infrastructure costs and limited autonomy.

The government must recognize the role of the private sector in improving access and quality in school education and encourage more robust policies that support and promote collaboration between the private and public sectors to address the needs of our nation's children. Together, we must ensure that all children in India, get a high quality education that prepares them to be responsible and productive citizens.

We are pleased to present the FICCI-Ernst & Young Report, Private sector's contribution to K-12 education in India.

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Chair- Task Force on School Education Committee

Currently, there are close to 1.5 million K-12 schools in the country with a student base of 253 million. The present total government spending (Centre and states combined) on education accounts for about 3.7 % of GDP. Out of this, the government spends a large percentage of it's budget on school education and literacy. We have achieved 100% GER in the primary level, with many schemes focused on universalization of education. However, upper primary level onward, the drop-out rate is high coupled with slow shift in enrolment from public schools to private schools at secondary level. The private sector contributes to nearly 40% share in enrolment although it has a 25% share in the number of schools in the country. Many private schools have contributed to the quality of education we see today but the complex regulatory framework has posed a serious challenge to the private sector in K-12 education. The cost of land, strict land norms paired with multiple licensing system and low or negative surplus make it challenging for a private school to operate or contribute to the growing need of quality education in our country.

In this paper, we focus on the contribution of private schools toward K-12 education with respect to access and quality and challenges faced by the private sector operating schools in the K-12 segment. The focus, till now, has been on inputs such as infrastructure, fee levels and teachers' salary to enable good quality education. While these are important, there is a need to focus on measures to increase participation of private schools in K-12 education. These would require easing of entry barriers, right policies and regulations that will enable expansion of private schools.

Private schools are expected to grow at 4% requiring ~130,000 additional schools by 2022. In order to enable and encourage private sector participation in K-12 schools, the FICCI Committee on School Education has outlined suggestions and recommendations on moving from an input based system to an outcome based system, allowing schools to be established on short term rental/ lease model, enable pooling of resources from both public and private schools for effective utilization, enable flexibility in land ownership, allow the market to determine teacher salaries and consider a unified single window clearance to ease entry barriers for school owners/ operators. The public and the private sector can work together effectively and support each other in contributing to the growth and quality of the Indian school system in the future.

Executive summary

The current K-12 school system in India is one of the largest in the world with more than 1.4 million schools with 250+ million students enrolled. Schools have grown at a CAGR of 2.5% from 1.2 million in 2005 to 1.4 million in 2011 and enrolment has grown at a CAGR of 2.2% to reach 253 million students in 2011. The Indian K-12 system is facing two major challenges- access and quality. While the GER at primary grades has peaked, the dropout ratios in senior classes is still fairly high. There are issues due to lack of proper infrastructure facilities, high pupil-teacher ratio and lack of trained teachers which are impacting the quality of education imparted to students. Low learning level across elementary and secondary has seen an increase in the need for paid supplemental help by students.

The contribution of the private sector to increase the standards and quality in school education has been significant. As a result, 25% of all schools in India are private schools accounting for 40% share in enrolment. The number of private schools has grown at a CAGR of 4% in the last five years, much faster than the growth of public schools. Contribution to access and quality has resulted in enrolment shift from public to private schools in the recent years. K-12 private schools today operate across a vast range of curriculums and boards. Key indicators that make them preferential today are the process of ongoing and continuous evaluation, comprehensive curriculum and syllabi based on practical applications, assessments based on interactive, skills and fun based learning which has led to better learning levels and quality of school education. Based on current trends, it appears that the private sector may account for a 55-60% share in overall enrolment in K-12 schools by 2022. Our government and regulators need to recognize this reality.

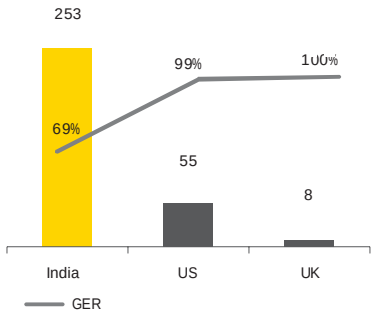
Private players are facing challenges in setting up and operating schools. From a regulatory perspective in particular, schools are allowed to be set up either by the central/ state/ local government or the private sector by establishing a trust/ society. There are strict norms around infrastructure and other facilities, process of application, registration as a society/ trust to obtain the land, procurement of multiple licenses and numerous certificates to establish a school. To be a recognized school today, it has to be affiliated to a board. However, there are multiple boards who regulate and recognize schools with inconsistency in norms across states and affiliating bodies. Additionally, strict RTE norms by the government, inadequate and delayed compensation from the government for the 25% EWS under RTE are forcing existing and performing private schools to close down. This complex regulatory nature of the school system in India poses many financial and operational challenges to the private sector, which is detrimental to their existence and contribution to the growing quality. High land costs, unavailability of land, high teacher salaries and 25% reservation for EWS impact the viability of schools.

The paper highlights some international case studies of countries where regulations are formed on the basis of outcomes and output rather than input, effective ways of partnership between the public and private sector to enhance quality, public-funded independent schools and examples of schools which are built on short- term lease or rental mode.

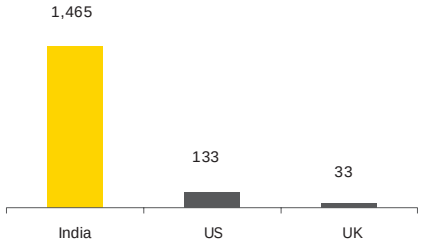
Overview of the K-12 sector

The Indian K-12 system is the largest in the world with 253 million students enrolled in 1.4 million schools

K-12 enrolment and GER across countries 2011-12* (million)

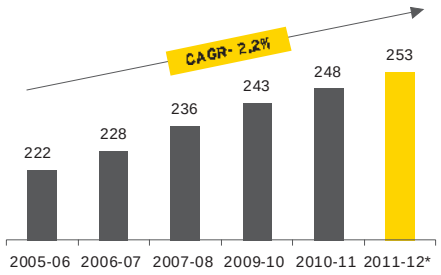


Number of K-12 schools 2011-12* ('000)

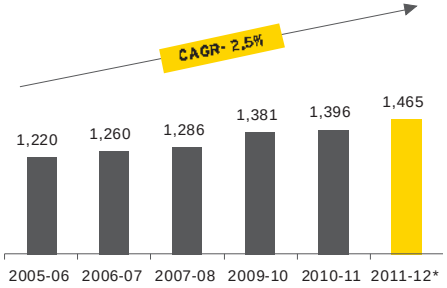


- India has the highest number of schools and the highest number of students enrolled in the K-12 system as compared to the US or the UK.

Growth in K-12 enrolment (million)



Growth in K-12 schools ('000)



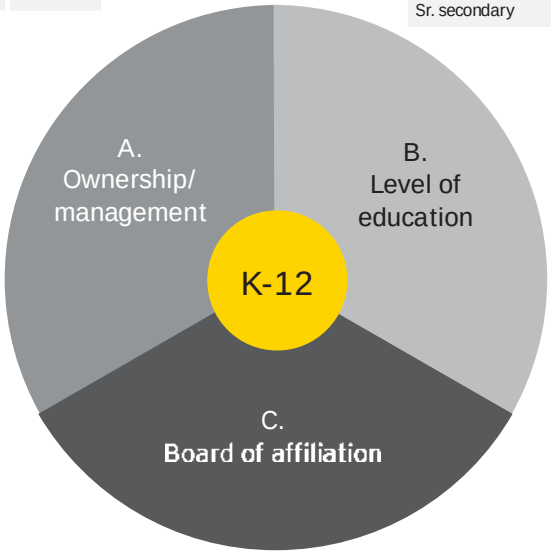
- Schools have grown at a CAGR of 2.5% from 1.2 million in 2005 to 1.46 million in 2011. However, private schools have witnessed a growth at a CAGR of 4% and have grown from 279,094 schools in 2006-07 to 338,371 in 2010-11.
- Number of students enrolled has gone up at a CAGR of 2.2% to reach 253 million students in 2011-12*.

*Source: MHRD 2010-11, DISE- 2011-12, SEMIS- 2010-11, Center for Education Reform –USA, Department of Education, UK,. *Note: All India information on schools and enrolment taken as primary only/upper primary only/ primary with upper primary from DISE, secondary and higher secondary from SEMIS (2011), includes unrecognized schools*

The K-12 system in India can be segmented by ownership, level of education and board of affiliation

	('000)*
Government	818
Local body/muncipal	309
Private aided	157
Private unaided	181

	('000)*
Primary	841
Primary with upper primary/ Upper primary only	418
Jr. secondary	123
Sr. secondary	83



	('000)*
CBSE	14
ICSE	2
International Boards	0.4
State Boards	1415
Unrecognized	34
NIOS (agencies)	6

* Number of schools

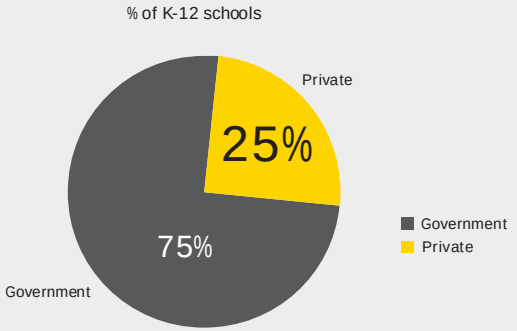
Segmentation by ownership/management

Schools are owned by the government (central/ state/ local government bodies) or the private sector (individuals, trusts or societies)

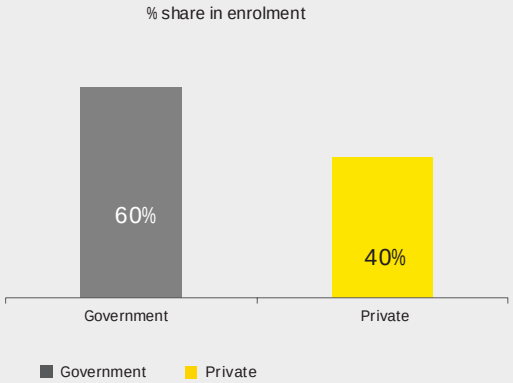
Type of Management	About
Government	▸ Government educational institutions are those run by the Central Government or state governments, public sector undertaking or autonomous organization and wholly financed by the government. Example: State government schools, KVS, Ashram schools, NVS, Sainik Schools, Military schools, Air Force schools, Naval schools. ▸ Local body institutions are run by municipal committees/ corporations/ NAC/ Zilla Parishads/ Panchayat Samitis/ Cantonment Board, etc. In Delhi for instance, all primary schools are managed by NDMC/MCD.
Private	▸ Private-aided institutions are managed privately but receive regular maintenance grant from the government, local body or any public authority. If there are institutions on the grant-in-aid list of a public authority but do not receive the maintenance grant in a particular year, those institutions are still treated as private-aided institutions for that year. ▸ Private unaided institutions are managed by an individual or a private organization and do not receive maintenance grant either from government, local body or any public authority. One time grant for specific purposes such as adding a science block, fencing of the institution, etc., will not make the institutions private aided. These institutions continue to be treated as private unaided institutions.

Source: Concepts and Terms in Educational Planning- A Guidebook,- National Institute of Educational Planning and Administration, July 2003

While only 25% of all K-12 schools in India are private schools, they account for 40% share in student enrolment



- 54% of all 1.46 million K-12 schools in India, are managed by the Central Government/ state governments and 21% are managed by local bodies/ municipal corporations. Private schools account for 25% of the total number of K-12 schools in India.



- Out of 253 million students enrolled in K-12 schools, 60% are enrolled in public schools (153.5million).
- Private school students account for a 40% share of student enrolment in the K-12 universe (~100million).

Source: DISE Analytical Tables 2011-12; Flash Statistics 2011-12; Statistics of School Education- 2010, MHRD, SEMIS Flash Statistics 2010-11, includes unrecognized schools

Segmentation by level of education

Elementary consists of primary and upper primary levels

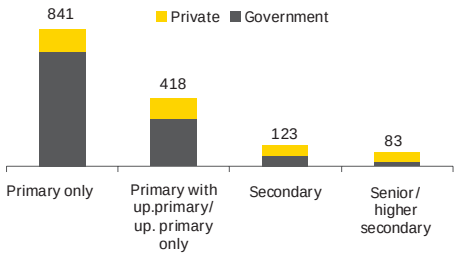
Secondary consists of secondary and higher/senior secondary levels

	Level of study	About
Elementary education	Primary education	▸ Primary education starts at approximately 5–6 years of the child and lasts for around 4–5 years. Primary school education gives students a sound basic education in reading, writing and mathematics along with an elementary understanding of social sciences.
Elementary education	Upper primary education	▸ Upper primary education is of a three years duration and starts for students aged between 10 years to 11 years. It usually continues up to 13 years. At this stage, education consists of the basic programs of primary school level, though teaching is more subject-focused.
Secondary education	Secondary education	▸ Secondary school education comprises of two years of lower secondary and two years of higher secondary education. The lower secondary level is for students aged 14 to 15 years. Admission requirement is the completion of upper primary school education. Instruction is more organized along specific subjects.
Secondary education	Higher/ senior secondary education	▸ Senior secondary education comprises two years of higher secondary education, which starts at approximately 16 years and ends at the 17th year of the child. At the senior secondary level, a student can choose particular subjects/vocations (keeping requirement of boards and preferences in view).

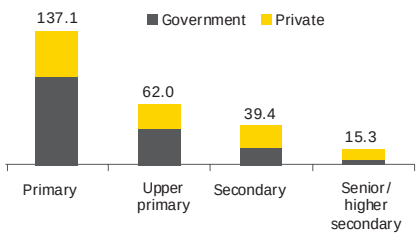
Source: Concepts and Terms in Educational Planning- A Guidebook,- National Institute of Educational Planning and Administration, July 2003

Both the number of schools and student enrolment decline drastically as the level increases

Number of schools: by level and management ('000)

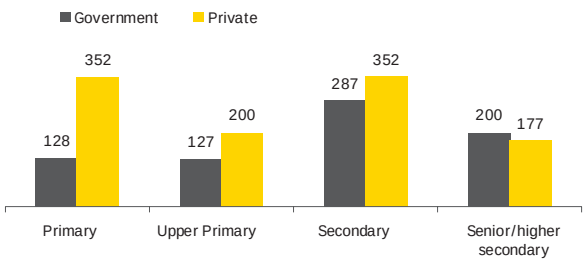


Enrolment: by level and management (million)



- Primary Schools constitute 57% of all schools; upper primary schools form 10%; primary with upper primary form 19% while secondary/ higher secondary form 14%.
- 137 million students enrolled in primary level constitute 54% of all students enrolled in K-12 schools.
- Although the share of all secondary/higher secondary schools is only 14%, the share of enrolment is much higher at 22%.
- Overall, utilization in private schools is higher, more so at the primary and secondary level as compared to the government schools.

Number of students per school: by level and management



*NOTE: All Primary, Upper primary data taken from DISE 2011-12, all secondary and senior secondary data taken from SEMIS 2010-11 (includes unrecognized schools).

