

# Education in India: Securing the demographic dividend

In partnership with the

**UK INDIA**  
BUSINESS COUNCIL

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# Foreword

## Grant Thornton

The Indian economy has been witnessing phenomenal growth over the last decade, and the country is now poised to be a preferred destination for companies looking to expand their international operations.

The Indian government continues to play a pivotal role in encouraging foreign businesses to set up operations in the country, by upgrading policies and simplifying procedures for obtaining regulatory approval. Public private partnership (PPP) frameworks developed in most sectors by the government have been well received by the private business sector. At the same time, India's burgeoning population and increases in per capita and household income are creating a substantial demand that is challenging for existing businesses to fulfil.

Rapid economic expansion has led to the growth of existing industries and the creation of new and more sophisticated sectors. India's advancement 'up the value chain' has created significant employment opportunities, leading to an increase in the demand for quality higher education. With domestic providers unable to meet this demand, India's education sector therefore offers significant opportunities for foreign educational institutions and private investors.

All this is in the context of the global economic downturn, in which businesses are turning to safer ventures. The 'demographic dividend' of the young population in India will only fulfil its undoubted potential with adequate education and skills provision. Furthermore, since India has broadly followed the British education system since gaining independence, the potential investment opportunity for UK educational institutions is particularly strong.

Grant Thornton UK, Grant Thornton India and the UK India Business Council have collaborated through this report, to present both the opportunities and challenges for UK educational institutions and investors considering expanding into India, and to provide insights into the regulatory aspects that they will need to consider.

We hope you will find this report both interesting and useful in considering your development and investment plans.

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# Foreword

## The UK India Business Council

**This report demonstrates that the education and skills sector in India offers significant investment and partnership opportunities in almost all areas: in schools, at the further and higher levels and in the provision of vocational skills. The need to develop the sector in India has been acknowledged at the highest level of government and there are ambitious targets in place.**

The UK has an internationally recognised competitive advantage in these areas, with excellent colleges and universities, as well as private sector providers, all with the experience or capability to form global links. Add to this the shared history and language between the two countries and it seems self-evident that the UK should be India's education partner of choice.

However, collaborative activity in this field has so far been piecemeal and sporadic when taken as a whole, although it is clear that we are seeing the beginning of some very promising incipient linkages being formed. Navigating the regulatory environment and identifying suitable Indian partners are key concerns for UK education and skills providers. This is where organisations such as the UK India Business Council, with its close links to government and Indian business trade associations, can help. Coupled with expert advice on the legal and fiscal imperatives of doing business in India, there is no reason for players in this sector not to be actively considering the opportunities available.

India's economic liberalisation began in the early 1990s and has since gathered pace. There are high expectations surrounding the rate of reform and further progress from the Congress-led government. What is certain to be a watershed moment in higher education is the passage of the Foreign Education Providers Bill. Once approved by the Union Cabinet, foreign education providers will be able to set up independent colleges which will be treated as deemed universities, offering independent degrees without having to seek affiliation from an Indian university or tying up with one in partnership. This in turn will raise the standard of higher education available to greater numbers of Indian students.

The legislation will open up significant opportunities for the UK higher education sector, which is recognised as one of the best in the world. Forward thinking UK providers are already making preparations and there are a variety of services that the UKIBC can offer to enable UK universities to remain at the vanguard of the global market for higher education.

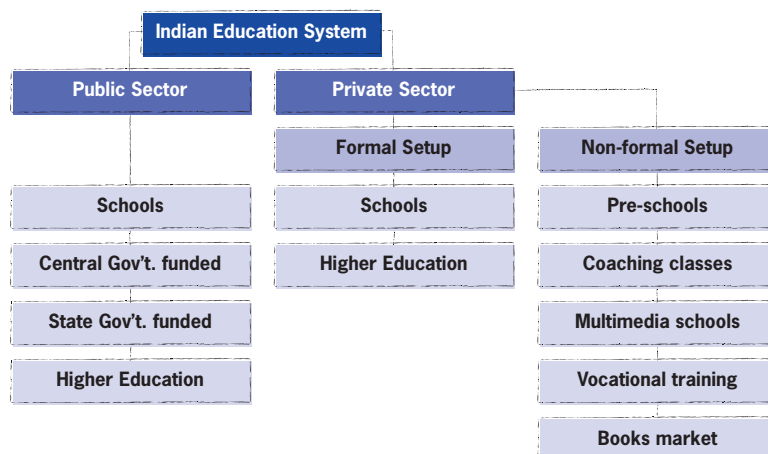
I hope that you find this report stimulating and insightful, and that it galvanises you to further explore the Indian market.

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**Sharon Bamford**  
CEO  
The UK India Business Council

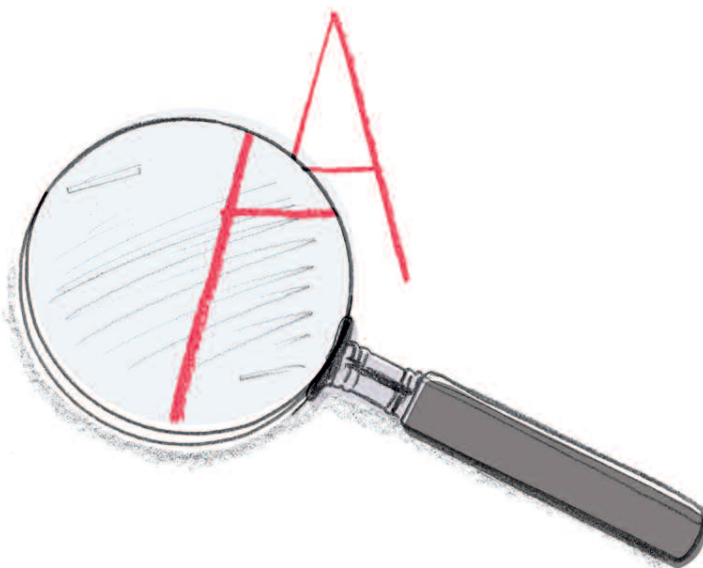
# The education landscape in India

Figure 1: Overview of the education system in India



## Public sector

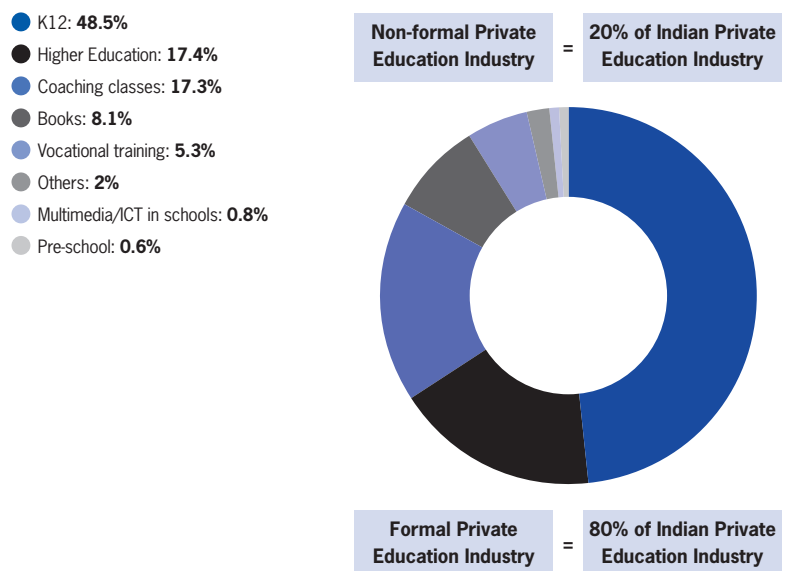
- The Indian education sector is by far the largest capitalised space in India, with government spending of \$30 billion in 2006, representing 3.7% of GDP, and a large network of one million schools and 18,000 higher education institutes.
- In its latest five-year plan, the government has allocated a six-fold increase in spending on education, yet this figure remains highly disproportionate to its target population: India's population of 572 million (2008) within the 0-24 years age group is the highest in the world and is expected to increase to 600 million by 2012.
- As a result, despite having one of the world's largest education supply infrastructures, India is currently unable to meet the demand for education at almost all levels:
  - only 219 million children (37%) are enrolled in schools and 11 million students attend colleges
  - only 34% of Indian schools provide an education beyond the primary level, meaning that the majority of Indian citizens receive only six years' formal education
  - 40% of pupils drop out of education each year, across all age groups, including primary school.
- Central and state-run institutes are directly funded by the central and the state governments respectively; there is no public funding of privately-run institutions.



