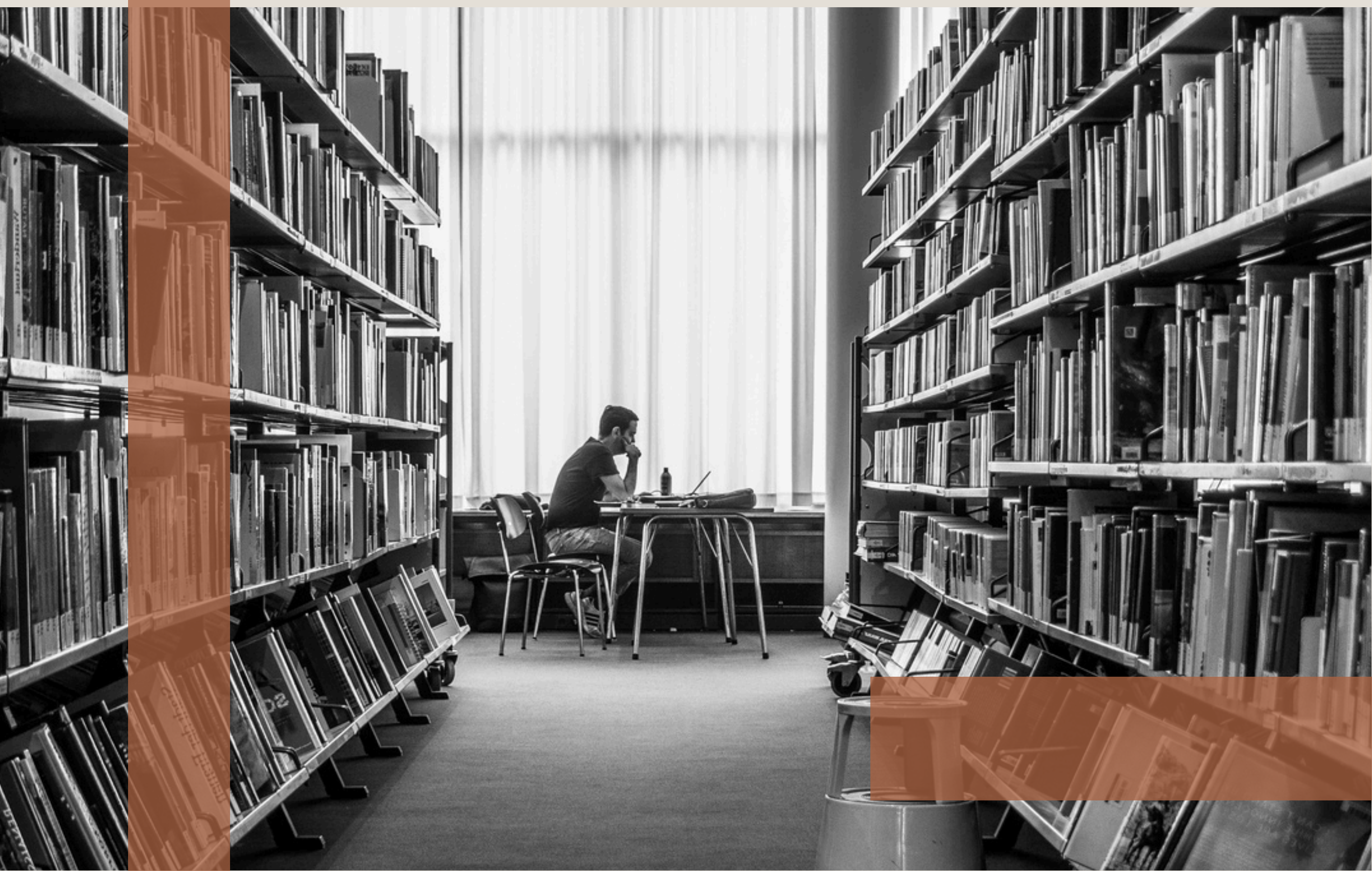
FOX & MANDAL
SOLICITORS & ADVOCATES
Estd. 1896

# Opportunities and challenges in India's education ecosystem

## A practical guide to navigate transaction risks, regulatory challenges and policy shifts



2026

# IN COLLABORATION WITH

Guiding Decisions.
Advancing Education.

**MAS Education Consulting**
www.masadvisory.in

RYAN
GROUP OF INSTITUTIONS
EXCELLENCE IN EDUCATION

**Ryan Group of Schools**
www.ryangroup.org

**Veale Wasbrough Vizards**
www.vwv.co.uk

**A leading UK-based university**

**Rohin Kapoor**

Partner, MAS Education Consulting
Former Partner, Management
Consulting (Education & Skilling),
BDO India

# Foreword

2025-26 has been a defining year for the Indian education sector.

Internationalisation, adoption of artificial intelligence, and announcement of reformatory measures to reduce complexity in institutional operations have been some of the key focus areas. In terms of size, the sector is currently valued at over US $200 bn with projections to achieve over 50% growth over the course of the next 5 years. EdTech, after witnessing a series of headwinds, is once again becoming the key growth driver.

Roll out of the red carpet by Indian leadership, compounded with budgetary, visa, and immigration related issues in host countries have led to a series of announcements by eminent foreign universities to establish campuses in the country, including University of Southampton, University of Liverpool, Illinois Institute of Technology, amongst others.

Similarly, in the K-12 segment, flexibility provided in setting up international board-affiliated schools by certain states has led to the entry of premium international school chains such as King's College, Shrewsbury International School & Harrow International School. We expect all major international school chains to have a deep presence in the Indian market over the course of the next 3 years.

Taken together, these recent developments showcase the unprecedented rise of India as a destination for global education & research, driven largely by:

- Expansion of premium international school chains
- Entry of top foreign universities across the country with a high focus on research & innovation
- New regulatory pathways enabling international participation, such as GIFT City's IFSCA framework for International Branch Campuses and Offshore Education Centres
- Emergence of planned education cities and knowledge clusters that co-locate academic institutions, research and industry

## Realignment of domestic regulations

The introduction of the Viksit Bharat Shiksha Adhishthan (VBSA) Bill, 2025, in Parliament marks an important moment in the evolution of higher education governance. If enacted, the Bill has the potential to reshape the regulatory architecture by consolidating oversight and bringing greater consistency to how higher educational institutions are governed, assessed and held accountable. Additionally, ongoing reforms around NTA processes, accreditation and evaluation frameworks are altering how institutions prepare for quality assurance and regulatory scrutiny.

To gear up for the digital-first world, the Government has also initiated steps to integrate technology in the school curriculum, Skilling for AI Readiness (SOAR), which targets school students from classes 6–12. Furthermore, last year's budget allocated INR 500 crore to establish a Centre of Excellence for AI in education.

## Renewed investor traction

Internationalisation of the education sector, combined with massive latent demand, has led to heightened interest in the sector once again, both formal & non-formal. Investor appetite has now matured, with capital market and private equity activity reflecting this. In case of startups, the discussion around valuations seems to be more realistic & practical.

The successful public listing of a large coaching-focused EdTech company recently demonstrated that companies from this sector are ready to navigate the transition from private to public ownership, setting a pathway for new-age EdTech companies going down that route. At the same time, doubling down on investments by global funds, such as KKR's additional investment in Lighthouse Learning, vindicates confidence in the sector. Blackrock, ChrysCapital, Warburg Pincus and Permira are other big names which have also shown keen interest.

Capital is now flowing into education in ways that would have seemed unlikely a decade ago. Private equity participation spans schools, early childhood education, test preparation, higher education and tech platforms.

This is the context in which Fox & Mandal present this informative whitepaper. The Indian education ecosystem today is complex, interconnected and dynamic. Navigating this sector is no easy feat, which is why this comprehensive guide is intended to help readers understand these intricacies.

This white paper brings together key market developments, regulatory and policy shifts alongside grounded perspectives on structuring, governance and transaction risks. Rather than offering abstract theory, this white paper aims to serve as a practical guide to the common realities of India's education ecosystem.

I hope readers find this paper useful as they continue to engage with the opportunities that are shaping the next phase of this critical sector.

# Table of Contents

# Executive summary

With one of the largest education systems in the world, India has made significant strides in expanding access, improving literacy outcomes, and integrating technology into learning ecosystems. The sector is undergoing a fundamental transformation, shaped by regulatory reform, evolving investment structures, and an increasing convergence between formal education and technology-enabled delivery models.

The education sector is subject to a complex regulatory ecosystem that encompasses Central and State legislation, fee regulation statutes, affiliation requirements, land and infrastructure norms, among others. Alongside these, active judicial intervention through a host of Supreme Court and High Court decisions has played a pivotal role in defining the contours of operational autonomy, fee fixation, surplus generation, and permissible regulatory intervention. For investors and operators alike, understanding this judicial and regulatory architecture is critical to evaluating risk, structuring transactions, and ensuring long-term sustainability.

Looking ahead, while the country's education market presents significant headroom for growth, particularly in international schooling, higher education collaborations, EdTech, and tier-2 and tier-3 cities, the sector's future will likely be shaped not only by capital inflows, but by the ability of policymakers, regulators, institutions, and investors to balance access, quality, affordability, and innovation within the existing legal framework.

This white paper is intended to serve as a reference point for stakeholders seeking to engage with the country's education ecosystem, offering a structured view of the opportunities, constraints, and strategic considerations that define investment in one of the country's most socially and economically consequential sectors.