Source: DISE Statistics 2011-12 from Report "Elementary Education in India: Flash Statistics 2011" by NUEPA; SEMIS Flash Statistics 2010-11

Segmentation by board of affiliation

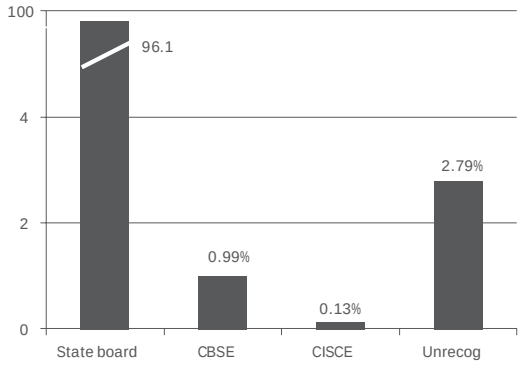
K-12 schools are regulated by multiple boards of affiliation at the national and international level

	Boards (Administrative set-up)	About
National boards	Central Board of Secondary Education	▸ Under the purview of MHRD, CBSE gives affiliations to both public and private schools. It conducts AISSCE for Class X / XII and AIEEE and AIPMT for admission to UG courses in engineering and medicine.
	Council for Indian School Certificate Examinations	▸ CISCE is a private, non- governmental board of school education in India. It conducts the ICSE and ISC examinations in India.
	State boards	▸ Every state in India has it's own apex organization for secondary and senior secondary education which regulates and supervises the schools in that state. A portion of the curriculum focuses on imparting knowledge about the state.
	National Institute of Open Schooling	▸ NIOS is providing a number of vocational, life enrichment and community oriented courses besides general and academic courses at secondary and senior secondary level through Open and Distance Learning (ODL) to prioritized target groups for equity and social justice.
International boards	International Baccalaureate organization	▸ IBO is an international, non-governmental organization founded under the Swiss law. IB World Schools in India offer three IB programs- primary years program (PYP), middle years program (MYP) and IB Diploma program (IBDP).
	Other International Boards	Boards in England, Wales, Scotland and Northern Island include ▸ CIE (University of Cambridge International Examinations); ▸ Edexcel (Pearson Edexcel as of April 2013); ▸ Others include CCEA, ICAAE, OCR, WJEC, SQA and AQA Boards in the US and Canada: ▸ National School Boards Association is a non-profit educational organization operating as a federation of state associations of school boards across the US. ▸ Canadian School Boards Association members represent more than 250 school boards serving more than three million elementary and secondary schools students across Canada.

Source: MHRD, IB, Examination Boards in the UK, CBSE, ICSE, CBSA, NSBA, NOS websites

96% of K-12 schools in India are affiliated to state boards, 1% to CBSE, 0.1% to CISCE and 2% are unrecognized

Percentage of affiliated schools in India*



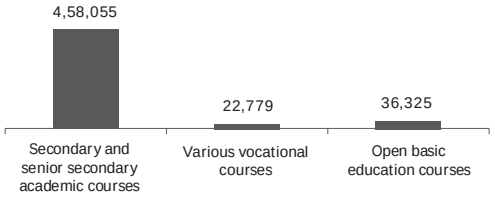
- There are 34 boards of secondary and senior secondary education in India (including CBSE, ICSE). Out of the 1.46 million K-12 schools in India, 1.41 million schools are affiliated to the state boards of secondary education.
- There are 14,169 CBSE schools is India. CBSE is a self-financing body which meets the recurring and non-recurring expenditure without any grant-in-aid either from the Central Government or from any other source. All the financial requirements of the Board are met from annual examination charges, affiliation fee, admission fee etc.
- The Council for the Indian School Certificate Examination (CISCE) conducts two examinations in India: the Indian Certificate of Secondary Education (ICSE) for K-10 or Class X and the Indian School Certificate (ISC) for K-12 or those completing Class XII. There are 1,900 schools in India affiliated to the CISCE.
- The oldest state board is the U.P. Board of High School & Intermediate Education established in 1922 as an autonomous body under the Dept. of Education.
- Uttar Pradesh has the highest number of State board schools (16%) followed by Madhya Pradesh (11%), Rajasthan (7%), Andhra Pradesh and Maharashtra (7% each).

*NOTE: The total number of state board schools per state is derived by subtracting the CBSE, ICSE schools from the total number of schools tracked in SES by MHRD.

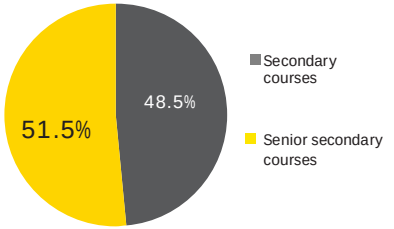
Source: CBSE Website, ICSE Website, SES 2010-11 from MHRD

NIOS is catering to the need of students who cannot attend formal school

Learners enrolment: 2010-11



NIOS learners in secondary and senior secondary courses 2010-11



- NIOS started from a small project of the CBSE for out-of-school population and second-chance learners, it has now been hailed as a mega open school with cumulative enrolment of 1.5million students from 2004-09.
- The Institute develops curriculum, prepares its own self learning material, produces its own audio/video material and multi-media packages for the learners registered with it. It accredits conventional schools and agencies to provide student support services to its enrolled learners.
- The Institute conducts research in Open schooling as well as training and capacity building of Open and Distance Learning functionaries.

Partnering Agencies with NIOS	Number of Agencies
Accredited Institutions (AIs)	2,399
Specially Accredited Institutions for the Education of Disadvantaged (SAIEDs)	82
Accredited Vocational Institutions	1,358
Accredited Agencies (AAs)	357
Organizations working for minorities	77
Accredited Agencies work solely for the Hunar project	1,542

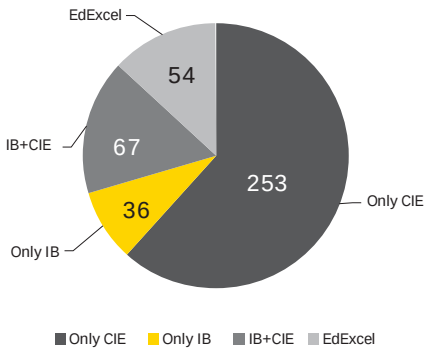
Source: NOS website, NIOS Annual Report 2010-11

In addition to the Indian boards, a large number of schools across India are tying up with International Boards...

There are more than 400 international schools in India

- From these, 103 schools offer either one or more of the three IB programs:
  - IB consists of Primary Years Program (3-12), Middle Years Program (11-16) and Diploma Program (16-19). 44 schools offer PYP, 11 offer MYP and 91 schools offer IBDP in India.
- Currently, more than 300 schools in India are affiliated to the University of Cambridge Local Examinations Syndicate- UCLES (CIE).
  - In India, CIE provides globally recognized qualifications for 5-19 year olds that include Cambridge O Level, Cambridge International AS and A Level and Cambridge IGCSE.
- More than 50 schools are affiliated to EdExcel (Pearson). EdExcel offers the following programs:
  - Edexcel International Primary Curriculum (for ages 8-11); Edexcel International Lower Secondary Curriculum (for ages 12-14); Edexcel ALAN - Literacy and Numeracy: Levels 1 and 2 (for ages 13+); Edexcel International GCSE(for ages 14-16); Edexcel GCSE (for ages 14-16); Edexcel GCE AS and A level (for ages 16-19); Edexcel International Advanced Levels (for ages 16-19); Edexcel International Diploma (for ages 16-19).
- More than 95% of the international schools offer a dual curriculum (international and a national curriculum like CBSE, ICSE or State board).

Number of international schools



Source: NOS website, NIOS Annual Report 2010-11

... because international boards offer a more comprehensive, flexible and application-based curriculum/syllabi

Affiliation and accreditation

S.no.	Boards	Inspection	
		One time	Continous
1	CISCE	N	Y
2	CBSE	Y	N
3	Delhi Board	Y	N
4	IBO	N	Y

- Currently, according to QCI, there is no system of accreditation of schools by any governing body. National Accreditation Board for Education and Training (NABET) along with QCI has developed "Accreditation Standard for Quality School Governance", which has been adopted by NDMC and KV schools. Nationally, there are two examining bodies, CBSE and CISCE and internationally there are various boards such as the IBO. Inspection by each of these boards is either one-time or continuous.

Designing curriculum and syllabus of different boards

S.no.	Boards	Committee on Curriculum	Resources	Remarks
1	CISCE	Has its committee on Curriculum and syllabus	Research, Development and Consultancy Division	Revises curriculum and syllabus as per the felt need
2	CBSE	Has its committee on Curriculum and Syllabus	NCERT (Draws members from different fields and prepares National Curriculum Framework)	Though it has its own committee on curriculum it mainly uses the resources of NCERT
3	Delhi Board	Merged with CBSE	CBSE, NCERT, Delhi Textbook Bureau and SCERT, Delhi	Delhi Government's education system is under the Education Directorate, Delhi
4	IBO	As its committee on Curriculum and Syllabus	Has a separate Research wing which prepares curriculum	Evolving fresh in curriculum and syllabus is a continuous process

- CBSE/ state government school- the philosophy behind designing the curriculum is to provide a flexible and competitive examination-oriented curriculum that is accessible to all students.
- Philosophy of designing curriculum by ICSE is to provide an extensive, flexible and competitive examination oriented curriculum, ICSE and CBSE syllabi are designed to promote thinking among children, going by the way examination questions are framed.
- IB provides comprehensive and flexible curriculum to encourage international awareness with emphasis on skills, attitudes, knowledge and understanding needed to participate in a global society. IB is a new alternative in the modern education system, where medium of instruction is English and there is an option of global languages. It is easy for students aspiring to go abroad for higher studies to choose an international board as it is globally recognized.

Source: Handbook for CBSE-i, Central Board of Secondary Education, http://mycbseguide.com/blog/what-is-cce-in-cbse-schools/, September 2010; http://www.nextbigwhat.com/cce-compliance-software-for-cbse-schools-297/, August 2012

Access and quality are two key challenges plaguing K-12 education in India

The challenge of access is one of increasing drop out rates and out of school children.

- This is because a large group of out of school children are from disadvantaged groups such as poor children, girls, children from Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Class (OBC) and other minority groups.
- These children have inadequate access and access to poor quality education due to large variations that exist across different states, geographical areas, and social categories such as gender, caste and ethnicity.
- Many children drop out of school due to reasons such as remoteness of habitations with less access to schools in rural areas, poverty, gender disparities, malnutrition, etc.

Access

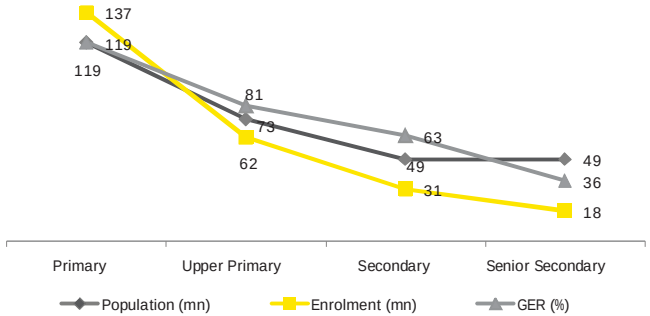
Quality

The quality of provision in some schools in India is weak.

- Many schools have inadequate infrastructure, facilities and resources such as non- availability of clean drinking water, separate toilet for girls etc.
- Many teachers are untrained or undertrained and some of the curricula seen as irrelevant. There is no separate learning spaces for each class, lack of child-centred teaching-learning practices, high PTR.
- Many children learn little and are at risk of being silently excluded from the schooling process.

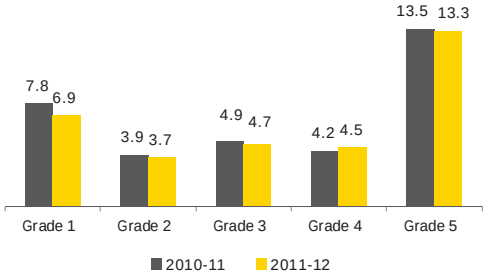
In terms of access, low enrolment across senior classes remain a key challenge in the K-12 education system

Education statistics for elementary and secondary education in 2012



- Gross enrolment ratio significantly low in secondary and senior secondary levels due to children dropping out after Grade 8.
- The annual drop-out rate at Grade 5 was at 13.3% in 2011-12, this is more of a transition and access issue. These are students who fail to extend their education into the upper primary level perhaps because schools are much further away from their home.

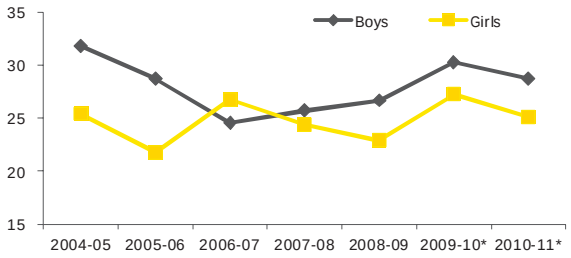
Grade-wise annual drop-out rate (primary)



Source: School Education and Literacy in the 12th Plan- Planning commission Report March 2013, SES of various years, MHRD; Eighteenth Joint Review Mission 17th to 24th June 2013 Final Aide Memoire, SSA

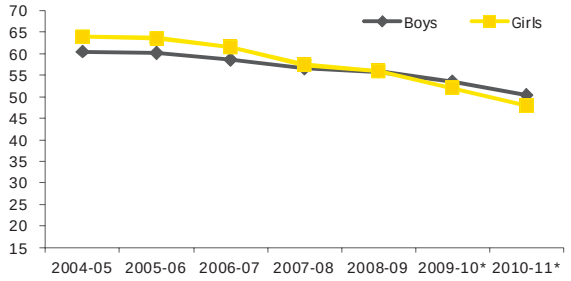
Over the years, the dropout rate of girls at primary and secondary level has increased in comparison to that of boys

Drop-out rates at primary schools in India (2004-2005 to 2010-2011)



- Drop-out rate starts increasing from the elementary level and is highest at the secondary level (primary (27%), elementary (40.6%) and secondary (49.3%) in 2010-11*).
- The increase in drop-out rate takes place mostly after Grade 8 and 10 after the exams. According to the Right to Education Act, children cannot be failed before Grade 8. Afterward, children find it difficult to cope and therefore, leave school.

Drop-out rates at secondary schools in India (2004-2005 to 2010-2011)

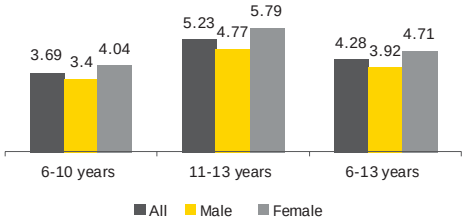


Note: Total dropout during a course (stage) has been taken as percent of Intake in the first year of the course (stage), Primary, Middle and Secondary stages consist of classes I-V, I-VIII, IX, respectively. *: Data are Provisional.