### Private sector

- Due to the shortcomings in the quality and capacity of the public education system, there has been significant recent investment in the private sector education providers, which is now valued at \$50 billion, rising to an expected \$85 billion by 2012 (at a compound annual growth rate (CAGR) of 14%).
- The 'formal' sector comprises Kindergarten-12th grade (K12) schools (3-19 age group) and higher education colleges; institutions are regulated and must be run on a not-for-profit basis set up under a trust or society. An increasing number of corporate groups are entering the formal sector.
- Over the last three to five years a completely new, unregulated segment – 'non-formal' private education (comprising pre-schools, coaching/tutoring classes, the provision of multi-media and information and communication technologies (ICT) to aid teaching in schools and colleges, vocational training and the books market) – has emerged and now represents 20% of the private education industry.
- Almost all elements of the private education sector are growing at very healthy rates (15%-30% per annum).

Figure 2: Breakdown of the private education sector in the formal and non-formal markets (2008)

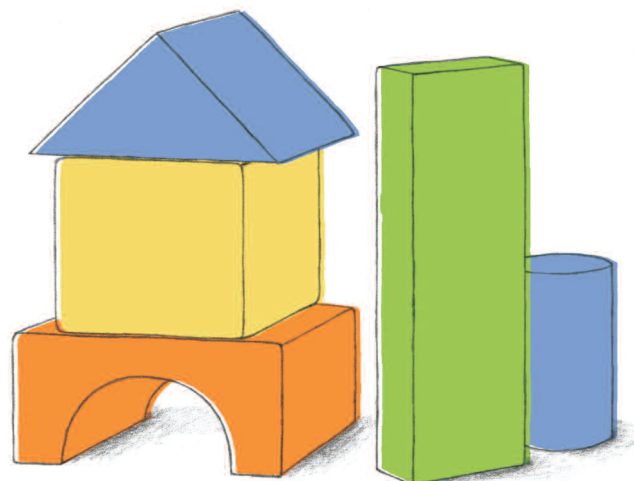


# Pre-school education

- Caters for children between 18 months and three years but is not a prerequisite for Kindergarten-12th grade (K12) education.
- Pre-schools are a relatively new concept in India and represent only 0.6% of the total private education industry, although this is expected to grow to 1.2% by 2012.
- A part of the non-formal India Education Society (IES), the pre-school segment is valued at \$300 million currently and is expected to be a \$1 billion market by 2012 (at a CAGR of 36%).
- The 'organised' segment of established commercial providers represents 17% of the total pre-school market and is valued at \$50 million (2008):
  - there are ten major pre-school chains and ten smaller players, providing approximately 1,700 schools catering for 200,000 students
  - this segment is expected to exhibit a higher growth rate (with a CAGR of 50%) than the total pre-school market, and there has been an evident shift towards this over the past six years
  - providers are scaling up through franchising, requiring a low upfront investment by the franchisee
  - it is expected to grow to represent 25% of the market by 2012 with a valuation of some \$250 million.

## Regulatory framework for pre-school education

<b>Regulatory body</b>	None
<b>Profit making</b>	Pre-schools may be run as 'for-profit' institutions
<b>Affiliation/accreditation</b>	None
<b>Curriculum</b>	No standard curriculum
<b>Typical operating models</b>	Greenfield project Takeover of existing pre-school Franchise Joint venture with real estate developer
<b>Foreign investment</b>	100% permitted through the automatic approval route
<b>Preparation for</b>	K12 school



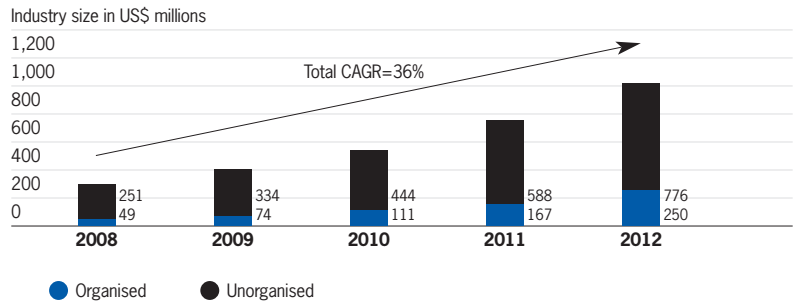
### The demand

- The pre-school market remains highly fragmented and regional (the largest player – Kid Zee – holds only 7% of the total market).
- Although pre-school education is gaining in popularity among young, working/professional parents, participation in the segment is limited, with only 1% of pre-school age enrolled.
- Low market penetration, low barriers to entry and high forecast growth, along with the increasing awareness, popularity and propensity of young working professionals to pay, all suggest the market offers considerable opportunity for investors.

There are risks, however:

- with high lease rentals, the business model is challenging for standalone pre-schools
- there is intense competition from the unorganised segment (at considerably lower cost to the customer) and increasing competition among the organised players.

**Figure 3: Industry size in USD millions in the organised and unorganised pre-school education sector 2008-2012**



**Figure 4: Key players in the pre-school education sector**

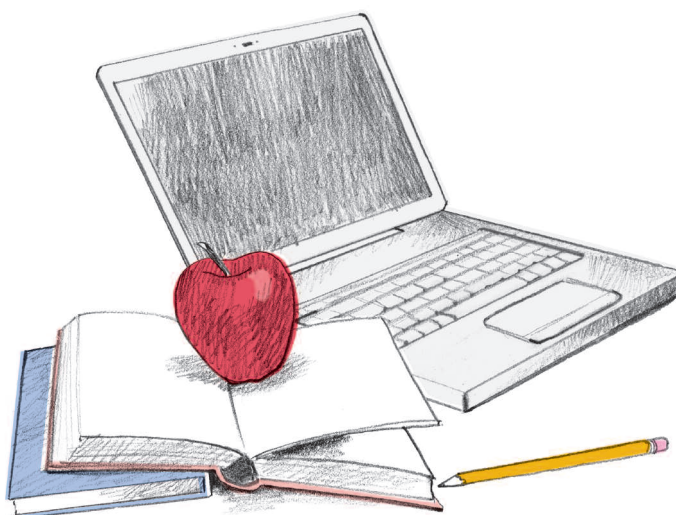
Key players	
Kid Zee	Tree House
EuroKids	Mother's Pride
Apple Kids	DRS Kids
Shemrock	Sunshine
Kangaroo Kids	Bachpan

