

The Rise and Fall of BYJU'S: Lessons in EdTech Economics

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Abstract

BYJU'S was once seen as India's greatest education technology success story. Founded as Think & Learn Pvt. Ltd. in 2011 and popularized through the BYJU'S Learning App launched in 2015, the company grew from test-preparation coaching into a global edtech brand offering K–12 learning, competitive exam preparation, coding, and offline coaching. At its peak, BYJU'S was valued at about \$22 billion, making it one of the world's most valuable edtech startups. Its rise was driven by heavy venture-capital funding, celebrity-led marketing, acquisitions, and the sudden shift to online learning during COVID-19.

However, the same model that created rapid growth also exposed deep weaknesses. Unsustainable expansion, high cash burn, expensive acquisitions, delayed audits, legal disputes, governance concerns, and post-pandemic demand decline damaged investor trust. By 2024, BYJU'S was facing insolvency proceedings and a major collapse in valuation.

This qualitative case study uses secondary sources, timeline mapping, and startup economics concepts to analyze BYJU'S as a cautionary example. The key lesson is clear: in education, real learning outcomes, financial discipline, transparency, and ethical sales matter more than aggressive marketing or investor hype.

Keywords:

BYJU'S, EdTech, startup economics, venture capital, blitzscaling, valuation, burn rate, acquisitions, corporate governance, sustainable growth

1. Introduction

The rise of BYJU'S must be understood within the larger edtech revolution in India and the global South. Before COVID-19, India already had the conditions for online education growth: rising smartphone use, cheaper internet, a young population, and intense competition for exams such as JEE, NEET, CAT, and civil services. KPMG's report on online education in India identified internet penetration, smartphone adoption, disposable income growth, and India's young population as major drivers of online education demand.

COVID-19 accelerated this shift dramatically. When schools shut down, families turned to remote learning platforms. The World Bank noted that at the peak of the pandemic in April 2020,

around 1.6 billion K–12 learners in over 190 countries were deprived of in-person schooling. This created a sudden opportunity for companies like BYJU’S to become not just supplementary learning tools, but central parts of children’s education.

BYJU’S began with Byju Raveendran’s coaching sessions and later became a digital learning app. The app used videos, animation, gamified learning, and personalized study plans to make difficult concepts feel easier. It expanded from test preparation into K–12 learning, coding, early learning, global markets, and offline coaching. At first, this looked like the perfect Indian startup story: a teacher-founder, a huge education market, global investors, and millions of students.

This case study asks: **What economic, strategic, and operational factors contributed to BYJU’S meteoric rise and subsequent decline?** The case matters because BYJU’S shows both the power and danger of startup ecosystems in emerging markets. It proves that a company can solve a real problem and still fail if growth is not supported by governance, profitability, and trust.

2. Literature Review

Research on Indian edtech highlights three major trends. First, online education grew because of digital access. KPMG projected growth across primary and secondary supplemental learning, test preparation, higher education, and reskilling, with internet and smartphone penetration expanding the addressable market. Second, COVID-19 changed consumer behavior. Remote learning became a necessity, not a luxury, and families became more open to digital classrooms. The World Bank described pandemic remote learning as an unprecedented global experiment. Third, the Indian edtech sector became attractive to investors because education is seen as a large, emotional, and recurring-spend market.

Startup financing literature helps explain BYJU’S rise. Venture capital often funds companies that can scale rapidly before they become profitable. This is connected to the idea of “blitzscaling,” popularized by Hoffman and Yeh, where companies prioritize speed and market dominance over short-term efficiency. A unicorn is a private startup valued at \$1 billion or more. Valuation is the estimated worth of a company, usually based on investor expectations, not guaranteed profits. Burn rate refers to how quickly a company spends cash. Acquisition strategy means growing by buying other companies instead of building everything internally.

Sustainable growth theory presents a different view. Christensen’s work on innovation suggests that companies must build lasting value, adapt to customer needs, and avoid overextending themselves. In education, this is especially important because the “customer” is often a parent paying for a child’s future. Trust becomes central.