# 01

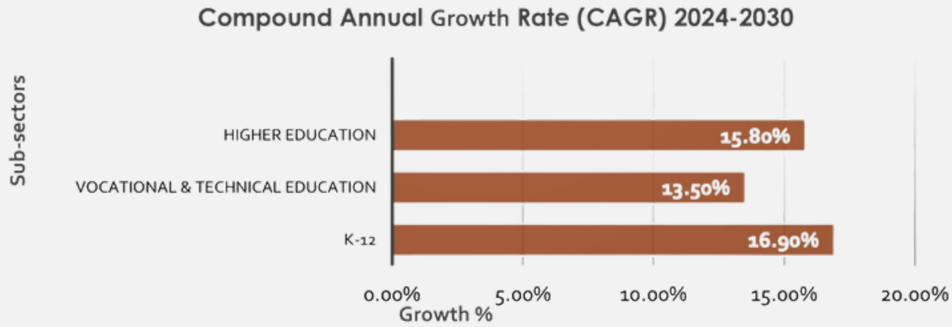
# Overview of the education landscape

# Overview of India's education landscape

## Primary growth drivers

India's education sector has expanded rapidly over the past decade, reflecting both demographic momentum and sustained policy focus. In 2025, the sector was valued at approximately USD 225 billion, nearly doubling from USD 117 billion in 2020, and is projected to maintain a robust growth trend, reaching a market size of USD 313 billion by FY2029-30, as per a CBRE report. This expansion is anchored in an education system of unparalleled scale, comprising nearly 1.5 million schools, over 10.1 million teachers, and nearly 248 million students enrolled across the foundational, primary, and secondary levels.

The sector is poised for healthy growth, as indicated by the latest CAGR estimates:




*Source: Grandview research report*

The scale is mirrored in higher education, with around 1,300 universities in 2025 (from 760 in 2014-15) and more than 52,000 colleges currently operational across the country. The QS World University Rankings, one of the world's most widely recognised and influential university ranking systems, provide a useful benchmark for assessing the global standing of higher education institutions. In the 2026 edition, 54 Indian universities featured in the rankings, up from 46 in 2025 and just 13 in 2015, underscoring not only the depth and diversity of India's education ecosystem but also the magnitude of opportunity it presents for innovation, capital deployment and institutional modernisation. Importantly, the system's size ensures that even incremental improvements in quality, efficiency, or access can translate into significant economic and social impact.

Even as each segment within the larger education ecosystem is being shaped by distinct demand drivers, regulatory dynamics, and technology adoption curves, the sector's overall growth trajectory is underscored by several structural indicators:

- **Demographic dividend and Government's policy support**
    - The demographic profile remains a decisive growth driver, with about 250 million students, and one of the world's largest youth population entering higher education and skill-development pathways.
    - This demand is further reinforced by policy initiatives emphasising access, quality, digital infrastructure, and lifelong learning.
    - Together, demographic and policy alignment create a predictable demand pipeline across education sub-sectors, reducing cyclicality and enhancing the sector's attractiveness for long-term capital deployment.

- **Rising literacy levels signal expanding participation and long-term demand**

  Literacy rates continue to rise, with urban literacy at 92.9% for males and 84.9% for females, and rural rates at 84.7% and 70.4%, respectively, as per the Periodic Labour Force Survey (PLFS) 2023-24. This trend signals expanding participation and long-term demand.

- **Rise of online education and the edtech ecosystem**

  The edtech sector became the third-most-funded sector in India in 2021, signalling strong investor confidence in technology-led education delivery. By 2025, the sector was valued at USD 7.5 billion and is projected to reach USD 29 billion by 2030. Its contribution to India's GDP, which stood at a marginal 0.1% in 2020, is expected to rise to 0.45% by 2029, underscoring its growing macroeconomic relevance. As scale creates demand, technology has emerged as the principal enabler of reach, personalisation, and cost efficiency.

- **Premiumisation of schooling**

  The country's international school segment has witnessed steady expansion, reflecting both parental aspirations and growing institutional interest. The number of schools offering global curricula such as IB and Cambridge has growth rate of 10% in just five years. Within India, the market for international curriculum schools is projected to reach USD 14.67 billion by 2030, rising from USD 9.09 billion in 2021.

- **Foreign universities and branch campuses in India**

  The UGC (Setting up and Operation of Campuses of Foreign Higher Educational Institutions in India) Regulations, 2023, have enabled top-ranked foreign universities to establish full-fledged branch campuses in India. Several institutions, including the University of Aberdeen, University of York, University of Western Australia, Illinois Institute of Technology, and Istituto Europeo di Design, have already received Letters of Intent to set up campuses across Bengaluru, Gurugram, and Navi Mumbai, with additional global universities actively evaluating the Indian market as a destination for long-term academic presence.

  These campuses are expected to offer internationally benchmarked education at a fee approximately 25 to 30% lower than the cost of studying abroad, significantly improving accessibility for students while retaining global academic standards. This development represents a structural shift from student mobility to institutional mobility, positioning India as both a consumer and host of global higher education.

Increasing demand for affordable as well as premium education, coupled with rising quality consciousness among parents and learners, continues to drive growth across the education sector. The increasing integration of technology, expanding access, improved learning outcomes through personalisation, and the emergence of scalable and technology-driven delivery models are reshaping both digital-first platforms and traditional education segments. As institutions adapt to evolving consumer expectations, technological innovation and changing market dynamics, the sector presents significant opportunities for capital deployment, institutional modernisation and long-term value creation across the education ecosystem.

# 02

# Regulatory architecture

## Regulatory framework governing the education ecosystem

- No-profiteering principle
- Extant legislation and regulatory oversight
- Pre-schools
- Primary and secondary education
- Higher education
- GIFT City and the IFSCA framework
- Viewpoint
  **A leading UK- based University**
  **Establishing foreign universities in India – Realities and opportunities**

# Regulatory architecture

The governance of the education sector is shared between public and private stakeholders, all operating within a constitutionally anchored framework.

Education is a concurrent subject under the Constitution, enabling both the Union and the States to legislate on matters related to education. This constitutional arrangement has facilitated decentralised growth and regional responsiveness, but has also resulted in an extensive and, at times, overlapping statutory and regulatory landscape. Understanding this dynamic among policy objectives, regulatory control, and operational autonomy is essential for investors and operators to navigate the sector effectively.

Against this backdrop, some of the salient points of the regulatory framework governing the education ecosystem are summarised below:

- **No-profiteering principle**

  A defining feature of India's education system is its statutory treatment as a charitable and non-commercial activity. Rooted in Article 21-A of the Constitution of India and reinforced by the Directive Principles of State Policy, the no-profiteering principle mandates that schools, colleges, and universities be established and operated on a not-for-profit basis. Educational institutions are, therefore, typically structured as:
  - Societies under the Societies Registration Act, 1860
  - Trusts under the Indian Trusts Act, 1882
  - Section 8 companies under the Companies Act, 2013 (Companies Act)

  While these institutions can generate reasonable surpluses, such surpluses must be reinvested exclusively towards educational objectives and institutional development.

- **Extant legislation and regulatory oversight**

  Frameworks such as the Right to Education Act, 2009 (RTE Act), regulations issued by the University Grants Commission (UGC), and various State education statutes impose obligations relating to recognition, infrastructure standards, fee transparency, and financial reporting. Collectively, these regulations seek to balance public interest considerations with private participation, shaping both the risk profile and the structuring strategies for education-focused investments.

  - At the policy and administrative level, the Ministry of Education functions as the nodal authority responsible for national policy formulation, budgetary allocation, and strategic direction.

  - Regulatory and standard-setting responsibilities are distributed among specialised bodies, including the UGC for higher education, the All India Council for Technical Education (AICTE) for technical and professional institutions, and the National Council of Educational Research and Training (NCERT) for school education.

  - At the State level, Departments of Education and State Councils of Educational Research and Training (SCERT) oversee the establishment, recognition, and operation of institutions, reflecting the concurrent nature of the sector and reinforcing the importance of State-specific compliance strategies.

- **Pre-schools**

  Pre-schools have traditionally operated with minimal regulatory oversight. The combination of relatively light regulation, low entry barriers, modest capital requirements, and franchise-based scalability has driven rapid private sector expansion, particularly in urban and semi-urban markets. Well-recognised brands such as Kidzee, EuroKids, Little Millennium, Shemrock, Kangaroo Kids, Hello Kids, Sanfort Preschool, KLAY, and Maple Bear have emerged as household names, reflecting strong parental demand for early childhood education.

  - Recent policy developments, however, signal a gradual move toward formal regulation. In 2022, the National Commission for Protection of Child Rights issued Regulatory Guidelines for Private Play Schools, establishing baseline norms relating to recognition, infrastructure, safety standards, fee regulation, and audits.

  - In 2024, the introduction of the Play Schools Regulation Bill proposed the creation of a centralised oversight framework, including the designation of a regulatory authority, prescribed infrastructure norms, and fee caps.

  - Parallelly, NCERT has issued detailed developmental and operational standards covering pedagogy, staffing, safety protocols, and record maintenance.

  - Amongst others, certain States have taken the lead in formulating the Pre-school/ Play-school regulations in India.

| State | Regulation / Rule / Policy |
|---|---|
| **Tamil Nadu** | Code of Regulations for Play Schools, 2015 |
| **Jharkhand** | Jharkhand State Play Schools (Recognition and Control) Rules, 2017 |
| **Andhra Pradesh** | Andhra Pradesh Educational Institutions (Establishment, Recognition, Administration and Control of Schools Under Private Managements) Rules, 1993 |
| **Maharashtra** | ECCE Policy, Government of Maharashtra |

** For detailed framework and guidelines on pre-schools, click on this link or scan the QR code.*

  Together, these measures indicate an evolving regulatory sector that seeks to formalise the segment without materially constraining private participation.

- **Primary and secondary education**

  The K-12 segment is the most structured and closely scrutinised component of the education system. Schools are broadly classified into government schools, private aided schools, and private unaided schools. Private schools must obtain recognition from the relevant State authorities, contingent on compliance with minimum standards prescribed under the RTE Act, including infrastructure norms, student-teacher ratios, and instructional hours. States may impose additional requirements, such as demonstrating financial sustainability, land ownership or leasing thresholds, and the necessity for a new school in a particular locality. Following recognition, schools may seek affiliation with State Boards, Central Boards such as CBSE and CISCE, or international Boards including IB and Cambridge, each of which involves separate approval processes and ongoing compliance obligations.

