INDIA COVID-19 SURVEY REPORT BRIEF

The Impact of COVID-19 on Low-Income Households and the Affordable Non-State School Sector

4 out of 5 schools have collected less than 20% of school fees during school closures. Household income has reduced dramatically and 1 in 4 rural households have children engaged in some form of child labour. Stakeholders must act now to ensure these children return to school.

On the 24th March 2020, the Government of India ordered a nationwide lockdown for 21 days as a preventative measure to curb the spread of COVID-19 in India. The lockdown limited the movement of India's entire 1.3bn population and the operations of all educational facilities were temporarily suspended.

India's economy has suffered significantly during the pandemic. India's GDP shrank by 23.9% year-on-year from April – June 2020, the biggest contraction on record[1]. The contraction was a result of the extended lockdowns that paused most economic activities, private spending shrank, inventories fell, and exports and imports went down. In the following quarter, July – September 2020, the contraction of GDP eased to an estimated -8.6%. The Reserve Bank of India (RBI) released a bulletin in November indicating that while contraction is "ebbing with gradual normalisation in activities and expected to be short-lived...the unrelenting pressure of inflation" remains high "with no signs of waning"[2]. The RBI's November bulletin states the second highest risk to the economy is a second wave of COVID-19 and the third major risk is stress intensifying among households and corporations spilling into the financial sector.

---

[1] https://tradingeconomics.com/india/gdp-growth-annual

[2] https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/1STATEOFTHEECONOMY5F65D603B82E4FD8A3A92A3369E738E6.PDF

The Government of India is pushing for online classes during the pandemic and the Education Ministry guidelines state "online/distance learning shall be the preferred mode of teaching" even if schools partially reopen[3]. However, many children in India do not have access to technology. 66% of urban households are estimated to have access to the internet and in rural areas this reduces to 25%[4]. State governments have used television and radio to connect with students especially in remote areas. However, despite these initiatives, efforts to teach children has been challenging and the World Bank estimates that the pandemic has caused substantial learning loss and may result in 5.5mn South Asian children dropping out of the education system. The costs of the school closures for India are estimated at US$400bn in the terms of the country's future earnings[5].

The above underscores the importance of the survey carried out by Opportunity International on the EduFinance ecosystem. The primary objective of this study is to bring together senior leaders of financial service providers, funders, donors, and non-profit organisations to collectively understand the transformational impact of COVID-19 on low-income households and the affordable non-state education ecosystem.

Research objectives

The COVID-19 study in India was carried out to achieve the following objectives:

- To develop a deeper understanding of the impact of COVID-19 on Parents, Schools and Teachers in India.
- To enable financial institutions, donors, investors and all other stakeholders to develop a deeper understanding of the impact of COVID-19 on the Education Sector in India.
- To enable the stakeholders to understand the on ground challenges, concerns, coping mechanisms, economic situation and future economic outlook of the parents, school proprietors and teachers during COVID-19.

Research Methodology

Telephonic survey research was used for the study. The focus was to understand the narratives shared by respondents themselves. Although we used a few discussed themes to broadly guide the discussion, respondents drove the conversations themselves. The qualitative conversations were recorded using a survey tool. The survey reveals important insights that will enable us to cope with the current issues and better prepare us for future disruptions.

Research Themes

The following themes were explored through the surveys:

Livelihood	How is COVID-19 impacting the stakeholders of the affordable non-state education ecosystem?
Indebtedness	How is COVID-19 impacting the indebtedness of the stakeholders of the affordable non-state education ecosystem?
Financing Needs	What are the most urgent financing needs of the stakeholders of the affordable non-state education ecosystem?
Education	Do private schools have the technology to deliver online education? Do parents have the facilities to engage their children in remote learning? Do teachers have the skills and facilities to deliver live lessons or open online courses?
Solutions	What are the financial solutions that financial institutions can develop to support the different stakeholders?

[3] https://www.ft.com/content/151a77dd-8a1a-4b32-9fb7-912eacd8e2b4

[4] https://imrbint.com/images/common/ICUBE%E2%84%A2_2019_Highlights.pdf

[5] https://www.worldbank.org/en/news/video/2020/10/08/beaten-or-broken-informality-and-covid-19-in-south-asia

Sample size

During the study, Opportunity EduFinance interviewed 2,088 parents from rural households. The objective was to have a well-diversified response group to capture the impact of COVID-19 across all regions and states of India.

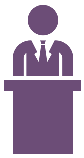
We shortlisted 2 states each for North (Punjab & Uttar Pradesh) and West India (Gujarat & Madhya Pradesh) while 3 states each from East (Bihar, Odisha & West Bengal) and South India (Karnataka & Kerela). 467 parents (22%) participated in the survey from North India, 460 parents (22%) from West India, 556 parents (27%) from South India and 605 parents (29%) from East India.

The database of low-income households was facilitated by 9 financial institutional (Adhikar, Cashpor, Sarala, Mahashakti, Smile, Midland, Pahal, Muthoot Microfin, Janakalyan) and direct outreach by OI team (low-income communities in MP).

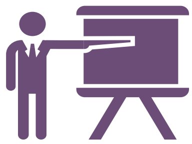
A further 442 affordable private school owners were interviewed in Bihar, Madhya Pradesh (MP) and Rajasthan. 49 teachers were interviewed in Karnataka.