Corporate governance research also matters. Founder-led companies can move quickly, but they may suffer when boards, auditors, and investors do not have enough oversight. BYJU’S later problems auditor resignations, investor conflict, delayed financial reporting, and legal disputes show that governance is not a boring compliance issue. It is a core part of business survival.

Reuters reported that Deloitte resigned as BYJU'S auditor because of long-delayed financial statements, while three board members also severed ties with the company in 2023.

A gap remains in academic research: few studies fully examine the post-pandemic Indian edtech bubble, where companies scaled during lockdowns but struggled when schools reopened and investor funding tightened.

3. Methodology

This study uses a **qualitative case study method**. BYJU'S is examined as a real-world example of startup economics, edtech growth, and governance risk. The study relies on secondary sources, including Reuters, TechCrunch, KPMG, World Bank reports, company information, and public reporting on funding, acquisitions, regulatory scrutiny, and insolvency.

The tools used are:

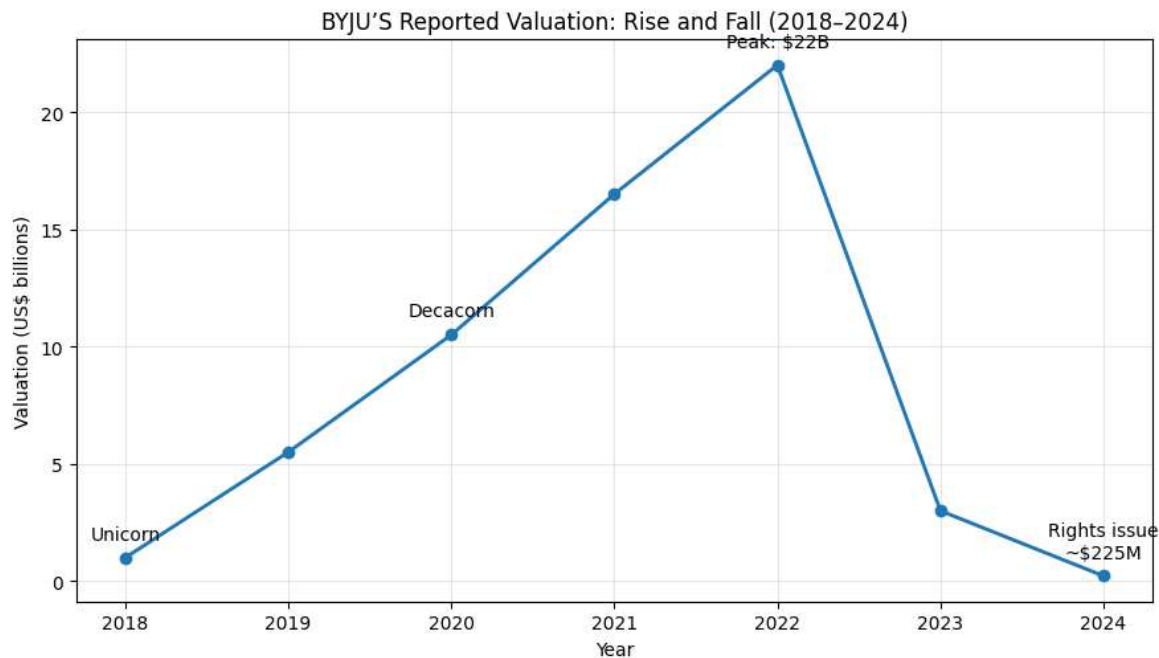
1. **Timeline mapping** to track BYJU'S growth from 2011 to 2024.
2. **SWOT analysis** to identify strengths, weaknesses, opportunities, and threats.
3. **Comparative growth analysis** to compare sustainable growth with hyper-scaling.
4. **Financial interpretation** using public estimates of valuation, funding, losses, and debt.