* Link: https://bit.ly/4sHI1AE
QR code:

An overview of school education Boards and affiliation frameworks:

| Board | Key functions | Affiliation |
|---|---|---|
| **Central Board of Secondary Education (CBSE)** | An all India board under Department of Education, prescribing and conducting Class X & XII exams; prescribes curriculum and syllabus | Affiliation governed by CBSE bye-laws; only not-for-profit entities can establish CBSE schools |
| **Council for the Indian School Certificate Examinations (CISCE)** | Conducts Indian Certificate of Secondary Education (ICSE) (Class X) and Indian School Certificate (ISC) (Class XII); requires schools to offer both ICSE & ISC | Affiliation under CISCE guidelines; only not-for-profit institutions eligible |
| **International Baccalaureate (IB)** | Offers Primary Years Programmes, Middle Years Programme and Diploma Programmes; focus on inquiry-based learning | Schools must apply for IB World School status or CIE as per affiliation; subject to local State laws |
| **Cambridge International Education (CIE)** | Offers five stages of education from age 3 to 19 | Schools affiliate with Cambridge International subject to State regulations |
| **State Boards** | Formulated according to the State-specific laws; Prescribe syllabus, conduct exams at Class X & XII | All State-run and aided schools, plus many private institutions funded by the States |

*Source: CBSE, CISCE, IB, and CIE*

- **Higher education**

This segment, one of the largest globally, encompasses universities, affiliated colleges, and stand-alone institutions offering a broad spectrum of general, professional, and technical programmes. With increasing alignment between academic offerings and labour market requirements, the sector is projected to reach a valuation of USD 313 billion by 2030, reinforcing its strategic importance for long-term investment.

Regulatory oversight is primarily exercised by the UGC, with support from specialised statutory regulators such as the AICTE, the National Medical Commission, and the Bar Council of India, depending on the discipline. Policy reforms under the National Education Policy 2020 (NEP), coupled with initiatives promoting multidisciplinary education, digitisation, skilling, and liberalised foreign investment norms, are reshaping the higher education landscape.

- **GIFT City and the IFSCA framework**

  GIFT City has emerged as a specialised hub for international higher education under the IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022 (IFSCA Regulations 2022), which permit eligible foreign universities to establish international branch campuses or offshore education centres within the GIFT City, subject to defined global ranking and reputation thresholds.

  The eligibility is limited to universities in the QS Top 500 globally (overall or subject-wise rankings) or reputed Foreign Educational Institutions (FEIs) in their home jurisdictions. These campuses can offer full-time programmes (degrees, diplomas, research) in areas including Financial Management, FinTech, STEM disciplines, free from many domestic regulations (except those by IFSCA) that typically apply elsewhere in India.

  Key drivers underpinning investment interest in GIFT City include:

  - Regulatory clarity and autonomy: The IFSCA Regulations 2022 give foreign universities a clear, single-window regulatory framework which reduces ambiguity. They are exempt from many domestic restrictions (UGC/AICTE) for the permitted subject areas and enjoy autonomy over curriculum, admissions, and faculty, significantly lowering the regulatory risk and investment friction.

  - Financial incentives and profit repatriation: The model allows for full repatriation of profits, which is rare in many education-investment regimes. Additionally, favourable fee and administrative control (identical programmes to parent, recognition of certificates as per abroad campuses) make the proposition financially attractive.

  - Global and local demand convergence + infrastructure ecosystem: There is strong demand among local and foreign students for globally benchmarked education that is cost-efficient (lower living/tuition costs than overseas). GIFT City offers world-class infrastructure, proximity to industry in financial services, fintech, etc., opportunities for collaboration, and a knowledge corridor including IIT Gandhinagar and other institutes nearby. The dedicated central hub being built for foreign universities further ensures lower capital outlays for new entrants (shared facilities, etc).

# Viewpoint

## A leading UK- based University

### Establishing foreign universities in India – Realities and opportunities

As interest in India's education economy grows, conversations are swiftly shifting from 'why India?' to 'how to succeed in India?' For Foreign Higher Education Institutions (**FHEIs**), the window of opportunity is no longer theoretical but immediate, visible, and competitive. However, success in India will depend more on execution and far less on intent.

A significant feature of entering the Indian Higher Education market is that it is not a stand-alone decision but a series of interdependent choices. FHEIs must not only decide whether to establish a presence but also what form that presence should take – a full branch campus, an innovation- and research-led hub, a joint delivery model, or a specialised institute. Each route has distinct implications for academic control, regulatory positioning, capital investment, and brand positioning.

- **Defining the right operating model**: India cannot readily support a 'lift-& shift' duplication of a home campus, which might be possible in other international markets. Alternatively, FHEIs should work towards models that are structurally aligned with the realities of Indian Higher Education, which require balancing global academic standards with cost sensitivities, regulatory expectations, and scalability. This usually requires a phased approach, where foreign universities begin with lower-risk engagement opportunities (like an innovation or partnership centre) before committing to a fully-fledged campus.

- **Time horizons and institutional patience:** Establishing a branch campus in India is a long-term strategic commitment rather than a short-term business endeavour. Regulatory approvals, both internal and in India, can be time-consuming; planning phases tend to be prolonged; and brand recognition must be built gradually, given India's competitive and sophisticated market. Successful institutions will view India as a generational investment rather than a transactional opportunity that may face difficulties. Local ecosystems are vital in India; success cannot happen in isolation and requires FHEIs to build equitable partnerships with local entities, including academic institutions, Government officials, innovation networks, and industry partners. This quadruple-helix partnership model is especially important in India, where employment, entrepreneurship, and industry connections heavily influence student and parent decisions. Therefore, FHEIs that demonstrate strong industry engagement and clear career pathways will gain a competitive edge.

- **Operational and cultural nuances**: Decision-making processes in India rely heavily on trust-building and relationships. While the credibility of an FHEI is shaped by its global rankings, it is important that the institution has on-the-ground, visible engagement. There is a strong emphasis on return on investment, career mobility and international pathways that determine student expectations; hence, these factors require a more engaged and locally responsive approach in India.

- **Talent pool**: India offers a deep and growing pool of professional and academic talent, with individuals who understand both international higher education systems and the Indian landscape. It is critical for FHEIs to build teams that can operate effectively at the intersection of local context and global standards – this requires careful early-stage planning and can be a key factor in early-stage success.

Looking ahead, India is likely to see the emergence of diverse institutional models, rather than a single dominant approach. While some universities will (& have already) establish full branch campuses, others are focusing on niche or specialised domains, and many are likely to adopt hybrid models that combine physical presence with international mobility pathways and some form of digital delivery. Early movers are already playing an important role in shaping the regulatory interpretation, partnership frameworks, and market expectations.

Finally, India should not be seen as an extension of an institution's international strategy, but rather a strategic anchor market with its own right – the complexity, scale and dynamism of the ecosystem necessitate a differentiated, locally embedded approach. For FHEI's planning to invest time, adjust their modes of delivery, and engage meaningfully with the ecosystem, India offers not just growth but an opportunity to shape (and be part of) a truly transformational global higher education system.

# 03

# Expansion of international schools in India

## State-wise distribution of international schools

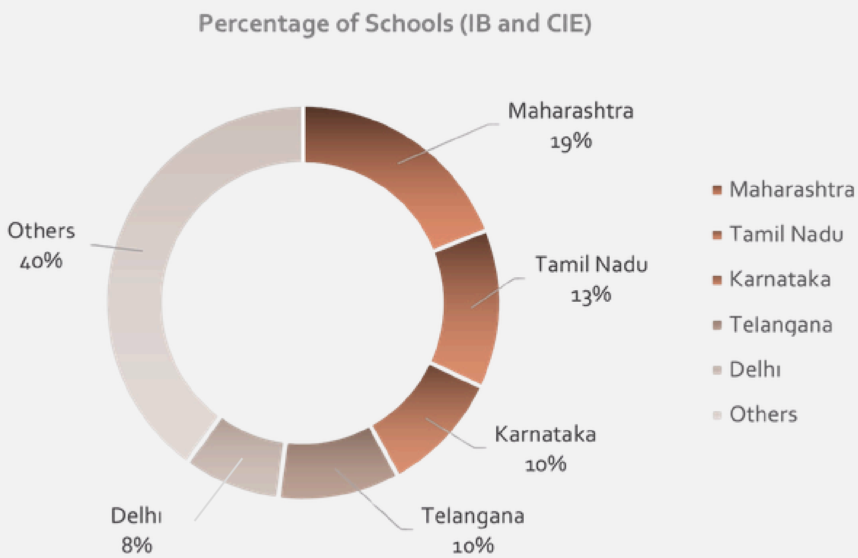
- Leading and recent ed-tech transactions, and capital events
- Viewpoint
  Doug Locke, Partner, Veale Wasbrough Vizards LLP
  Opportunities and challenges for international schools in India

# Expansion of international schools in India

Over the past decade, India has witnessed a marked shift in parental preference toward international curricula. International schools, once concentrated in metropolitan centres, have expanded rapidly into Tier II and Tier III cities, reflecting rising household incomes and aspirations for globally aligned education pathways.

## State-wise distribution of international schools

According to official directories of the respective Boards, India currently has approximately 812 CIE schools and about 256 IB World Schools. The concentration of such institutions is highest in economically advanced and urbanised States such as Maharashtra, Karnataka, Tamil Nadu, Telangana, Delhi, and Gujarat, reflecting stronger demand for globally recognised curricula in metropolitan regions.




Significant capital inflows have accompanied the rapid expansion of edtech and premium education models. From an investor standpoint, international schools offer attractive economics through premium fee structures, scalable franchise and managed models, and strong demand across urban geographies. To this end, there has been a spate of large-scale mergers, acquisitions, and funding rounds that underscore aggressive growth strategies aimed at scale, market capture, and vertical integration.