# Primary/secondary-level education – Kindergarten-12th grade sector

- The K12 sector – Kindergarten to 12th grade – caters for students in the age group 3-19 years, with 219 million children enrolled across the country out of the 361 million who are eligible.
- All K12 institutions must be affiliated to an education board – either central, such as the Indian Council of Secondary Education (ICSE) and the Central Board of Secondary Education (CBSE) or state; some schools have begun seeking affiliations with international boards such as IGCSE (International General Certificate of Secondary Education) and IB (International Baccalaureate from Geneva).
- The market is dominated by the public sector, which represents 80% of the 1.25 million schools; of the 950,000 public schools, only 8% accommodate children with special needs within regular classes.
- The public sector also dominates the primary and middle school sub-segments, whereas 59% of secondary schools are in the private sector.
- On average, private schools enrol more students (1,200 per school) than public schools and account for 40% of the total number of students enrolled in K12.
- The size of the K12 industry is expected to increase from \$24.5 billion in 2008 to \$50 billion in 2015 (with an estimated CAGR of 14%).

## Regulatory framework for primary/secondary level education

<b>Regulatory body</b>	Ministry of Human Resources Development (MHRD)
<b>Profit making</b>	K12 schools must be run as 'not-for-profit' institutions in the form of a society or trust, although certain states have opted out of this requirement
<b>Affiliation/accreditation</b>	<ul style="list-style-type: none"> <li>• ICSE (Council for the Indian School Certificate Examinations)</li> <li>• CBSE (Central Board for Secondary Education)</li> <li>• IGCSE (International General Certificate of Secondary Education)</li> <li>• IB (International Baccalaureate from Geneva)</li> <li>• State Board</li> </ul>
<b>Curriculum</b>	As required by affiliated board
<b>Typical operating models</b>	Greenfield project Takeover of existing school Joint venture with real estate developer Provision of management services
<b>Foreign investment Preparation for</b>	100% permitted through the automatic approval route Graduate level programmes



### The demand

- India has the largest population globally (and growing) in the K12 age group.
- 39% of children of K12 age are not currently enrolled in school, meaning 142 million eligible children in India do not receive an education.
- At the higher secondary level (grades 9-12) this figure rises to 68%.
- Inconsistent and relatively poor public sector.
- There is a preference for the private sector, fuelled by a growing awareness of the importance of a quality education and an increasing ability and willingness to pay for it.
- According to the National Council of Education Research & Training (NCERT), between 20,000 and 25,000 quality schools are needed.
- A number of states allocate land for schools at subsidised rates.
- Growing demand exists for PPPs to manage public schools.

Figure 5: Current situation: total number of schools and total number of students enrolled

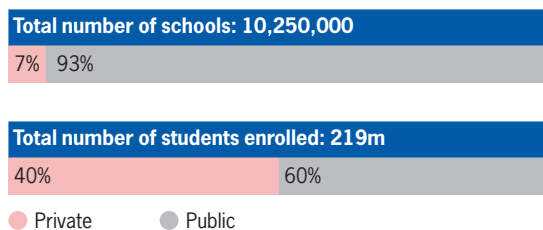


Figure 6: Amount of money invested in the K12 sector 2008-2015  
K12 Industry market size (2008-2015E) (US\$ billion)

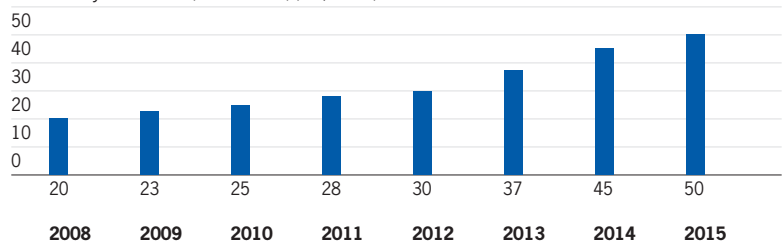


Figure 7: Number of eligible children per grade able to receive formal education

Grades	Age	Number of eligible children (million)
1-5	5-9 years	156
6-8	10-14 years	91
9-12	15-19 years	114
<b>Total</b>		<b>361</b>

# Higher education

- Caters for students over 18: undergraduates (18-21 years) and graduates (22 years plus).
- There are 24 Central or Union Universities, established by the Union Government (normally by Act of Parliament) which is responsible for arranging, allocating and distributing financial resources to maintain them.
- Public spending on higher education has been gradually reducing as the government's focus has transferred to primary education.
- Currently 77% of higher education institutes are privately owned.
- The UGC (University Grants Commission) is the central governing body, but there are individual regulatory bodies for professional courses.
- The size of the higher education industry is expected to increase from \$8.7 billion in 2008 to \$32 billion in 2012 as the private sector takes a greater stake.

## Regulatory framework for the higher education sector

### Regulatory body

Ministry of Human Resources Development (MHRD)

### Profit making

Must be run as 'not-for-profit' institutions in the form of a society or trust

### Affiliation/accreditation

- Higher education institutes must be affiliated to a university and are therefore accredited by the University Grants Commission (UGC)
- Further, each stream (medicine, management, engineering and law) is monitored by a specific body – for instance the All India Council for Technical Education (AICTE) for engineering and management colleges – and affiliation to these is mandatory

Without affiliation in one of these categories, a higher education institute will be considered illegal unless it can be demonstrated that graduating students are successful in the job market (an example is the Indian School of Business in Hyderabad, a proven premier business school with strong industry acceptance)

### Curriculum

As required by affiliated body

### Typical operating models

Greenfield project

Public Private Partnership

### Foreign investment

100% permitted through the automatic approval route

## The demand

- India is one of the largest importers of higher education: \$13 billion is spent every year.
- The National Knowledge Commission (NKC) estimates there is a need for 1,500 universities; only 350 currently exist.
- The Foreign Education Providers Bill is likely to open the higher education sector to international competition, which will help to increase the supply in India.
- Meanwhile, it is expected that an additional 800 private engineering, 60 medical and 300 MBA colleges will open by 2012.

# Vocational training

- Only 5% of Indians aged 19-24 formally learn a trade.
- The government network of approximately 5,500 industrial training institutes cannot accommodate the high demand for vocational training among young people and employers, created in large part by the high drop out rates and inefficiencies in the K12 education system.
- The market remains largely fragmented, barring a few large players in the IT space, and accreditation is not standardised.
- The vocational segment has emerged as a \$2.65 billion market that is expected to grow rapidly into one worth \$3.6 billion by 2012 (CAGR of 25%).
- IT and finance/management training will show the strongest growth, being 27% and 30% CAGR respectively.

## The demand

- This exists in a number of key areas including IT and English language training.
- The need for higher skill levels is driven by employer expectations of worker productivity.
- By 2020 there will be 47 million more people of working age than people of non-working age in the Indian population.
- There is considerable scope for expanding workplace training, but there is a shortage of skilled trainers.