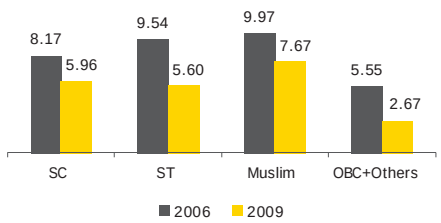
Source: MHRD, Rajya Sabha Unstarred Question No. 867, dated on 30.11.2012. accessed in "Gender Issues and Dropout Rates in India: Major Barrier in Providing Education for All" by Nithiya Amirtham S & Saidalavi Kundupuzhakkal, Educationia Confab ISSN: 2320-009X, Vol. 2, No. 4, April 2013,

The population of Out-of-School children is significantly high in certain social groups and rural areas

% Out-of-School children: by age and gender

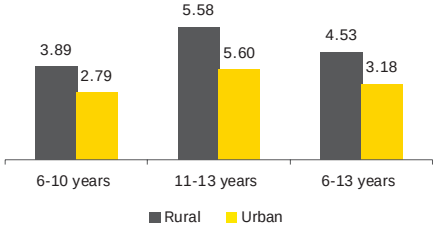


% Out-of-School children: by social group

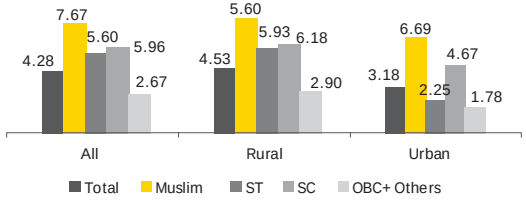


- There was a significant increase in the number of OoSC (ST) which reduced from 9.5% of the ST population (17.3 million in 2005) to 5.6% of the ST population (19 million in 2009).
- The proportion of OoSC (Muslim) remained high among the social groups
- Proportion of girls who were out of school was higher than that of boys. 5.79% of the girls (1.8 million) and 4.77% of the boys (1.9 million) in the 11-13 years age group were out of school.

% Out-of-School children: by age and locality



% Out-of-School children: by social group and locality



- Across both localities, the estimated percentage of OoSC was relatively high in rural areas as compared to urban areas. At an aggregate level for the age group of 6-13 years, the estimated percentage of OoSC in rural areas was 4.53% (7 million) as compared to urban areas where it was 3.18% (1.1 million).
- Overall, 5.6% (ST), 5.9% (SC), 7.6% (Muslim) and 2.6% (OBC+ Others) of the respective groups population were OoSC.

Source: All India Survey Report of Out of School Children- IMRB- MHRD- EDCIL, 2009; (Population- 19.0cr all children 6-13 years, 15.5cr rural, 3.5 urban, aged 6-10 is 11.7cr, aged 11-13 is 7.2cr, 1.9cr ST, 3.8cr SC, 2.4 Muslim, 10.8cr OBC+Others)

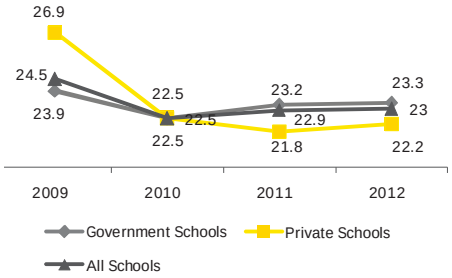
Low learning levels pose serious questions over the quality of education; school children are opting for paid supplemental help

All-India (rural): reading level of children in different grades (%)

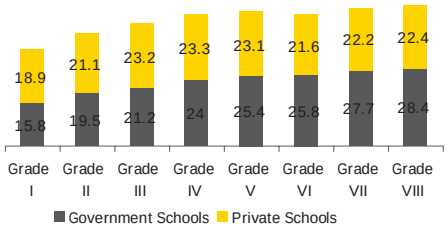
Grade	Nothing	Letter	Word	Level 1 (Grade I text)	Level 2 (Grade II text)
1	43.5	37.6	12.0	3.8	3.3
2	20.3	35.9	22.8	10.9	10.1
3	11.9	26.2	23.2	17.2	21.4
4	7.0	17.6	19.9	20.9	34.7
5	4.6	12.0	15.3	21.4	46.8

- In Grade 3, 11.9% children cannot even read letters, 26.2% can read letters but not words, 23.2% can read words but not Grade 1 text or higher, 17.2% can read Grade 1 text but not Grade 2 level text, and only 21.4% can read Grade 2 level text.

% children (Grade 1-8) attending paid tuition classes: rural India by school type in 2012



% children taking paid tuition classes: rural India by class and school type in 2011

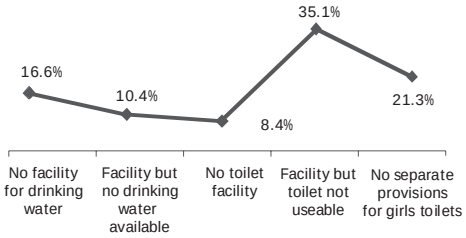


- Poor teaching- learning processes also lead to many children not attending school and opting for tuitions.
- Percentage of government school children taking paid tuition increases from 15.8% among Grade 1 students to 28.4% among Grade 8 students.

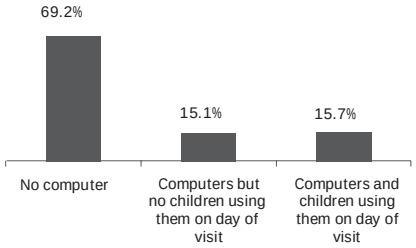
Source: Every Child in School and Learning Well in India- Rukmini Banerji and Wilima Wadhwa, India Infrastructure Report 2012, ASER 2012 (Number of rural schools surveyed=14,591)

Lack of adequate infrastructure, poor facilities and shortage of quality resources are the factors impacting quality of education

% all India rural schools in 2012

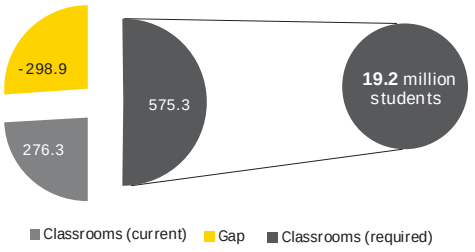


% all India rural schools in 2011

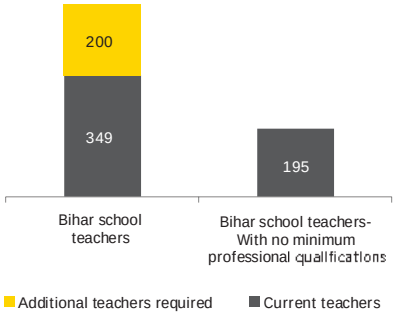


- All India rural study done by Pratham shows that basic amenities such as drinking water, toilet facility and provision of separate girls' toilet is still a challenge.
- Large number of schools still do not have computers and even if they do, not many children use them.

Bihar schools' classrooms: current vs. required in 2013 ('000)



Bihar school teachers in 2013 ('000)

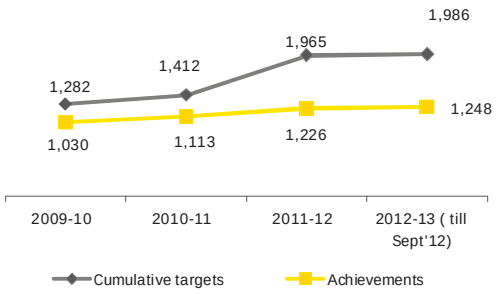


- Example of Bihar - The state has 19.2 million students (Grade 1 to 8) and requires 575,000 classrooms for it's 70,000 schools but only 276,000 are currently in place leading to a gap of 298,000 classrooms. 200,000 additional teachers are required and among the current 349,000 teachers, many do not possess minimum professional qualifications.

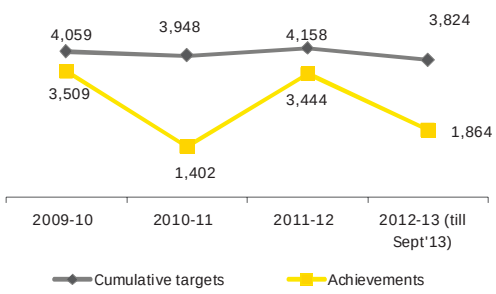
Source: ASER 2012 (Number of rural schools surveyed=14,591 in 2012 and 14, 373 in 2011), Education Report Card, 2011; Education infrastructure vs quality–Bihar's battle within on Livemint, August 8, 2013

Additionally, high teacher vacancies, lack of training and high pupil-teacher ratio are various factors affecting the quality of delivery

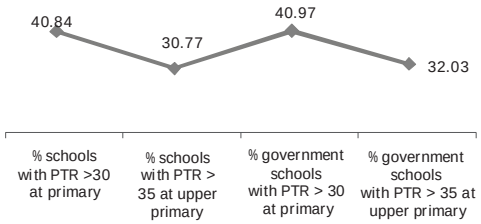
SSA outcome: teacher appointment ('000)



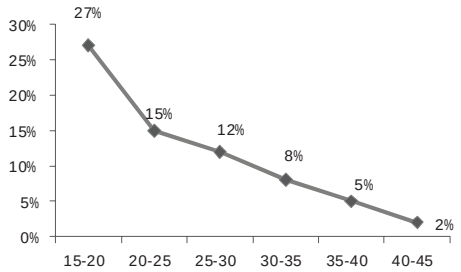
SSA outcome: teacher training ('000)



PTR at primary and upper primary levels: all India in 2011-12



% of schools achieving learning and PTR (Karnataka)



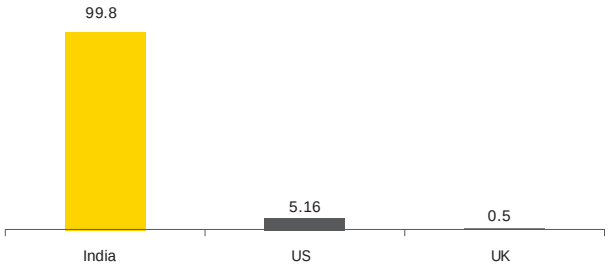
- According to an independent study done by the Azim Premji Foundation of 1,887 schools in North Karnataka, 61,709 children from 766 lower primary schools were assessed for learning levels.
- Schools in which the PTR was between 15 and 20, showed the best learning levels. Performance dropped sharply as the PTR increased, particularly from 30 upward.
- Only 8% of all the schools qualified under the learning criteria. Less than 2% of schools with PTR > 40:1 qualified. Though the average PTR was 35:1, more than 28 % schools had a PTR in excess of 40.

Source: Outcome Budget 2012-2013, MHRD, DISE Flash Statistics 2011-12; The Criticality of Pupil Teacher Ratio by Azim Premji Foundation, September 2010

Contribution and role of the private sector in K-12

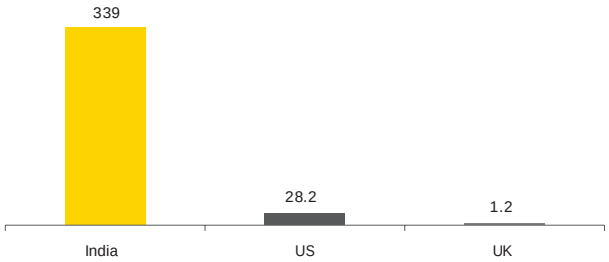
Private sector has played a significant role in K-12 education system in India in comparison to its contribution to the US or the UK

Number of students enrolled in private schools (million)



- India has a high degree of privatization in the K-12 universe as compared to other geographies such as the US or the UK.
- India has ~100 million students enrolled as compared to the US or the UK that have 5.1million and 504,000 private school students respectively.

Number of private schools ('000)

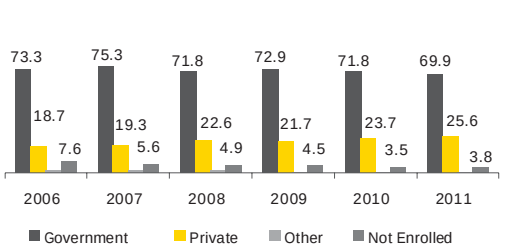


- India has ~339,000 private schools* as compared to 28,000 private schools in the US or 1,200 independent schools in the UK.

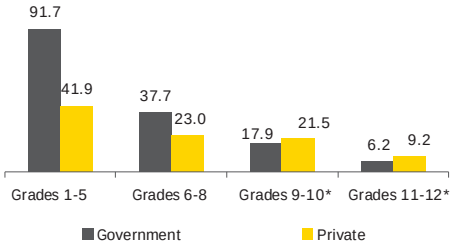
Source: SES 2010-11, MHRD; Center for Education Reform USA- Digest of Education Statistics: 2010-11, Annual Census ISC UK, 2011-12, excludes unrecognized schools

In terms of enrolment, private sector dominates in senior classes, while public sector has contributed to an increased number in primary classes

% children enrolled and not enrolled: rural India age 6-14 yrs

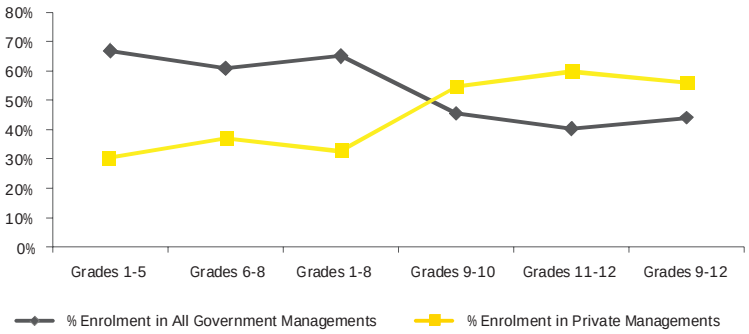


Enrolment all India K-12: by level and management in 2011 (million)



- Evidence of increasing enrolment in private schools in rural India- from 18.7% in 2006 to 25.6% in 2011 and declining enrolment in government schools.
- This can be attributed to perceived low quality in government schools as compared to private schools.
- Private schools enrolment share in rural India has now increased to 28.3% in 2012.

% enrolment all India K-12 schools in 2011: by level and management



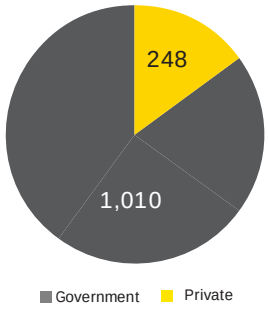
- The share of private schools enrolment at the primary level is 30.6% and 37.1% in upper primary levels. Secondary education accounts for 54.4% in the junior secondary level and 60.3% in the senior/ higher secondary level.
- Interestingly, the share of private schools enrolment at the secondary and senior secondary level is almost double that of the primary level.