Some of the leading and recent ed-tech transactions, and capital events from the recent past include the following:

| Transaction | Value* | Observations |
|---|---|---|
| **BYJU's acquisition of Aakash Educational Services** | USD 1 billion | Largest Indian edtech acquisition |
| **BYJU's acquisition of Epic** | USD 500 million | Entry into digital reading and early learning by acquisition of US-based Epic (a children's digital reading platform) |
| **Eruditus Series F funding** | USD 150 million | Reflects strong investor confidence in AI-driven learning, enterprise education, and the long-term growth potential of the edtech sector |
| **LEAD School Series E funding** | USD 100 million | First K–12 edtech unicorn in India |
| **PhysicsWallah IPO clearance** | USD 485 million | Marks transition from private capital to public markets |
| **KKR acquisition of EuroKids** | USD 200 million | Strong investor conviction in the consolidation and scalability of organised preschool |
| **Nord Anglia acquisition of Oakridge International** | USD 200 million | Highlights increasing global investor interest in India's premium K–12 education sector |
| **Ryan EduNation joint venture** | USD 100 million | Franchise and managed school expansion |
| **Adani Foundation collaboration with GEMS Education** | USD 240 million | Establishment of world-class schools across India |
| **Kido International and Amelio Early Education** | - | UK-based chain acquiring Chennai/Bengaluru preschool operator |
| **Ryan Group of Institutions and Royal Grammar School Guildford** | - | The new state-of-the-art co-educational school, to be known as RGSG Bengaluru, featuring impressive facilities spread across 14 acres |

* Values are approximate, based on a 1 USD to 90.95 INR conversion rate.

Of late, the market seems to have entered a more disciplined phase. Unlike the earlier cycle of valuation-led expansion, the next wave of capital deployment is expected to prioritise sustainable unit economics, governance robustness, regulatory compliance, and long-term profitability, with hybrid education models that integrate physical infrastructure with digital delivery increasingly viewed as the most resilient investment propositions.

**Doug Locke**
Partner
Veale Wasbrough Vizards LLP

# Viewpoint

## Opportunities and challenges for international schools in India

UK independent schools have, for several decades, sought to enhance their global footprint and obtain additional income streams through opening partner schools in non-UK jurisdictions. These have generally involved a licensing model whereby a new school is established and operated by a local partner in accordance with standards set by the UK school. The licensing model provides a low-risk avenue for entry while enabling the UK school to preserve and enhance its reputation.

The favoured hotspots have changed from year-to-year but recently many schools have looked favourably at setting up schools in India. India's education sector offers a dynamic opportunity for UK schools to extend their global footprint, with a burgeoning demand for premium education. However, navigating the regulatory, cultural and commercial nuances is essential for success.

### Market insights and the growth of premium education

India is home to one of the youngest and fastest-growing populations globally, with more than 500 million people under 25. This demographic is driving rapid growth in demand for high-quality education. UK education brands, known for their holistic approach to education and rigorous academic standards, resonate strongly with Indian parents seeking global credentials for their children.

The market for premium international education is expanding, and not just in the major metropolitan areas. The regions are increasingly seeing a rise in demand for branded international schools, where UK institutions have a significant opportunity to establish their presence through licensing arrangements.

### Key legal considerations

It is vital at the outset of a project for a UK school to file appropriate Indian trade mark applications. Without an Indian trade mark application, a UK school is unlikely to have any practical means of stopping misuse of its name and crest by a third party.

Partly due to India's restrictions on foreign ownership of educational institutions, a UK school will invariably partner with an Indian organisation that will operate the school in accordance with an agreement between the parties. That agreement will typically be governed by English law, but it is nevertheless vital to understand and comply with India's local regulatory context and tax regime.

A key aim for the agreement is to set a framework in which the ethos of the UK school can be accurately replicated in an Indian context. This means balancing the preservation of what is core to that ethos with the humility to adapt, and to recognise that even the best can be improved. India of course has its own excellent schools, from which premium UK schools can learn (for example, in community engagement, resource management and cultural sensitivity).

### Building strong partnerships: time, visits and relationship-building

While the agreement is of course very important, the key to a really successful project is to find a partner with shared values and ambition.

Allowing ample time for discussions is crucial when establishing a licensing agreement. These agreements often require careful attention to detail and must be structured to avoid future misunderstandings. It is also vital for UK institutions to engage in regular dialogue with potential Indian partners, both through site visits and by inviting partners to visit the UK. These visits foster a deeper understanding of each other's operational culture and educational expectations, ensuring that the project is built on trust and shared values.

Just remember though that these are very long term projects. A school established in India today will hopefully remain successful into the next century and beyond. So great personal relationships today must be backed-up by thoughtfully negotiated agreements that will continue to work for future generations.

### Outlook

More immediately, the next five years should offer significant growth opportunities for UK schools in India. The demand for international education will continue to rise, driven by economic expansion and the growing desire for globally competitive skills and access to elite Universities.

UK schools must remain agile as the education environment in India evolves. Stricter guidelines around foreign partnerships and quality control may emerge, and the increasing sophistication of local educational providers means that UK schools will need to work with reliable, capable local partners to mitigate operational risks.

# 04

# Policy drivers: Governmental frameworks shaping education

## Key policies and enabling schemes

- Foreign Exchange Management Act, 1999 (FEMA) and Foreign Contribution (Regulation) Act, 2010 (FCRA)
- Right of Children to Free and Compulsory Education Act, 2009 (RTE Act)
- UGC regulations
- Regulation of fee
- Fiscal incentives and tax treatment
- Liberalised FDI regime
- National Education Policy 2020 (NEP)
- Viksit Bharat Shiksha Adhishthan Bill, 2025
- Emerging digital frameworks

# Policy drivers: Governmental frameworks shaping education

Motivated by overarching goals of balancing access, equity, quality, and private participation, the country's legal, regulatory, and policy environment has played a key role in directing and defining the permissible contours of capital flows and investment structures. Understanding these policy drivers is, therefore, essential to assessing both the inherent opportunity as well as risk in this sector.

## Key policies and enabling schemes

- **Foreign Exchange Management Act, 1999 (FEMA) and Foreign Contribution (Regulation) Act, 2010 (FCRA)**

  Foreign participation in education is further shaped by India's foreign exchange and foreign contribution regimes. Institutions receiving funds from foreign sources must navigate the FEMA and the FCRA, which define how foreign funds, including contributions and permissible fee receipts, can be received, utilised, and reported. The FCRA's expansive definition of 'foreign contribution', encompassing donations, transfers, and certain fee receipts, has historically created ambiguity in compliance for NFP entity structures.

  Notably, these regulatory sensitivities are compounded by the no-profiteering principle embedded in both Central and State education laws. Private schools are required to be sponsored exclusively by NFP entities, typically societies or public trusts. This requirement, reinforced under the RTE Act and state recognition frameworks, restricts direct equity participation and necessitates alternative investment structures, thereby increasing transaction complexity for international investors.

- **Right of Children to Free and Compulsory Education Act, 2009 (RTE Act)**

  The RTE Act operationalises the constitutional mandate for free and compulsory education for children aged six to fourteen. Beyond its access focus, the Act imposes specific regulatory obligations on private institutions, such as mandatory reservation of 25% of seats for students from disadvantaged and weaker sections of society, adhering to transparent norms for infrastructure and teacher–student ratios, and refraining from capitation fee and discriminatory admissions procedures.

- **UGC regulations**

The higher education regulatory framework has shown greater responsiveness to globalisation and collaboration. The UGC has introduced regulations enabling foreign universities within the global top 500 rankings to establish branch campuses in India, as well as frameworks permitting twinning, joint degree, and dual degree programmes between Indian and foreign institutions. Some of these forward-looking regulations that expand institutional engagement models are:

  - The UGC (Setting up and Operation of Campuses of Foreign Higher Educational Institutions in India) Regulations, 2023 allow top-ranked foreign universities (global top 500) to establish branch campuses domestically.
  - The UGC (Academic Collaboration between Indian and foreign Higher Educational Institutions) Regulations, 2022 permit Indian and eligible FHEIs to offer twinning, joint, and dual degree programmes at equivalent qualification levels.

From an investment perspective, these regulations open new engagement pathways that combine academic collaboration with premium programme delivery. However, participation demands significant institutional preparedness, including infrastructural capability, compliance maturity, and brand credibility, limiting immediate eligibility to well-capitalised and established institutions.

- **Regulation of fee**

Fee regulation represents one of the most sensitive areas of policy intervention. While a majority of states in India remain unregulated in this aspect, several states (Delhi, Maharashtra, Gujarat, Rajasthan, Assam, Chhattisgarh, Andhra Pradesh, Jharkhand, Punjab, Haryana, and Mizoram, etc.), have enacted statutes aimed at ensuring transparency and preventing arbitrary fee increase.

The below table provides insight into some of these laws, which introduce disclosure obligations, committee-based approvals, and grievance redressal mechanisms, with varying degrees of regulatory intensity:

| Statute | Key provisions |
|---|---|
| **The Delhi School Education (Transparency in Fixation and Regulation of Fees) Act, 2025** | • Schools must disclose audited financials before fee hike<br>• Prior approval of Directorate of Education required for any increase beyond permissible limits<br>• Penalties for arbitrary fee collection |
| **Maharashtra Educational Institutions (Regulation of Fee) Act, 2011** | • Grievance Redressal Committees established for parents<br>• Appeals mechanism against fee fixation decisions |
| **Gujarat Self-Financed Schools (Regulation of Fees) Act, 2017** | • Caps maximum annual tuition fee (different ceilings for primary, secondary, higher secondary levels)<br>• Mandatory approval of Fee Regulatory Committee<br>• Fines for non-compliance |
| **Rajasthan Schools (Regulation of Fee) Act, 2016** | • Fee revision allowed only once every three years<br>• Committees to decide disputes between parents and schools<br>• Transparency in admission and ancillary charges |

- ### Fiscal incentives and tax treatment

  Indirect tax treatment
    - Core school education services remain exempt from Goods and Services Tax (GST).
    - Higher education, professional coaching, vocational training and most forms of e-learning are subject to an 18% GST levy.
    - This differential treatment has implications for pricing strategies, margins and scalability, particularly for digital-first and hybrid education models.