Sample categories

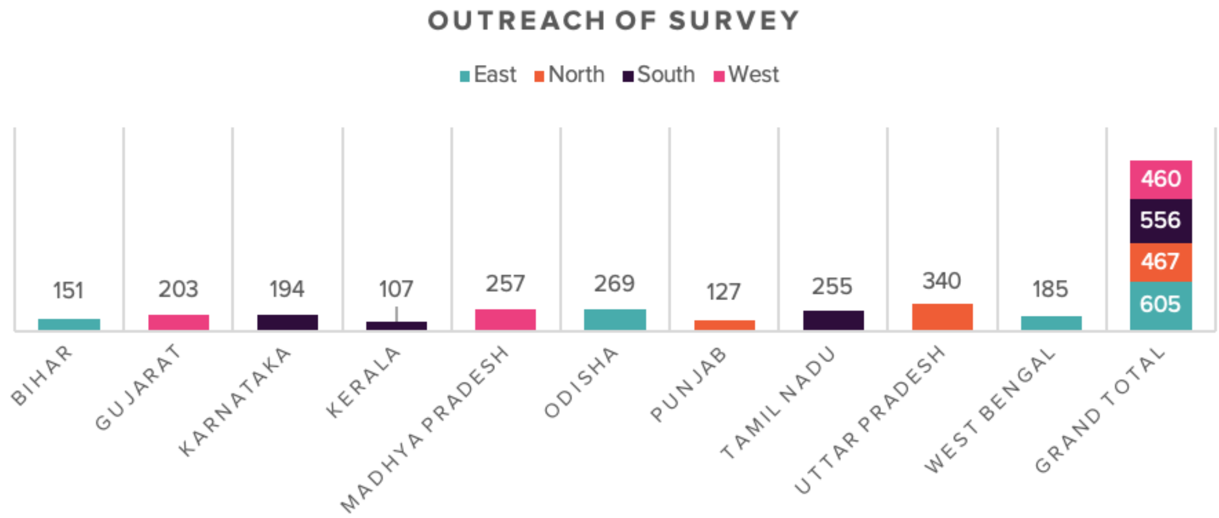
Parents
Sample size: 2,088



School Owners
Sample size: 442



Teachers
Sample size: 49

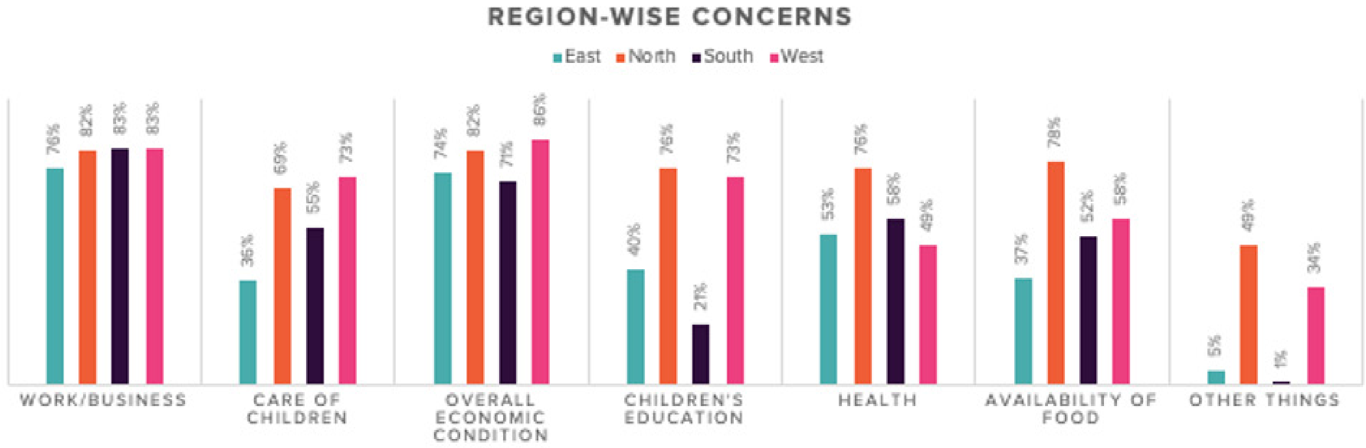


Key Research Findings

1. IMPACT OF COVID-19 ON PARENTS IN RURAL HOUSEHOLDS

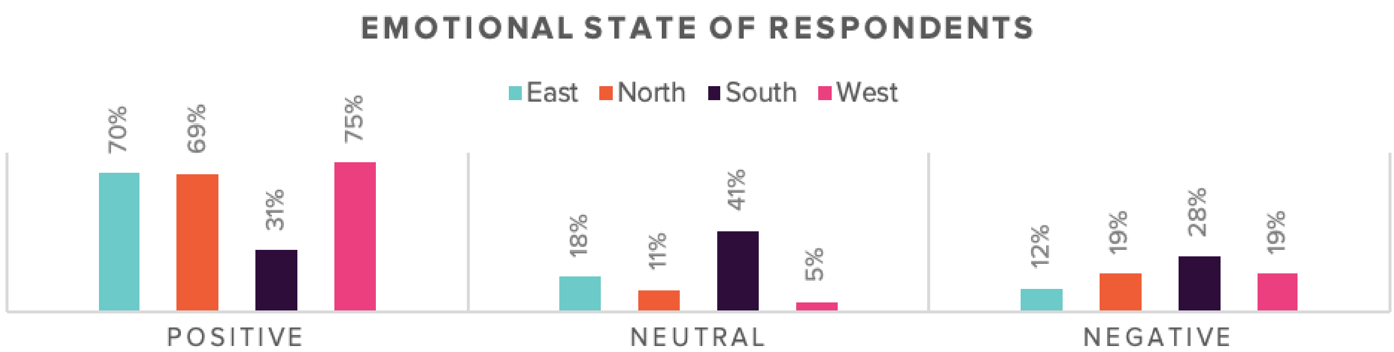
What were the concerns of rural households during the pandemic?

The pandemic has radically disrupted all sectors and impacted the income and consumption patterns of consumers. Government expenditure and relief packages have mainly focused on rural areas in India. Demographically, the highest impact is seen in the Northern states where 60% of respondents said that they have been highly impacted compared to 29% in the West. The overall household expenses have come down significantly as >70% reported spending less on food, children's education and household amenities. 67% have limited working capital left for their businesses.



What was the emotional state of rural households during the pandemic?

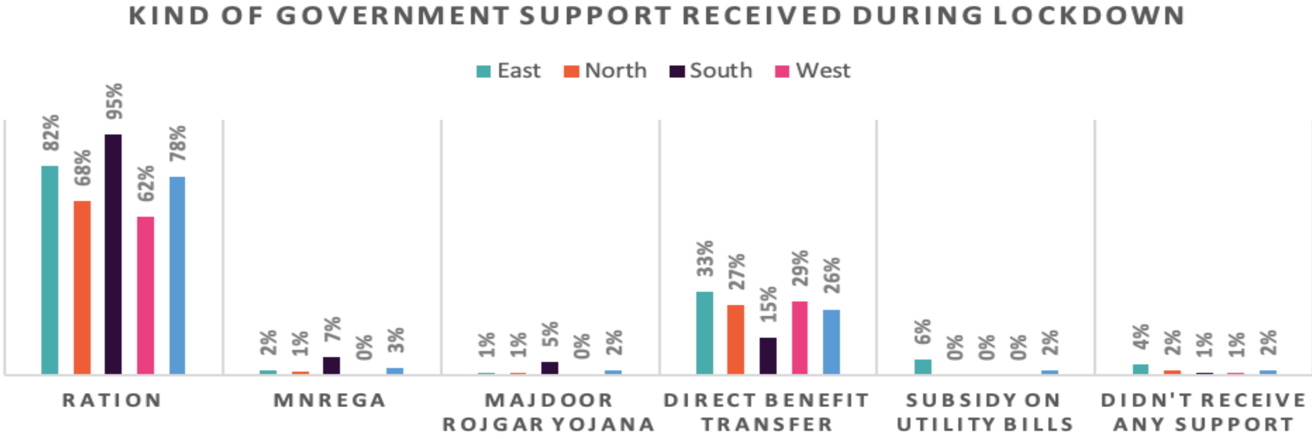
Overall, 60% respondents indicated a positive state with emotions like acceptance, courage, peace and reason. 20% of the respondents indicated neutral feelings while the balance 20% indicated negative feelings like anger, shame, guilt and fear. **Parents from the West are most positive (75%) followed by East (70%) and North (69%), compared to the South (31%).** South India also has the highest number of negative responses at 28% as compared to any other region. Local planning authorities in South India should devise strategies for improving the overall morale of the parents in South India to avoid any undue situation in the family.



What were the immediate coping mechanisms?

Government expenditure and relief packages have mainly focused on rural areas in India.

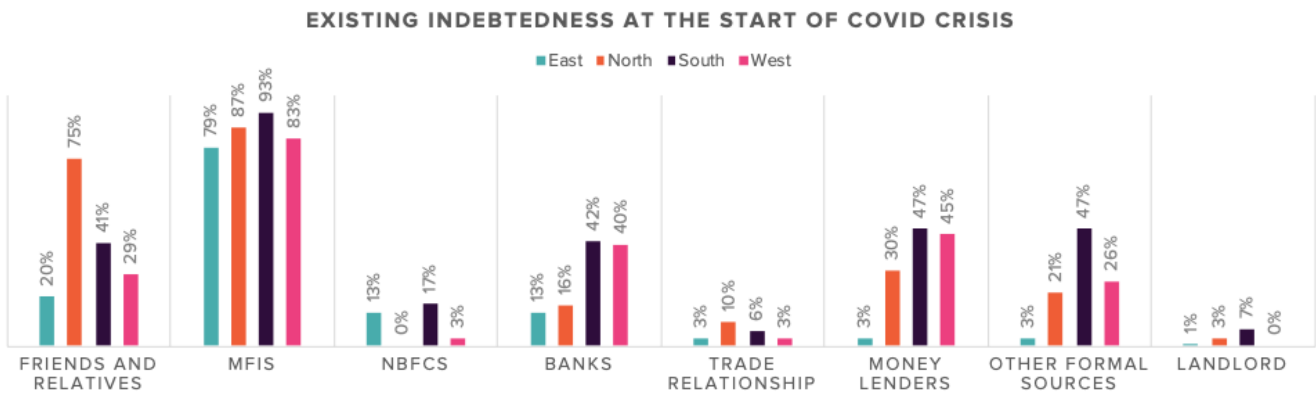
78% respondents received free ration or subsidy from the Government during lockdown across states and there were 26% who received direct benefit transfers. 2% respondents did not receive any support from government under any scheme whatsoever.



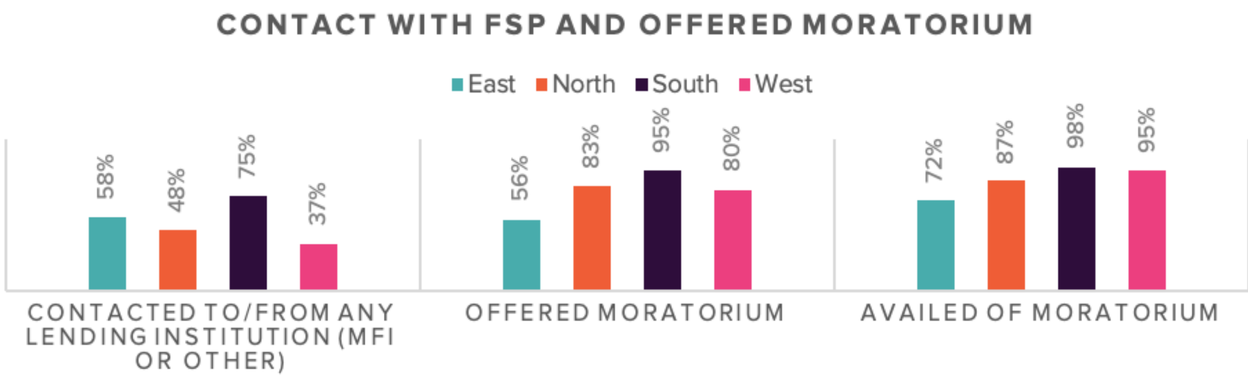
What was the impact of COVID-19 on the financial health of rural households?

As sample data for 'household' survey was collected from financial institutions and these were the active borrowers, over 85% responded that they have existing loans from MFIs. ~40% had reached out to friends & family for borrowing money. Respondents from East India seemed primarily to be dealing with microfinance institutions for financial needs as compared to reaching out to relatives, banks, NBFC's etc. Banks seem to have a higher business penetration in South & West while NBFC's seem to have a better access in East & South India. Money lenders, often coined as money sharks, appear to have a huge grasp on the respondents of South & West India where 46% are still taking loans from them.

Current Indebtedness level



During lockdown, over 80% of the borrowers across all regions were offered a moratorium by their respective financial institution. Borrowers across regions who have taken loans from formal sources are less pressurized to repay compared to those who have borrowed from friends, relatives and moneylenders. **The indebtedness level in the southern states is comparatively high. 47% respondents in the South are also taking loans from moneylenders**, this is in addition to loans from the mainstream banking and other formal sources. Out of these 18% are pressurized to repay.



a. Contacted to/from any lending institution (MFI or other): n=1173
b. Offered moratorium (n=respondents saying yes to A.)
c. Availed of moratorium (n= respondents saying yes to B)

To take a grasp of how financial institutions have responded to the Govt of India's directive of offering a moratorium to all their borrowers during the lockdown, over 80% of the borrowers across all regions were offered a moratorium by their respective financial institution unlike East India where only 56% of the user were offered the moratorium. While trying to understand how many respondents availed the offered moratorium, almost 100% of the respondents from South & West India had opted for a moratorium, followed by 87% in North India and 72% in East India.