## Regulatory framework for vocational training

<b>Regulatory body</b>	None
<b>Profit making</b>	May be run as 'for-profit' institutions
<b>Affiliation/accreditation</b>	None
<b>Curriculum</b>	No standard curriculum
<b>Typical operating models</b>	Greenfield project Joint venture Franchise Public Private Partnership
<b>Foreign investment</b>	100% permitted through the automatic approval route
<b>Preparation for</b>	Further studies in chosen field or entry to the workplace



# Coaching industry

- Caters for varying requirements within the K12 and higher education segments.
- It is unregulated, represents approximately 64% of the non-formal market and comprises three broad categories:

## Subject/concept-based tuition

- tutoring across a range of subjects by private providers has eased the burden on individual teachers
- with an estimated value of \$5 billion, the tutoring market forms 80% of the coaching classes segment.

## Graduation test preparation

- dominated by engineering (60%) and medical services (23%)
- estimated at \$1 billion, it accounts for 17% of the coaching classes segment.

## Postgraduation test preparation

- the market, valued at \$220 million, is dominated by the 300,000 students every year who purchase coaching services in order to pass the Common Admission Test
- players are also looking to provide coaching through online media, although the lack of broadband connectivity in India is a barrier to the development of this model
- with an estimated value of \$220 million, it forms 3% of the coaching industry.
- The total coaching industry, served by owner-managed and franchised businesses, as well as co-operative ventures, is expected to increase in size from \$8.65 billion in 2008 to \$11 billion in 2012 with an estimated CAGR of 15%.

## Regulatory framework for the coaching industry

<b>Regulatory body</b>	None
<b>Profit making</b>	May be run as 'for-profit' institutions
<b>Affiliation/accreditation</b>	None
<b>Curriculum</b>	No standard curriculum
<b>Typical operating models</b>	Greenfield project Franchise
<b>Foreign investment</b>	100% permitted through the automatic approval route
<b>Preparation for</b>	Continuing school and HE study Under- and postgraduate examinations

## The demand

- There is a severe shortage of quality institutions.
- Competition for entry into professional colleges is extremely strong.
- The existing education system is relatively poor.

# Key challenges and opportunities for inward investors

There are two key challenges that any inward investor would face in planning to establish an education institution in India.

Firstly, securing accreditation from the many and various education-specific regulatory bodies in India.

Secondly, setting up an operating structure/entity that is legally permitted to generate profits, given the restrictions in place in the K12 and higher education sectors.

However, these are balanced against the significant opportunities afforded by the growth of the Indian economy as a whole and the education sector in particular.

## Securing accreditation

In addition to adhering to the regulatory frameworks covering the respective segments of the Indian education system, foreign education providers are also governed by a number of other specific regulations, including:

- Establishment of and Maintenance of Standards in Private Universities Regulations (2003)
- Regulations for Entry and Operation of Foreign Universities/Institutions Imparting Technical Education in India (2005)
- the Private Professional Educational Institutions (Regulations of Admission and Fixation of Fee) Bill 2005 (not yet active)
- the Foreign Educational Institutions (Regulation of Entry and Operation, Maintenance of Quality and Prevention of Commercialization) Bill 2007 (not yet active)
- Foreign Direct Investment Norms.

Despite the existence of these frameworks, and with increasing pressure from the private sector and large corporate businesses, the Indian government is currently working on strategies and more flexible policies that will encourage the private sector, as well as foreign businesses, to participate in the education sector. For example, it has taken steps to simplify procedures for obtaining regulatory approval, by introducing 'single window clearances', which allow businesses to submit regulatory documents for numerous government bodies at a single location and/or with a single regulatory authority, leading to significant savings in time and cost.

The government has also recently announced its intention to review the procedures for obtaining 'deemed university' status. At present, only institutions established for a minimum of ten years are eligible, but it is proposed, under the Foreign Education Providers Bill, that even newly established institutions will qualify.

## Setting up a legal, profit-making entity

Under the current regulatory framework, accreditation is provided only to 'not-for-profit' organisations. Consequently, profit-making education companies in India need to be structured in such a way that profits are distributed via the education institution (which must be set up as a trust or society) and allocated to, for example, suppliers of equipment, human resources, land/buildings and education services (books, library services, etc).

### **Growth drivers**

As India gears up for greater private investment in education and with new legislation to promote foreign inward investment on the way, it is clear that the government is shifting focus towards formal commercialisation of the sector.

The growth and development of the Indian economy at large is also a significant driver for foreign investors:

### **Rising integration into global trade**

- A recent PricewaterhouseCoopers report, Destination India, says that India is to become the world's third largest PPP (Purchasing Power Parity) economy, with an average GDP growth of 6% in the last decade, 8.2% since 2003 and 9.2% during 2006-07.
- A Goldman Sachs report, Dreaming with BRICs: The Path to 2050, states that among Brazil, Russia, India and China, India will grow the fastest over the next few decades.
- At its present rate of growth, the Indian economy will add the equivalent of nearly one French economy every 3.5 years and one Australian economy every year.

### **Influx of investments and foreign capital**

- India's foreign exchange reserves have hit the \$300 billion mark and remain over the \$250 billion level, placing the country in an elite club of nations and reflecting investor confidence in its economy.
- India is ranked as the second most attractive destination for foreign direct investment, after China and ahead of the United States of America.
- Long-term foreign investors invested \$8.34 billion in February 2008, despite the onset of the global downturn.

### **Regulatory boosts**

- The forthcoming Foreign Education Providers Bill will liberalise the HE sector by allowing overseas universities to set up campuses in India.

### **Population/demographic trends**

- India has over 1.1 billion people, the world's second most populous nation, with about one-third of the population able to be categorised as young.

### **Human capital potential**

- Quality of labour has played an increasing role in boosting India's growth.
- Literacy standards have improved substantially, rising from just 10% in 1951 to about 65% in 2001.

### **Increase in disposal income**

- Consumption and savings levels are rising.
- Per capita income has doubled over the past seven years.
- Education spending currently accounts for 5% of private consumption and is expected to rise to 9% by 2025.

### **Rapid urbanisation**

- Urbanisation is increasing rapidly, and with construction quality increasing this leads to improvements in infrastructure and civic facilities.

# Inward investment from the UK

## How some providers have tackled the Indian market – lessons from the case studies

The UK has a strong competitive advantage in the education and skills sector, and is capable of world class skills provision. UK skills providers are also uniquely well placed to form partnerships with Indian entities, due to the shared history, language and culture between the two countries and the institutional infrastructure they have in common.

Yet UK providers have not, so far, achieved the expected level of penetration into the Indian market. There are two, interrelated factors that account for this:

- a lack of awareness in India about UK capability in this area
- a lack of serious business development activity by UK companies with respect to the Indian market, at least to date.

There are two other issues:

- UK skills providers are typically small businesses, with limited resources to research and access opportunities in India, itself a large and complex market
- vocational training in India is not regarded as a comparable alternative to higher education.

To provide further insight into these issues, the UKIBC spoke to six UK education and skills providers, representing a cross-section of the great diversity of the UK offering in the education and skills sector, and with widely differing levels of experience of the Indian market. Two are completely new to the Indian market, yet recognise the potential for exporting their expertise. Another has been raising the profile of their offering in India for several years, often in collaboration with Indian partners in the same sector, through a series of events and seminars. Three have current projects in India and one of these has signed Memoranda of Understanding (MOUs) with commercial companies and universities.

Without exception, these organisations recognise the enormous potential of the Indian education and skills market, and have definite plans to either enter the market or expand their operations in India.

