

COMPETITION COMMISSION OF PAKISTAN

ENQUIRY REPORT

(Under the provisions of Section 37(1) of the Competition Act, 2010)

**IN THE MATTER OF ALLEGED VIOLATION OF COMPETITION ACT, 2010
BY PRIVATE SCHOOLS**

BY

RIAZ HUSSAIN & AWAIS ZAHID MALIK

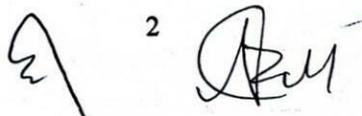
DATED: July 27, 2025



A. BACKGROUND

1. This report has been prepared in pursuance of the enquiry initiated by the Competition Commission of Pakistan (the 'Commission'), under Section 37(1) of the Competition Act, 2010 (the 'Act') on 26th August 2015 against suspected anticompetitive practices by private schools. This action was prompted by numerous complaints filed by parents, guardians and other stakeholders. These complaints highlighted serious concerns regarding arbitrary tuition fee hikes, lack of transparency in pricing structures, and restrictive practices by private schools.
2. In the complaints, the following issues were brought to the notice of the Commission:
 - a) Private schools annually increase school fees by 10% to 20% without any, *prima facie*, increase in quality of education or facilities.
 - b) Private schools direct the parents of their pupils to buy books and uniforms only from specific vendors that generally provide them at a higher price compared to the market price.
 - c) Lack of quality in the provision of education despite high fees; low teacher-to-student ratio, outdated syllabus/curriculum and improper physical activities/spaces.
 - d) Discriminating fee structure whereby different pupils were being charged different fees for the same grades/standards.
 - e) Some school charges advance school fees for two to three months which is unjustified according to some complaints.
3. In view of the forgoing, the Commission initiated a preliminary fact-finding exercise. On August 18, 2015, over fifty (50) letters were written to private schools across the country seeking information regarding school fee increase and their corresponding justifications.
4. In order to ascertain any possible contravention of the Act by the private schools, the Commission, on August 26, 2015, authorized Ms. Aleezay Khaliq (D.D), Mr. Usman Ahmed (A.D), and Mr. Zulfiqar Ali (J.E.O) to conduct an enquiry into the matter and submit a report accordingly.
5. The Enquiry Committee (EC) wrote to several private schools during August - September 2015 to seek relevant information. While some private schools provided the requisite information, the EC encountered difficulties in obtaining additional information. Consequently, special orders under Section 36 of the Act were issued in September 2015 to various private schools to obtain the required information.
6. Subsequently, a writ petition was filed by The City School before the Honourable Lahore High Court, leading to a Stay Order being granted on September 28, 2015. The said stay order remained in effect until it was vacated by the Honourable Lahore High Court on October 26, 2020, thereby allowing the Commission to proceed with the matter.
7. Meanwhile, a fresh concern, dated August 22, 2021, was received by the Commission alleging anti-competitive practices by various private schools. The self-made oligopolistic structure by private schools was indicated as a concern. It was informed that the schools required parents to buy the school packs either from school or the authorized vendor only.

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8. In view of the new concerns, on March 03, 2022, the EC was reconstituted and directed to conclude the enquiry and given recommendations, *inter alia*, on the following:
- I. *Whether each private school in Pakistan holds a dominant position in the relevant market and abuses the same under Section 3 of the Act?; and*
 - II. *Do private schools in Pakistan indulge in any prohibited agreements in contravention of Section 4 of the Act?*
9. Due to the resignation of one of the enquiry officers, the EC was reconstituted on March 03, 2022. The EC again became defunct in June 2022 due to the deputation of one of the Enquiry Officers. The EC could not be reconstituted during the period from April 2022 to July 2023 due to the absence of a quorum within the Commission.
10. Subsequently, the EC was reconstituted on November 27, 2023 and again on May 20, 2024, mainly due to transfers/resignations of Enquiry Officers.
11. Finally, the Commission, in its meeting held on February 17, 2025, appointed the following Enquiry Officers to conclude the enquiry:
- (i) Mr. Riaz Hussain, Deputy Director (C&TA); and
 - (ii) Mr. Awais Zahid Malik, Management Executive (C&TA).
12. During the course of Enquiry, the following information was sought from the schools:
- (a) List of all the cities in which the branches of the schools are currently operating along with city-wise student base;
 - (b) List of all authorized vendors of textbooks/workbooks, notebooks, other stationery items and uniforms in a given format;
 - (c) Copies of agreements with the vendors mentioned above;
 - (d) Copies of fee structure including all other charges for classes up till 8th grade;
 - (e) Copies of admission forms, undertakings and/or other submissions required by parents/guardians throughout the children's education in school;
 - (f) Copies of policies and procedures (if any) adopted to run the business affairs of the school; and
 - (g) Any other information that you deem pertinent and wish to add.
13. It is pertinent to mention here that, despite vacation of the Stay Order, certain schools remained non-cooperative and raised objections on the initiation of enquiry due to incomplete quorum and alleged insufficiency of evidence. Nonetheless, the summary of limited information/reply received from the schools is reproduced herein below:
- 1) **M/s Educational Services (Pvt.) Ltd (ESL), on behalf of Beaconhouse School (BSS).**
- Through its letter dated March 27, 2023, ESL submitted that it operates only 1725 branches/schools across Pakistan with approximately 101,500 (One hundred one thousand and five hundred) students. Furthermore, the ESL has raised questions on the initiation of enquiry under Section 37(1) of the Act, *suo motu*, by the

Commission and requested the EC to withdraw the letters for being without cause, justification, lawful authority or for not falling within the jurisdiction of the Commission.

