

FROM UNICORNS TO UNCERTAINTY: A CRITICAL REVIEW OF INDIAN EDTECH FAILURES

Damini Verma*

ABSTRACT

In India, the education sector has witnessed a robust growth when integrated with digital technology. There are numerous names in the field who are catering to a varied variety of students with their effective teaching model, quality study material, and adopting hybrid learning model. However, in no time, the cracks began to show in the post-pandemic era. This secondary research paper critically examines the downfall of three edtech giants (FIITJEE, BYJU'S, and Physics Wallah) by analysing factors such as non-inclusive and rigid HR policies, aggressive marketing tactics, management failure, financial missteps, and failure to adopt new tech. As the result of unsustainable practices, the brand reputation and market valuation of the chosen brands have deteriorated significantly. However, with the help of better customer and employee centric policies, there is still a margin for these institutes to claim back their earlier position and thrive with new milestones. The findings of this secondary research paper aim to serve as an admonition for future edtech institutes, putting an accent to the importance of sustainable growth strategies and transparency in policies and management.

KEYWORDS: Sustainability in Edtech, Edtech Industry, Indian Edtech Startups, HR Policies in Startups, Strategic Expansion.

Introduction

Sustainable business strategies refer to the strategic decisions taken by a business to minimize the negative impact of business operations on the environment, society, and economy while also maintaining profitability in the long run.

In India, over the past decade, there has been a massive expansion in the ed-tech market. The traditional face-to-face infrastructure has now shifted into online classrooms. This growth can be attributed to factors such as innovation in tech, cheaper data rates, availability, connectivity, and adoption of new digital tools. During the COVID pandemic, several well-known players of the education sector, like BYJU'S and Physics Wallah, have flourished due to their adoption of virtual classroom models.

At present, most of these big educational institutes are failing to stay in profitability even after huge expansion. When we track down their financial reports, the loss percentage of each successive year is increasing consistently. According to the financial reports presented by BYJU'S for Apr' 2022, the company has incurred a loss of ₹8,245.2 Cr. Some other factors —discussed in detail later — such as the hire and fire culture of BYJU'S has also contributed to its deteriorating market cap and worth.

This secondary research paper aims at critically analyzing the reasons for the downfall of prominent players like FIITJEE, Physics Wallah, and BYJU'S, and to understand the impact of their management strategies in shaping the strength and weaknesses of these businesses.

* Assistant Professor, Computer Applications, IPS Academy, Indore, M.P., India.

Research Objectives

This study was established on the margins of the following objectives:

- To put an accent on the effectiveness of management strategies of leading ed-tech competitors.
- To explore the available opportunities and challenges faced by these firms in maintaining profitability and market worth.
- To provide a deeper insight into the loss-making brands by identifying patterns in their management strategies.

Hypothesis

The hypothesis for this research has been proposed:

- Ed-tech firms that implement sustainable and adaptive management strategies are more likely to achieve long-term profitability and market stability.
- Aggressive expansion without proper resource management negatively impacts the financial sustainability of ed-tech firms.
- The presence of employee-centric HR policies (as opposed to "hire and fire" cultures) contributes positively to the brand value and long-term growth of educational startups.
- Firms that effectively integrate digital innovation with sustainable business models demonstrate stronger financial performance compared to those focusing solely on rapid scaling.

Literature Review

There are several news articles citing the mismanagement practices followed by numerous edtech brands. Some of these are the prominent stories related to FIITJEE, BYJU'S, and Physics Wallah. According to a news article published in India Today (2023), BYJU'S had fired around 1000 employees the reason cited was cost-cutting and financial stress on the company.

According to another article published in Hindustan Times, BYJU'S net worth went down from \$22 bn to less than \$3 bn within a year. Core reasons cited were HR policies which were not employee centric and fraudulent marketing practices.

Research Methodology

The following methodological steps were taken in order to conduct the present study

• Secondary Data Sources

Due to the limited access of primary data, the research foundation has been made via credible secondary sources. Peer-reviewed research articles and whitepapers focusing on sustainable business strategies and ed-tech management are carefully chosen to support the research hypothesis.

