



Over 87% Budget Private Schools in India Facing Challenges of Fees Collection: ISFC e-School Readiness Survey

74% private schools and educational institutes show willingness to avail loans to equip students and teachers with internet enabled devices

DELHI / BENGALURU, 18th June, 2020: [Indian School Finance Company](#), a Non-Banking Financial Company with the distinction of being the first company in the world to exclusively fund education institutions to meet their infrastructure requirements and the first niche financier to budget private schools (BPS) in India, has today released insights of its '**e-School Readiness Survey**' conducted with US-based education sector focused impact investor [Gray Matters Capital](#).

The pan-India survey conducted in May 2020 with a total of 1678 respondents comprising owners and principals of private schools, colleges, and vocational training institutes, was conducted to assess the challenges faced by such non-government backed educational institutions in the ongoing COVID-19 induced closures, and their readiness to transition their operations from an offline to an online business model.

61% respondents of this survey charged a monthly fee of under Rs. 1,500 (US\$ 20) per month.

Survey Insights

FINANCIAL HEALTH OF SCHOOLS

Fees Collection, a Challenge

- Overall, 85% respondents affirmed that they were reeling under financial stress on account of their inability to collect fees. In Budget Private School (BPS) segment, 87.5% of the respondents reported challenges faced on this front.
- The reasons cited by schools are 'Parents not having the income to pay fees due to the lockdown' (55%); 'Parent's not being able to come to school or bank premises to pay fees owing to the lockdown' (24.5%); 'Parents receiving salaries late and cannot pay on time' (12%) and 'Parents not keen to pay for online classes' (8.5%).

Cash is still King for Fees Payments

- Over 67% of the respondents offered fees payment in non-digital modes such as Cash (60.27%) and cash and cheques (6.9%).
- NEFT/ RTGS, Payment Wallets and Cards have been adopted as a payment option by under 33% of schools surveyed.
- Overall, cash is still an option for payment across 99% survey respondents
- 54% respondents indicated not being keen on online payment solutions owing to parents of school students not being in a position to effectuate such payments.



DIGITAL READINESS OF SCHOOLS

Willingness to take schools online

- More than 72% of the respondents have indicated their willingness to explore digital solutions for school continuity
- Over 37% respondents have already started some sort of remote schooling by sharing educational content via messaging solutions such as WhatsApp.
- Higher the level of education offered, higher the willingness to explore digital solutions for remote schooling.
- 47% of Primary schools, 51% of Secondary and Higher Secondary Schools and over 60% of Private Colleges and Vocational Training Centres have indicated willingness to try

The Challenge of Digital Access

- Less than 31% of the survey respondents indicated all students having access to internet via internet enabled devices such as laptop, tablet or mobile phones.
- Amongst the surveyed Budget Private Schools (BPS) charging under Rs. 1500 monthly fees, less than 25% indicated that their students could access online education via internet enabled devices.
- 58.4% of survey respondents reported that teachers were equipped with internet connectivity and internet enabled devices at home to conduct online classes. This number stood at 54.39% for teachers of Budget Private Schools charging under Rs. 1500 monthly fees.

Speaking about the survey insights, **Raunak Singhvi, Executive Director - Indian School Finance Company** said, "A black swan event like COVID-19 has had cataclysmic repercussions on finances as well as operations of the schools we serve. While schools can resort to loans, it is imperative that they revisit their operational model and adopt technology for remote schooling in order to sustain themselves. 74% of educational institutes have shown their willingness to avail loans for equipping teachers and students with internet enabled devices so as to access online learning resources. What is also heartening to see from our survey is that parents are willing to pay fees to the school for online classes if they see value in what their children are being taught."

Indian School Finance Company (ISFC) provides financial assistance to the school ecosystem in the form of infrastructure improvement loans, working capital loans, vendor and teacher capacity building loans besides school fees payment loans to parents. To address the current COVID-19 related challenges faced by budget private schools and educational institutes, ISFC would be introducing special loan products and technology powered solutions to help schools in their endeavour to sustain themselves and ensure education continuity for their students.



NOTES TO THE EDITOR

About Indian School Finance Company

ISFC is a Non-Banking Financial Company engaged in the business of lending to educational institutions and entrepreneurs managing such institutions. It is the first company in the world to exclusively fund education institutions. The company is widely recognized and appreciated in the education segment for its impact on schools and focus on improvement in quality of education. The objective of ISFC is to assist the Schools and other education institutions in capacity building through infrastructure improvements, thereby enabling students to access quality education.

Incubated in 2009 by Gray Matters Capital, ISFC is the first company in the world to exclusively fund education institutions to meet their infrastructure requirements and the first niche financier to affordable private schools (APS) in India.

Since its inception, ISFC has disbursed over 11500 loans in excess of US\$ 140 million to nearly 6800 school customers and over 4500 teachers, thereby benefiting over 5 million students of which 2.2 million have been girls.

As on 31st March 2020, ISFC had an AUM of US\$ 51.86 million with Telangana, Uttar Pradesh, Andhra Pradesh and Karnataka being its top markets.

To know more, visit: www.isfc.in

About Gray Matters Capital

Gray Matters Capital (GMC) is an Atlanta based impact investor with a gender lens that is on a mission to "Find a more purposeful life for 100 million women by 2036." Aligning with its mission is its strategy of making sector agnostic investments globally in for-profit enterprises whose products and services benefit women and girls at scale.

GMC sees education, primarily catering to under-resourced and low and middle income sections of the society, as a powerful tool to bring about gender equality and social equity. Over the past 12 years, it has focused on supporting the education ecosystem India by funding for-profit enterprises in the 'learning to earning' space, besides being pioneers in establishing the school finance industry catering to low cost private schools in India with Indian School Finance Company (ISFC); Pakistan with the set-up of Taleem Finance Company Ltd (TFCL), in addition to Nigeria (with EdFin Microfinance Bank).

GMC has till date funded over 80 enterprises across the world to the tune of US\$ 125 million.

To know more, visit: www.graymatterscap.com

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