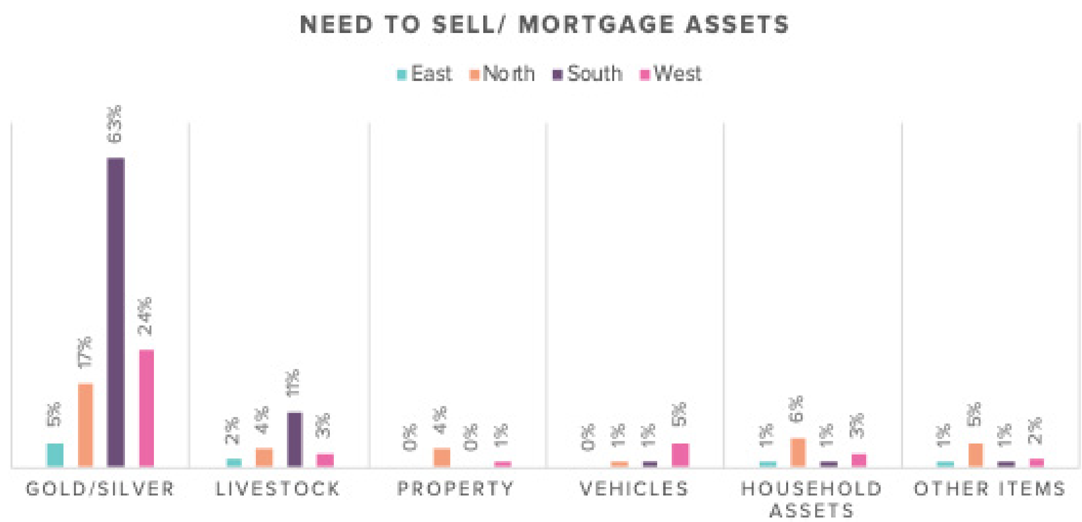
Despite moratoriums, 75% of respondents reported that they have not missed their last installment. This reflects on the overall positive intention of the borrowers to repay the money to ensure their credit ratings remain intact and to retain their savings.

How are households meeting their expenses?

Key highlight:

63% of households in South India had to sell/pledge their Gold/Silver during the pandemic.

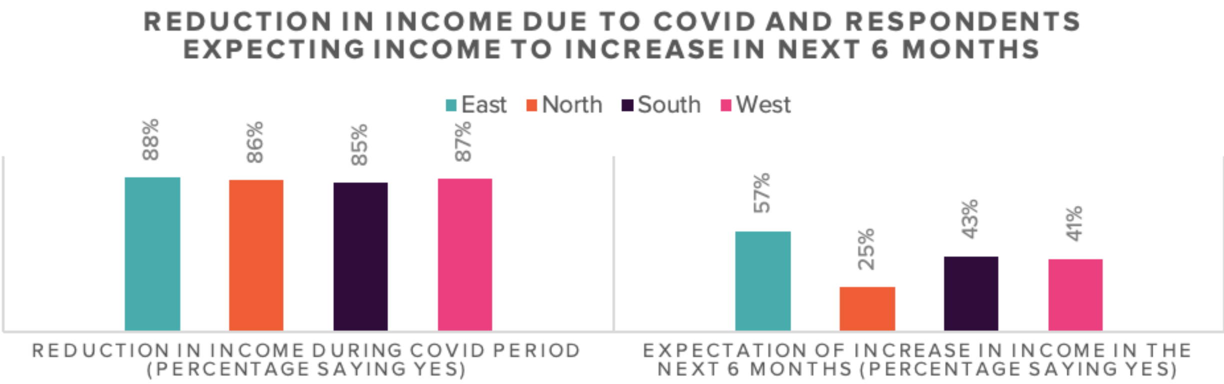
Out of this, **53%** had to sell/ pledge gold/silver to meet their household expenses.



As COVID-19 has hit the household income dramatically, we tried to infer if the households had to liquidate their assets to meet the expenses. The primary asset which households in all regions had were precious metal like gold & silver followed by livestock and consumer durables (household goods) which they had either sold or collateralized. The primary reason for this could be the liquid nature of the underlying assets and easier price discovery as compared to other items of value. 63% of the respondents from South India indicated that they had sold/ pledged their gold & silver.

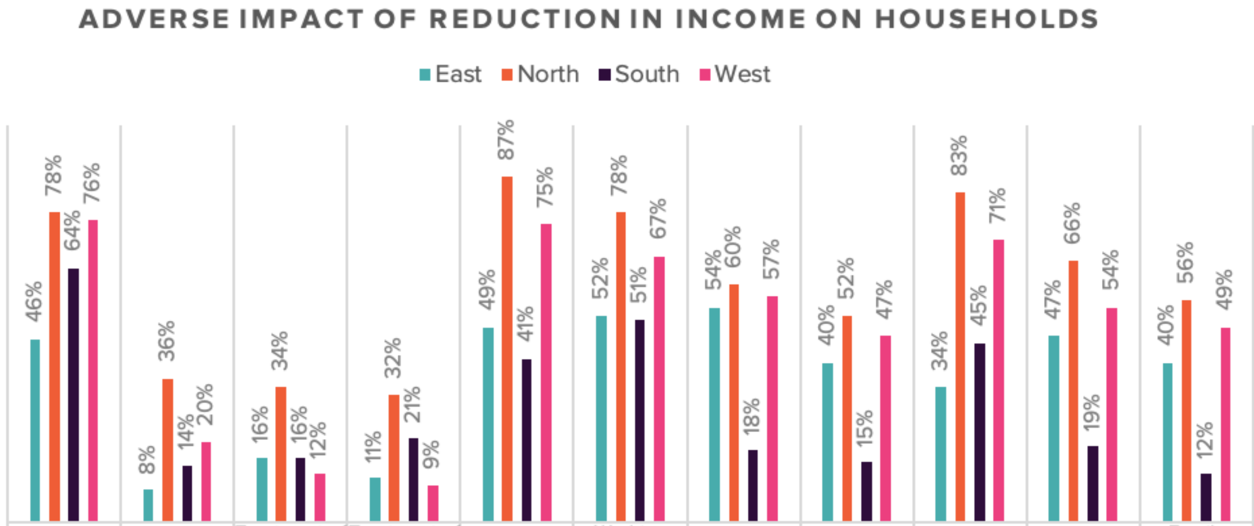
40% of respondents needed a new loan during lockdown. Out of these, 72% were able to get a new loan.

What was the impact of COVID-19 on the livelihood of rural households?



The pandemic has brought with it a twin threat on lives and livelihood. Parents future actions are dependent on how their incomes will move in the coming year. Over 85% of the respondents across all regions said that their income has reduced during COVID-19. Regarding income levels to rise again, respondents from East India seems to be most optimistic at 57%, South India at 43%, West India at 41% with North India being the most pessimistic on future income growth at 25%.

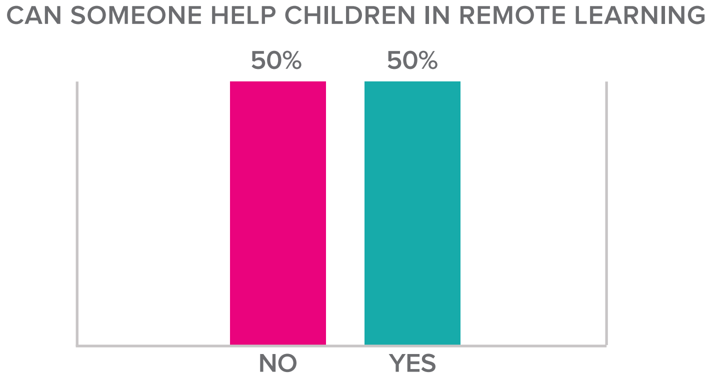
Panoply of effects of the crisis: To decipher the adverse impact of reduction in income on households, all segment where response was 50% or higher were considered as primary concern. The primary concerns, common across all regions, were reduction in food intake (66%), children's education (63%), working capital for business (62%) and household amenities (58%). Beyond this, the lesser concerned segments were attending social functions (47%) & social obligations (47%), clothing (39%), family entertainment (39%), payment of rent (20%), treatment of existing diseases (20%) and treatment of new diseases (18%). In comparison to various regions, North India continued to be maximum perturbed on the adverse impact of lesser income on households & overall daily living while South India being least perturbed.