• Blogs, News Articles, and Websites

To gain the deeper insights for the research topic, the blogs and industry-specific websites in the above-mentioned literature review sections were referred. It has helped in gathering contextual insights and up-to-date information.

• Financial Data and Personal Opinions

The objective behind using financial data was to present the quantitative data and qualitative analysis in a proper manner. Interpretations and critical analysis have been drawn based on observed patterns and reported data and are debatable.

Results

Based on the comparative analysis of secondary data collected through news articles, financial reports, and industry reports, the following key results emerged:

- The institutes, FIITJEE, BYJU'S, and PW, are facing to maintain their worth in the market due to the lack of sustainable business tactics and strategies.
- Mismanagement, flawed decision making, and short-sighted leadership patterns are also the common concern amongst these firms.
- As the result several venture capitalists are losing their interest in them. Customer dissatisfaction and internal chaos is also increasing day-by-day.

Limitations

The following are the limitations of the study:

- Primary methods of data collection could not be used due to lack of availability.
- The critical analysis has been drawn on personal opinions and may be debatable.

Key Findings

- Edtech market is growing rapidly but several institutes are failing to maintain their position in the market.
- FIITJEE, which was once the synonym of quality results, is now suffering backlash due to rigid policies, low employee satisfaction, and degraded quality.
- BYJU'S, though expanded potentially in COVID, could not cope up in post pandemic era due to its over resilience on online education model. Poor HR policies, aggressive marketing, and lack of financial transparency amongst the major reasons for setbacks.
- Physics Wallah was blamed by its internal staff of diverging from its main vision that was to provide education even in the remote areas of India via online learning. Subpar service delivery, mismanagement, and rapid expansion diluted its original educational quality.
- All of the above-mentioned brands show over dependency on venture capitals.

Detailed Findings

• FIITJEE

FIITJEE, first appeared in market in 1992. It was perceived as one of the educational institutes with high success rate and numerous students qualifying the engineering entrance exams. However, despite the early success, it could not stay profitable in the long run. The following are some of the reasons for FIITJEE's unprofitable survival in the market:

- **Competition in the Industry:** As the edtech industry expanded year-on-year, various competitors entered in the market allured by the high profit margins. This created an intense competition in the sector and the legacy brands like FIITJEE could not compete against the agile players.
- **Not Adapting the New Tech and a Sudden Shift in Working Model Later:** The Print (2025) cited FIITJEE couldn't solve the money problem. It even tried new business models and still failed drastically. FIITJEE had remained strict to its offline classroom model and refused to adopt the online teaching or hybrid model. This led to a drastic reduction in the students' enrolment as more and more learners increasingly preferred flexible, technology-enabled education options that offered convenience and accessibility.
- **Mass Resignation Due to Unpaid Salary:** According to this news article published by NDTV (2025), the teachers in Noida and UP coaching centres mass resigned from FIITJEE citing that their salary remained unpaid for several months. Not only they resigned but also joined rival coaching institute like Aakash and persuaded students to join them too. This led to a decline in the brand reputation of FIITJEE, poor customer relationship, and substantial. Parents' trust was also broken, and they were kept in uninformed about further decisions for several days. In the beginning FIITJEE refused to refund the advance fees paid by parents; Leading to legal disputes. Such events underlines the weaknesses in FIITJEE's internal financial governance and HR management.
- **Degraded Education Quality:** The institute which once was renowned for its quality teaching by experienced faculty now lack the quality it was supplying. As the teachers left due to delayed salaries the new substitute teachers were less qualified or experienced, and not so competitive as compared to the experienced faculties. This reduction in standard teaching led to student dissatisfaction and negative promotion of the brand.

• BYJU'S

BYJU'S, founded in 2011 by Byju Raveendran, emerged as one of India's leading ed-tech platforms, revolutionizing digital learning through interactive content, gamified lessons, and personalized learning. Rapidly expanding during the COVID era, it started catering to a diverse student base, ranging from middle and senior secondary school learners to aspirants of competitive examinations. However, even after the wide audience segments, BYJU'S growth began to experience setbacks due to its management policies.