They were asked to:

- describe potential areas of interest/nature of proposition for the Indian market
- indicate what would be most useful in enhancing business links with India
- explain their experience of the main barriers to entering the Indian market
- suggest solutions based on this experience.

A summary of the information gathered is presented below.

## Main areas of interest

- Curriculum development is a key strength: many have the ability to widen participation through delivering common modules in a range of vocational and professional areas. Teacher and assessor training is an important element of this.
- Vocational skills must be delivered collaboratively, so identifying suitable Indian partners is of utmost importance.
- English language training was considered to be highly transferable to the Indian market, as were accreditation and schools improvement services.
- The prime contractor model, where a private entity delivers skills training on behalf of a government agency, is thought to have great potential in India.

### **Business development techniques**

- Meeting with potential Indian partners and developing local contacts in India via key multiplier organisations, such as the Federation of Indian Chambers of Commerce & Industry (FICCI), and the Confederation of Indian Industry (CII).
- Meeting Indian employers to assess future skills requirements.
- Making contact with key individuals in the Indian national and state governments.
- Gaining a commitment from UK stakeholders, including the government, industry bodies and private sector stakeholders to set up a pilot project using the UKIBC/UKTI-managed JETCO Skills Forum.

### **Main barriers to entering the Indian market**

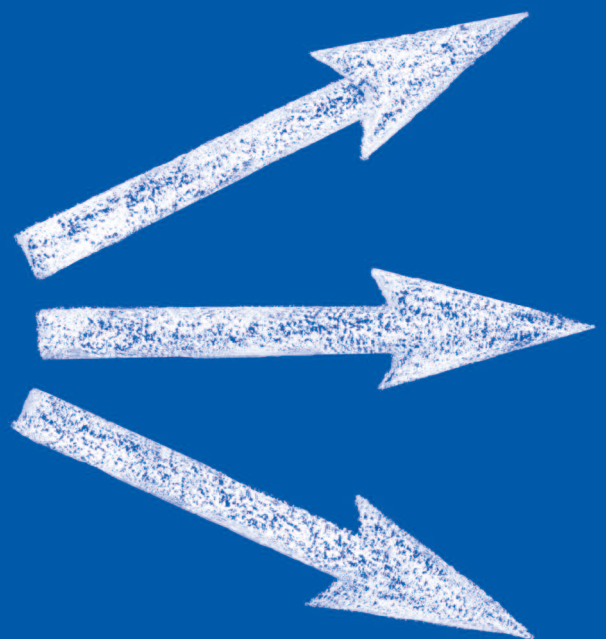
- The Indian market is extremely price sensitive, with tuition fees much cheaper in the higher education sector than in other economies.
- Identifying the appropriate market and segment in respect of further education and vocational training has been a challenge: forging institutional links with Indian education providers has been effective in tackling this and has therefore been a priority.
- Red tape remains a perennial issue, but the difficulties of navigating the bureaucracy were thought to be outweighed by the eventual benefits of successful market entry: a long-term view is required.

### **Recommended solutions**

- UK skills providers, particularly smaller businesses, should work through a UK multiplier organisation, such as the UKIBC/UKTI-managed JETCO Skills Forum.
- Develop relationships with Indian multiplier organisations, such as Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI), to identify potential partners and raise awareness.
- The UK government actively assists UK companies seeking to do business in India through its sector experts at UK Trade and Investment in order to successfully navigate the regulatory environment in India.
- Make contact with local and national government officials to gain a better understanding of the market.
- Take a long-term view of the opportunities and be prepared to spend time developing relationships and pursuing leads.
- Work with specialist consultant organisations seeking professional advice where needed.

# Case studies

A number of UK companies and institutions which participate in the education and skills sector have already made significant progress in accessing the manifold opportunities in India. This group includes not just the providers themselves, but also those with expertise in associated activity, such as accreditation and training or infrastructure development. The following case studies seek to demonstrate the range of expertise required for the Indian market's continued development. They include: two further education and vocational skills providers, an education property development company, an NGO specialising in training and accreditation, and two UK universities. All the subjects have made successful initial entries into the Indian market, although their modes of entry are different in their points of divergence. Applying for a government-mandated funding stream, joint ventures, MOUs with Indian partners and engaging with local trade associations have all proved fruitful and are testament to the wide variety of different strategies available.



# Leeds City College

## Background

Created in April 2009 from a merger between Leeds Thomas Danby College and Leeds College of Technology, Leeds City College is a member of the regional university network operated by Leeds Metropolitan University, which validates the college's Foundation Degree provision. It offers:

- vocational education and training, academic and professional courses to over 65,000 students from 16 years of age upwards, providing programme and learning solutions that are driven by employer and industry need
- a very wide range of programmes, from basic skills to Foundation Degree
- a range of attendance models including full-time, part-time and distance learning
- various learning styles including classroom-based, blended-learning and work-based assessments.

## Market entry strategy

Under the UK-India Education and Research Initiative's (UKIERI) Professional and Technical Skills development strand, Leeds City College has established a growing partnership with the National Insurance Academy (NIA) in Pune:

- staff from both partner organisations have visited India and the UK, accompanied by senior employer representatives from the insurance industries in both countries (HSBC in the UK and the Life Insurance Corporation and General Insurance Corporation of India)
- meetings with employers during both visits provided the NIA with an overview of the financial services industry in the UK and introduced the UK team to senior industry contacts in India; these have led to college-wide discussions on future project ideas, including the development of distance learning packages to support the insurance industry in India and e-learning provision for insurance agents

- the College hosted a visit to the UK by six MBA students from the NIA and provided work experience through a supported work placement, underpinned by a programme of seminars, guest speakers and industry visits to further expand and develop the students' knowledge and skills. The programme will prepare students for the first unit of a CII Certificate qualification, and will include a cultural awareness strand to enhance students' general understanding of the UK.

## Areas of interest

- The insurance and financial services sectors in India.
- Distance and e-learning.
- Work-based learning programmes.
- Vocational education and training, especially in key sectors such as security and construction where employer demand for skills is high.
- Replicating the skills academy model in India, particularly in a second tier city such as Pune.

## Enhancing business links

### British Council/LCCI CET

– funding has been vital in the development of the college's links with the NIA.

**UKIERI** – funding has covered the costs of in-country visits (visas, travel, subsistence, accommodation and insurance) enabling vital face-to-face contact with prospective partner organisations.

**The UKIBC** – the college is now a member and has participated in several in-country briefings.

**UKTI** – the college has attended briefings and is looking at the possibilities of Overseas Market Introduction Services (OMIS) research to support future marketing strategies in India.

# CfBT Education Trust

## Background

CfBT Education Trust is an international, not-for-profit, education resource management organisation, founded in 1965 as the Centre for British Teachers. With an annual turnover of £120 million (2008) it employs around 2,500 people worldwide (at its UK headquarters and at offices throughout the Middle and Far East, Africa and India), working for both public and private sector clients. As a registered charity, it distributes over £1.5 million from operational surpluses to fund educational research and development work.

CfBT was founded as a provider of English language teaching expertise, and this remains an important part of its skill set. With long, practical experience of assisting with education development worldwide (working with governments, development partners and private companies), CfBT has a unique understanding of the needs of education systems (at primary, secondary and tertiary levels) in countries at all stages of their economic and social development, including transition and post-conflict.

## Market entry strategy

CfBT Education Services is the specialist subsidiary for all operations in India, with offices in Hyderabad and Chennai. It aims to create self-sustaining delivery systems that raise the standards of teaching and learning through focused training and support to schools.