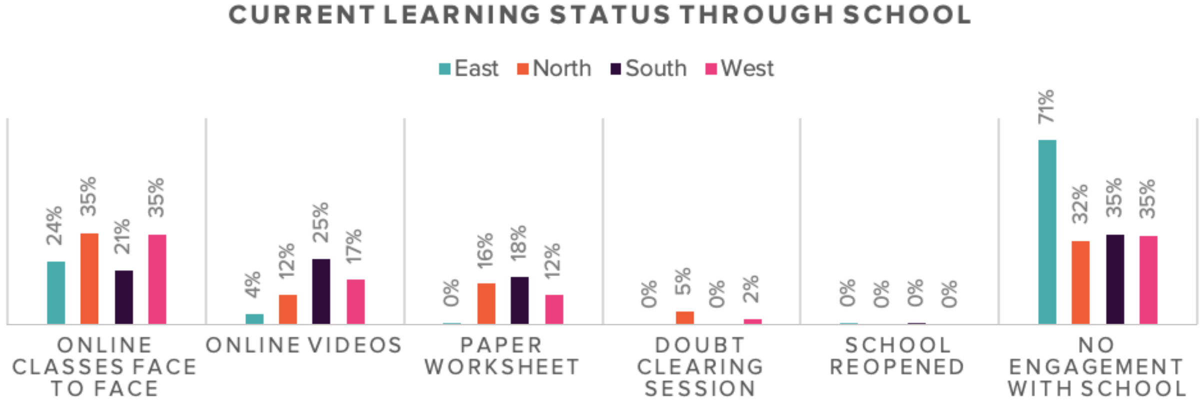


	On food intake	Payment of rent	Treatment of pre-existing diseases	Treatment of new diseases	Children's education	Working capital for business	Social functions	Clothing	Household amenities	Social obligations	Family entertainment
East	46%	8%	16%	11%	49%	52%	54%	40%	34%	47%	40%
North	78%	36%	34%	32%	87%	78%	60%	52%	83%	66%	56%
South	64%	14%	16%	21%	41%	51%	18%	15%	45%	19%	12%
West	76%	20%	12%	9%	75%	67%	57%	47%	71%	54%	49%

What was the impact of COVID-19 on child education in rural households?

Out of a sample of 2,088 parents ~1,400 reported having school aged children (67% across states). Over 80% of the respondents interviewed from North & West India had school aged children compared to ~60% in the East and South India. 88% parents from the North respondents had school going children which further influenced their responses when addressing questions like impact on children's education, food and clothing.

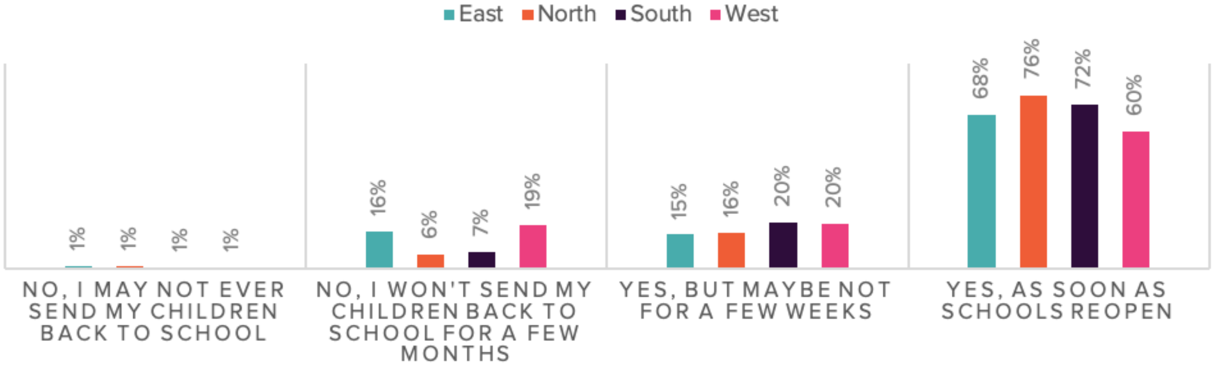




71% of respondents in the East indicated they have had no engagement or communication with the school in any manner. This is likely to be because schools in the East are far more spread out across rural areas.

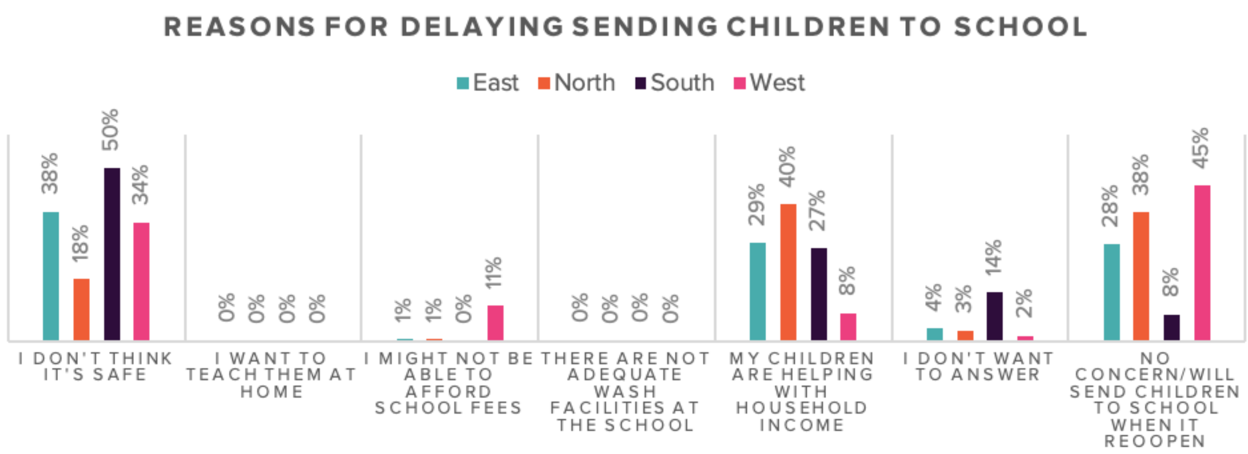
On trying to infer the current learning status of children, overall respondents from East India seemed to have had the least interaction. In East India, only 24% of the respondents indicating learning through face-to-face online classes and 4% through online video. There have been no paper worksheets or doubt clearing sessions with 71% of East India respondents indicating they have had no engagement or communication with the school in any manner.

35% of the respondents from North & West India indicated that they had initiated online classes face to face. Penetration of online videos as a mode of imparting education seemed lower with the highest being 25% in South India and 17% in West India, 12%. Schools have not reopened in any part of the country.



Almost **70% of parents indicated that they would send their children to school** as soon they reopen, although 35% have expressed high concerns regarding safety in schools.

Almost 70% of parents initially indicated that they would send their children to school as soon they reopen. Up to 20% of parents in each region indicated that they would like to wait for a couple of weeks before deciding on sending their children to school while almost 1 in 5 parents in East & West India indicated that they would like to wait for a couple of months before sending. Overall, this indicates that parents are concerned about the children education and would like to send them to school to continue learning but a certain delay can be expected.



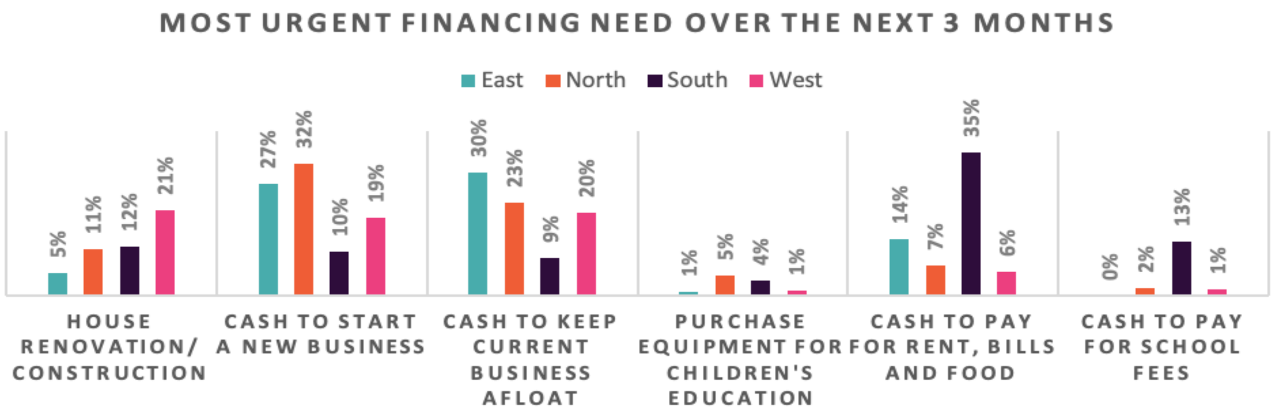
An interesting insight from the South was observed when respondents were asked about the reasons because of which they might delay sending their children to school. Though 72% parents wanted to immediately send children to school when it re-opens, 50% of these parents expressed high concerns regarding safety, which is higher than the national average of 34%. However, parents in the West are the only exceptions amongst other regions where ratio of parents that are willing to take chances with sending their children to school is higher (45%) than the national average (34%).

An alarming number of children have started helping their parents with household income across states. Where 26% is the national average, 40% of the children are only from the North who have started working with their parents, or started working independently. If left unattended, the probability of these children to drop-out from schools permanently in post pandemic phase is quite high. Measures need to be taken by the schools to ensure that these children do not drop-out.

1 in 4 children are working during the pandemic.

40% of the children from the North have started working with their parents, or started working independently.

What are the current financial needs of these rural households?