  Income tax incentives
    - Educational entities established solely for educational purposes and not for profit are eligible for income tax exemptions under Section 10(23C) of the Income-tax Act, 1961.
    - Institutions structured as trusts or societies may also qualify as charitable entities under Section 2(15), enabling exemptions under Sections 11 and 12, subject to applicable registration and compliance requirements.

  GST treatment across education services

| Service type | Description | GST rate | Exemption |
|---|---|---|---|
| **School education** | Pre-school, primary, secondary | Nil | Yes |
| **Higher education** | Colleges and universities | Exemption to recognised universities and colleges | Yes |
| **Professional coaching** | Skill and exam preparation | 18% | No |
| **E-learning** | Private tutoring and exam preparation | 18% | No |
| **Vocational training** | Online and digital courses | 18% | Only to recignised courses |

- ### Liberalised FDI regime

  Policy openness has been reinforced by a progressively liberalised Foreign Direct Investment (FDI) regime. The education sector now permits up to 100 % foreign investment under the automatic route, enabling international investors to deploy capital without prior Government approvals. This liberalisation has been particularly consequential in edtech, higher education, and vocational training, aligning regulatory intent with market demand. Industry reports indicate that the sector has attracted close to USD 10 billion in equity investments through strategic acquisitions, private equity and venture capital funding, reflecting sustained investor interest in India's education ecosystem.

- **National Education Policy 2020 (NEP)**

  At the centre of recent reform efforts lies the NEP, which represents the most comprehensive reimagining of education governance in decades. The policy articulates a long-term vision that spans foundational literacy and numeracy, early integration of vocational education from Grade 6 onwards, and a shift toward multidisciplinary and flexible higher education institutions. Equally significant is its emphasis on technology-enabled learning through national digital platforms, adaptive tools, and blended delivery models. Collectively, these measures aim to modernise pedagogy, improve learning outcomes, and create systemic readiness for scale.

  Some of the key features of NEP are as follows:

  - Universal access to quality education from pre-primary through Grade 12
  - A new 5+3+3+4 curricular structure to replace the old 10+2 system
  - Flexibility of subjects with no division between arts and sciences, curricular and extra-curricular activities, and vocational and academic streams
  - Assessment reforms with Board Exams on up to two occasions during any given school year, with one main examination and one for improvement, if desired
  - Equitable and inclusive education with a separate gender inclusion fund and Special Education Zones for disadvantaged regions and groups
  - Education focus through a 4-year integrated, stage-specific, subject-specific Bachelor of Education
  - Creation of an autonomous body, the National Educational Technology Forum (NETF), to provide a platform for the free exchange of ideas on the use of technology to enhance learning, assessment, planning, and administration
  - 100% youth and adult literacy
  - Multiple mechanisms with checks and balances to combat and stop the commercialisation of higher education
  - All educational institutions will be held to similar standards of audit and disclosure as a not-for-profit (NFP) entity

- **Viksit Bharat Shiksha Adhishthan Bill, 2025**

  Alongside these established regulatory regimes, a significant recent development in the policy landscape is the introduction of the Viksit Bharat Shiksha Adhishthan Bill, 2025, which proposes to overhaul the higher education regulatory architecture by replacing multiple existing bodies with a unified statutory commission. The Bill seeks to subsume the regulatory functions of the UGC, AICTE, and National Council for Teacher Education under a single apex body with three independent councils for regulatory oversight, accreditation, and standards setting. Introduced in the Lok Sabha in December 2025 and referred to a Joint Parliamentary Committee for scrutiny, the legislation aims to streamline regulatory complexity, align with the institutional goals under NEP 2020, and enhance institutional quality and competitiveness. However, as the Bill remains under parliamentary review, its eventual shape and implications for autonomy, compliance burden, and institutional governance will depend on deliberations and amendments during the legislative process.

- **Emerging digital frameworks**

  Beyond investment liberalisation, the Government has actively built enabling frameworks to catalyse digital transformation. Initiatives such as the National Digital Education Architecture and the National Education Alliance for Technology are designed to create interoperable platforms and partnerships between public institutions and private innovators. Complementary schemes such as the Startup India Seed Fund Scheme further support early-stage education technology ventures, encouraging experimentation and innovation at the ecosystem level rather than through isolated interventions.

While these frameworks enhance accountability and mitigate profiteering, they also introduce procedural overheads and revenue uncertainty, potentially dampening investor sentiment, especially for models dependent on predictable fee escalations.

# 05

# Investment and deal considerations

## Primary risk mitigants in education transactions

- Robust legal and regulatory due diligence
- Stress-tested financial models
- Transaction structures attuned to State-specific regulations

## Emerging models for participation of foreign investors in educational institutions

- Investment structuring for schools operated by Section 8 companies
- Brand partnerships
- Tripartite arrangement (OpCo-PropCo-ManCo Model)

## Foreign investor-specific structuring and governance considerations

- Extent of control exercised by foreign investors
- Executing control on the board
- Taxation considerations
- Typical structures of K-12 schools in India

Viewpoint

**Kunal Ganguly, Vice President, Business Development**
**Ryan Group of Schools**

Challenges in opening a school in India

# Investment and deal considerations

As capital deployment in education increasingly moves from exploratory interest to structured transactions, the success of investments is shaped less by headline growth metrics and more by the ability to anticipate regulatory, operational, and revenue-side risks. The sector's unique intersection of public interest obligations, not-for-profit structures, and state-level regulation makes deal execution particularly sensitive to compliance lapses and structural misalignment. Investors who proactively identify these risks at the diligence and structuring stage are better positioned to achieve stability, scalability, and predictable returns.

## Primary risk mitigants in education transactions

- **Robust legal and regulatory due diligence**

  Given the complexity of corporate, exchange control, taxation, and sector-specific regulatory frameworks, comprehensive diligence is indispensable for validating valuation assumptions and shaping transaction protections. Effective diligence not only surfaces historical non-compliance but also informs the scope of representations, warranties, indemnities, and post-closing covenants.

  Key diligence checkpoints for education sector transactions typically include:

  - Verification of statutory and regulatory approvals, including school affiliations, no-objection certificates, RTE registrations, and building, fire, and municipal clearances.
  - Assessment of pending or threatened litigation, regulatory notices, and claims against the institution, sponsoring trust or society, and underlying property.
  - Review of tax positions and financial liabilities of the operating entity, including historical exemptions, GST exposure, and compliance with charitable purpose requirements.
  - Evaluation of adherence to applicable state education laws, UGC or AICTE norms, insurance coverage, and safety standards.
  - Scrutiny of related-party transactions, particularly where promoter entities or connected parties provide services, lease assets, or receive fee, with attendant governance and tax implications.

- **Stress-tested financial models**

  Education continues to be viewed by policymakers as a social service, leading to frequent regulatory intervention in fee structures. Caps on fee increases, approval requirements, and retrospective scrutiny can constrain the ability of institutions to recover high upfront capital investments, particularly in asset-heavy K–12 and higher education models. This regulatory sensitivity necessitates conservative revenue projections and stress-tested financial models.

- **Transaction structures attuned to State-specific regulations**

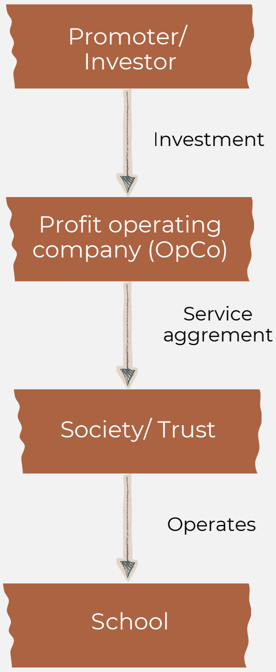
  The fragmentation of state-level regulation adds a layer of execution complexity. As education falls within the concurrent list, states retain significant autonomy in regulating fee, admissions, and recognition and operational requirements. Consequently, educational institutions with multi-state footprints must navigate multiple statutory and regulatory frameworks, often resulting in parallel compliance obligations across jurisdictions. For investors, this patchwork increases legal overheads and underscores the importance of state-specific structuring rather than uniform national templates.

Taken together, these considerations reinforce a central theme: successful education investments depend on foresight, rather than reaction. By embedding regulatory awareness, diligence discipline, and structural flexibility into deal design, investors can navigate the sector's constraints while preserving both impact and financial sustainability.

## Emerging models for participation of foreign investors in educational institutions

- **Investment structuring for schools operated by Section 8 companies**

  A Section 8 company is a company incorporated under the Companies Act for charitable or not-for-profit purposes, including the promotion of education, social welfare and other public-interest objectives. Such companies are permitted to apply their profits or income solely towards the furtherance of their stated objects and are prohibited from distributing dividends or other financial returns to their members. When an existing school is operated through a company incorporated for charitable and not-for-profit purposes, introducing an investor or operating partner requires navigating the fundamental legal constraint that such companies must operate exclusively for NFP purposes and cannot distribute income, dividends, or surplus to private individuals. These restrictions pose a major impediment to investors seeking to infuse capital directly into the company or to receive any financial return from the school's operating surplus. For this reason, the prevalent market practice in India has evolved to keep the not-for-profit entity structurally insulated, while creating a parallel commercial layer through which investment can be channelled.




More traditional models include societies and trusts, largely because fee-regulated states historically encouraged those structures and because they offer greater flexibility for promoter involvement. However, the non-profit entity remains the licensed school operator, with the investor participating through a separate for-profit operating company (OpCo), which provides management, academic, administrative, technology, infrastructure or other ancillary services to the school.

This OpCo is where the investor takes equity, negotiates governance rights, and realises economic returns. The fee structure is commercially justified and compliant with state education laws, so there are no appearances of indirect or hidden profit extraction from the school operator. The concept of a distinct 'operating partner' is not commonly seen in school transactions, although real-estate operators have been involved in several deals and usually secure extensive contractual rights, including consent rights when a new investor is onboarded.