** Data from 2010-11 SEMIS*
*Source: DISE 2011-12, *SEMIS 2010-11; SES of various years from MHRD; Every Child in School and Learning Well in India- Rukmini Banerji and Wilima Wadhwa, India Infrastructure Report 2012, ASER 2012 (number of rural schools surveyed= 14,591)*

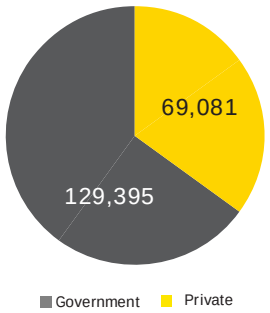
Average number of students per school in private schools is also significantly high at both elementary and secondary levels

Elementary education

Number of schools ('000)



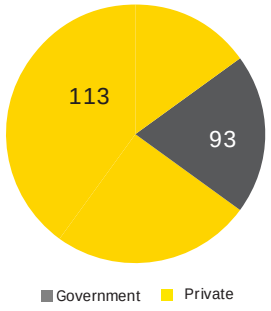
Student enrolment ('000)



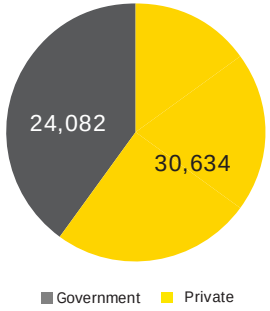
- 129 million students study in 1 million government schools at the elementary level making the average enrolment per school at 128 students.
- In comparison, 69 million students study in 247,843 private schools at the elementary level making the average number of students per school at 280.

Secondary education

Number of schools ('000)



Student enrolment ('000)

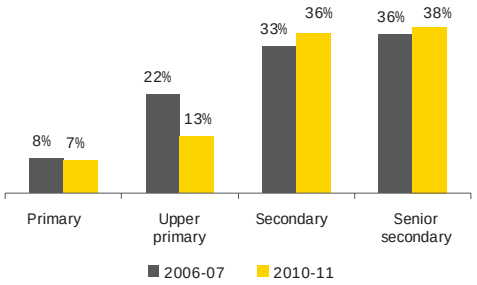


- 24 million students study in 93,156 government schools at the secondary level making the average enrolment per school at 260 students.
- In comparison, 30.6 million students study in 113,327 private schools at the secondary level making the average number of students per school at 270.

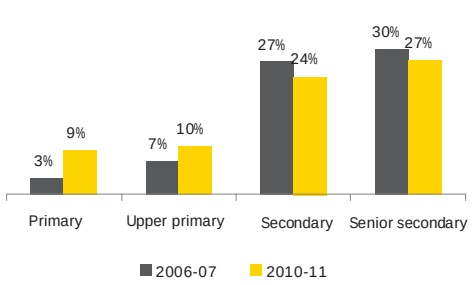
Source: DISE 2011-12, SEMIS 2010-11; SES- MHRD, Number of schools and students got by combining DISE and SEMIS data, includes unrecognized schools

On the infrastructure front, private sector has been contributing to a significant share of schools in the secondary level of the Indian K-12 system...

% of private unaided institutions to total (2006-07 and 2010-11)

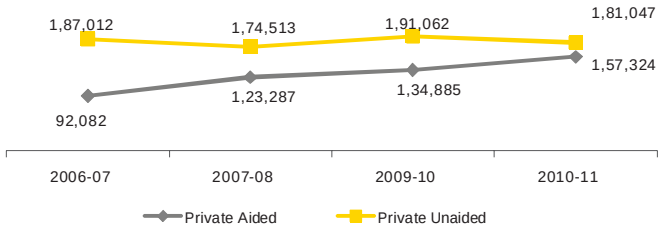


% of private aided institutions to total (2006-07 and 2010-11)



- Historically, private schools have grown specially in the secondary and senior secondary levels.
- Share of private unaided institutions has grown more than the private aided institutions since 2006-07.

Growth in total private K-12 schools from 2007-11

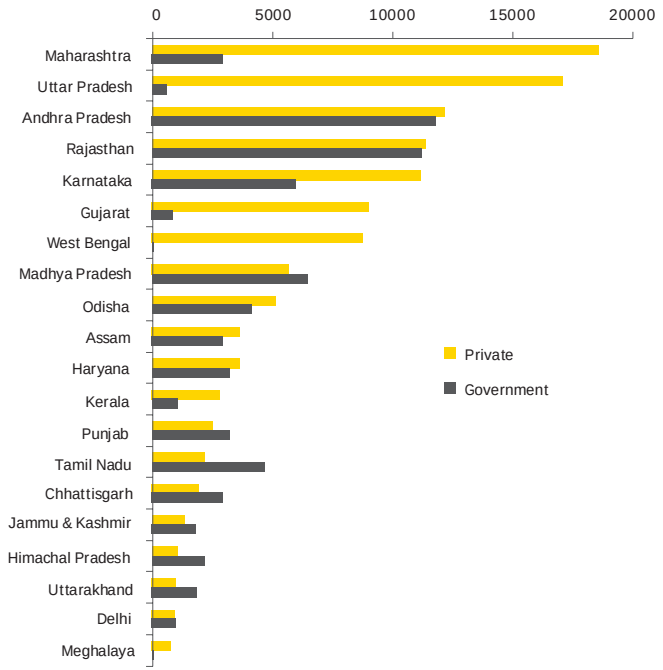


- India has more than 339,000 private K-12 schools and it has been growing in the last five years at a CAGR 4%
- Comparatively, government schools have been growing at a CAGR of 1.5% since 2006-07.
- Private schools in the secondary levels are expected to expand significantly in the coming years .

Source: Statistics of school education from 2006 till 2010-11 from MHRD

...with some states such as Maharashtra, Uttar Pradesh, Andhra Pradesh, Karnataka, Gujarat and West Bengal heavily dominated by private sector

Number of secondary and higher secondary schools*



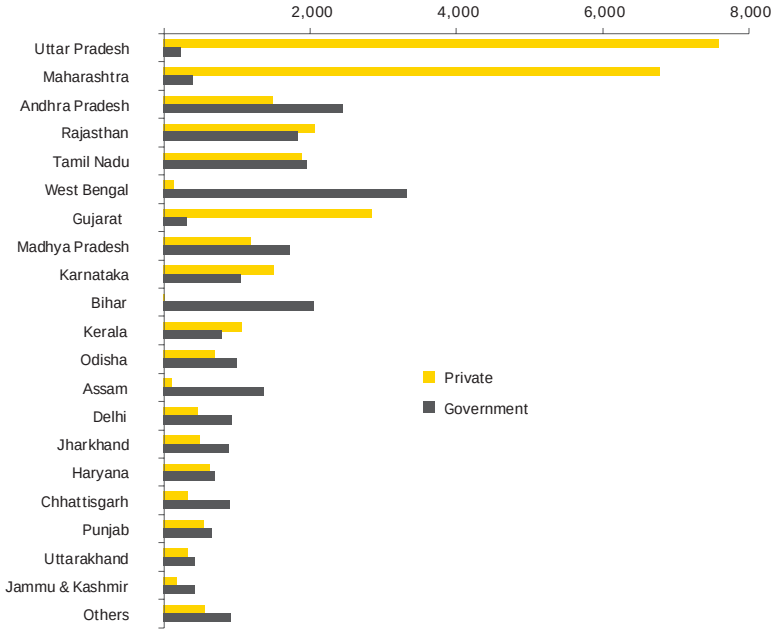
- It is evident from the fact that, at the sub-national level, the proportion of private schools in the total schools at the secondary stage widely varies between 96.8% in Uttar Pradesh and 10.9% in Bihar.
- The private sector plays a significant role in providing access, particularly in some of the economically backward states such as Manipur (64%), Nagaland (66%), Meghalaya (95%).

* Top 20 states in India based on number of total secondary schools

Source: SES 2010-11, MHRD

Private schools enrolment in the top 20 states account for nearly 55% share of enrolment at the secondary/higher secondary level

Enrolment in secondary and higher secondary schools ('000)

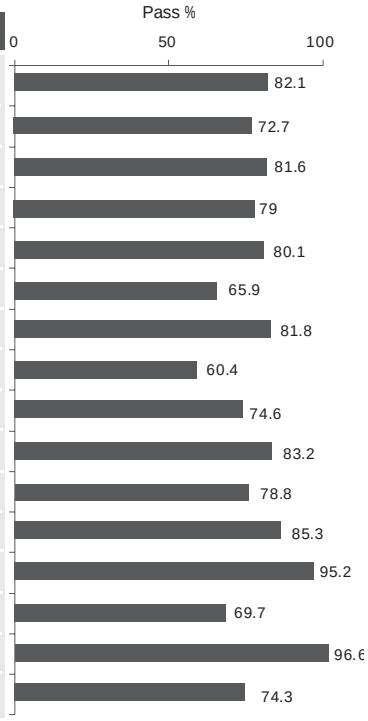


- Enrolment at 54 million at the secondary and higher secondary levels.
- Enrolment highest in states such as Uttar Pradesh, Maharashtra and Andhra Pradesh.
- High enrolment can be attributed to a significant share of private schools in these states.

Source: SEMIS 2010-11

Quality of education in private schools is better; an indication of the fact is that the states with higher % of private schools witnessed a high pass % at secondary level

Appeared	%PvtInst#	Board	Pass %
1,387,609	86%	Maharashtra Stare board of...	82.1
3,059,031	100%	UP Board of High School &...	72.7
1,062,812	44%	Board of Sec. Education, Andhra...	81.6
849,956	46%	Board of Sec. Education, Rajasthan	79
837,748	65%	Karnataka Secondary Education...	80.1
736,977	91%	Gujarat Secondary & Higher...	65.9
844,951	100%	West Bengal Board of Secondary...	81.8
736,508	41%	Board of Sec. Education, Madhya...	60.4
368,218	49%	Board of Sec. Education, Orissa	74.6
324,516	54%	Board of School Education Haryana	83.2
310,285	43%	Punjab School Education Board	78.8
861,467	28%	Tamilnadu State board of School...	85.3
864,351	64%	Central Board of Secondary	95.2
815,759	13%	Bihar School Education Board	69.7
450,000	87%	Kerala Board of Public Examination	96.6
1,580,186	48%	Others	74.3



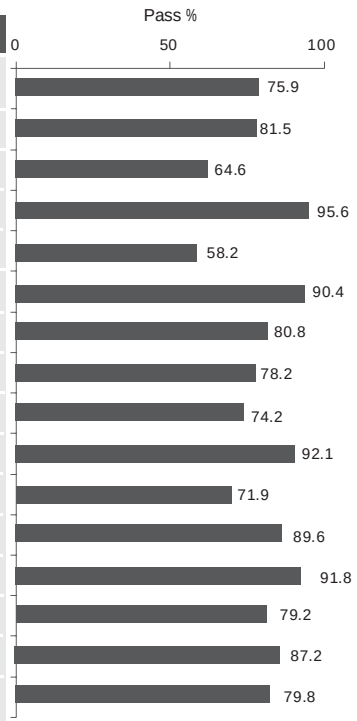
- Highest number of students who passed at secondary level is from states which have a considerable number of private schools (as shown on Page 30).
- States such as Maharashtra, UP, West Bengal, Kerala have a higher number of private secondary schools than public schools.
- States such as Madhya Pradesh and Bihar, which have higher number of public schools, have comparatively low pass percentages at secondary level.

Number of private institutions at secondary level in that State

Source: Exam Results 2010, MHRD

Additionally, at the higher secondary level, performing students are from boards that have more number of private schools affiliated to it

Appeared	%PvtInst#	Board	Pass %
1,219,388	89%	Maharashtra Stare board of...	75.9
1,331,429	94%	UP Board of High School &...	81.5
604,014	75%	Board of Intermediate. Education, Andhra...	64.6
527,078	59%	Board of Sec. Education, Rajasthan	95.6
464,901	67%	Department of Pre-Uni Edu Karnataka	58.2
426,579	92%	Gujarat Secondary & Higher...	90.4
420,372	99%	West Bengal Council of Higher...	80.8
381,504	54%	Board of Sec. Education, Madhya...	78.2
196,936	NA	Council of Higher Sec. Education, Orissa	74.2
238,824	52%	Board of School Education Haryana	92.1
209,524	44%	Punjab School Education Board	71.9
696,667	35%	Tamilnadu State board of School...	89.6
637,865	8%	Bihar Intermediate Education Council	91.8
277,003	62%	Kerala Board of Higher Secondary	79.2
682,607	64%	Central Board of Secondary	87.2
942,433	50%	Others	79.8



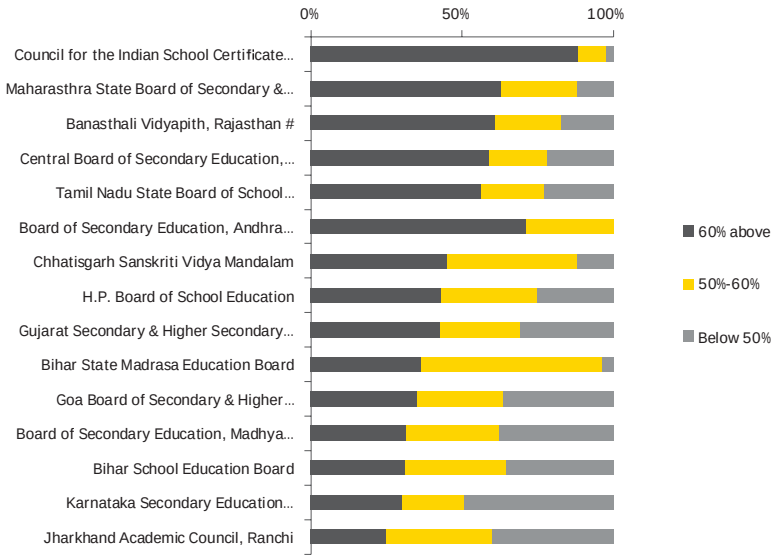
- At the higher secondary level, states such as Uttar Pradesh, Rajasthan, Gujarat, West Bengal and Haryana have the highest pass percentage of students from private schools as compared to other states.

Number of private institutions at higher secondary level in that State

Source: Exam Results 2010, MHRD

High percentage of students that passed with more than 60% marks in the high school examination are from CISCE and Maharashtra state board

Top 15 boards with % students* passing with marks 60% above, 50%- 60% and below 50%



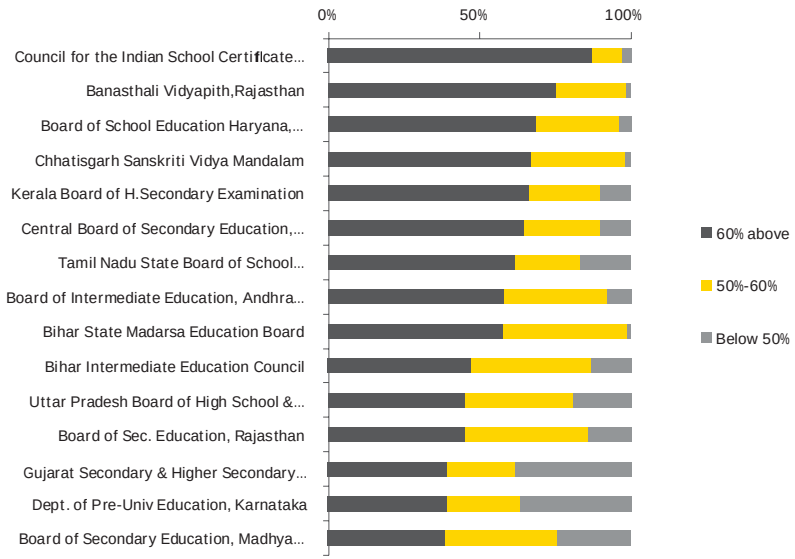
- 88.6% of total students in CISCE and 63% of students from Maharashtra state board have passed with more than 60% marks.
- 59.6% of students from Bihar state madrasa education board and 43% of students from Chattisgarh sanskriti vidya mandalam have scored between 50% and 60%.
- Karnataka has the highest percentage of students scoring below 50% in their high school examination.