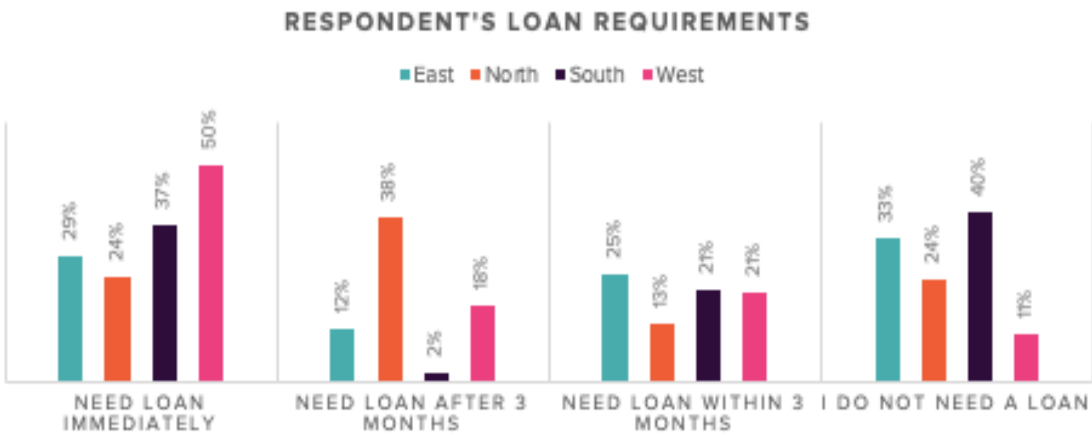


A divide between the North and the South is evident from this finding. 32% respondents in the North wanted to keep cash to start a new business and 23% to keep current business afloat, compared to 35% in the South who rather preferred to keep cash to pay for rent, bills and food.

Key Insight:

46% of the respondents require a loan in the range of 25,000 – 50,000 INR. Out of this 48% need it now.

60% said that their preferred instalment range is between 1,000 – 3,000 INR.



35% respondents across states have immediate requirement of loan, maximum demand has come from the West where 52% respondents showed interest.

When is the loan required								
(in INR)	<5,000	5,000–10,000	10,000–25,000	25,000–50,000	50,000–75,000	75,000–100,000	>100,000	**Grand Total**
After 3 months	24%	6%	5%	24%	23%	32%	32%	**24%**
0–3 months	27%	16%	29%	29%	21%	29%	26%	**28%**
Now	49%	78%	66%	**48%**	56%	**39%**	42%	**48%**
Preferred loan instalment range								
<1,000	51%	53%	26%	14%	12%	10%	7%	**16%**
1,000–3,000	40%	41%	61%	**60%**	53%	30%	15%	**46%**
3,000–5,000	7%	6%	11%	21%	29%	**38%**	34%	**25%**
>5,000	2%	0%	2%	5%	6%	22%	44%	**13%**

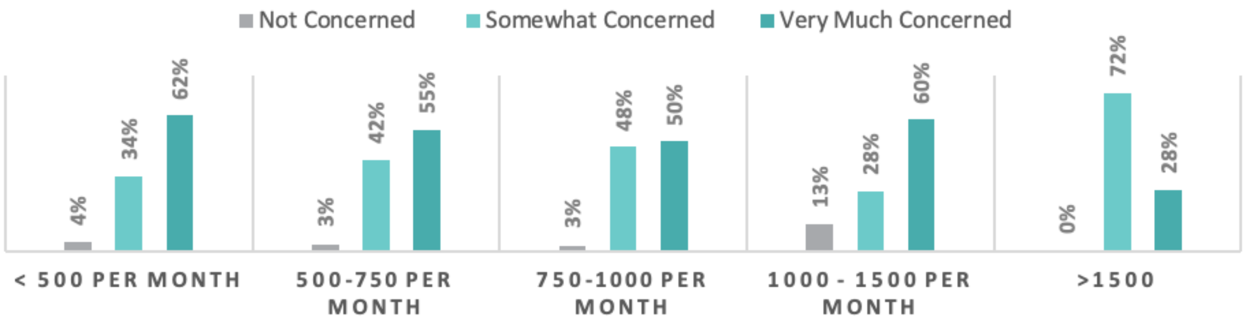
The majority of respondents across all ticket sizes require loans immediately or in the very near future. For larger loans up to INR 100,000, the preferred monthly installment range was between INR 3,000-5,000. Monthly installments over INR 5,000 were preferred for respondents who required business loans above INR 100,000.

2. IMPACT OF COVID-19 ON AFFORDABLE PRIVATE SCHOOLS

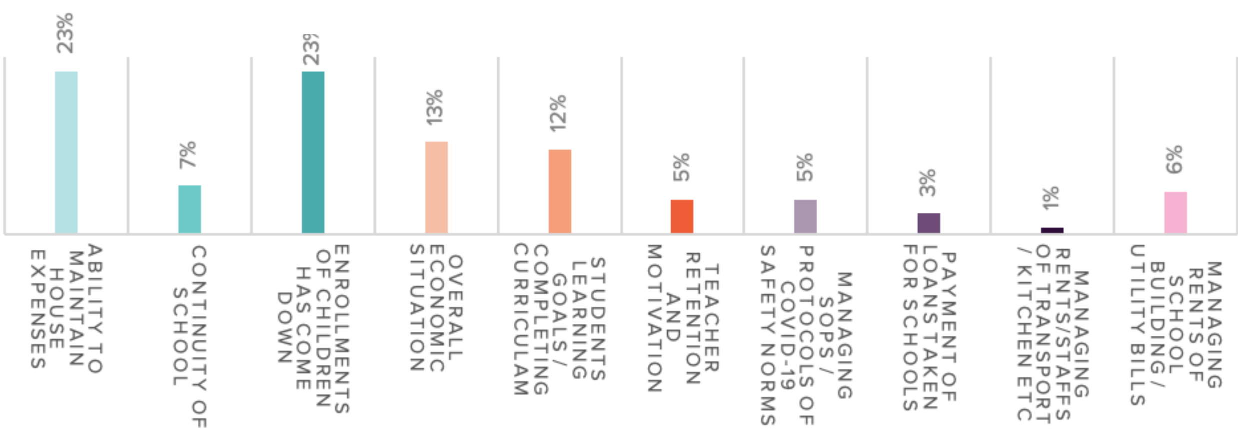
What are the concerns of affordable private schools during the pandemic?

Schools in Bihar reported the highest level of concern with 72% of school describing themselves as "very much concerned" and 23% as "somewhat concerned". 62% of schools in Rajasthan and 45% of schools in Madhya Pradesh described themselves as "very much concerned".

SCHOOL-FEE AND LEVEL OF CONCERN



SPECIFIC CONCERNS OF SCHOOLS ABOUT COVID-19



What is the current economic situation of APS?

Schools were asked what percentage of school fees have you been able to collect in the last 3 months? An overwhelmingly majority of schools (88%) reported collecting under 20% of school fees due. 51% of schools reported collecting no school fees in the last 3 months. At the time of interview, most schools had been closed for 7 months indicating that this payment trend could be applied to the collection of school fees for the entire lockdown period since March 2020.

Repayment trends differ depending on the profile of schools. Overall, schools that charged under INR 500 per month and schools that charged over INR 1,500 per month were more likely to not have recovered any school fees. Schools that charged between INR 500–1,000 per month were more likely to have collected some fees. There were very few schools that had collected over 40% of school fees in the past 3 months regardless of the average school fee charged.

4 out 5 schools have collected less than 20% school fee during school closure.

Inability to collect school fees during COVID-19 is the major source of concern for school owners. Only 15% of school owners had other sources of income to sustain them during the pandemic.

Fees collected in the last 3 months	Percentage
0% of school fees (none)	51%
Up to 20% of school fees	37%
Around 20–40% of school fees	10%
Around 40–60% of school fees	1%
Around 60–80% of school fees	1%

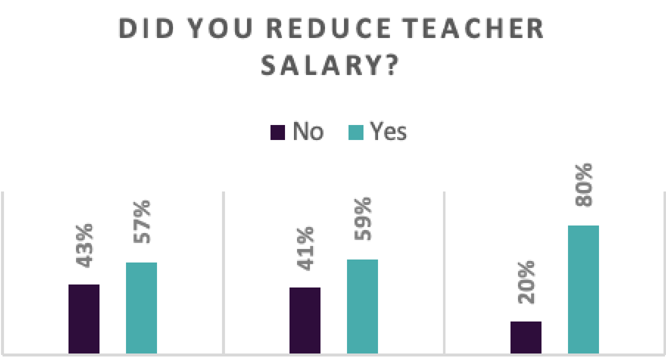
What is the impact of COVID-19 on the financial health of schools?

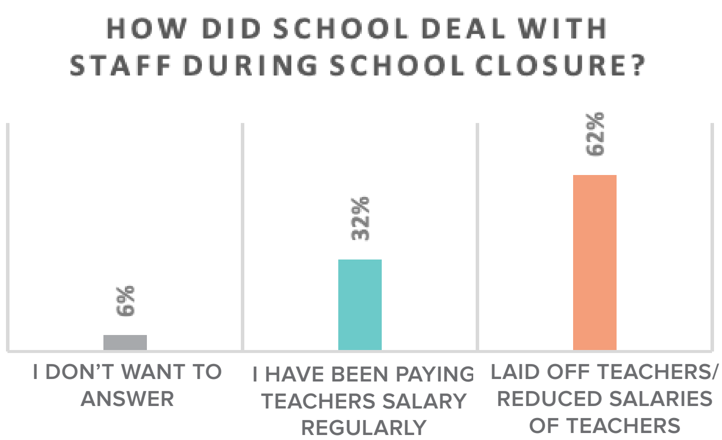
How has Reduced Revenue Affected School Staff?