- **Brand partnerships**

  Brand partnership refers to a collaborative arrangement wherein an Indian educational institution uses the foreign institution's brand name, intellectual property, curriculum framework, academic methodologies, and related know-how in exchange for consideration, usually structured as a royalty or revenue share, while operational control remains with the Indian entity. This model enables the international institution to mitigate certain risks associated with overseas expansion by focusing on post-establishment services, such as curriculum support, faculty training, quality assurance and branding, while the local partner, being more familiar with domestic regulations and licensing frameworks, manages permits and compliance obligations. Notable examples of international school brands that have partnered with local entities in India and Southeast Asia include Wellington College, Harrow School, Shrewsbury School, Royal Grammar School Guildford, and Bedford School.

  While seemingly straightforward, brand partnerships have a few attendant concerns that need to be thought through:

  - Revenue sharing: In brand partnership agreements between Indian and foreign educational institutions, royalty payments are typically structured as recurring payments tied to the use of the foreign institution's intellectual property, such as its name, curriculum, logo, teaching methodologies, etc. These royalties are generally calculated as a percentage of the revenue generated by the Indian institution from the academic programme conducted under the collaboration. Given the potential for ambiguity, the agreement must precisely define what constitutes 'revenue' for royalty computation, including clarification of whether it includes only core academic activities (such as tuition and admission fee, academic curriculum), or also extends to ancillary income streams like hostel fee, canteen revenue, merchandise, facility rentals (e.g., sports grounds or event spaces), short-term certificate programmes, and co-curricular workshops.

    Further, royalty structures may be tied to specific commercial or operational milestones, such as the commencement of academic sessions, achievement of a minimum student enrolment, or generation of a certain revenue threshold. It is also common to see step-up royalty structures, where the royalty rate increases based on higher revenue slabs or performance targets.

    To ensure enforceability and transparency, the agreement should set out the payment schedule (e.g., quarterly or annually), reporting obligations (detailing revenue earned and royalty calculations), and clearly outline audit rights enabling the foreign educational institution.

  - Taxation of royalties: Any payment made by an Indian school to a foreign educational institution under a brand partnership arrangement for the use of intellectual property (such as the name, logo, course content, or proprietary methodology) is likely to qualify as 'royalty' under the Income Tax Act, 1961 (IT Act). Since the payment is made by a resident for use in a business carried on in India, such income shall be deemed to accrue or arise in India and be taxable under the IT Act. However, when the royalty income is earned by a non-resident conducting business through a permanent establishment in India, such income shall be taxable as business profits at a higher rate. If India has entered into a Double Taxation Avoidance Agreement (DTAA) with the foreign educational institution's country of residence, the royalty shall be taxed at the rate provided under the DTAA or the rate under the IT Act, whichever is more beneficial to the non-resident.

  - Termination: While use of the foreign educational institution's brand should cease upon termination, it is vital to address any ambiguity pertaining to the local partner's ability to continue using IP developed locally and independently during the collaboration. Clear language should also be included regarding the ownership of curriculum adaptations. In such situations, a 'teach-out' clause is typically advised to a foreign investor, allowing continued use of branding and materials for a limited period to avoid disruption to enrolled students.

- **Tripartite arrangement (OpCo-PropCo-ManCo Model)**

  In recent years, new-age business models have emerged in the K–12 education sector, moving away from the traditional single-entity school ownership structure. These models separate ownership, operations, and management functions, enabling capital efficiency, professional governance, and scalability. One such prominent structure is the tripartite arrangement, commonly referred to as the OpCo–PropCo–ManCo model (Operating Company – Property Owning Company – Management Company). Under this model, three distinct entities enter into a coordinated contractual arrangement to manage and operate a school:

  - OpCo: The OpCo is usually structured as a society, trust, or Section 8 company, in compliance with regulatory requirements applicable to K-12 education. The OpCo operates the school by leasing the land and infrastructure from the PropCo, and undertakes the core educational activities, including imparting education, student admissions, academic compliance, and hiring of teaching staff.
  - PropCo: The PropCo is typically a private limited company that owns and develops the school's infrastructure, including land and school buildings. The PropCo leases the infrastructure to the operating entity under a long-term lease arrangement, generally ranging from 15 to 30 years, thereby ensuring asset monetisation and long-term revenue visibility.
  - ManCo: The ManCo is an education service provider that enters into a management contract with the OpCo. Under this arrangement, the ManCo provides strategic, administrative, operational, and branding services to the school in return for a management fee, which may be structured as a fixed fee, revenue-linked fee, or a hybrid arrangement.

## Foreign investor-specific structuring and governance considerations

For foreign investors evaluating opportunities in the education ecosystem, regulatory risk is most acutely felt at the level of governance, control, and commercial substance. In view of the regulatory environment in which private schools operate, foreign investors typically consider their association with a particular school, the NFP entity and the promoters, as well as the structure and scope of the service arrangements that the NFP entity and the service company propose to execute.

Traditionally, the two key regulatory considerations from any foreign investor's perspective are generally those of 'governance' and of establishing 'substance' in the service company.

- **Extent of control exercised by foreign investors**

  Any involvement by a foreign investor or the service company (or their affiliates) in the governance of the NFP entity must carefully balance the desire for control with regulatory sensitivities, which often require that a private school's management align with the educational agency's stated aims and objectives.

  Foreign investors are particularly sensitive to the extent and manner of the promoter's involvement with the NFP entity and the management of the school. As an example, the foreign investor and local promoters might agree that a majority of the NFP's trustees or members will be nominees of the investor, or that a single nominee be granted broad veto rights over key school-related decisions. Conversely, appointing an individual who is not under the foreign investor's influence introduces the risk that this person could act contrary to the investor's interests.

  However, such arrangements must also comply with the rules for admitting new NFP members and amending its by-laws, and could attract scrutiny from state education authorities, who may question whether the school is genuinely being run by an NFP entity.

  Additionally, tax authorities may challenge the NFP's eligibility for tax exemptions, which are tied to its charitable purpose. A carefully calibrated approach is therefore essential, possibly involving innovative governance solutions. One potential approach is to appoint cooperative individuals who provide pre-signed, undated resignation letters. Although this may not fully eliminate the risk of disputes, it can strengthen the investor's position in the event of a conflict.

- **Executing control on the board**

  From a structuring perspective, typically investors prefer to ensure that a majority of the NFP entity's board members are identified individuals supportive of the foreign investor(s). Alternatively, appointing a single member with veto rights over key school decisions is possible but may attract greater regulatory and tax scrutiny.

  The foreign investor may secure termination rights under the service agreements, while the Shareholders' Agreement (SHA) may provide for put options or other contractual exit rights to facilitate disengagement in the event of a material breach, governance impasse or other specified trigger events. The appointment of any new members and any changes to the society's by-laws will need to be provided for as a closing condition under the Share Purchase Agreement (SPA).

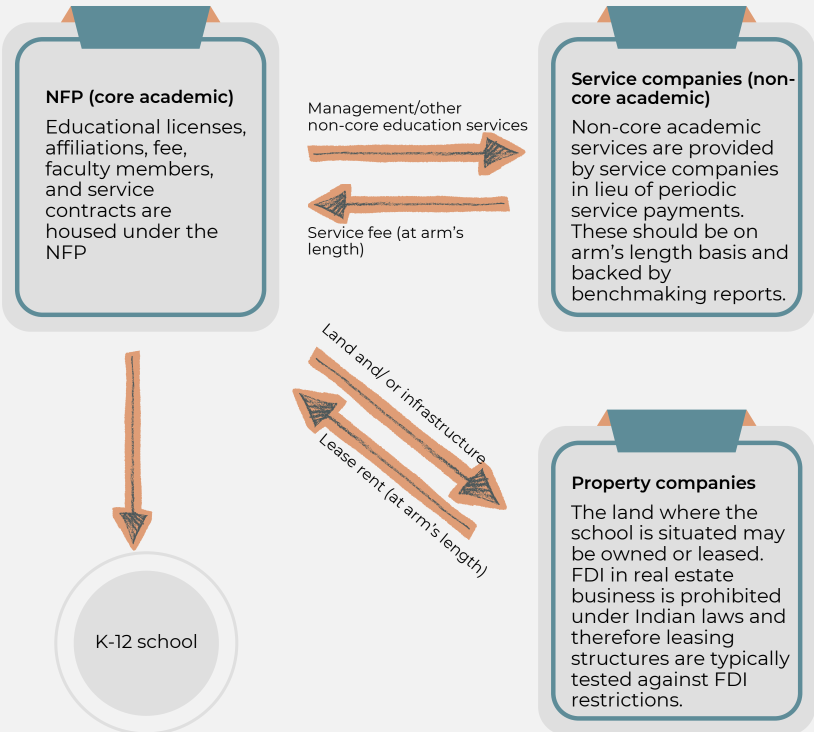
  Securing advance resignation letters generally helps the foreign investor, while this may not fully prevent disputes, such conflicts often occur during removals, and having these letters would strengthen the foreign investor's position.

- ## Taxation considerations

Foreign investors and the service company must not be seen as directly or indirectly undertaking any core educational functions (e.g., pedagogy), as the statutes prohibit for-profit entities from providing school education. This is a sector-wide restriction applicable to all private unaided schools in India. Any services provided by the service company or foreign investors must be genuine, non-core, and priced at arm's length to ensure compliance with Indian tax regulations.

The tax authorities closely scrutinise charitable entities such as schools to ensure there is no misuse of their tax-exempt status. Consequently, all arrangements must demonstrate clear commercial substance. For instance, foreign investors may directly provide intellectual property or branding services to the NFP entity, while a separate service company may deliver academic support. However, if the fee charged are not commensurate with the actual value of the services provided, the structure may be challenged by the tax authorities. This could endanger the society's tax-exempt status and adversely affect payments to the service company.

- ## Typical structures of K-12 schools in India



**Kunal Ganguly**
Vice President – Business Development
Ryan Group of Schools

# Viewpoint

## Challenges in opening a school in India

To set up a school in India, there is a complex set of regulations that are in place, and these regulations are largely driven by Central Government regulations, State education department regulations, land regulations, and compliance regulations. Even though the intent behind these regulations is to ensure quality education, child security, and access to education, promoters of new schools are faced with significant procedural and operational challenges.

