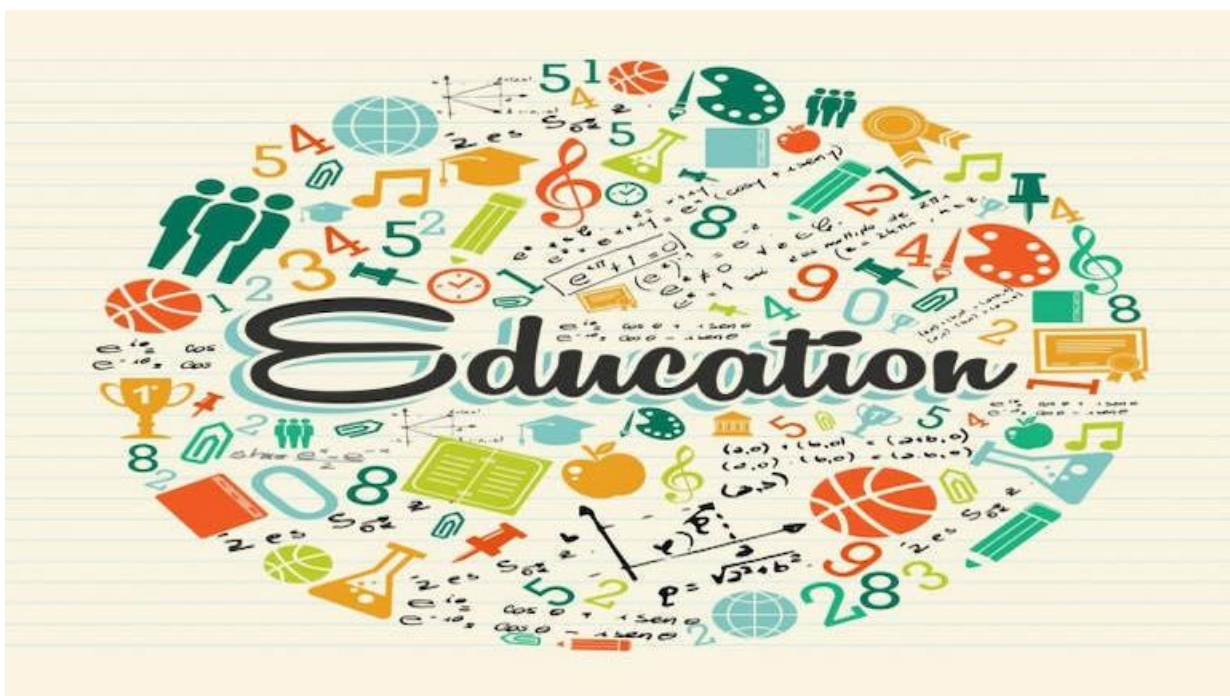


# Policy | Govt must help unleash the massive potential of EdTech in India

*A fraught public education system in India presents a variety of opportunities for EdTech market players to enter with the promise of customisation and efficiency.*

MONEYCONTROL CONTRIBUTOR

JULY 01, 2019 / 11:48 AM IST



**Aditi Bhutoria**

Indian Education Technology (EdTech) solutions are being recognised globally, with four of the nation's start-ups being selected as a part of 30 global finalists for the 'Next Billion EdTech Prize 2019' awarded by UK-based Varkey Foundation. India's very own EdTech unicorn Byju's has spent \$120m on Osmo — a US play-based learning

start-up. As the global education and training market is expected to be at \$10 trillion by 2030, technology will change the way education systems are perceived, accessed, and utilised.

With the largest young demography in the world that is getting increasingly mobile-friendly and technologically connected, the Indian EdTech market has a huge opportunity at hand. Indian start-ups can be at the centre of this technological change, driving innovation to help a young nation reach its demographic potential.

A fraught public education system in India presents a variety of opportunities for market players to enter with the promise of customisation and efficiency. Distortions in the schooling systems, such as weak teacher incentives or outdated pedagogies, undermine student learning and much of the impact of increasing existing educational spending.

Here, technology-assisted innovations designed to address these distortions are making quality teaching accessible for all, raising learning levels, and increasing test scores, at a low cost. Moreover, the present EdTech start-ups are striving to make 'learning fun' despite different distractions surrounding students.

The disruptive innovation in this space is to encourage voluntary self-learning rather than crammed or forced learning that focuses on rote memorisation. Personalised e-learning solutions including step-by-step learning methods, animated graphics, or blended teaching approaches are making hard concepts easier to understand.

Favourable investment regulations support capital flows, with 100 per cent foreign direct investment permissible in the Indian education sector, protecting it from the plausible sickness of over-governance. The EdTech market, thus, functions as an economic system where supply and demand regulate its dealings. Such a market is characterised by freedom of choice and free enterprise. Private entrepreneurs are free to sell teaching-learning goods and services to a target groups of their choice. Learners

(or consumers) are free to buy those goods and services that best satisfy their wants and needs. However, what drives this space is competition. Competition ensures greater quality and lower prices for education courses or products for the learners.

In such a market, China has emerged as a leader with an establishment of 97 new unicorn companies in 2018 alone. The reasons could be that Chinese parents are apprised about the importance of education, the country has a massive population, and there is strong government support. While India is similar to China in terms of having benefits of demography and scale, the market conditions and government support levels in our country are different.

On the supply side, the most nagging barrier to growth in the Indian EdTech market is that undertaking new ventures or sustaining existing ones remains costly. There are fixed costs to entry and the returns to education can be small in the short-run, with benefits only reaped in the medium- and long-run. For instance, the Indian EdTech industry has about 3,500 companies operating at present with only around 274 backed by investors. Of these, only 52 ventures have received cumulated funding of greater than \$1 million. This presents a starkly different business landscape compared to our Chinese neighbours.

Education has positive externalities, which means that gains from the education of a child or adult accrues not only to them but also to other members of their family, society, and nation. Thus, a conducive policy can focus not just on providing financial impetus to EdTech ventures but also improving the productivity of educational investment, through non-pecuniary support such as entrepreneurial training, strong mentoring, or recognition.

Further, the multi-faceted nature of the Indian EdTech market has to be studied in detail to differentiate between different types of products, value created, and impacts of the same. For instance, EdTech is not just e-learning; e-learning is only a small part of a very diverse sector.

Overall, the B2B (business-to-business) EdTech market in India is fragmented with buyers like government, high-budget and affordable-private schools all functioning under varied regulations.

If the government can leverage on its public-school ecosystem to be more open towards smart solutions and better integrate technologically-driven learning opportunities for students, there can be a shift in how EdTech is perceived by the society and would drastically improve the existing market opportunities.

Finally, research and evaluation should be planned and used to make evidence-based decisions on: which EdTech solutions work and which don't? As a way ahead, initiatives such as StartUp India can provide increased emphasis on EdTech start-ups that are solving the most challenging education problems in a cost-effective manner. Further, integration of AI with education has already been recognised in the current government's vision; but AI solutions in education need to be constructively expanded and rigorously tested.

Overall, with the stage being set through diverse offerings of innovative products by the Indian EdTech industry, the government must take the initiative to sustain these innovations so as to unleash its massive social and economic potential.

Source: <https://www.moneycontrol.com/news/opinion/policy-govt-must-help-unleash-the-massive-potential-of-edtech-in-india-4145861.html>