Schools across states, charging all levels of school fee reported to have reduced staff salaries during the pandemic. A larger portion of schools in Bihar and Rajasthan (~42%) paid no salaries to teachers at all. While a higher proportion of schools in Madhya Pradesh reduced salaries.

259 schools responded to the question of laying-off teachers.

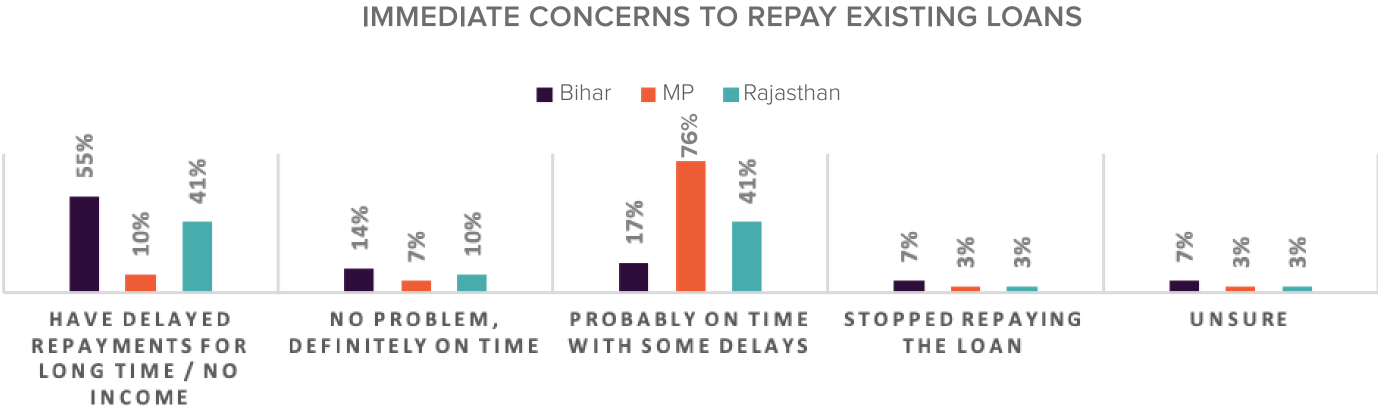
- 54% schools across states and fee brackets claimed that they have not laid-off teachers.
- By school profile, schools that are charging less fees have laid-off more teachers compared to the schools that charge high fee.
- 67% of the schools across 3 states have reduced teacher's salary. 62% reported to have either reduced salary or laid-off. Only 32% schools have been paying the salary regularly and on time.





How has Reduced Revenue Affected Indebtedness of Schools?

81% of the schools surveyed do not have an existing loan. 19% of the respondents who have taken an existing loan have deployed the funds to expand the school premises, add more classrooms, purchase transportation, and meet operational expenses. Out of the 19% of school owners who had taken a loan, 43% of the indicated that they delayed repayments due to fall in income. 35% indicated that there will be some delay in honoring payments while only 11% indicated that there will be no issue in making the loan repayments. A handful indicated that they will completely stop repaying the outstanding loan. 50 out of 88 schools who had taken loans availed a moratorium.



Did schools engage with parents during school closures?

Interaction with Parents/ Students

COVID-19 has acted as a catalyst for education institutes to use new platforms for the delivery of curriculum. 41% of schools reported that they transformed to technology driven e-learning platforms such as YouTube videos, real time education apps, Zoom and Google Meet. However, these platforms are not as readily accepted as an alternative to regular delivery. In most cases, the low-income students that these schools cater to do not have computers or stable internet connection which they can use regularly.

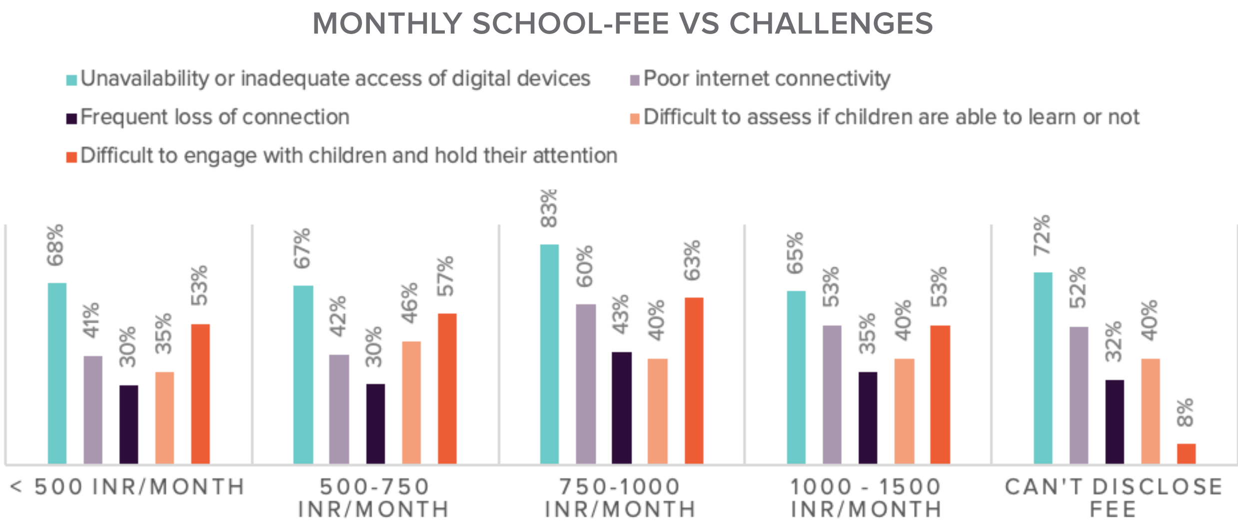
- **77%** provided offline hard copy worksheets and books
- **54%** have adopted online education delivery via apps
- **38%** have adopted YouTube/video based delivery
- **35%** have engaged with parents on WhatsApp
- **24%** have not engaged at all
- **4%** have engaged through Zoom/ Google Meet
- **2%** have personally visited parents at home

Schools and Teachers Adapting to Remote Learning

The sudden announcement of lockdown in India did not give any time for schools to prepare for online delivery of curriculum. Out of 442 schools, over 70% of the teachers educated each other internally and managed among themselves. About 13% of the schools took external / professional guidance in equipping their teachers with modes of online delivery while the remaining took no action for online classes or teacher education.

When schools were asked about the challenges they are facing with online delivery of classes, 68% of the schools have inadequate access to digital services and 57% schools find it difficult to engage with students and hold their attention. EduFinance mapped the challenges against the fee structure of these schools. Irrespective of what the school-fees were, challenges occurred across all segments. Impact was equally spread across 3 states.

> 24% schools are completely shut, remaining schools continue to provide education facility in some form or the other. But only 13% are professionally trained to provide online delivery.

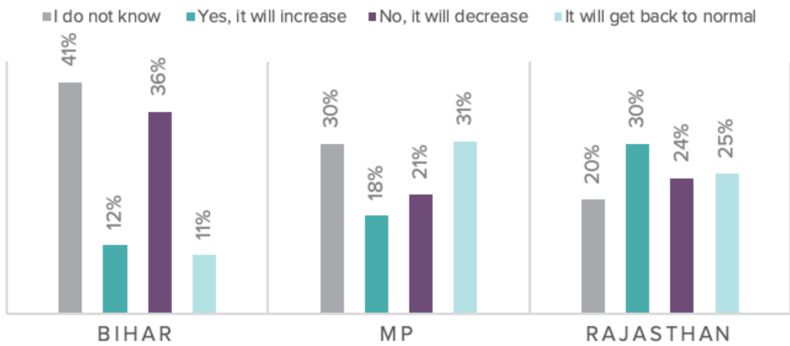


What are the schools’ future economic outlook?

Regarding the future economic outlook of the schools, the forecast is balanced in nature. Mixed polling for gradual recovery versus prolonged and insufficient recovery has been recorded. 26% of the segment jointly feels that incomes will decrease. 44% reported stable to positive outlook. 24% felt future income will go back to normal and there will be rapid revenue recovery while 20% felt future income will increase.

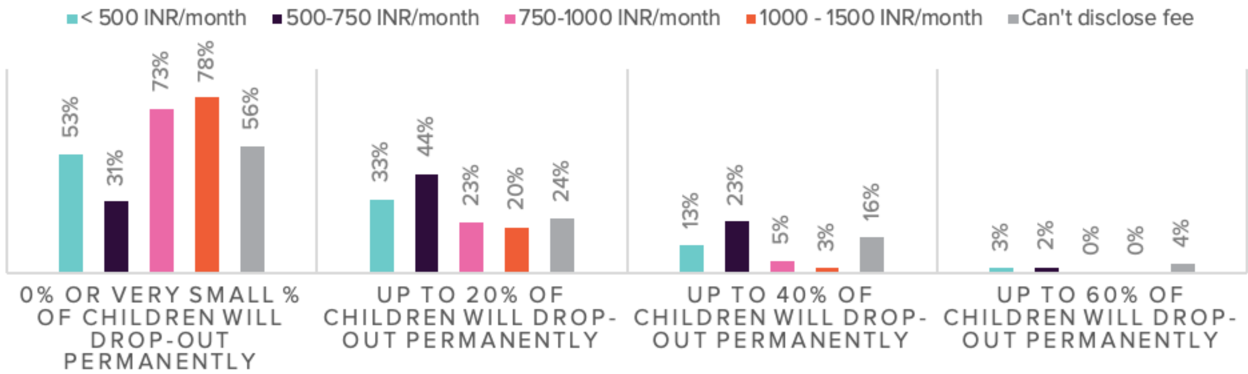
Key Insight:
Mixed polling on income recovery across 3 states. However, schools in Bihar are more negative compared to Rajasthan and MP.