*All students included: regular and private students

Source: Exam Results 2010, MHRD

High percentage of students that passed with more than 60% marks in the higher secondary school examination are from CISCE and Banasthali Vidyapith, Rajasthan

Top 15 boards with % students* passing with marks 60% above, 50%- 60% and below 50%

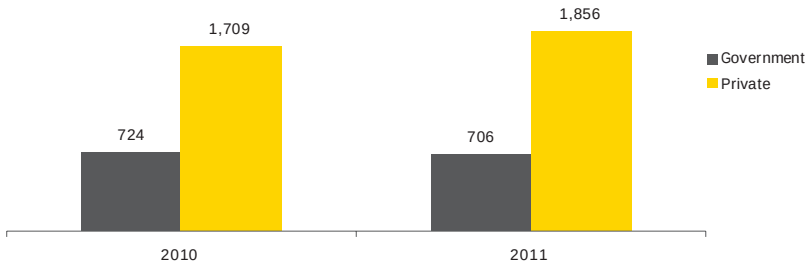


- 87.3% of total students in CISCE and 75.6% of students from Banasthali Vidyapith, Rajasthan have passed with more than 60% marks.
- 41.2% of students from Bihar state madrasa board and 39.7% of students from Bihar intermediate education council have scored between 50% and 60%.
- More than 65% of students from Jharkhand, Tripura, Assam and Nagaland have scored below 50% in their higher secondary school examination.

Source: Exam Results 2010, MHRD

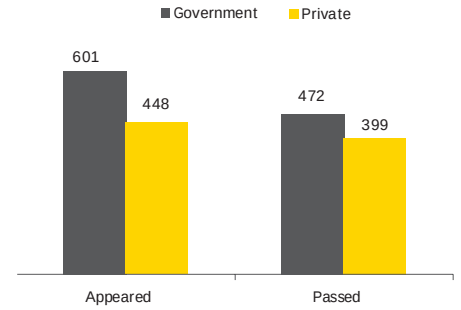
Considering Andhra Pradesh board results as an example, the schools securing 100% pass percentage are usually privately managed

Schools securing 100 % pass: by management

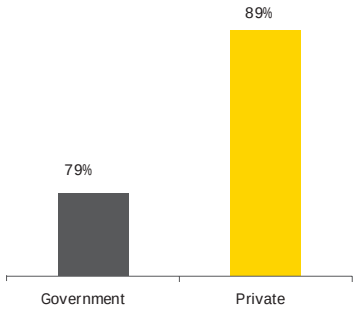


- In the SSC examination conducted by the Andhra Pradesh Board in 2011 had 1,856 private schools securing 100% as compared to 706 government schools. Among these, the least number of schools securing 100% pass were the municipal schools.

SSC March 2011: appeared/passed by management- ('000)



Pass%



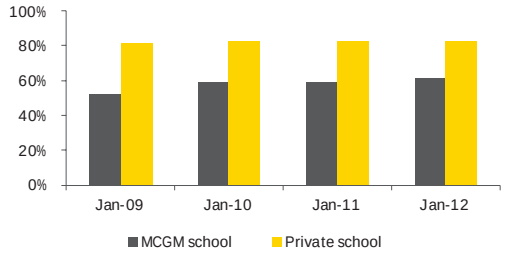
- Even though a considerable number of students from government schools appeared for the SSC examinations in 2011, the pass percentage is higher in the private schools at 89%.
- Among the government schools, APREIS secured a pass percentage of 94% and municipal schools scored the lowest pass percentage at 69%. The total pass percentage of government schools students is 79%.

Government Schools: Zilla Parishad, Municipal , APREIS- AP Residential Educational Institutions Society, APSWREIS- Andhra Pradesh Social Welfare Residential Educational Institutions Society , APTWREIS- Andhra Pradesh Tribal Welfare Residential Educational Institutions Society

Source: Statistics of SSC 2011 Results, Directorate of Govt. Examinations(A.P)

Another example is a comparison between Mumbai MCGM and private schools; clearly highlights the significant differences in learning levels and pass percentages

Comparison between MCGM and private school SSC Results (Pass %)



- The study had primarily compared four years data of SSC results in private and MCGM school. In 2009, MCGM result was 52% while in private school it was 81%. In the following years similar trend is observed. There is a difference of 20-30 percentage points between private schools and MCGM school.
- Among 59% of Grade 5-7 students in private school can read a story as compared to 49% at similar levels in MCGM schools. This shows a difference in learning levels.

Status of reading: 26,447 Municipal school students in Mumbai

Grade	None	Letter	Word	Para	Story
1-2	11%	49%	32%	6%	2%
3-4	2%	11%	41%	32%	14%
5-7	1%	3%	13%	35%	49%
Total	4%	18%	27%	26%	25%

Status of reading: 37,248 private school students in Mumbai

Grade	None	Letter	Word	Para	Story
1-2	15%	39%	36%	8%	2%
3-4	4%	9%	33%	32%	21%
5-7	1%	3%	10%	27%	59%
Total	6%	16%	24%	23%	31%

Status of Mathematics: 26,472 municipal school students in Mumbai

Grade	None	Recognition 1-100	Subtraction	Addition
1-2	18%	69%	12%	1%
3-4	3%	55%	32%	10%
5-7	1%	25%	49%	33%
Total	6%	46%	30%	17%

Status of Mathematics: 37,232 private school students in Mumbai

Grade	None	Recognition 1-100	Subtraction	Addition
1-2	11%	74%	14%	1%
3-4	1%	47%	38%	14%
5-7	0%	16%	37%	46%
Total	4%	42%	31%	23%

Source: ROUND TABLE CONFERENCE ON STATUS OF MUNICIPAL EDUCATION IN MUMBAI- A report by Praja, May 2013

Students qualified in JEE (Advanced) for IITs during the last academic year are mostly from CBSE and Andhra Pradesh Board, which are dominated by the private sector

Registered	Board	% Qualified
58,587	Central Board Of Secondary...	56.12
17,360	Andhra Pradesh Board Of...	16.98
8,738	Rajasthan Board Of Secondary...	6.6
7,596	Maharastra State Board Of...	5.81
6,338	Gujarat Secondary Education...	1.04
5,085	Bihar Intermediate Education...	1.66
4,376	U P Board Of High School And...	1.77
3,622	Council For The Indian School...	3.75
2,913	Madhya Pradesh Board Of...	2.03
1,874	Kerala Board Of Public...	0.24
1,713	Karnataka Board Of Pre...	0.74
1,490	Tamil Nadu Board Of Higher...	0.15
1,387	West Bengal Council Of Higher...	1.13
985	Odisha Council Of Higher...	0.43
825	Assam Higher Secondary...	0.26
3,860	Others	0

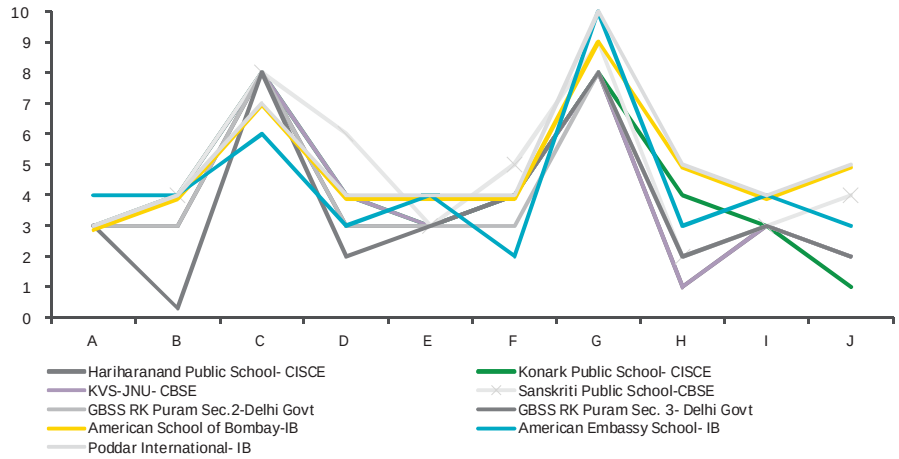
- Among 1 million students who appeared for JEE Main exam last year, 126,000 students were selected for JEE (Advanced). Out of these 126,000 lakh students, 20,834 students qualified for the final selection process.
- Among the qualified students, a majority were from CBSE and Andhra Pradesh, Rajasthan, Maharashtra and CISCE boards.

Source: MHRD

Private schools in Delhi and Mumbai rate high on quality parameters and good practices

- Some of the good practices in the school education system have been identified under the 10 common parameters. On the basis of school visits and observation, the 10 common parameters have been selected to study the good practices in the sample schools
- This study is based on a field survey, personal interview and discussion with the functionaries of different boards (CBSE, ICSE, IB and Delhi Government schools) with the help of a structured checklist and questionnaire by Quality Council of India (QCI)

School-wise status (quality rating achievements) in some good practices



- CBSE and IB schools were found to be paying attention to school safety and vigilance, maintained daily records of school activities as compared to CISCE and government schools.
- CBSE and IB schools emphasize on the use of practical and innovative method in the teaching- learning process, CISCE and government schools were focussed on completion of given syllabi in a period.
- Monitoring mechanism of learners' performance was found to be more effective and regular in CBSE, CISCE and IB schools while government schools made equal attempts in making it effective.
- School sanitation, hygiene was maintained by most CBSE, government and IB schools in comparison to CISCE schools.
- CISCE and IB schools were found to be more systematic in organizing co-curricular activities as compared to CBSE or government schools.

A- School routine (morning activities), B- School Safety vigilance activities, C- School Governance & monitoring activities, D- School health and hygiene, E- Co-curricular Activities, F- Extra curricular activities, G- School Teaching – learning process, H- School sanitation & gardening activities, I- Learners performance monitoring activities, J- School Hobby, Development Activities

Source: Final Report on Quality in School Education for Quality Council of India- New Delhi, Institute for Studies in Industrial Development

Around 130,000 additional private schools will be required by 2022 given the current trends

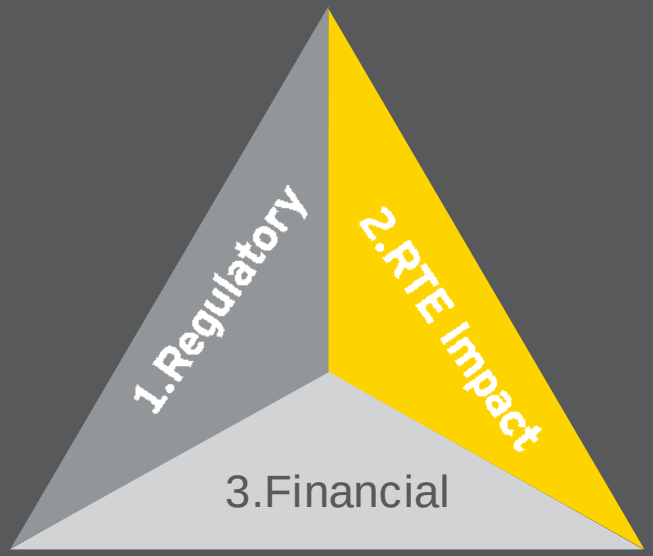
Current state	2022 state
Enrolment	
Total current enrolment 253 million students GER overall: 69.3% (Elementary: 100% Secondary: 62.7% Senior Secondary: 35.9%)	Total projected enrolment 373 million students GER overall: 95% (projected) (Elementary: 100% Secondary: 100% Senior Secondary: 80%)*
Number of schools	
Number of government schools 1.1million Enrolment in government schools 153 million Number of private schools ~339,000 Enrolment in private schools ~100 million	Total number of private schools required to meet the requirements**: 130,000

*Assuming similar growth in GER based on planning commission's projection for 2017
** Share of private schools enrolment to be 55-60% in 2022 with around 500-550 students per new school

Source: Planning commission report 2012 -17

Key challenges faced by the private sector in K-12

There are three key challenges faced by private schools in India



1

Inflexible input based norms: Regulatory requirements related to land and infrastructure makes it difficult to start a school.

Complex regulatory framework: Overlapping regulations , need for licenses and multiple approvals (e.g. State NOC requirement for CBSE / ICSE schools, RTE mandate to obtain State Regulator approval, etc.) make the process complex and time consuming.

2

Inadequate compensation by the government for 25% EWS: Compensation is calculated on a per child cost basis considering only the recurring costs and not capital costs.

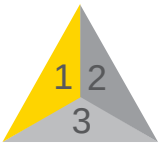
Schools facing closure: Many affordable private schools are facing closure as they are unable to adhere to RTE norms and scale given the scarcity of land; these schools had been set up many years ago in small areas where marginalized sections of the society sent their children for schooling. Closure due to non compliance forced many students to quit their schools of choice.

3

High capital cost: Unavailability of land/high land cost is a key deterrent for schools to start operations.

Inability to access equity funding: Due to high capital and operational costs in initial years, it is critical for schools to have equity funding. However, sources providing funding are almost non-existent.

High upfront cost in the initial years: Debt servicing, impact of pay commission coupled and fee restrictions by various states has made it difficult to manage operational costs in the initial years, causing schools to shut operations.



Regulators governing K-12 education are in the form of affiliating boards and each board has set up their own norms for schools

Name of affiliating body	Mandate
ICSE	Indian Certificate of Secondary Education (Grade 10)
ICS	Indian School Certificate (Grade 12)
CBSE	Central Board for Secondary Education (Grade 10-12)
State Boards	Respective Boards set-up by State Governments
IGCSE	International General Certificate of Secondary Education (age 14-16)
CIE	Cambridge International Examinations (age 14-16)
IB	International Baccalaureate

K-12 education is highly regulated at Central and state government levels in India. The regulatory framework depends on **the affiliating body.**

Central Government

- There is no apex regulator for K-12 education at the Central Government level, similar to regulators for higher education (e.g. UGC for University education; AICTE for technical education).
- K-12 education at the Central Government level is therefore regulated by the CBSE and ICSE, which are affiliating bodies.