A case study is appropriate because BYJU'S is not just a company story; it is a lesson in how startups behave when investors reward growth faster than profits.

Year	Reported / Estimated Valuation	Business Context
2018	\$1.0 billion	Unicorn stage
2019	\$5.5 billion	Heavy investor interest and expansion
2020	\$10.5 billion	Pandemic-driven online learning boom
2021	\$16.5 billion	Acquisition-led expansion
2022	\$22.0 billion	Peak valuation
2023	Under \$3.0 billion	Investor markdowns and governance concerns
2024	Around \$0.225 billion	Rights issue implied steep collapse

Table 1: This table shows the Valuation Data for BYJU

4. Results and Analysis



Graph 1: Rise and Fall of BYJU from 2018 to 2024

a. The Growth Phase: 2011–2021

BYJU'S began as an education company built around strong teaching and test preparation. Its major breakthrough came through the BYJU'S Learning App, launched in 2015. The company offered personalized learning for school students and competitive exam aspirants, and its official website described it as serving classes 1–12 and exams such as JEE and IAS.

The company's growth strategy had three pillars: funding, marketing, and acquisitions. First, it raised large amounts of capital from global investors. Reuters reported that BYJU'S attracted investors such as General Atlantic, BlackRock, and Sequoia Capital, while the company's CEO said it had 70+ impact investors. This capital allowed the company to hire aggressively, advertise heavily, and expand internationally.

Second, BYJU'S invested in high-visibility marketing. It used celebrity endorsements, sports sponsorships, YouTube advertising, and global branding. Shah Rukh Khan became one of its major brand faces, helping the company gain trust among Indian families. BYJU'S also associated itself with sports sponsorships, including cricket and football branding, which helped it look like a national success story.

Third, BYJU'S used acquisitions to expand quickly. It bought Osmo, a U.S.-based educational games company, for \$120 million in 2019. It acquired WhiteHat Jr. for \$300 million in 2020 to enter the online coding-for-kids market. In 2021, it acquired Aakash Educational Services for

nearly \$1 billion, giving it a major offline coaching presence in medical and engineering test preparation.

During the pandemic, this strategy seemed successful. Online learning demand exploded, parents were anxious about learning loss, and BYJU'S had the funding to capture attention. Its valuation reached around \$22 billion by 2022, and it became a symbol of India's startup ambition.

b. The Downfall: 2022–2024

The decline began when pandemic conditions changed. As schools reopened, online-only learning became less urgent. Parents became more careful about paying for expensive subscriptions, and investors globally became less willing to fund loss-making startups. For BYJU'S, this was dangerous because its model depended heavily on continuous funding and aggressive expansion.

The company faced several financial and operational problems. Reuters reported that BYJU'S faced insolvency proceedings in 2024 after failing to pay about \$19 million in dues to India's cricket board, BCCI. The same report noted boardroom exits, investor disputes, job cuts, and a valuation collapse to less than \$3 billion. Another Reuters report said Prosus wrote off its 9.6% stake in BYJU'S, citing a significant decrease in value for equity investors.

Governance became a major issue. Deloitte's resignation as auditor in 2023 created serious concern because delayed audits reduce investor confidence. In a startup, audited financial statements prove whether growth is real, whether losses are manageable, and whether management is transparent. When financial reporting is delayed, the market begins to doubt the story.

Regulatory scrutiny also increased. India's Enforcement Directorate raided premises linked to BYJU'S in 2023 over alleged foreign exchange law violations. Reuters reported that the agency said BYJU'S parent company had received nearly ₹280 billion in foreign direct investment between 2011 and 2023 and remitted ₹97.5 billion overseas for overseas direct investments. BYJU'S said it was cooperating and had complied with the law.

The acquisition strategy also became questionable. Buying companies like WhiteHat Jr., Osmo, Aakash, Great Learning, and others created a large empire, but integration was difficult. Different products, teams, countries, and business models required management discipline. In 2025, Byju Raveendran himself reportedly said the company expanded too fast into 21 countries in two years and that the \$1.2 billion term loan was a major mistake.