Current programmes include:

- Enabling Quality Improvement – a pilot project in which CfBT has assisted HSBC in the creation of a financing mechanism for small education enterprises that supply schools for the very poor: 40 schools have taken advantage of loans under the programme

- Whole School Improvement – a suite of training packages has been developed in response to the needs of teachers and managers including: Customised School Improvement Plans, Management Development Programme, In-service Teacher Training Programme and the English Language Programme.

## Areas of interest

- English language training (reading, writing, listening and speaking) – at school, college and corporate levels, leading to internationally-recognised qualifications.
- Job Smart – a comprehensive training programme to prepare undergraduates for employment (vocational, emotional, life and communication skills).
- Increasing the supply of trained teachers – creating teacher networks and providing internationally-accepted qualifications and access to professional development.
- Whole School Improvement Programmes and Accreditation – enabling access to loan and grant finance for private, unaided schools serving the underprivileged sector through a school accreditation programme that will rate schools on both quality of education and financial health; serving as a trustworthy information source to parents regarding school quality.
- UK universities in India – representing, promoting and delivering internationally-accepted qualifications from these and other education agencies in India.

## Enhancing business links

CfBT would like to:

- gain access to a larger group of interested parties in education improvement services
- scale up its work in terms of the number of schools and colleges it serves
- increase its geographic reach to be a pan-Indian player.

# Scotland's Colleges International

## Background

Scotland's Colleges International (SCI) has been established to enable Scotland's colleges to operate more effectively and collaboratively in international markets by increasing capacity and improving clarity, coherence and quality of delivery.

The SCI board is composed of college principals, international practitioners and key stakeholder organisations in Scotland. It has the support of Scottish government ministers, the Scottish Qualifications Authority, the Scottish Funding Council, Scottish Development International and Scottish Enterprise.

SCI's aim is to bring together the colleges in Scotland to work collectively, offering international clients a one-door approach and delivering:

- a significant resource in terms of staff and facilities
- workforce development training and accreditation for international corporate clients
- learning and training programmes for international students in a range of locations within Scotland
- development projects and programmes in partnership with international development agencies.

## Market entry strategy

SCI has a number of MOUs with commercial companies and universities in India. Individual colleges visit India frequently to recruit students to Scotland and to deliver projects in-country, mainly in and around Delhi and in Kolkata.

## Areas of interest

SCI has substantial experience within the international arena in a wide spectrum of roles, from the delivery of tailored training to major infrastructure development incorporating educational reform. Expertise includes:

- advising developing countries on improving education infrastructure, to support the growth of vocational training
- assisting in the delivery of training programmes and the training of trainers throughout the developing world, in order to build capacity for the future
- forging robust links with partner organisations and governments globally
- welcoming thousands of students from countries throughout the world to Scotland to further their studies
- building bespoke vocational training programmes for organisations operating in a wide variety of market places and industry sectors, all aimed at increasing their profitability through the upskilling of staff
- applied education and training, mainly in the field of vocational education and training and lifelong learning development.

## Enhancing business links

Useful contacts would be any organisation interested in training its staff to international standards, and colleges and institutions interested in training trainers, developing an English language training workforce and lifelong learning policy; also government vocational education and training departments.

SCI would be very keen to explore collaboration with large commercial companies and trade organisations in India, such as FICCI and CII, and to engage effectively with both regional and national government in order to assist India to deliver effective projects in technical and vocational education and training (TVET).

# GVA Grimley

## Background

GVA Grimley is a leading UK property consultant providing a comprehensive range of property solutions to UK and international owners, occupiers, investors, lenders and developers. Its services cross both commercial property and more specialist areas, such as healthcare and education. These revolve around the three core disciplines of strategy (for example asset management plans and site finding), feasibility (for example town planning and securing finance) and implementation (for example land disposal/acquisition and procurement).

GVA Grimley has a specialist education team, which has over 15 years of experience in the sector, and has provided strategic property advice to over 45 further education and higher education institutions. Typically this involves helping colleges to rationalise their space and formulate strategy for future expansion, working with them to refine their business case, applying for funding on their behalf and, after the approval, taking the project to the build/construction phase to completion and occupation.

## Market entry strategy

GVA Grimley has two affiliate offices in India, located in Delhi and Mumbai, providing property related services. Currently, it is working for an Indian organisation interested in partnering with UK universities to open a new university/institution with a focus on specialised courses. The project involves identifying a suitable UK university, facilitating partnership engagement and finding suitable accommodation to deliver education.

## Areas of interest

Based on its experience and knowledge, GVA Grimley would like to expand its service offer to the Indian education sector, working alongside skills and education providers to ensure that their property requirements are met, and that public and private funding is efficiently used and targeted in the most needed areas.

It would like to establish partnerships with key personnel within Indian multiplier organisations involved in promoting and developing education across the country. Building on existing relationships with and knowledge of a number of the top universities and colleges in the UK, GVA Grimley hopes to create mutually beneficial opportunities for both countries to further the educational offer available in India.

## Enhancing business links

GVA Grimley would like to strengthen its links with Indian education providers (both public and private) and organisations seeking good quality facilities to deliver skills, training and education.

# University of Edinburgh

## Background

The University of Edinburgh is well-known for the quality of its undergraduate and postgraduate programmes, the exceptional academic profile of its staff and its extensive facilities and research. It is ranked 23rd in the world in the Times Higher Education – QS (THE-QS) World University Rankings 2008.

## Market entry strategy

University of Edinburgh staff have been successful in securing UKIERI funding for projects during two successive allocations of funding. Recent activities between the university and India have included: the establishing of formal exchange programmes with Delhi University and the United Theological College (UTC) in Bangalore, newly signed MOUs with both the Indian Institute of Management Bangalore and the Tata Institute for Fundamental Research in Mumbai. There is current potential for an agreement with the Indian Institute of Science (IISc), Bangalore. A variety of specific research projects are also in evidence throughout the university.

In addition to concentrating efforts on research links, the university also aims to increase its international student cohort by 1,000 by the year 2012: India will be of critical importance to this aim and it will need to attract the best possible students from the country.

## Areas of interest

The following subject areas are of particular interest in India: business and economics, carbon management, environment and geosciences, law, informatics and computer science, South Asian studies, medicine, veterinary medicine, biological and biomedical sciences, public health, maths, engineering and physical sciences.

## Enhancing business links

The University of Edinburgh would like to:

- gain greater access to information networks and opportunities
- develop links with industry
- secure assistance in harnessing sources of funding to facilitate joint projects in India.



# University of Greenwich

## Background

The university traces its roots to 1890, when Britain's second polytechnic was opened near the Thames at Woolwich. Over the years, a range of specialist organisations have joined the institution, giving it diverse strengths in subjects such as teacher training, architecture, engineering and history. Awarded university status in 1992, it now has three campuses – in Eltham, Greenwich and Chatham – and an international student community of 4,000.

The Centre for Indian Business is located within the university's Business School and acts as a hub for networking, discussion and access to a wealth of information about India. The Centre works closely with education providers, industry and consumers to forge strong and mutually beneficial knowledge links with Indian business and business education, through the Centre into the rest of the UK and Europe.