State Government

- K-12 education at the State Government level is regulated by the State Education Departments, whose regulations are generally all-encompassing and mandate every school established within the state's boundaries to secure approvals.
- CBSE / ICSE schools are generally granted an exception from State approvals, subject to obtaining a no-objection certificate from the State Education Department.
- International schools, following an IB or CIE curriculum may need to obtain state approvals, in the absence of specific exclusions. This would vary from each state, based on the regulations.

The above mentioned regulators govern aspects such as entity format, minimum land and infrastructure, faculty-student ratios, corpus funds, admission, fee structures, etc. An overview of the norms and standards prescribed by the CBSE, ICSE and state education departments is captured in slides 44, 45 and 46.

CBSE: norms are stringent and based on inputs such as land and built up infrastructure along with necessary state approvals

- CBSE is a self-financing body that provides affiliation to schools subject to compliance with prescribed norms and standards.
- CBSE grants affiliation to schools both within and outside India under the following categories:-
  - Approval of middle class syllabus;
  - Provisional affiliation of a secondary school;
  - Upgrading/provisional affiliation of a school for senior secondary stage;
  - Regular affiliation to government schools, KVS, NVS, CTSO, etc.; and
  - Permanent affiliation.
- Key norms and standards that are prescribed are captured below:-

Aspects	Norms and standards
Entity format	▸ Registered Society. ▸ Trust. ▸ Section 25 Company [provided State Government does not have any objection and institution should use its funds only for furthering education].
State approval	▸ Applicant would need to forward the application to / secure a NOC from the state government.
Minimum land	▸ Minimum land of 2 acres (relaxed in certain cases such as 1 acre for cities with population exceeding 15 Lakhs, subject to arrangements for imparting physical and health education). ▸ Lease for a minimum period of 30 years is permitted.
Built-up infrastructure	▸ Detailed norms on built-up infrastructure have been prescribed (classrooms, laboratories, etc.)
Management	▸ The management running the school should be of non-proprietary character and its constitution should not vest control in a single individual or members of a family.
Faculty	▸ Student-teacher ratio should not exceed 30. ▸ Minimum requirement of 1.5 teachers per section.
Fees	▸ Fees should be commensurate with facilities provided by school. ▸ Fees should be charged under heads prescribed by the particular state education department for schools of different categories. ▸ No capitation fee or voluntary donations is permitted.

Source: CBSE Affiliation Bye Laws

ICSE: follows guidelines similar to CBSE that require a school to have the stipulated infrastructure and be affiliated to the CISCE board

- ICSE, a society registered under the Societies Registration Act, 1860 established in 1958 by the University of Cambridge Local Examinations Syndicate grants affiliation to K-12 schools in India.
- The key requirements prescribed by the ICSE for grant of affiliation include the following:-

Aspects	Norms and standards
Entity format	▸ Registered Society. ▸ Trust. ▸ Section 25 Company.
State approval	▸ Applicant has to obtain NOC / Certificate of Recommendation from the State.
Minimum land	▸ Minimum land of 2 acres (relaxed in certain cases such as 1 acre for cities with population exceeding 25 Lakhs, subject to arrangements for imparting physical and health education). ▸ Lease will be accepted if it is according to the law of the land.
Built-up infrastructure	▸ Detailed norms on built-up infrastructure have been prescribed (classrooms, laboratories, etc.)
Management	▸ The control over management running the school should not vest in a single individual or members of a family.
Faculty	▸ Detailed minimum qualifications for faculty has been prescribed.
Fees	▸ Fees should be commensurate with facilities provided by school. ▸ Tuition fees and other charges may be charged on a monthly, quarterly or annual basis. ▸ Other fees may be levied in accordance with the requirements of the students. ▸ No capitation fee or donations is permitted.

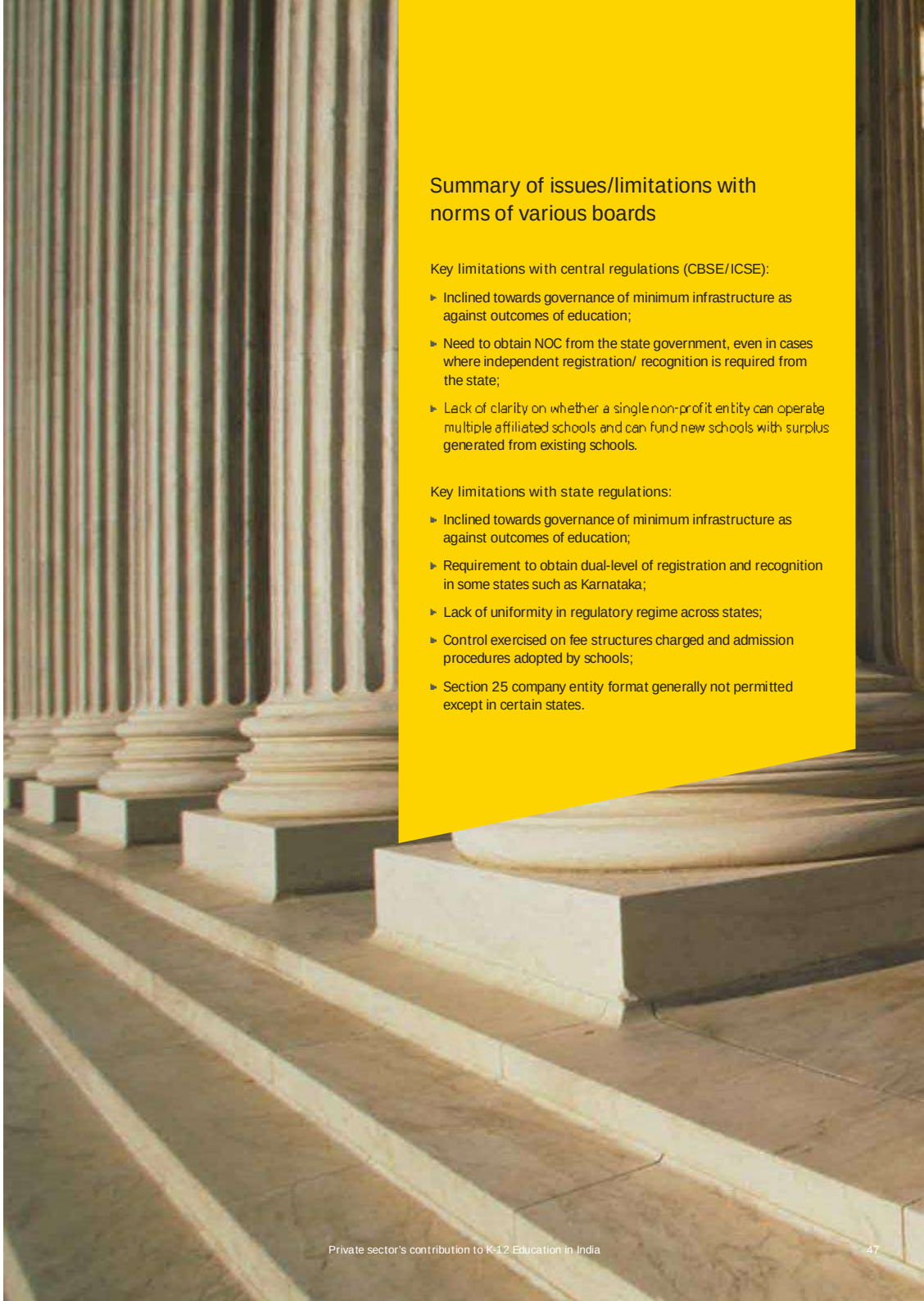
Source: Affiliation Guidelines- ICSE

State boards: individual state boards prescribe different norms for entities that are **eligible to set up schools, thereby restricting expansion of school chains**

- State governments have established education departments that govern the establishment and operation of schools in their respective States.
- Typical aspects regulated by the state governments are captured below:

Aspects	Norms and standards
Entity format	▸ Not-for-profit entity formats such as registered societies and public trusts are generally permitted. ▸ Certain states such as Haryana also permit a non-profit company.
Registration and recognition	▸ State regulations prescribe a detailed process for securing registration and subsequent recognition for the purpose of operating a school in the state (e.g. Karnataka).
Minimum land	▸ Certain states such as Haryana prescribe minimum land requirements for schools, which range from 0.5-2 acres, depending on nature of school (primary, secondary, etc.)
Built-up infrastructure	▸ Detailed minimum norms are prescribed for classrooms and other built-up infrastructure.
Admission	▸ States prescribe rules on admissions, intake and student : teacher ratios.
Fees	▸ Fee structures of schools are generally required to be either approved by the state government committees or parent teacher committees in the schools.

The CBSE/ICSE/state regulations are structured in a manner that govern academic and infrastructure inputs that schools need to develop and do not currently govern and test schools on parameters such as quality of education provided, skill sets imparted to students, etc.



Summary of issues/limitations with norms of various boards

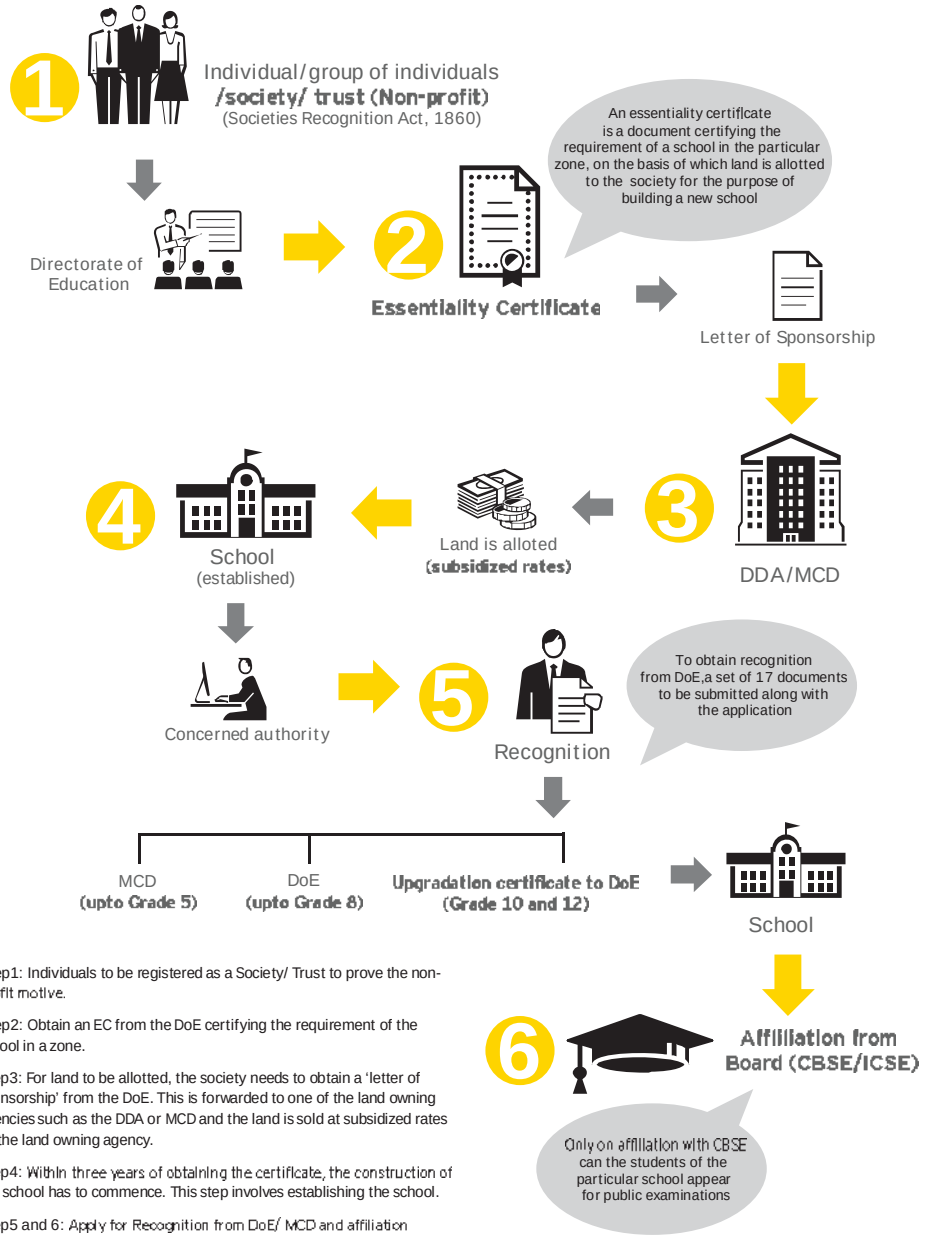
Key limitations with central regulations (CBSE/ICSE):

- Inclined towards governance of minimum infrastructure as against outcomes of education;
- Need to obtain NOC from the state government, even in cases where independent registration/ recognition is required from the state;
- Lack of clarity on whether a single non-profit entity can operate multiple affiliated schools and can fund new schools with surplus generated from existing schools.

Key limitations with state regulations:

- Inclined towards governance of minimum infrastructure as against outcomes of education;
- Requirement to obtain dual-level of registration and recognition in some states such as Karnataka;
- Lack of uniformity in regulatory regime across states;
- Control exercised on fee structures charged and admission procedures adopted by schools;
- Section 25 company entity format generally not permitted except in certain states.

For example, in Delhi, a private player needs to follow a six step process to set up and operate a school...



Step1: Individuals to be registered as a Society/ Trust to prove the non-profit motive.

Step2: Obtain an EC from the DoE certifying the requirement of the school in a zone.

Step3: For land to be allotted, the society needs to obtain a 'letter of sponsorship' from the DoE. This is forwarded to one of the land owning agencies such as the DDA or MCD and the land is sold at subsidized rates by the land owning agency.

Step4: Within three years of obtaining the certificate, the construction of the school has to commence. This step involves establishing the school.

Step5 and 6: Apply for Recognition from DoE/ MCD and affiliation with CBSE.

Source: Licenses to Open a School: It's All About Money, Mayank Wadhwa, CCS

... and need to obtain nearly **15** licenses, which clearly highlights the complexity of the regulatory system

Sr No.	Name of the License	Governing Act	Regulating authority
1	Registration Certificate of Society	Societies Recognition Act, 1860	-
2	Essentiality Certificate	Delhi Education Act, 1973	DoE
3	Certificate of Recognition	Delhi Education Act, 1973	MCD/DoE
4	Certificate of Upgradation	Delhi Education Act, 1973	DoE
5	Certificate of Affiliation	Affiliation Bye-Laws	CBSE
6	Certificate of MCD	-	MCD
7	Affidavit regarding proper purchase of land and no violation of master plan in the land used	-	MCD/DDA
8	Site Plan of the Building/Sanctioned Building Plan	-	MCD/ DDA Approved
9	Building Fitness Certificate	-	MCD
10	Health Certificate	-	MCD
11	Water Testing Report	-	Delhi Jal Board
12	Completion Certificate	-	DDA
13	Duly approved Scheme of Management	-	DoE
14	No Loan Certificate against FD issued by the bank	-	Bank
15	Land Use Permitted Certificate (in case of rented land)	-	Landlord

- In order to obtain the EC/recognition from DoE/upgrading of the school, a set of 15-17 documents are to be submitted along with the application.
- This involves a significant amount of paperwork making the procedure to open and operate a school financially expensive and time consuming.