Year / Period	Key Development	Economic Lesson
2011	Think & Learn Pvt. Ltd. was founded.	Strong founder-led education businesses can begin with a focused academic niche.
2015	BYJU'S Learning App was launched.	Digital products allowed education to scale beyond physical classrooms.
2018	BYJU'S became a unicorn, valued at around \$1 billion .	Investor confidence rose because edtech looked scalable and profitable.
2019	BYJU'S was reported as a \$5.5 billion business.	Rapid funding helped the company expand aggressively. (Forbes)
2020	During the pandemic, online learning demand increased sharply; BYJU'S reached decacorn status at around \$10.5 billion .	COVID-19 created a temporary demand boom for online education.
2021	BYJU'S expanded through major acquisitions such as Great Learning and Aakash.	Acquisition-led growth can increase scale but also adds integration and debt risks.
2022	BYJU'S reached its peak valuation of about \$22 billion .	Valuation growth was driven by investor optimism, not necessarily long-term profitability.
2023	Investor markdowns and governance concerns reduced confidence; Prosus later said it had cut BYJU'S valuation to under \$3 billion .	Poor transparency and governance can destroy investor trust quickly.
2024	BYJU'S rights issue reportedly implied a valuation of only \$220–225 million , a 99%+ fall from the 2022 peak.	Startup valuations can collapse when growth, cash flow, governance, and trust weaken together.
2024	NCLT admitted insolvency proceedings over unpaid BCCI sponsorship dues.	Unsustainable expansion can turn into legal and financial distress. (

Table 2: This graph shows the timeline of BYJU's Rise and Fall

5. Discussion

BYJU'S shows that **blitzscaling is not always sustainable**. Fast growth can work when a company has strong unit economics, repeat customers, and a clear path to profit. But if growth depends mainly on discounts, debt, advertising, and investor money, the company becomes fragile. BYJU'S confused scale with stability.

The second lesson is that **valuation is not profitability**. A \$22 billion valuation made BYJU'S look powerful, but valuation is based on expectations. It does not mean the company has enough cash, profit, or trust. When expectations changed, the valuation collapsed quickly. This is an important lesson for student entrepreneurs: investor excitement is not the same as business health.

The third lesson is about **cash flow**. Venture capital can support experimentation, but a company must eventually earn more from customers than it spends to acquire and serve them. BYJU'S spent heavily on sales, marketing, acquisitions, and global expansion. When fresh funding slowed, the company struggled.

The fourth lesson is **governance and ethics**. Education is not like selling a phone or a fashion product. Parents buy edtech because they are worried about their children's future. Aggressive sales tactics can create backlash if families feel pressured or misled. A founder-led company must still have strong boards, transparent audits, responsible sales teams, and clear accountability.

Finally, BYJU'S suggests that the future of edtech may be more hybrid and outcome-based. Pure gamification and celebrity advertising are not enough. Parents will ask: Did marks improve? Did confidence improve? Is the product affordable? Is the teaching human and reliable? Companies that answer these questions honestly will survive longer than those that chase hype.

6. Conclusion

BYJU'S represents both the promise and danger of edtech startups in emerging markets. It proved that Indian education technology could attract global capital, build a massive brand, and reach millions of learners. But it also showed how quickly a startup can decline when expansion becomes faster than execution.

The main lesson is that sustainable growth is better than aggressive marketing. Student entrepreneurs should understand that a good idea needs financial discipline, ethical sales, transparent governance, and real customer value. BYJU'S did not fall because online education was useless. It fell because the business model became too stretched, too expensive, and too dependent on investor confidence.

Future research can compare BYJU'S with Khan Academy, Coursera, or Duolingo to understand different edtech models. Such comparisons may reveal why some education platforms survive through trust and outcomes, while others struggle under the pressure of valuation-driven growth.

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