- **Poor HR Policies:** For the recent few years BYJU'S has been a lot in news due to its "Hire & Fire" policy. Unable to provide a secure job opportunity to its employees, BYJU'S faced several public criticism and instability within the company. The result? Despite offering competitive salary packages, the company struggled to attract and retain top talent, as prospective employees increasingly associated it with professional instability. Various news articles are filled on the internet that shows how incompetent the HR policies of BYJU'S are, some of the headlines are cited hereby- News18 (2024) reported that employees were laid off via phone calls without formal notice. Similarly, India Today (2023) highlighted that BYJU'S planned to fire around 1,000 employees as a cost-cutting measure, while The New Indian Express (2024) noted mass layoffs being conducted through emails and calls, further tarnishing the company's employer brand.
- **Aggressive Sales Tactics:** Several internal issues arose in BYJU'S that cited about unrealistic sales target and pressurized culture. BYJU'S was called out for unethical sales practices such as misleading parents, pushing unnecessary packages, and upselling to lower-income families. Moreover, the education provided by them were not of satisfactory quality. It lent in star powers such as Priyanka Chopra and Shah Rukh Khan for their marketing campaigns too: While this provided a padded support in sales the expectations were also heightened and remained unmet. Students and parents began complaining about lack of personal support, repetitive content, and reduced quality.
- **Unsustainable Expansion:** BYJU'S applied the famous tried and tested tactic to curb the competition, i.e., acquisition of the domestic and foreign competitors like, WhiteHat Jr., Aakash Institute, Great Learning, and more. These acquisitions did not go smoothly and created a financial crater for the brand; adding up to \$1.2 bn debt.
- **Poor Financial Transparency, Delay, and Legal Disputes:** BYJU'S financial statements for 2021-22 were delayed for nearly a year. This lack of transparency crumbled the trust of investors in the brand and also led to the resignation of auditors and key executives. As per Hindustan Times (2024), the firm was also dragged into the legal disputes by Board of Control for Cricket in India (BCCI) and US-based loan administrator Glas Trust, both seeking to secure a higher priority in repayment.
- **Post-Pandemic Dynamics:** During the pandemic era BYJU'S adopted the online learning methods very fluently resulting in initial success; It reported the valuation of \$22 bn in year 2021. However, the post pandemic transitions did not go smoothly as it expected. BYJU'S over reliance on the online learning model was taken into light post COVID. This resulted in scarce funding and mismanaged finances.

• **Physics Wallah**

Physics Wallah, founded by Alakh Pandey in year 2016. PW was initially a YouTube channel offering physics lessons in a simplified way for JEE and NEET. Due to Alakh Pandey's exemplary teaching practices and informative content, he built a strong student base in no time. After the popularity amongst the subscribers, the notable YT channel was transformed into an edtech startup that rapidly rose to be a unicorn. But, despite this rapid rise, several mismanagement issues set it back into a loss-making firm. The internal conflicts and leadership were the critical concerns, raising serious questions about long term sustainability. Here are few major setbacks-

- **Poor Management and Internal Conflicts:** Even though PW raised to initial success very quickly, it could not maintain the internal conflicts due to mismanagement practices followed by them. Multiple senior-level employees, including teachers and department heads, resigned citing poor management and lack of transparency in decision-making. This led to a broken coordination and loss of the trust of employees, employees, and students.
- **Quality vs. Quantity Dilemma:** PW tried to scale rapidly and expand its offline centres. The brand started compromising on the core value it once stood for, i.e., quality teaching. Reports suggest that newly recruited teachers lacked the experience and expertise as compared to the older ones. As a result, student satisfaction went down significantly, especially in offline batches. As per the reviews on Mouth Shut, PW got 1.9 rating out of 5. Students stated poor support, app issues, and delayed study material supply as the reasons.