## Market entry strategy

### **The Institute of Management Technology (IMT) Ghaziabad**

The Centre is working with IMT, established in 1980 and widely recognised as a centre for excellence in postgraduate management education, on a research project on the future of Indian management education, and an international conference on brand management was held in January 2010.

### **The Federation of Indian Chambers of Commerce and Industry (FICCI)**

FICCI and the Centre signed an MOU in June 2009 to work together on the following:

- FICCI's annual HE Summit
- dissemination of FICCI reports through the Centre's newsletter
- a survey of the role of private higher education institutions in economic growth
- a research project to highlight ways for India to achieve its potential as a global leader in management thought and the impact of its management education on business
- a seminar series looking at the planning of higher education space and how it relates to regional economic growth and local communities
- the development of applied research, teaching and cooperation to help develop the biopharmaceutical industry in India.

### **Malaviya National Institute of Technology (MNIT)**

Established in Jaipur in 1963, MNIT is an Institute of National Importance and offers nine undergraduate, 17 postgraduate and Ph.D programmes in the areas of engineering, technology, management, science and humanities. MNIT and the University of Greenwich won a UK India Education and Research Initiative (UKIERI) award to develop a joint MBA in Technology Management, launched in August 2009. The two institutions also plan to develop a number of joint research programmes in civil and structural engineering and power electronics.

### **Apeejay Institute of Technology (AIT)**

An integral part of The Apeejay Education Society, established 40 years ago to pursue excellence in higher learning, AIT offers a range of full-time programmes under three schools: the School of Management, the School of Computer Science and the School of Architecture and Planning. It conducts research across management and technology and has over 1,000 students in management programmes at its various institutions.

The University of Greenwich and AIT won a UKIERI award to develop a joint MBA in Executive Management, launched in August 2009. The two institutions also plan to develop a number of joint research programmes in a range of management issues.

### **ITM Universe**

The University of Greenwich and ITM Universe, which enrolls 7,000 students and has an A-grade accreditation from the National Accreditation Board of India, won a UKIERI award to develop a joint MBA in International Business, launched in March 2009, and an MBA in Technology Management, launched in August 2009.

### **Areas of Interest**

University of Greenwich is hoping to attract Indian and British students and organisations to participate in the following courses:

- MBA International Business in India
- MBA Information Technology Management
- work placements for graduates and students
- short executive programmes
- accredited degrees through partners in India
- high-quality applied research in Indian business
- applied research and knowledge transfer
- advice and support for access to Indian business.

### **Enhancing business links**

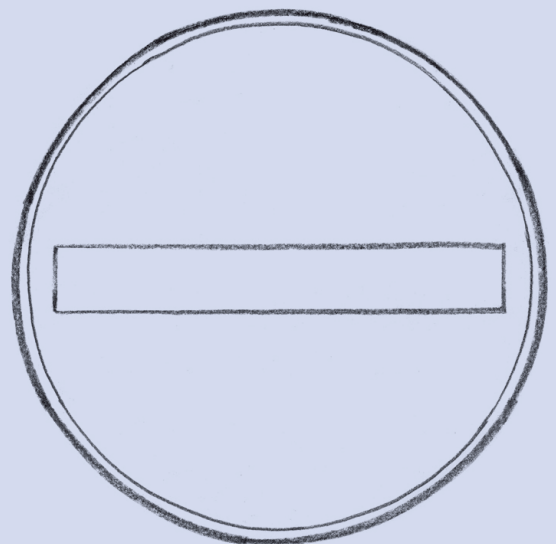
In addition to building bilateral links with suitable Indian organisations, University of Greenwich has engaged with the Federation of Indian Chambers of Commerce and Industry (FICCI), which counts a number of higher education institutions among its membership. The Chambers are also an extremely important resource for insight into the macro-level regulatory environment in which higher education in India takes place. The university is also a member of the UK India Business Council, which provides the knowledge and networks so crucial to negotiating the Indian market.

# Barriers to entry for companies looking to expand into India

- **Regulatory environment** – This is seen as undoubtedly the largest barrier to entry and ‘looks forward to a more transparent and straightforward regulatory system’ as this is now being addressed by the current government in India.
- **Cultural differences and communication** – the UK norms for communication are very different from those in India, where much more importance is attached to face-to-face interaction. Indian business people also tend to devote their attention to issues intensely over short periods and will often be in touch very frequently, expecting very swift responses, often out of hours; however, they may then go quiet for long periods when their attention is devoted to other issues. The mobile phone is used much more in India, whereas email is considered less important. Hours of work are much more loosely defined so that a lot of business gets done in the evenings and over weekends.
- **Timescales** – establishing an effective partnership is a long-term investment and can easily take 18 months. Bearing in mind different communication styles, it is often difficult to match expectations and keep both partners on track over these periods.
- **Finances** – the market situation is very different in India: lower prices are the norm and consumers are very value conscious but not necessarily cost conscious. India knows how to do business and will drive a hard bargain. Payment timescales are long and far exceed the UK norms.
- **Geographical distance** – different time zones delay communication, and lack of video conferencing facilities to enable continuing face-to-face communications between partner organisations following initial visits can hinder progress.
- **Funding for international work (including the costs of travel)** – this is not available via public sector college budgets and must be sought externally (through, for instance, UKIBC and UKTI); funding for exploratory work in particular can be a limiting factor.
- **Education providers in India are becoming more aware of the potential of vocational education and training to grow their businesses** – UK further and higher education colleges will need the support of UK/India export organisations (such as the British Council) to continue to take advantage of the opportunities to gain market share.

### Recommended solutions

- **Identification of suitable local partners** – this should be a priority in any successful market entry strategy. Many companies which have successfully entered the Indian market stress the importance of devoting significant resources to this aspect of their overall strategy. Those that committed time and effort to find the ‘perfect fit’ often found that they saved themselves the task of having to find additional partners later on.
- **Long-term commitment** – partnerships with India need to be seen over the longer term. Trust is necessary and attention should be given to building this in the initial stages of the interaction. This will mean considerable face-to-face contact and social interaction.
- **Understand the market** – it is also necessary to understand, without judgment, the very different styles of doing business between the two countries. It is often assumed that we share many cultural similarities, but this can hide the very real differences too. UK contacts should make themselves easily accessible to their partners, usually by sharing a mobile number and by being responsive to different sorts of communication. They will also need to consider how to better react to the contrasting working styles they meet.
- **Flexibility** – matters of pricing and legal jurisdiction are best dealt with by frank and robust interactions, but based on principles of equity: be prepared to be flexible on some factors but respond by being robust on others.
- **Information sharing** – information between other UK organisations that have worked in India.
- **Membership of UKIBC** – makes a substantial contribution to a company’s ability to develop in the Indian market.
- **Seeking advice from accredited experts** – in relation to market and feasibility studies, fund-raising, cross-border acquisition, assistance with joint ventures, transaction and assurance services, tax planning, transfer pricing and government and infrastructure advisory.



# About the authors

## Grant Thornton UK

Grant Thornton UK and Grant Thornton India are member firms of Grant Thornton International, one of the world's leading organisations of independently owned and managed accounting and consulting firms. These firms provide assurance, tax and specialist business advice to privately held businesses and public interest entities. More than 2,600 partners provide clients with distinctive, high quality and personalised service in over 100 countries.

For those clients requiring advice in both countries, we offer a seamless service building on the already strong and close relationship between Grant Thornton UK and Grant Thornton India. Our clients benefit from the sharing of resources across the two firms and prompt access to a wide range of expertise, day and night, to deliver added value.