The first set of challenges that promoters of schools in India are faced with is in relation to obtaining recognition and affiliation from the state education department. For instance, promoters are required to comply with state education department regulations, state education acts, and zoning regulations in municipalities. If the promoters are seeking affiliation from national Boards such as the CBSE and ICSE, then they are required to comply with these regulations as well.

Another challenge that is faced is in the area of land acquisition and infrastructure compliance. Most regulations require that there be a minimum area of land acquired to set up the school. Additionally, there is the need to ensure that there is compliance with infrastructure requirements such as classrooms, laboratories, libraries, playgrounds, sanitation facilities, and accessibility requirements. In urban areas, acquiring land that meets these requirements is prohibitively expensive. In rural areas, although the cost of land is lower, there is the challenge of complying with building requirements. Another challenge that is faced is in the area of financial regulations. Most states require that schools be set up as not-for-profit organizations. This has the implication that any surplus that is realised has to be reinvested in education development. While this is in line with the objective of education as a social activity, it limits access to private capital. Additionally, there is the challenge of fee regulation policies in some states that affect private schools. These policies require that there be regulation of the increase in school fee by regulatory committees. This can be very difficult for new schools that require high initial investments.

Recruitment of teachers and service regulations add another level of intricacy to the system. The schools have to recruit teachers who are qualified and meet the requisite educational and professional criteria. Adherence to labour laws, salary rates, provident fund regulations, and contractual agreements is a necessity. In addition to this, the Right to Education (RTE) Act also requires schools to ensure proper student-teacher ratios and other such requirements, which have to be met and maintained by schools. These complexities pose a challenge to new schools.

Administrative compliance poses a particular challenge. Schools have to undergo regular inspections and audits. Proper documentation of student records, safety drills, health certificates, academic performance, and financial statements is a necessity. In such a scenario, it is not easy to navigate through the regulations. The regulatory system is highly complex and dynamic. There are many updates to regulations that have to be kept in mind. Small-scale school operations are not always able to manage such complexities.
Another challenge is the inconsistency and proper interpretation of regulations. Education is a concurrent topic as per the Indian Constitution. This means that both the Central and State Governments have a say in education regulations. In such a scenario, it is not easy to navigate through regulations. Promoters have to depend a great deal on legal experts to ensure proper interpretation of regulations. This increases operational expenses.

In summary, it is not easy to open a school in India. It is not just a business; it is a regulatory challenge. The regulatory system is designed to ensure proper standards are maintained in education. However, it is a challenge for new schools

# 06

# Key judicial decisions shaping education ecosystem in India

# Key judicial decisions shaping education ecosystem in India

While the statutory frameworks and policy initiatives define the formal contours of the education ecosystem, it is judicial interpretation that gives these rules operational meaning. Over the past two decades, Indian Courts have played a decisive role in balancing institutional autonomy, public interest, and the constitutional vision of education as a socially embedded activity.

Collectively, these decisions establish that private unaided institutions enjoy meaningful autonomy in administration and fee structuring, subject to the overriding prohibition on profiteering, capitation fee, and commercialisation. For investors and operators, this jurisprudence provides both guardrails and certainty, informing how education institutions must be structured, governed, and scaled.

**Mohini Jain v. State of Karnataka**
Supreme Court of India
1992 SCC (3) 666

This case marked a foundational shift by recognising the right to education as integral to Article 21 (Right to Life). The Supreme Court held that charging capitation fee violated equality under Article 14 (Equality before law) and denied access to education. It emphasised that education cannot be commodified and must be accessible to all, and laid the groundwork for treating education as a fundamental right. Even though this judgment's broad approach was later refined in subsequent rulings, it remains a critical starting point for education jurisprudence in India.

**TMA Pai Foundation v. State of Karnataka**
Supreme Court of India
2002) 8 SCC 481

An 11 Judge Bench of the Supreme Court decided the scope of right of minorities to establish and administer educational institutions of their choice under the Constitution. The Supreme Court recognised that private unaided educational institutions have autonomy in administration, including the power to fix fee. However, this autonomy is not absolute, and institutions are prohibited from engaging in profiteering or commercial exploitation.

**Islamic Academy of Education v. State of Karnataka**
Supreme Court of India
(2003) 6 SCC 697

A Constitution Bench was formed to address certain ambiguities arising from the decision in TMA Pai Foundation. The Supreme Court reaffirmed the autonomy of private unaided educational institutions while recognising the State's limited regulatory role in ensuring transparency, merit-based admissions and prevention of profiteering. To operationalise these safeguards, the Court endorsed the constitution of committees by the States to oversee admissions and fee structures and reiterated the prohibition on capitation fee and commercialisation of education.

**PA Inamdar v. State of Maharashtra**
Supreme Court of India
(2005) 6 SCC 537

The Supreme Court strengthened the autonomy of unaided private educational institutions, holding that the State cannot impose reservation policies or compulsory seat-sharing arrangements on such institutions. While admissions must remain merit-based, fair and transparent, unaided institutions retain the right to manage their affairs and determine fee structures, subject to safeguards against profiteering and capitation fee.

**Unni Krishnan v. State of Andhra Pradesh**
Supreme Court of India
(1993) 1 SCC 645

Building on Mohini Jain, this judgment clarified the scope of the Right to Education by limiting it to children up to the age of 14. The Court introduced a structured scheme regulating admissions and fee in private institutions. It balanced state obligations with private participation in education. Importantly, it directly influenced the constitutional insertion of Article 21-A (Right to education). The decision also marked the beginning of formal regulatory frameworks in education. Though partly overruled later, its constitutional impact remains significant.

**Society for Unaided Private Schools of Rajasthan v. Union of India & Another**
Supreme Court of India
(2012) 6 SCC 1

This case upheld the constitutional validity of the Right of Children to Free and Compulsory Education Act, 2009, particularly the 25% reservation for disadvantaged children in private unaided schools. The Court ruled that such obligations do not violate institutional autonomy when aimed at achieving social equity. It reinforced the state's role in ensuring inclusive education. However, minority institutions were exempted from this requirement. The judgment is a key precedent for balancing equity with autonomy, and continues to guide RTE implementation debates.

**Modern Dental College & Research Centre v. State of Madhya Pradesh**
Supreme Court of India
(2016) 7 SCC 353

The Court upheld the validity of the MP Niji Vyavasayik Shikshan Sanstha Act 2007, affirming the State's power to regulate admissions and fee in professional institutions. It held that fee fixation must follow statutory criteria to prevent profiteering. The Court found centralised entrance tests and fee regulation consistent with TMA Pai, Islamic Academy, and PA Inamdar. Such measures were deemed necessary to ensure transparency, merit, and fairness. Overall, the judgment balanced institutional autonomy with student protection and public interest.

**Indian School v. State of Rajasthan**
Supreme Court of India
(2021) 10 SCC 517

The Court held that private unaided schools are free to determine their own fee structures based on the quality of education provided. However, in cases of profiteering or capitation, the Government may intervene and direct fee reduction. It further upheld state legislation providing for external regulatory mechanisms for fee determination as reasonable restrictions under Article 19(1)(g) (Right to practise any profession, or to carry on any occupation, trade or business) of the Constitution of India.

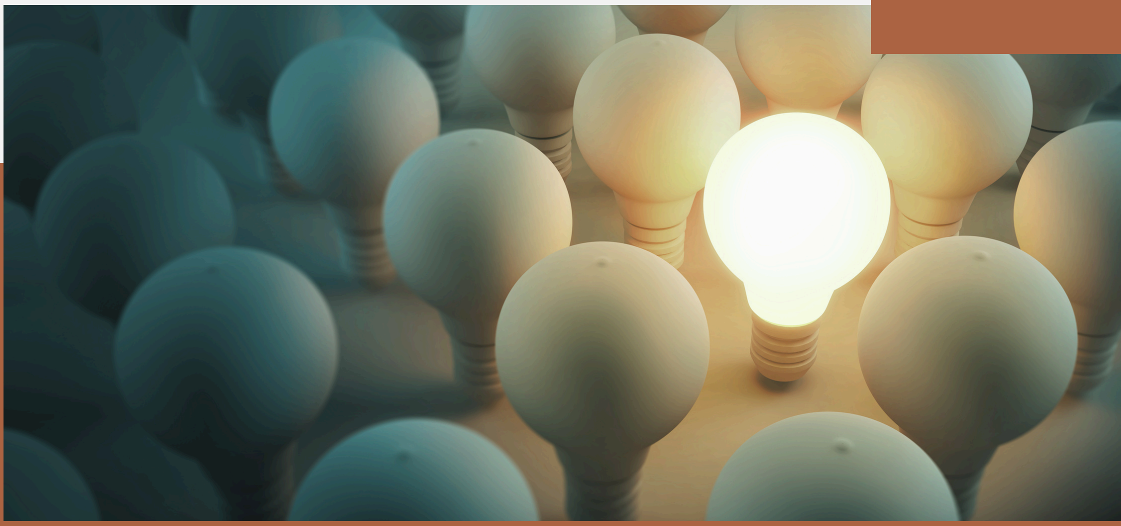
**Mahavir Sr. Model School v. Directorate of Education**
Delhi High Court
(2023) 2 HCC (Del) 147

The Court clarified that the generation and maintenance of a reasonable surplus by unaided schools does not amount to commercialisation. Planning surpluses for institutional expansion and educational development was held to be permissible and consistent with the charitable character of education.

**Dinesh Biwaji Ashtikar v State of Maharashtra**
Supreme Court of India
2026 INSC 56

The Court clarified the scope of Section 12(1)(c) of the RTE Act regarding the 25% quota in unaided schools, and held that the provision must be implemented within its statutory limits and not expanded arbitrarily. The Court emphasised uniform and structured execution of admissions. This judgment balanced social inclusion with institutional autonomy and strengthened clarity in RTE implementation.

# Conclusion



Shaped by a rare convergence of demographic momentum, rising participation levels, and sustained policy reform, the education ecosystem is entering a decisive phase. Structural initiatives such as the NEP 2020, coupled with accelerating technology adoption and expanding private involvement across school education, higher education, and skilling, are redefining both the scale and sophistication of education delivery.

