

Affordable Private Schools in Hyderabad

What are Affordable Private Schools?

Affordable Private Schools (APS) for the poor exist throughout the world and serve millions of children living in low-income areas. These schools are enterprising because they offer underserved communities alternatives in access and quality of education, and represent a new frontier for impact investing.

While most countries have a highly privileged private sector, educating children of the middle or upper class, APS serve a large population of the working poor and lower income families. Professor James Tooley's research estimates that 100 million students in the developing world are attending these schools and paying less than \$10 per month in school fees.

In many urban areas, APS are serving the majority of children. Studies conducted have identified these low-cost private schools existence in urban slums and rural areas in countries such as India, Pakistan, Nigeria, Ghana, Kenya, and China. Independently owned and operated, these schools are typically run by local entrepreneurs who realize the need and demand for private education services for the bottom of the pyramid. This budding market allows parents to have a viable option to educate their children and provide them with better educational opportunities.

APS in Hyderabad, India.

In the city of Hyderabad there are an estimated 3000 APS, and across the state of Andhra Pradesh, there are 18,000. Most of the schools are English medium, and demand for English language skills is a market driver. School facilities are mostly rented and have limited space. They do not have playgrounds, libraries, or science labs. Yearly fees range from \$58 to \$95 USD a year, and schools have a constrained operational sustainability of 116%. The yearly expense per student is \$53 USD, and the revenue per student is \$61 USD.



Who are the school owners?

School owners are local entrepreneurs who often began their career as local tutors and teachers. Parents, pleased with their child's performance, asked them to start a neighborhood school. Many APS's are managed

by families, with husband-wife teams overseeing the business and instructional leadership.



Who are the students?

Schools run from nursery to 10th class, and have an average of 641 students. The student-teacher ratio is about 31 students per teacher. In Hyderabad, 48% of the students are girls and 52% boys. For the 2009-10 school year, the average

pass rate for the national 10th class exam was 72%. Many students have shared their dreams of becoming doctors and engineers, and providing for their families.



Who are the teachers?

Most of the teachers are young women who live within walking distance of the school. Their salary is about \$54 USD per month. Schools spend between 60-75% of their expenses on teachers. Only 14% of teachers have

post-graduate qualifications, and rote learning is prevalent. However, teacher's attendance rates are 89% in comparison to government schools where teacher absenteeism ranges from 25-50%.



Who are the Parents?

APS parents are similar to microfinance clients. Fathers are rickshaw drivers, and mothers work as domestic help or in embroidery cooperatives. Monthly household income is between \$260 to \$430 USD, and they

spend between 13-15% of their monthly income on school fees. Parents select schools based on the fees, the pass rate of the 10th class exam scores, and feedback from family, neighbors, and community leaders.

For more information on the APS market in Hyderabad, please see the M-Crill/Gray Matters Capital Rating Report at http://bit.ly/GMC_APS.

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