WILL INCOME RESTORE AFTER COVID?



Among the 407 schools who responded regarding student drop out scenario, more than 50% reported that they do not expect any / negligible student drop out. ~30% expected less than 20% of the students to drop out. A miniscule number of schools expected more than 50% of the students to drop out due to COVID-19 impact.

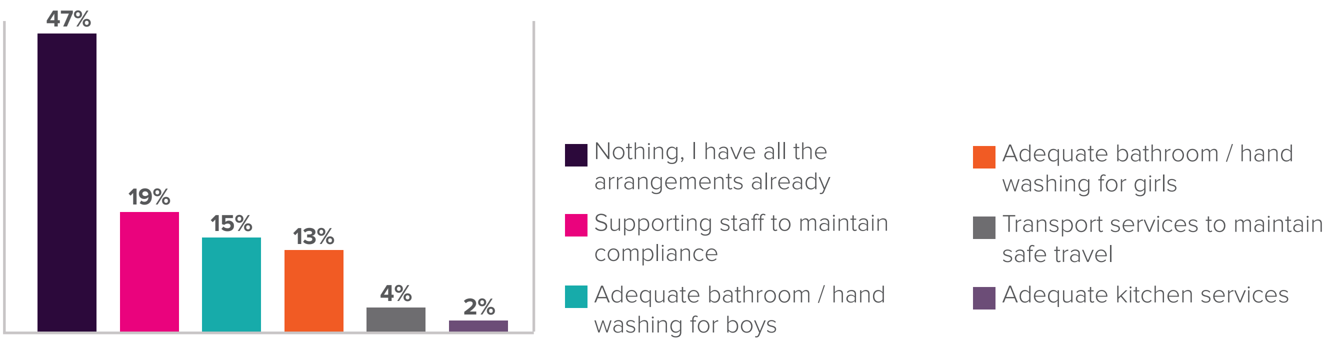
MONTHLY SCHOOL-FEE V/S STUDENT DROP-OUT



What do schools need to do to reopen safely?

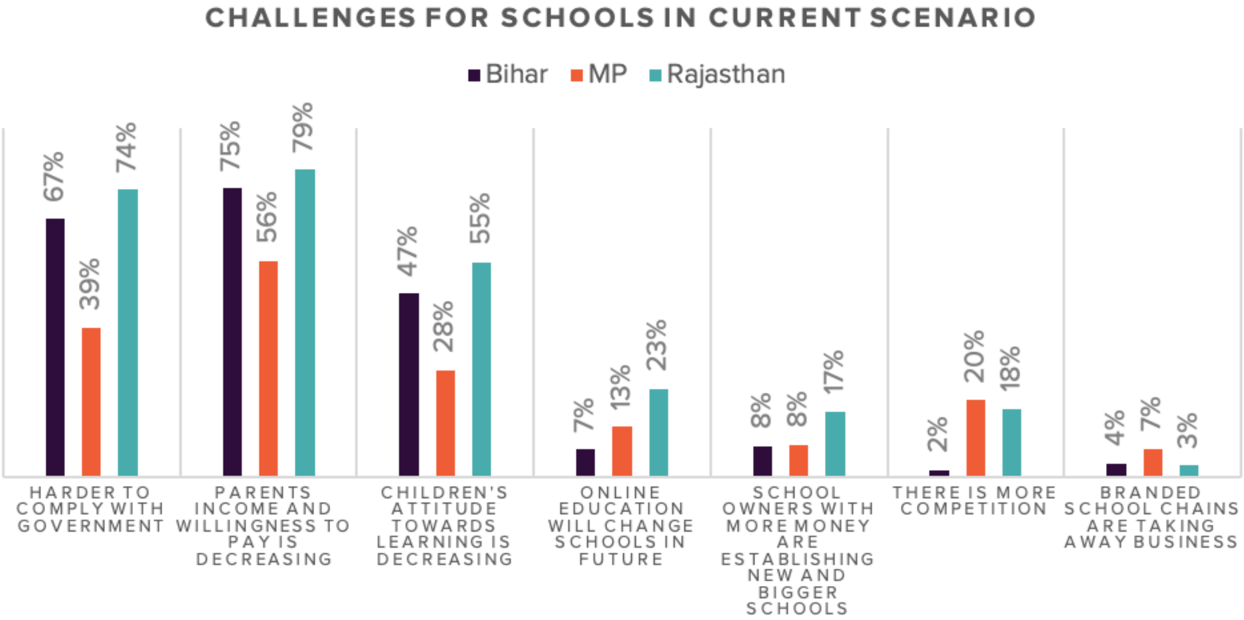
Majority of the schools (47%) indicated they have already made arrangements in the schools for the safety of the students and teachers to resume operations. 19% indicated that they will need to hire more support staff to remain compliant with new operating protocols while 28% indicated that they need to make additional bathrooms or hand washing arrangements for students.

ADDITIONAL MEASURED REQUIRED TO BE UNDERTAKEN BY SCHOOLS TO ENSURE SAFETY

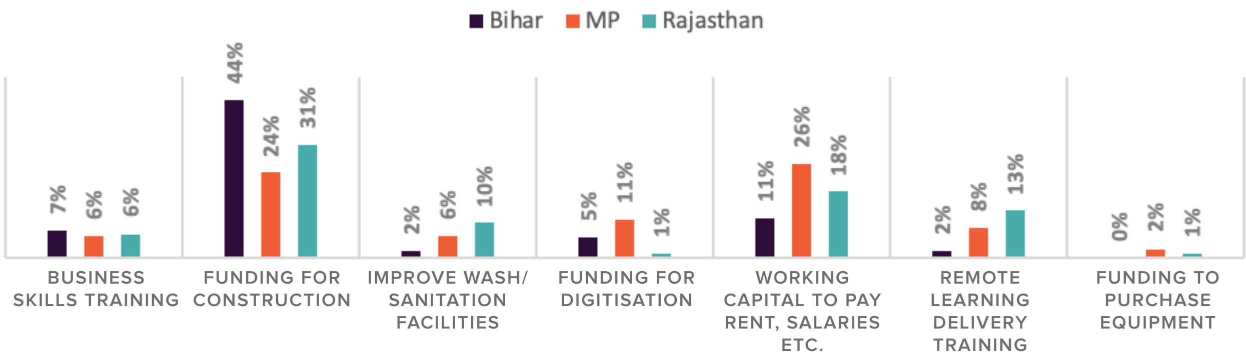


What are the challenges for school in the current scenario?

Across various schools in Bihar, MP and Rajasthan, 68% schools fear that parent's income is reducing and so is their willingness to pay for fees. 57% of schools expect that complying with new operating protocols and government standards will be a challenge. 41% schools fear that students' attitude towards learning is decreasing.



What are the immediate financing needs of schools?



More than 50% of the schools expect no immediate or urgent need of financing / loan / cashflow issues in the next 3 months. 38% of schools indicated they had an urgent financing need. However, schools are reluctant to avail loans while there is uncertainty around school reopening. When asked if they would take a loan for the need now, only 15% of schools said they would.

Key Observations and Recommendations

Low-Income Rural Household Survey

Household borrowing

Households have been adversely impacted by COVID-19 and are struggling to afford basic necessities and education. There is a need for financial institutions to offer loans to meet working capital requirements and Digital Marketing Trainings to clients.

- Demographically, the highest impact is seen in the Northern states where 60% of respondents said that they have been highly impacted compared to 29% in the West. The overall household expenses have reduced significantly as >70% claimed that they are spending less on food, children's education and household amenities. 67% have limited working capital left for their businesses.
- Financial institutions can offer an overdraft/ running finance facility to meet working capital requirements for a period of 12 months with interest calculated only on the loan limit utilized and interest paid on quarterly basis with bi-annual adjustment of principle amount.
- Due to COVID-19, many businesses have moved online. Clients are aware about online business, but most don't have the technical capacity and knowledge to run an online business effectively. Financial institutions can arrange training programs on digital marketing. Clients need help from financial Institutions to provide business advisory services to enable them to revive their businesses and economic activity.

Low-income households are becoming increasingly indebted to different lenders.

- The sample data for the household survey was collected from active MFI clients with over 85% responding that they have existing loans. During lockdown, over 80% of the borrowers across all regions were offered a moratorium by their respective financial institution.
- Respondents had also borrowed money from informal sources such as family, friends and moneylenders. ~40% had reached out to family and friends for borrowing money. Money lenders, often coined as money sharks, seemed to have a prominent grasp on the respondents of South & West India. 93% respondents in South India had taken loan from MFIs, 47% had also taken a loan from moneylenders, out of which 18% are pressurized to repay. 75% respondents in the North had taken loan from family and friends.
- Borrowers across regions who have taken loans from formal sources are less pressurized to repay compared to those who have borrowed from friends, relatives and moneylenders. In the South, where there is multiple borrowing from formal and informal sources and indebtedness levels seem to be high, is there a large perceived pressure from MFIs.

Increases in informal borrowing means clients are riskier but borrowing may not show up on credit bureau data. There is a need for financial institutions to incorporate credit scoring models in the lending process to mitigate credit risk.