At the same time, the sector remains distinct in its regulatory and judicial character. The NFP framework, layered compliance obligations, and evolving fee regulation require investors to engage with education not as a conventional consumer market, but as a long-term, institution-building endeavour. Judicial clarity on autonomy, surplus generation, and regulatory oversight has provided a stable interpretive foundation, enabling private participation within well defined boundaries.

Against this backdrop, investment opportunities are increasingly centred on scalable and hybrid models, including public-private partnerships, managed and franchise-based institutions, technology-enabled learning platforms, and outcome-linked financing structures. Success in this ecosystem depends on disciplined structuring, rigorous diligence, and governance frameworks that align commercial sustainability with public interest imperatives.

For both domestic and foreign investors alike, the opportunity lies not merely in the size of the market but in the ability to participate in a sector with enduring social relevance and long-term demand visibility. The coming decade will be instrumental in determining how well capital, policy, and innovation converge to shape an education ecosystem that is resilient, inclusive, and globally competitive.

# About the collaborators

# CONTRIBUTORS

**Ashutosh Gupta**
Partner
Fox & Mandal

**Doug Locke**
Partner
Veale Wasbrough Vizards

**Kunal Ganguly**
Vice President
Business Development
Ryan Group of Schools

**Rohin Kapoor**
Partner
MAS Education Consulting

**Saurav Bhaumik**
Associate Partner
Fox & Mandal

**Deeksha Dabas**
Assistant Manager
Fox & Mandal

FOX & MANDAL
SOLICITORS & ADVOCATES
Estd. 1896

About
# Fox & Mandal

Founded in 1896, Fox & Mandal (F&M) is one of India's oldest full-service law firms, with a legacy spanning more than 125 years. Over the decades, the firm has built a strong reputation for delivering practical, commercially sound and legally robust solutions to clients across diverse sectors.
Today, the firm comprises 23 partners and over 120 professionals, operating from four offices in Bengaluru, Kolkata, Mumbai and Delhi. F&M follows a full equity partnership model, fostering a collaborative and integrated approach to client service.

With more than 450 reported judgments and over 1,000 clients, the firm combines deep legal expertise with sectoral and jurisdictional knowledge to address complex legal and regulatory challenges. As businesses in India continue to expand and diversify, the evolving policy and regulatory landscape requires careful navigation by both enterprises and their leadership teams. F&M's multidisciplinary teams work closely with clients to provide pragmatic, commercially viable and enforceable solutions across the entire business lifecycle.

| | |
|---|---|
| 125+ years' legacy | 4 locations DEL, BLR, KOL, MUM |
| 1000+ clients | 450+ judgments |
| 23 partners | 120+ professionals |

## OUR EDUCATION SECTOR OFFERINGS

- Corporate and contractual transactions
- Investment and funding
- Real estate
- Trusts and governance structures
- Employment and labour
- Dispute resolution
- Regulatory and policy
- Data privacy
- Due diligence

About

# MAS Education Consulting

MAS is a boutique education strategy, CSR advisory & deals consulting firm led by a team of professionals with more than four decades of experience in advising public & private sector, funds, multi-laterals & not-for-profits on entry, growth, operations, M&A & compliance related matters.

We partner with educational institutions, investors, companies and social impact organizations to navigate the evolving landscape with clarity, confidence, and strategic insight.

Our deep sectoral expertise and practical understanding of the education value chain, helps our clients in making informed decisions that create long-term impact and achieve sustainable growth. From supporting education businesses in scaling operations to guiding investors through opportunities in the sector, we combine strategic thinking with execution-focused advisory.

## Key service offerings

Strategy and implementation

- India entry and market entry strategy
- Growth and expansion strategy
- Product-market fit and business model assessment
- Operational improvement strategy
- Feasibility studies in K-12/Higher-ed/Skilling
- Target operating model and SOP design
- Academic partnership ideation, due diligence and closure

Deal advisory

- Defining deal strategy and execution support
- Target identification and compatibility review
- Initiating dialogue, effective negotiations and quick closure
- Valuations and complete due-diligence support
- Post acquisition compliances and handholding support

CSR advisory and monitoring

- CSR strategy and vision development
- CSR board constitution
- Thematic areas and program design
- Grant management and due-diligence of IPs
- Baseline, midline & endline impact assessment and monitoring

About
# Ryan Group of Schools

The Ryan Group of Institutions, established in 1976 by Dr. Augustine F. Pinto and Mrs. Grace Pinto, is one of India's leading private education groups. Headquartered in Mumbai, the group has built a strong presence in the K–12 education sector with a commitment to holistic development and academic excellence.

Over the decades, the Ryan Group has expanded significantly and today operates 135+ schools across India and internationally, including campuses in countries such as the UAE. The schools are affiliated with major educational Boards, including CBSE, ICSE, IGCSE, and IB, offering diverse curriculum options to cater to a global student base.

### Vision & philosophy
The group's core philosophy is centered on 'Excellence in Education and All-Round Development.' It aims to nurture students into confident, responsible, and global citizens by combining academics with co-curricular and value-based education.

### Key features
- Holistic education approach: Equal emphasis on academics, sports, arts, leadership, and life skills.
- Global exposure: International collaborations, student exchange programs, and global events.
- Innovation in learning: Integration of technology-enabled classrooms and modern teaching methodologies.
- Value-based education: Focus on discipline, ethics, and social responsibility.

### Student reach
- The Ryan Group serves over 250,000 students with the support of thousands of educators and staff, making it one of the largest education networks in India.

### Leadership
- The group continues to be led by the founding family, with a strong focus on maintaining educational standards while expanding globally.

### Flagship initiatives
- Ryan International Children's Festival (RICF): A global platform for cultural and academic exchange.
- Model United Nations (MUN): Encourages global awareness and leadership skills.
- Social Responsibility Programs: Community outreach and environmental initiatives.

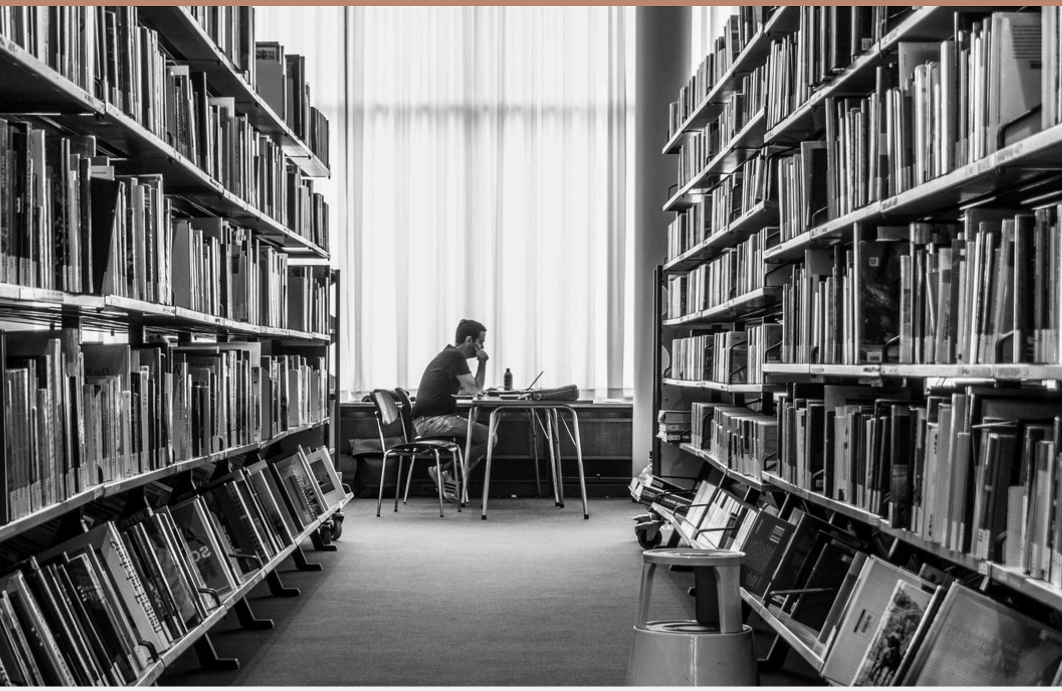
About

# Veale Wasbrough Vizards LLP

While VWV is a full-service law firm, it is recognised for specialist experience and expertise in the education sector. In total, they have more than 2,000 education sector clients (including over 700 independent schools, 500+ State schools and academies, over 200 multi-academy trusts, and over 100 Further Education and Higher Education Institutions, as well as sector organisations such as Research Councils UK, JISC, UCAS, London Universities Purchasing Consortium and Universities UK).

They have particular experience in advising UK schools in international projects and have advised schools on projects in Brazil, Cambodia, China (including Hong Kong), Egypt, the Gulf (including Abu Dhabi, Dubai, Kuwait, Oman, Qatar and Saudi Arabia), Japan, Kazakhstan, Malaysia, Mexico, Nigeria, Singapore, South Korea, Switzerland, Thailand the US and, of course, India.

Unlike many firms, their practice spans the whole education sector. They act for early years providers, schools, academies, Further Education colleges, Universities and alternative Higher Education providers.



## OUR OFFICES

**BENGALURU**
2nd Floor, Nish Manor, 25/2, Norris Rd
Richmond Town Bengaluru 560025
**Email:** bengaluru@foxandmandal.co.in

**KOLKATA**
12, Old Post OMice Street Kolkata
700 001
**Email:**calcutta@foxandmandal.co.in

**NEW DELHI**
Fox & Mandal House D 394, Defence
Colony, New Delhi 110 024
**Email:** newdelhi@foxandmandal.co.in

**KOLKATA**
7th Floor, 206 AJC Bose Road Kolkata
700 017
**Email:**calcutta@foxandmandal.co.in

**MUMBAI**
105, Arcadia Building, 195 NCPA Marg
Nariman Point, Mumbai 400 021
**Email:** mumbai@foxandmandal.co.in