Source: Licenses to Open a School: It's All About Money, Mayank Wadhwa, CCS

While RTE has played a crucial role in increasing enrolment and providing basic infrastructure, quality of education still has a long way to go

- The RTE was enacted in 2009 to provide free and compulsory education to all children between 6-14 years.
- Under the RTE, every child between the age of 6-14 is vested with a right to free and compulsory education till the completion of elementary education (Grade 8).
- Obligation to provide free and compulsory education under the RTE vests with both the government and the private sector, as follows.
- RTE is implemented through rules prescribed by state governments.

Government

- Central and state governments are required to establish neighborhood schools within 3 years from commencement of the RTE
- Funds required for RTE implementation are estimated to be INR 231,000 Cr. by the Expenditure Finance Committee
- Funding requirement proposed to be shared by the Central and state governments in the ratio 65:35 (90:10 in 8 North Eastern States)

Aided schools

- Free education to children admitted in the school in proportion to annual recurring aid vis-à-vis annual recurring expenditure

Unaided schools

- Free admissions to Grade 1 for at-least of 25% of students admitted, being children belonging to weaker sections & disadvantaged groups
- Schools to receive a reimbursement from the government for free education provided – reimbursement to be lower of actual amount charged from children and per-child expenditure incurred by the state government for education

- Other key conditions required to be satisfied under the RTE are as follows:-
- Schools need to obtain registration from state education regulators and comply with norms and standards.
- Schools are not permitted to subject children/parents/guardians to screening procedure.
- Schools are not permitted to hold back / expel children from school till completion of elementary education or subject them to physical punishment or mental harassment.

Source: The Right to Free and Compulsory Education Act, 2009

Inadequate compensation, late reimbursements and strict RTE input norms are forcing private affordable schools to shut down

Inadequate compensation for 25% EWS

- The compensation offered by government to private unaided schools is nowhere near to the actual costs incurred by the school on a particular student. On the other hand it is directed that the student enrolled under RTE should be offered all facilities and amenities as offered to other students. Moreover there are abnormal delays in getting paid this very marginal compensation.
- The amount reimbursed by the government for economically weaker section (EWS) students is not adequate, according to school authorities who claim they spend much more on the child's education. Many schools also claimed that they are yet to receive even the earmarked amount. According to the right to education (RTE) guidelines, the government will reimburse schools a fixed amount for each child. 25% seats are reserved for EWS students at the elementary level in every unaided, aided and private school. The government reimbursement for each child ranges anywhere between INR250 to INR1,400 and this varies across states.
- States calculate this per child reimbursement on the basis of recurring costs and do not include capital costs.

Many affordable private schools facing closure

- Given the implementation of RTE, many schools are expected to adhere to input norms such as pupil-teacher ratios, standards for buildings and infrastructure, defined school-working days, defined teacher-working hours and the appointment of appropriately trained teachers. There is no mention at all about outputs and no requirements about improving the quality of education.
- There are many budget schools in India who charge INR200-600 per month and serve as an alternative to the free government school system. Given the diversity and spread of India, there are several pockets where proper schooling infrastructure does not exist. There are several small and even tiny private schools, which are the only option for these marginalized sections of society. These schools are very basic and do not have the means to upgrade to match the requirements laid down by RTE Act.
- 933 schools have been closed in Punjab and another 219 schools are about to close. In Haryana, the court has stayed the closure of 1,292 schools. Assuming an average school size of 200 children, this works out to 500,000 children who either have no school to go to or cannot go to their school of choice.
- Press reports suggest that 529 schools have been closed in Andhra Pradesh and 30 in Tamil Nadu. In addition 6,116 schools face closure in Tamil Nadu, Delhi, Uttar Pradesh, Andhra Pradesh, Jharkhand and Maharashtra. This adds up to 1.8 million children who may be forced to quit their chosen schools.

Source: http://forbesindia.com/blog/accidental-investor/impact-of-the-rte-shutdown-of-schools/; "Compensation for poor students inadequate: Schools" published on The Statesman, April 2013

High capital and operational costs are the key challenges faced by new entrants in the K-12 segment and those wanting to scale

Challenges	Description
High capex and unavailability of prime land	▸ Cost of land has become prohibitive in prime locations and there are limited cases in which government has provided land for school development. ▸ Administratively, land procurement has been a huge challenge for most players.
Long time frame for creation of brand equity	▸ New schools take time to establish their brand, leading to low capacity utilization.
Debt servicing is a challenge	▸ Since there is low capacity utilization in the initial years and, in most cases, schools are insufficient to service debt taken for constructing the school. The only options remains in most cases is to infuse equity/ raise funds. ▸ It is a challenge to raise external equity considering the high gestation period for schools.

- In order to maintain quality and provide holistic education, schools need to invest in quality faculty, infrastructure facilities and digital technology
- Capital and operational expenses discussed above are putting a significant amount of pressure on the school management

High operational costs are the financial challenges faced by the private sector, therefore making it less feasible

Indicative operational numbers for a budget school charging INR 12,000

Number of students		1,000
Fee levels	75% students	INR12,000
	25% RTE students (assuming average 1,000 per month)	INR12,000
Average fee per student		INR12,000
Total collection through fee		INR1,20,00,000
PTR		1:30
Number of teachers		35
Total teacher salary*		INR98,70,000
Admin and staff expenses (~10%)		INR12,00,000
Other expenses (~10%)		INR12,40,000
Total expenses		INR 1,22,70,000
Operational surplus		(-)

- Budget schools face serious issues in managing costs.
- If factors such as debt servicing for land and academic infrastructure is added in, it becomes unviable to operate the school.

*As per pay commission – minimum salary assumed

Source: 'Who pays for RTE?' by CCS 2011

Several states have set up committees which determine fee levels for schools, impacting operational management of the school

State	Nature of regulation
Delhi	▸ No express mandate to obtain a prior regulatory approval for fees charged to students. ▸ Fees can only be applied to meet prescribed operating expenses of the school. There also does not appear to be any express cost exclusions in computing the fee structure. ▸ However, under Section 17(3) of the Delhi School Education Act, 1973, every private unaided school is required to submit its proposed fee structure to the Director of education. Any fees charged by a school in addition to the fee structure submitted to the Director would require a prior approval of the Director.
Maharashtra	▸ Maharashtra Educational Institutions (Regulation of Collection of Fee) Act, 2011 has been introduced to regulate fees charged by educational institutions in the state, but is not yet effective. ▸ Under the law, private schools are required to constitute an Executive Committee (comprising parent and teacher representatives), before whom proposed fee structure needs to be submitted by the school. ▸ Factors that will be considered to approve fees include the location of the school, available infrastructure and facilities accreditation status, expenditure on administration and maintenance, scholarships, etc. ▸ Committee needs to approve fee and where difference between proposed and approved fee is lower than 15%, approved fee will apply. Where disagreement on fee structure .
Tamil Nadu	▸ The state has introduced Tamil Nadu Schools (Regulation of Collection of Fee) Act, 2009, to govern fees charged by the Government, aided and private schools. ▸ Under the legislation, private unaided schools need to have their fee structures approved by a Government fee regulatory committee headed by a High Court judge, based on factors such as location of the school, available infrastructure, expenditure on administration and maintenance, reasonable surplus required for growth and development of the school, number of students, etc. ▸ The legislation has been upheld as constitutional by the Supreme Court. The High Court of Chennai has, however, recently held that schools can charge fees under other heads of income for non-education-related, non- connected with academic or curriculum activities (e.g. co-curricular activities).
Andhra Pradesh	▸ Fees to be independently fixed by the governing body of the institution after taking into consideration various expenditures being incurred for the purpose of running the operations (which includes building rent). ▸ Fees to be employed as follows: (i) 50% for faculty / staff salaries; (ii) 15% for development activities; (iii) 15% for building rent, electricity and water charges, stationery etc., (iv) 15% for contribution to staff welfare funds; and (v) 5% for personal income of management.

Source: State DoE websites

Leading practices and recommendations

Output-based regulations as an enabler

Case study: Knowledge and Human Development Authority, Dubai

Problem

Previously, there was no across-the board systematic assessment of Dubai school performance - although individual schools were at liberty to invite inspections from other sources. Without any form of measurement across schools, KHDA has recognized that it is impossible to plan and prioritize development of education.

Solution

KHDA was established under the directive of HH Sheikh Mohammed Bin Rashid Al Maktoum in 2006. Its remit was to develop all knowledge and human resources sectors in Dubai and specifically, "To improve the quality and outcomes of education on all fronts and at all ages".

Education in Dubai is now governed by the Knowledge and Human Development [KHDA] of Dubai. In order to establish a school in Dubai, an application form needs to be submitted along with an Academic Plan and a Site Plan that would serve as a guide to KHDA to evaluate the project. In order for KHDA to approve the school to be established the Academic Plan needs to achieve a minimum rating of 'good'. Review by Dubai Schools Inspection Bureau (DSIB) consists of a four- point rating system (Outstanding, good, acceptable and unsatisfactory).

The review during the inspection of the Academic Plan is done on criteria such as school grades, total instruction time is in line with international standards (minimum 25 hours per week for Grades 3-12, minimum 20 hours per week for Grades 1-2, around 190 days in a year), enough effort to attract Emirati students for admissions into the schools, clear sense of purpose for the school being established, mechanism to self-evaluate for the management in collaboration with the parents, thought and effectiveness of the curriculum being adopted along with extra-curricular activities and ability for the staff to develop and approach toward safety and security of the students.

Outcome

The approach of KHDA to the regulation of private schools, has been ground-breaking in many ways. The regulations are based on outcome and output such as schools grades and effectiveness of curriculum. Dubai is unusual in that the great majority of students attend private schools of widely different types. The KHDA inspection of private schools uses an evidence-based framework allowing robust judgements about quality across schools providing different curricula and charging different levels of fees. Inspection reports are publicly available on the KHDA website so that parents can use this to inform school choice.

Short-term leases/rental model for schools

Case study: Sri Chaitanya Educational Trust

Problem

High land costs and infrastructure costs add to high initial investment required to start a school in India

Solution

Asset light model of the business with buildings taken on lease and strong capital structure with borrowings limited to vehicle finance.

Outcome

The Sri Chaitanya group is a well established group, which provides education up to 10+2 and coaching for competitive examinations (engineering and medical entrance) at state and national level; it has had healthy growth in revenues in the last four years backed by expansion in the number of schools and thereby grown the student base and has a strong track record due to the results achieved by schools in talent search examinations.

Sri Chaitanya Educational Trust was formed in the year 2007 and operates Sri Chaitanya Techno Schools (which provide foundation education and mentoring for engineering and medicine entrance examinations apart from regular syllabus from class VI onward) in Andhra Pradesh. The trust is a part of the Sri Chaitanya group of institutions founded by Dr. Boppana Satyanarayana Rao and his wife Dr. Jhansi Lakshmi Bai in 1986. After expanding in terms of operations through junior colleges, the group entered the school education segment in 2008. SCET along with Nexgen Educational Trust (NET) operates schools under the group in Andhra Pradesh and Karnataka (in the recent past). SCET operates 38 schools and has ~40,000 students under its purview whereas NET operates 158 schools and has ~1 lakh students in 2013.

Case study: IFC-World Bank and The Ghana Schools Program

Problem

Private schools in Sub-Saharan Africa have limited access to medium and long-term capital for investments. Few local banks lend to private schools and mostly only for very short durations. The IFC Africa Schools Program, an integrated investment and advisory services program, seeks to address these constraints by encouraging local banks to provide local currency financing to private institutions for durations suitable for capital investments in education. The program helps partner banks develop education business lines. In addition, banks already familiar with the education sector can grow their education portfolios more quickly. The program consists of $50 million of risk participation facilities to cover education sector loans and an advisory services program of $5 million. The investment component supports the provision of school loans originated by partner banks.

Solution

The Ghana Schools Program, through a school financing facility with the Trust Bank Limited (TTB), Ghana, provides medium-term local currency financing and technical assistance to private K-12 and vocational schools in Ghana. IFC provides risk participation of up to GH¢66 billion (US $7 million) to TTB on loans extended to eligible private schools.

Outcome

Within the Bank Group, the World Bank and IFC work together to improve knowledge about the private sector's role in education and to help countries create policy environments and regulatory structures that align the private sector's efforts with national education goals.

Development results of all 25 schools in 2009:

- Improved access to financing for private schools in Ghana - There are currently 25 participating schools in the TTB school facility with a 74% utilization rate, which is in line with the projected results of 75% utilization rate in two years.
- Student reach – The total number of students enrolled in participant schools is more than 30,000, exceeding the expected levels of 20,000-25,000 students over two years.
- Improved Business and Management Practices of Program Schools – Participant private schools have received direct assistance in developing customized business plans to access financing and, as a group, have benefited from business and education management workshops.
- Demonstration effect – The success of and lessons learnt from the Ghana Schools Program provided the basis for the development of the Africa wide schools program that was approved by IFC's Board in 2007. Similar school programs have been launched in Kenya and Rwanda.
- Schools' staff have also attended and benefited from several training programs offered by the Ghana Schools Program focusing on Financial and Cost Management; Human Resources and Training Management and Curriculum and Learning Management; Educational Management and Information Systems; Leading the Learning School; and Best Practice – Financial Management for Schools.

Case study: Academies in the UK

Problem

With the problem of entrenched failure within English schools with low academic achievement, or schools situated in communities with few or no academic aspirations, these schools have been placed in "special measures" after an OFSTED inspection, a term denoting a school that is failing or is likely to fail to give its pupils an acceptable standard of education.

Solution

- City academies were legally created by the Learning and Skills Act 2000, which amended the section of the Education Act 1996 relating to City Technology Colleges. They were first announced in a speech by David Blunkett, then Secretary of State for Education and Skills, in 2000.
- Poorly performing schools were awarded academy status by taking over or replacing schools that were either in special measures or seen as underachieving. Academies are independent, nonselective, state-funded schools that fall outside the control of local authorities, and are managed by a private team of independent co-sponsors. The sponsors then delegate the management of the school to a largely self-appointed board of governors.

About Academies funding

Sponsors come from a wide range of backgrounds including successful schools, businesses, universities, charities and faith bodies. Sponsors are held accountable for the improving the performance of their schools. Academies receive the same level of per-pupil funding as they would receive from the local authority as a maintained school, directly from the Education Funding Agency (EFA) rather than from local authorities. In return for an investment of 10% of the academy's capital costs (up to a maximum of £2m), the sponsor is able to influence the process of establishing the school, including its curriculum, ethos, specialism and building.

Outcome

Academies are publicly-funded independent schools that provide a first-class education. They have:

- Freedom from local authority.
- Have the ability to set their own pay and conditions for staff.
- Freedoms around delivery of curriculum.
- The ability to change the lengths of terms and school days.