Grant Thornton UK is a leading business and financial adviser with offices in 29 locations nationwide. Led by over 300 partners and employing more than 4,400 of the profession's brightest minds, we provide personalised assurance, tax and specialist advisory services to over 40,000 individuals, privately held businesses and public interest entities.

## South Asia Group

Grant Thornton UK established a dedicated South Asia Group in 1991 and was one of the first UK accountancy firms to focus on this region. The Group provides services to both South Asian (particularly Indian) corporates doing business in the UK and Europe, and UK corporates and organisations going into South Asia, in particular India, and focuses on the following four key areas:

- UK Asian owned businesses and their owners
- South Asian companies investing in the UK or raising finance in the UK
- UK owned businesses seeking to expand in South Asia
- Public and private sector organisations in South Asia seeking infrastructure advisory services.

## Experts in education

The Education Group within Grant Thornton UK works with over 160 education clients, including higher education institutions, further education colleges, funding and government bodies and private sector organisations and independent schools, providing a full range of audit, tax and consulting services.

We have over 60 audit appointments in the higher education sector across the UK, with more than thirty appointments currently as external auditors, making us the third largest provider of external audit services, by number of appointments, in the sector. We are the largest provider of internal audit services in the sector. Our clients include all types of institutions, with incomes ranging from £15 million to in excess of £500 million. Similarly, we have over 80 further education college audit appointments, including some of the largest colleges in the country, making us the fourth largest provider in the sector.

Every member of our team has extensive experience within the education sector and we have a well developed network of contacts with other education service providers. We are committed to providing support and expertise to developing the sector and our involvement is extensive, including:

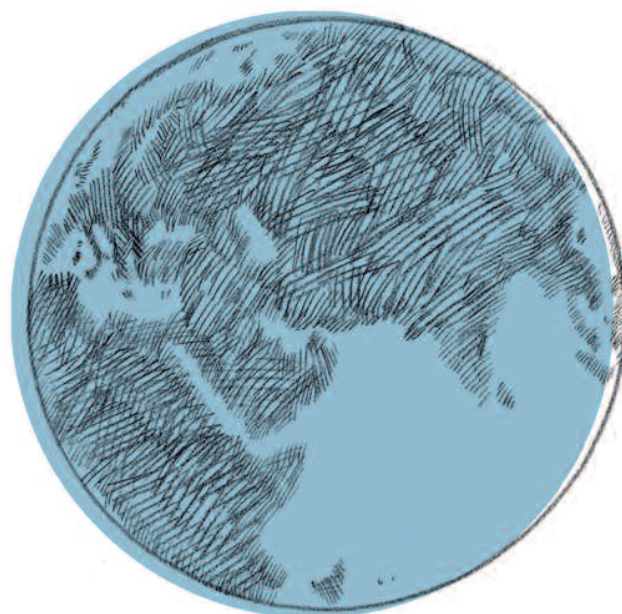
- advising the Higher Education Funding Council for England and the Learning and Skills Council
- providing a varied and topical national seminar programme for the sector
- responding to consultation documents from government and funding bodies
- producing regular technical literature including newsletters and factsheets
- supporting the sub-sector through attending, sponsoring and arranging events, for example the Association of Colleges (AoC) Annual Conference, the AoC Finance Directors Conference, British Universities Finance Directors Group (BUFDG) Conference and Independent Schools Bursars Association (ISBA) Annual Conference.

**For additional information, please visit [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)**

### **Grant Thornton India**

Grant Thornton India was established in 1935 in New Delhi and is one of the oldest and most reputable accountancy firms in India. It is also the country's leading audit, tax and advisory firm helping Indian business owners and entrepreneurs with international ambitions.

Operating across eight locations – New Delhi, Mumbai, Bangalore, Chennai, Hyderabad, Gurgaon, Pune and Chandigarh – Grant Thornton India has more than 900 staff. It specialises in reporting on international standards, working on cross-border transactions and providing services to growth-oriented, entrepreneurial companies and their owners, helping them to achieve their ambitions, locally, nationally and overseas.



### **Experts in education**

Grant Thornton India provides audit and assurance, taxation and regulatory and advisory services to numerous education institutions. Our clients include some of the most reputable schools, higher education institutes, coaching institutes and education solutions providers, among others.

Our advisory team has conducted numerous feasibility and business planning exercises for education companies, assisting them in obtaining growth capital or entering into strategic alliances with other institutes. We provide internal audit and regulatory assistance and external audit to the largest education company and the largest coaching company in India, respectively. Crucially, our taxation and regulatory team works closely with the various regulatory and industry bodies in India, enabling us to offer our clients considerable insight into the complex statutory framework that exists in India. Finally, we also work with numerous institutions and intermediaries that invest in the education sector in the country.

**For additional information, please visit**  
**[www.wcgt.in](http://www.wcgt.in)**

### **The UK India Business Council**

The UK India Business Council (UKIBC) is the lead organisation supporting the UK government in the promotion of bilateral trade, business and investment between the two countries. UKIBC seeks to play an influential role in creating and sustaining an environment in which free trade and investment flourish. A key objective in this regard is the highlighting and dismantling of bureaucratic and regulatory barriers to entry. Through the facilitation of partnerships, and with the support of an extensive network of influential corporate and individual members, UKIBC provides the resource, knowledge and infrastructure support vital for UK companies to make the most of emerging opportunities in India.

**For additional information, please visit**  
**[www.ukibc.com](http://www.ukibc.com)**

### **UK Trade and Investment**

UK Trade and Investment (UKTI) is the UK government organisation that helps UK-based companies succeed in international markets. UK Trade and Investment offers services and support for businesses in the UK, and overseas businesses seeking to invest in the UK. UKTI also markets the UK's strengths as a world-class source of products and services, partnership and business location. UKTI staff have excellent knowledge of commercial, political and social issues, along with contacts and opportunities available to UK businesses and overseas investors.

**For additional information, please visit**  
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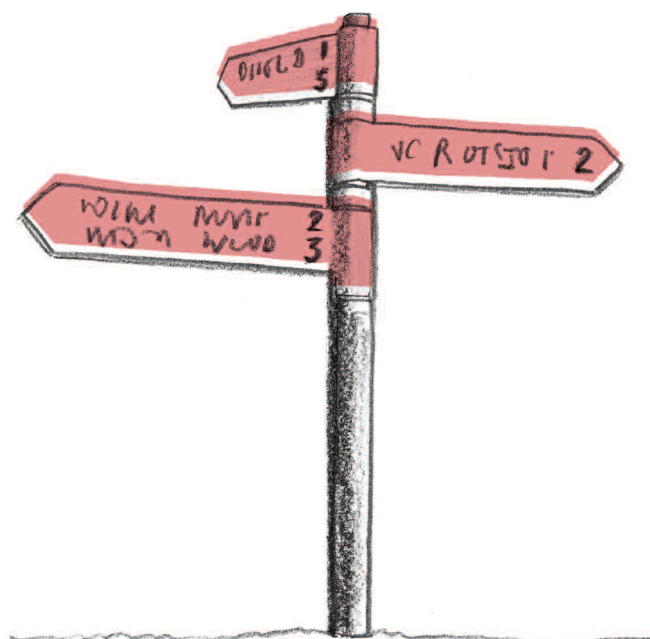
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