- RBI has made it mandatory for all MFIs to conduct credit bureau checks on borrowers to estimate their existing indebtedness level before sanctioning a loan. However, informal borrowing remains unaccounted. Hence, a credit bureau report is not always a true reflection of a clients borrowing behaviour.
- As mentioned above, financial institutions are recommended to have their own credit scoring models. Credit scoring is a statistical analysis performed by lenders and financial institutions to assess an applicant's creditworthiness to help decide on whether to extend or deny credit. Alongside credit repayment history, financial institutions need to check the character of the client, financial solvency, the client's reputation, and the ability to work with the amount granted as a loan.
- A hybrid form of credit scoring may be more useful in times of turmoil where past data may not reflect the current realities of the client. Qualitative indicators alongside quantitative indicators could help financial institutions assess a client's "willingness to repay" as well as their "capacity to repay".

Children's education

An alarming number of children have started helping their parents with household income and are at risk of not returning to school.

- Where 26% is the national average, 40% of households in North India reported that their children had started working with their parents or independently. If left unattended, the probability of these children to drop-out from schools permanently in post pandemic phase is high.

- Measures need to be adopted by State Governments, Schools, NGOs and everyone in the ecosystem driven by the mission of 'Education for all', to ensure that these children do not drop-out.
- All stakeholders should work together to incentivize parents to enroll their children as soon as schools are allowed to reopen.

Most parents want to send their children back to school but have limited funds and are concerned about safety. There is a need for financial Institutions to provide School Fee Loans.

- Almost 70% of parents indicated that they would send their children to school as soon as schools reopen. 35% expressed high concerns regarding safety.
- Parents want their children to be in school but may not be able to afford it when schools reopen. They require financial support from financial institutions with flexibility in loan repayment schedules, which should be linked to the cash flow cycle of the borrower. Financial institutions can offer school fee loans with flexible repayment schedule in the range of INR 15,000- 20,000 with a loan tenure up to 12-18 months.
- Parents need support for their children's education in the form of scholarships, loans, insurance and savings products. Financial institutions can look beyond loans and offer a bouquet of financial services to help parents keep their children in school. For example, a commitment savings product solely for the purpose of investing. This account is suitable for anyone who wants to save a "fixed" amount over a period of 6 month-5 years. This account can be offered to parents, schools, teachers and contractors of schools. The key features of the product should be easy, flexibility to withdraw, confidentiality.
- Schools need to take adequate measures to suppress the transmission of the virus and reassure parents that schools are safe.
- State Governments need to build resilient education systems for equitable and sustainable development. They need to reinforce capacities for risk management at all levels of system, ensure strong leadership and coordination and enhance consultation and communication mechanisms.

In some areas, parents received little or no communication from schools. Reduced communication reduces the likelihood of parents paying school fees and increases the chances of children dropping out. Schools need support to offer remote learning that all children can access and engage with parents.

- 71% of East India respondents indicated they had no engagement or communication with the school in any manner during school closures. The national average stood at 43%.
- Schools will need to implement student and parent engagement plans as part of planning to reopen. Once open, schools will need to focus on inclusive education, addressing learning losses, increasing enrolments and preventing dropouts (particularly of marginalized groups). Without parent engagement, the risk of children not returning to school is significant.
- Financial institutions should collaborate with telecommunication companies to engage parents' and provide training on digital classrooms and remote learning.

Affordable Non-State School Survey

School income

Schools have not collected a significant amount of fees for months. An opportunity for financial Institutions to offer School Improvement Product.

- 88% of schools reported collecting under 20% of school fees due. 51% of schools reported collecting no school fees in the last 3 months. At the time of interview, most schools had been closed for 7 months indicating that this payment trend could be applied to the collection of school fees for the entire lockdown period since March 2020. 79% of school owners do not have any alternate source of income and rely heavily on school fees to pay expenses.
- The struggle to sustain affordable private schools without any significant inflow of funds is happening across India. A National Independent Schools Alliance (Nisa) survey released in September found that only 38% of students in the 3,690 low-cost schools polled in 22 states had paid the school fee for the April–June quarter.
- In the state of Telangana, the Telangana Recognized Schools Management Association (TRSMA) wrote to the state government in September to temporarily take over the functioning of budget schools. According to TRSMA general secretary Sadula Madhusudhan, Telangana has around 11,000 private schools, of which around 9,000 are budget schools. Of these, 3,000 have shut down permanently.

- Central and State Governments have to intervene to help affordable private schools survive. There should be some relaxations for water and electricity bills for these schools while they are unable to collect school fees.
- Incubation programs for school leaders could help schools fundraise, identify alternative sources of revenue, and create annual plans for schools.
- Schools will need access to financial services when they are allowed to reopen as it could take a long time before school fee collection is back to pre-pandemic levels. During school reopening, financial Institutions can offer a School Improvement Loan product for the following purpose should be offered:
    - Working capital
    - Spot-improvements to adhere to SOPs
    - Agriculture loans for rural schools to generate additional income
- When schools have reopened, School Improvement Loans can cover:
    - Construction of new school building
    - Setting up of a library
    - Construction of additional classrooms in existing schools
    - Any other capital expenditure which would improve the infrastructure of the school
    - Replacement of old school furniture
    - Construction of school staff rooms, administrative office, library, laboratories, playground, hostel/boarding, kitchen, canteen and other space related to running the school
    - Carrying out additions/alterations/major repairs to the existing school building
    - Purchase of land for school playground/ construction of school building/ setting up of a new branch

Schools facing challenges in recovery of school fees. Financial institutions can offer Digital Fee Payment System to schools.

- A digital school fee system can be offered by financial institutions to make it administratively easier for schools to reconcile fee collection. Payment systems can help schools track which students have made payments and which students still must pay.
- Parents who are unable to pay on time can bridge delayed payments through a loan product available through partnering financial institutions.
- The digital fee system can enable financial institutions to analyse cash flows of the schools they lend to, mitigating risk.

Online/ remote teaching

Teachers and students do not have adequate access to internet or devices for online learning.

- 68% of the schools/ teachers have inadequate access to digital services to provide online education.
- Neither the teachers nor the students have adequate internet connectivity. According to data collected by the National Sample Survey as a part of the Survey on Education (2014), only 27% of households in India have some member with access to internet. In states like West Bengal and Bihar, which traditionally have a large number of migrant students, only 7–8% of rural households have access to the internet. Education thinkers have to come up with solutions to bridge the gap in access to technology-based education.
- Telecoms CSR and education companies should collaborate to offer free or subsidized access to the internet for online learning. Financial institutions can offer support with loan products for technology.

In addition to access, teachers, students and parents need trainings for online learning.

- Only 13% of the schools interviewed took external/ professional guidance in equipping their teachers with modes of online delivery while the remaining took no action for online classes or teacher education. Over 70% of the teachers equipped each other internally to connect with students online.
- 57% schools find it difficult to engage with students and hold their attention online.
- Many low-income parents don’t have knowledge of how to access and use online classes. Most low-income households have limited internet and equipment. Similarly, most teachers had no prior experience of online classes but tried according to their capabilities and facilities.
- If parents and teachers are trained on digital classrooms, schools can run online classes. However, in addition to training, children and teachers need access to digital devices.

Student drop-out and impact on learning

Schools are cautiously optimistic about the future but should focus on parent engagement to stop drop-outs.

- More than 50% of schools reported that they do not expect any / negligible student drop out. 30% expected less than 20% of the students to drop out.
- 68% schools said that parent income is reducing and so is the willingness to pay for school fees. However, long-term they are not fearing substantial drop-outs. However, one of the critical findings from the survey is that 27% of households have engaged their children in work. Schools must adopt adequate measures to control drop outs. Children who are working during the pandemic are less likely to return to education when schools reopen. These children are likely to have lower-paying jobs, poorer health, and the possible continuation of a cycle of poverty that creates immense challenges for families, neighborhoods, and communities.
- Schools might need to offer weekend classes or evening classes to reduce dropouts. By offering flexible scheduling schools will enable them to work or handle other responsibilities while still attending school.
- Schools have to engage with parents and ensure that education remains their priority despite other post-pandemic challenges. Students with poor scores and high absenteeism are more likely to drop-out. Schools need to offer web of increased support and services and establish accelerated-learning programs for students who are behind.

Schools are concerned about students' future attitude to learning during prolonged school closures.

- 41% schools fear that students' attitude towards learning is decreasing.
- Schools should focus on parent and student engagement to keep children engaged.

Summary

The pandemic has significantly impacted parents, affordable private schools are their employees. All three potential clients are in need of financial services now and when schools reopen.

Parents are struggling to afford basic necessities including education. When schools reopen, they will require financial support from financial institutions with flexibility in loan repayment schedules (linked to the cash flow cycle of the borrower). Financial institutions can offer school fee loans with flexible repayment schedule in the range of INR 15,000 - 20,000 with a loan tenure around 12-18 months.

38% of schools indicated they had an urgent financing need. However, schools are reluctant to avail loans while there is still uncertainty around school reopening. Where a loan is required, most school owners require money for construction, renovation or for working capital.

Almost half of the interviewed teachers require loans. 75% need a loan immediately or in the coming 3 months. 77% of those requiring loans wanted up to INR 100,000. The purpose of the loan is primarily for domestic use (32%) such as paying school fees, rent, food or house renovation, indicating the need for personal loans among teachers.