Academies are expected to follow a broad and balanced curriculum but with a particular focus on one or more areas. Current specialisms include- science; arts; business and enterprise; computing; engineering; Math and computing; modern foreign languages; performing arts; sport; and technology.

Although academies are required to follow the national curriculum in the core subjects of Math, English and Science, they are otherwise free to innovate, although they still participate in the same Key Stage 3 and GCSE exams as other English schools (which effectively means they teach a curriculum very similar to maintained schools, with small variations).

In terms of their governance, academies are established as companies limited by guarantee with a governing body that acts as a Trust. The governors also act as the Trust's Board of Directors .

Whilst still in the fairly early stage of development, data shows "striking" improvements in GCSE results for academies compared to their predecessors, with early results showing that "GCSE results are improving twice as fast in academies as in state schools.

Pay-as-you-learn model

Case study: Pearson's Omega Schools

Problem

Despite the increase in school attendance in Ghana, around 440,000 kids are still out-of-school (61 million globally). The UN estimates that it would cost $16 billion a year to get these out-of-school kids into school by 2015 to reach the Millennium Development Goal

Solution

Ghana's Omega Schools, a chain of low-fee private school, received financing from Pearson's Affordable Learning Fund. Currently, it has 20 schools in Ghana with 12,000 students and are adding 20 new schools to the chain. It will then add around 35 more schools every year and expand to West Africa. Omega has been successful because of the all-inclusive (no hidden fee) daily fee model as it fits well within the earning pattern of the parents who are mostly informal workers, and don't always get a regular salary. Just as "pay-as-you-go" was an instant success for the mobile phone sector, it seems to work for Omega Schools.

Outcome

Omega is a privately held chain of for-profit, low cost private schools. It was developed by entrepreneur Ken Donkoh and Professor James Tooley, pioneer in the low-cost private school field and professor of education policy at Newcastle University in the UK. Taking a 'pay as you learn' approach, Omega Schools offer a low-cost, scalable model for private education in the developing world.

Omega tries to improve the quality of and extend education to low income families at the lowest cost. With ten schools located in the Greater Accra region of Ghana serving 6,000 students, the social enterprise has developed a sustainable private school model to make education accessible for many working poor. Students have no opportunity to learn, and that is where the private sector aims to fill a gap. Private schools can extend education to the poor while government tries to produce long-term change in education.

- Being accountable to the parents on a daily basis brings the discipline into everybody –teachers and the management on their toes. Omega tracks the progress of each student using seven different tests annually. There are mid-term formative assessments per year, which ensures how well the children are receiving the curriculum – then adopt remedial teacher training to fill in the gaps. Three end-of term tests track 'progress' and an annual test compares Omega schools with government and other private schools.
- Multiple devices such as button act as a tracking device and once swiped can provide access to the students' academic records. A teacher confirms that they use the data on the button to text a student's parents how well his/her child is doing in each class. School leaders use iPads to collect data on assessments as well as student and teacher attendance. Each student has a wristband with a chip that records their daily arrival and departure.
- Omega practices peer learning. Students share ideas and learning with each other and report back to the class. Teachers work from teacher guides for each subject and lesson plans for each class. They do some lecturing but time is built in for team work and discussion. Teachers are mainly local secondary school graduates. They have three weeks of pre-service training and then workshops throughout the school year. New teachers sit with established teachers and transition to teaching over a month. Follow-up training is conducted every month for three hours and is tailored to individual needs.

Accountability and incentive based public-private education partnership

Case study: Punjab Education Foundation and Pakistan Government

Problem

Pakistan's overall education levels are among the lowest in the South Asia region. Adult literacy was 50% in 2005, the year the private school program was launched, compared with a literacy rate of 58% across the region, according to World Bank figures. Although around 95% of children start primary school on time, the completion rate is less than 70%. Student learning is also generally low. A test conducted in 2003 by the World Bank and other researchers as part of the Learning and Educational Achievement in Punjab Schools (LEAPS) study found that, by the third grade, less than 20% of students in rural Punjab could comprehend a simple paragraph in Urdu and only a few could tell time or subtract double-digit numbers.

Increasingly, low-cost private schools, especially in rural areas and poor urban neighborhoods, are an attractive option for families looking for better educational opportunities for their children. The percentage of children enrolled in private schools in Punjab province increased 36% between the 1998-1999 school year and 2004-2005.

For the Pakistani government, these low-cost private schools offered an opportunity to reach students from economically-disadvantaged families with a potentially higher quality of education by channeling some public funds for education to these schools.

Solution

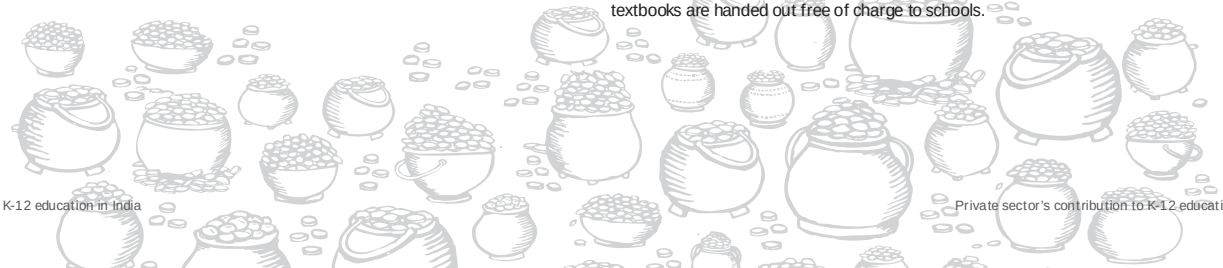
To expand access to such low-cost private schools – and promote better quality education -- the Pakistani government created a special accountability-based public-private education partnership program for the Punjab province.

The Foundation Assisted Schools program, which started as a pilot in 2005 administered by the government's Punjab Education Foundation targets low-cost private schools. Schools admitted into the program receive monthly, per-student cash subsidies. In return, schools must waive tuition for all students, which helps attract poor families, and ensure that a minimum percentage of their students pass a biannual standardized academic test, called the Quality Assurance Test (QAT). Schools that fail to reach the minimum pass rate two times in a row are dropped from the program. The monthly subsidies were initially fixed at about US$3 per student. Schools are free to use the money as they see fit. The schools must follow the national curriculum and to promote further uniformity, government textbooks are handed out free of charge to schools.

Outcome

The program began in November 2005 with 54 schools in seven districts in Punjab. The schools that joined the subsidy program in Phase 3 took their first Quality Assurance Test (QAT) test in November, 2007, about two months into the school year. For a school to meet the minimum pass rate, at least 67% of students tested needed to score 40% or more on the QAT. In the November testing round, 51% of schools failed to meet the minimum pass rate. In order to maintain the subsidies, these schools had to raise student achievement to meet the minimum pass rate in the Spring 2008 round of testing. In March- 2008, among the schools that did not meet the minimum pass rate the previous round, almost 100% passed.

As of June, 2010, when the evaluation was completed, the program covered 798,000 students in 1,779 primary, middle, and secondary private schools in 29 of Punjab's 36 districts. In 2010, the program had a budget of around US$29 million. Currently, the program covers 1 million students.



Recommendations to encourage private sector participation in K-12

Suggested measures	Recommendations
Reduce input based norms – move to outcomes based system	▸ Most K-12 regulations and central schemes are focused on inputs such as number of schools, faculty, infrastructure, etc. The Twelfth plan has now highlighted the goal of learning outcome and many regulations can now move toward an outcome based system. This will increase focus on student learning, teaching process and other key elements that will improve quality of K-12 education. ▸ Examples of Dubai and Singapore can be considered where there are output based regulations (grades, teacher's instruction time, minimum qualification for teachers, effectiveness of curricula). ▸ This will improve the performance of institutions in achieving certain objectives, such as graduation of students, academic improvement and retention of disadvantaged groups.
Allow schools on short term leases/ rental model Allow hub and spoke model Pooling of government and private resources	▸ Many states such as Andhra Pradesh and Maharashtra allow private schools to operate on a rental model or short term leases. Under this model, the infrastructure is leased, this helps them operate in areas conducive to school operations and have improved access. ▸ Allow hub and spoke model where neighborhood schools are covered in the main school's ambit therefore enabling resource pooling, accessing rural areas and maintaining consistent quality with low costs. Example: Career Launcher Education Foundation. ▸ Resource pooling of government schools also by private schools can be encouraged to ensure effective utilization of government and private resources.
Reduce land area requirements/ provide flexibility in land ownership	▸ Andhra Pradesh, Karnataka and Maharashtra have no specifications on minimum land requirement and these states have proven to produce good quality schools with high pass percentage among students. ▸ Allow two-three year time frame for setting up of schools from the time of application by a society/ trust. ▸ Provide subsidized land for schools as against current availability of institutional land/ agricultural land for commercial use.
Allow companies to set up schools across states	▸ Allow Section 25 company as a mode of entity for schools, rather than a trust/ society (Example: Haryana). A company structure on one hand allows increased flexibility for building a geographical expanse, on the other, it paves way for better governance structures and mandates disclosures according to the requirements of the Companies Act. Companies are also subject to mandatory external audit, which ensures transparency.

Recommendations to encourage private sector participation in K-12 (cont'd.)

Suggested measures	Recommendations
Allow private schools flexibility on salaries in initial years	▸ Adoption of the Sixth Central pay commission defines the salary to be paid to government school teachers and as per Section 35 of the RTE Act 2009, all private aided school teachers are to be paid at par with state government schools. ▸ Example of Twelfth Five Year Plan document on Education states, "If the minimum standards, teacher qualifications and other norms are met, the market should be allowed to determine the compensation structure of teaching and non-teaching staff in schools".
Single window clearance	▸ Apart from the multiple licenses required to open and run a school, requirement of 15-17 documents to obtain the EC/ recognition from DoE/ upgrading of the school discourages and deters new entrants from going through the process of opening a new school. ▸ The government can develop a mechanism of easing these entry barriers by doing away with multiple licensing system and having a single window clearance to encourage investment in the sector. ▸ SEZ's today enjoy the single window clearance system. This can be implemented in the education sector also.
Flexible norms for eligibility of private player	▸ Segregation of norms into desirable and non-desirable norms and have minimum achievement of these norms (50% to 75%) for the private players to open and run K-12 schools.
Regulation of fees	▸ Fee structured are currently being actively regulated in certain states, even after Supreme Court judgments that permit private unaided schools to develop their own fee structures, subject to limited controls. ▸ States could develop limited controls to ensure that independent fee structures do not lead to commercialization of education or profiteering, which is prohibited under the constitution of India.
Admissions	▸ Multiple regulations govern admissions into schools, with the inclusion and applicability of RTE. ▸ Private unaided schools should, based on Supreme Court guidelines, be permitted to develop their own admission policies, subject to limited controls exercised to ensure that the parameters are merit based, especially in practical cases where applicants far exceed school capacity.
Clarity on new school set-up	▸ There is currently lack of clarity on whether a non-profit entity such as a Trust can utilize its surplus/ savings generated from operation of a school to set-up another school, especially in states such as Delhi. ▸ Clarity on this aspect would go a long way is creating much needed education infrastructure by private groups that have demonstrated capabilities to develop institutions of quality.

About FICCI's Education Sector

The FICCI School Education Committee was constituted in 2013 and is being chaired by Mr Ashish Dhawan, CEO - Central Square Foundation(and Founder – Chrysalis) and co-chaired by Mr Prabhat Jain, Director-Pathways World School and Ms Gowri Ishwaran, Chief Executive Officer Global Education and Leadership Foundation (tGELF) and (Founder Principal of Sanskriti School, New Delhi).

The Committee works towards advocating policy changes required for private participation in education, implementation of Right to Education, scaling up teacher education and appropriate modalities for Public Private Partnerships and Assessments Framework in School Education.

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The Ernst & Young Strategic Consulting Group in Education has successfully completed numerous assignments over the last few years, covering all aspects of the Indian education sector. The firm's clients include government bodies, reputed Indian and international educational institutes, industry bodies, private equity funds as well as corporate houses interested in entering the education space.

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- Valuation and business modeling

- Growth strategy
- International expansion strategy
- Standard operating procedures
- Expatriate taxation
- Representation before Indian statutory and fiscal authorities
- Fund raising and M&A advisory

- Business process improvement
- Strategic cost management

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Glossary

GER	Gross Enrolment Ratio
MHRD	Ministry of Human Resource Development
PTR	Pupil Teacher Ratio
RTE	Right to Education
EWS	Economically Weaker Section
DISE	District Information System for Education
SEMIS	Secondary Education Management Information System
CBSE	Central Board of Secondary Education
ICSE	Indian Certificate of Secondary Education
IBO	International Baccalaureate Organization
CIE	Cambridge International Examinations
DoE	Directorate of Education
NIOS	National Institute of Open Schooling
KVS	Kendriya Vidyalaya Sangathan
NVS	Navodaya Vidyalaya Samiti
NDMC	New Delhi Municipal Council
MCD	Municipal Corporation of Delhi
AISSCE	All India Senior School Certificate Examination
AIEEE	All India Engineering Entrance Examination
AIPMT	All India Pre Medical Test
UG	Undergraduate
CISCE	Council for the Indian School Certificate Examinations
ODL	Open and Distance Learning
PYP	Primary Years Programme
MYP	Middle Years Programme
IBDP	International Baccalaureate Diploma Programme
CCEA, ICAAE, OCR, WJEC, SQA and AQA	Council for the Curriculum, Examinations & Assessment, International Curriculum and Assessment Agency Examinations, Oxford, Cambridge and RSA Examinations, Oxford, Cambridge and RSA Examinations, Scottish Qualifications Authority, Assessment and Qualifications Alliance

CCE	Continuous and comprehensive evaluation
CGPA	Cumulative Grade Point Average
QCI	Quality Council of India
SC	Scheduled Caste
ST	Scheduled Tribe
OBC	Other Backward Class
OOSC	Out of School Children
SSA	Sarva Shiksha Abhiyaan
APREIS	Andhra Pradesh Residential Educational Institutions Society
MCGM	Municipal Corporation of Greater Mumbai
SSC	Staff Selection Commission
JEE	Joint Entrance Examination
NOC	No Objection Certificate
DDA	Delhi Development Authority
KHDA	Knowledge and Human Development Authority
DEC	Dubai Economic Council
DISB	Dubai Schools Inspection Bureau
OFSTED	Office for Standards in Education, Children's Services and Skills
LEA	Local Education Agency/ Authority
EFA	Education for All
CTSO	Career and Technology Student Organizations

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NOTES

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Established in 1927, FICCI is the largest and oldest apex business organization in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies. FICCI has contributed to this historical process by encouraging debate, articulating the private sector's views and influencing policy.

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To be the thought leader for industry, its voice for policy change and its guardian for effective implementation.

Our Mission
To carry forward our initiatives in support of rapid, inclusive and sustainable growth that encompass health, education, livelihood, governance and skill development.

To enhance efficiency and global competitiveness of Indian industry and to expand business opportunities both in domestic and foreign markets through a range of specialized services and global linkages

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