- **Unrealistic Promises & Overhype:** With aggressive marketing strategies and exaggerated promises of success, PW created a high-pressure environment for both students and faculty. Many users claimed the content quality became repetitive and lacked depth over time, particularly in competitive exam preparation. This falsely created overhype though gave a competitive advantage in the initial level but later got them negative promotion.
- **Company Culture and HR Issues:** Former employees have publicly expressed dissatisfaction with the toxic work culture and excessive workload. They even accused that company does micromanagement and gives unfair treatment. In an incident cited in Dayal S. (2023) 3 core teachers named Tarun Kumar, Sarvesh Dixit, and Manish Dubey, had resigned from PW stating Alakh Pandey could not handle the massive expansion properly. They also stated that this rapid expansion has disillusioned the organization's vision of education to the remote areas of India. These narratives have set back the growth of the company by multiple folds. PW also saw a significant drop in student engagement and increased internal chaos.
- **Post-Funding Strategy:** Physics Wallah, after receiving a unicorn status and weighty funding, expanded at a pace that wasn't entirely sustainable for them. The institute started diversifying into multiple domains. This included UPSC preparation, offline coaching, and skill-building courses. The escalation was done without strong ground research. This led to limited resources being misused and inconsistent performance year-on-year.

Conclusion and Recommendations

To sum it up, the downfall of BYJU'S, Physics Wallah, and FIITJEE serves as a reminder that flashy marketing and rapid expansion can not overcome the issues aroused by unsustainable practices and customer and employee dissatisfaction.

To conclude the research findings:

- The legacy does not ensure success in long-run. With time the tech changes and changes should be accepted by the management. As seen in the case of FIITJEE, their rigid behaviour was one of the reasons for failure.
- Employee satisfaction combined with customer satisfaction are synonymous to progress and prosperity.
- Distraction from the core vision and expansion without proper management can not only result in financial losses but can also bring negative publicity.

Few recommendations for the existing firms and new entrants:

- Sustainable expansion is not just necessary but it is a need. When expansion is done only to curb the competition then it may not be effective for every business type as there are always new firms ready to enter certain market. However, when expansion is linked with strategic vision and tactics it can help achieve the milestones.
- If customers are considered gods, then employees are the backbone of the temple. Without satisfied and supported employees, no organization can thrive in the market.
- Quoting an old saying "Change with time, or the time will change everything", this principle applies not only for individuals but for organisations too.
- Honest communication, transparency and ethical practices go a long way in establishing long-term credibility.

References

1. Dayal, S. (2023, Mar 31). *Physics Wallah becomes Controversy Wallah: Story unfolded*. TICE. <https://www.tice.news/enticing-angle/physics-wallah-controversy-alkh-pandey>
2. Hindustan Times. (2024, Oct 19). *Byju's: From \$22 billion to less than \$3 billion in just one year*. hindustantimes.com. <https://www.hindustantimes.com/business/top-5-reasons-that-led-to-the-downfall-of-byju-s-from-22-billion-to-less-than-3-billion-in-just-one-year-101729322551559.html>
3. India Today. (2023, June 9). *Byju's is said to fire 1,000 more employees to cut costs*. indiatoday.in. <https://www.indiatoday.in/technology/news/story/byjus-is-said-to-fire-1000-more-employees-to-cut-costs-2390828-2023-06-09>

- 68 Inspira- Journal of Commerce, Economics & Computer Science: Volume 11, No. 02, April-June, 2025
4. MouthShut. *Physics Wallah reviews*. mouthshut.com. <https://www.mouthshut.com/product-reviews/physics-wallah-reviews-926096756#:~:text=1:%20Support%20team%20not%20able,will%20be%20recorded%20sessions%20only..>
 5. NDTV. (2025, Jan 24). *Explained: What led to the crisis at FIITJEE coaching centres*. ndtv.com. <https://www.ndtv.com/education/explained-what-led-to-the-crisis-at-fiitjee-coaching-centres-7547025>
 6. New Indian Express. (2024, April 3). *Byju's fires 500 employees over telephone calls, emails*. newindianexpress.com. <https://www.newindianexpress.com/business/2024/Apr/03/byjus-fires-500-employees-over-telephone-calls-emails>
 7. News18. (2024, April 2). *Byju's fires employees via phone calls; Dumps staff without notice amid financial crisis*. news18.com. <https://www.news18.com/business/byjus-fires-employees-via-phone-calls-dumps-staff-without-notice-amid-financial-crisis-8836872.html>
 8. The Print. (2025, February 26). *FIITJEE couldn't solve the money problem. It tried new business models and still failed*. theprint.in. <https://theprint.in/ground-reports/fiitjee-couldnt-solve-the-money-problem-it-tried-new-business-models-and-still-failed/2512012/>.