2) M/s The City Schools (Pvt.) Limited (TCS).

TCS vide letter dated September 05, 2022 submitted a reply. TCS submits that through its network of 138 branches spread across Pakistan, TCS is committed to providing quality education to approximately 57,000 (Fifty Seven Thousand) students from play group to higher secondary level. Additionally, TCS objected to the Commission's *suo motu* initiation of enquiry under Section 37(1) of the Act. It requested the EC to withdraw the letters for being without cause, justification, lawful authority or for not falling within the jurisdiction of the Commission.

3) M/s Headstart School. (Pvt.) Ltd

Through its letter dated August 17, 2022, the school submitted that it operates nine (09) branches in Islamabad with 3,213 (Three Thousand Two Hundred and Thirteen) students of different grades. The school informed that it has authorized fifteen (15) vendors for books and stationery to ensure school supplies availability in Islamabad. The school has an exclusive agreement with NM concepts for provision of school uniforms across all Headstart branches. Additionally, the school has an agreement with Oxford University Press Pakistan (OUP) for timely provision of schoolbooks. The school also submitted copies of admission forms and other undertakings required by it along with school fee structure for academic session 2022-2023.

4) M/s Froebel's Private Limited Islamabad.

On August 16, 2022, the school submitted limited information. It stated that the school operates eight (08) branches across Pakistan with a student strength of 3,729 (Three Thousand Seven Hundred and Twenty Nine). The school submitted that it has no authorized third party for supply of books/workbooks stationary items and uniforms. The school also submitted a copy of fee structure for the academic session 2022-23 starting from pre-school to grade eight. The school also provided copies of the admission form, registration form and student withdrawal form.

5) M/s Roots International Schools and Colleges.

The school, via email dated July 31, 2023, submitted a copy of the fee structure for the academic session 2022-23 along with a copy of booklist that is required to be purchased by the students.

6) M/s Roots IVY International Schools.

The school, vide letter dated September 12, 2015, submitted its reply wherein it provided fee increase for the past three years and also explained the reasons for increase in the fees. The school also provided a region wise break down of student strength. The schools operates four (04) branches across Pakistan with a student strength of 2,431 (2014-15)

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7) M/s The Millennium Education.

The school has not submitted any information regarding alleged exorbitant increase in school fees and details on exclusivity.

8) M/s Educational Systems (Pvt.) Ltd on behalf of The Smart Schools.

The school has not submitted any information regarding alleged exorbitant increase in school fees and details on exclusivity.

9) Allied Schools.

The school has provided details of all the increase in school fees for the last three years along with the reasons for increase in the fees. However, no further correspondence was made with the Allied School.

10) Lahore Grammar School (Pvt.) Ltd (LGS).

On 21st March, 2023, the LGS submitted that the Commission's letter does not disclose any objective material reviewed by the Commission to come to a *prima facie* conclusion as to the plausibility of contravention of any provision of the Act. Further, the school submitted that it does not have a dominant position in the relevant market and has not entered into any prohibited agreement.

11) M/s DAR-E-ARQAM SCHOOL (PVT.) LTD on behalf of Dar-e-Arqam Schools.

The school also questioned the initiation of enquiry under Section 37(1) of the Act and submitted that the Commission's letter does not disclose any objective material reviewed by the Commission to come to a *prima facie* conclusion as to the plausibility of contravention of any provision of the Act. Further, the school submitted that it does not have a dominant position in the relevant market and has not entered into any prohibited agreement.

12) M/s SUPER NOVA SCHOOL.

In response to the Commission's letter dated July 26, 2022, the school submitted the fee structure along with a copy of admission form.

13) M/s The Smart School.

The school in response to the Commission's letter dated 24.08.2015, requested the Commission to extend the deadline by four weeks to submit the requisite information. Accordingly, a suitable extension was granted, however, no reply was received from the school.

14) M/s Westminster International Schools and Academy.

The school in response to the letters dated 11.09.2015 and 03.08.2022 provided with the fee structures for different class grades along with the other requested information such as student-base, reasons for fee hike, names of recommended

vendors and some related information which was sought but did not provide with any agreement between school and the vendors.

14. In addition to the above, the EC, through comprehensive desk research and anonymous surveys, has gathered information pertaining to the fee structures, details of book and uniform vendors, and other relevant policies of the schools listed below, as well as those previously mentioned.

- 1) M/s STEP School
- 2) M/s United Charter School
- 3) M/s KIPS School System

UNDERTAKING

15. Before proceeding to the issues, it is important to define the undertaking. Section 2(1)(q) of the Act defines an undertaking as:

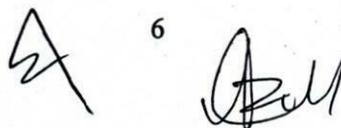
"Undertaking" means any natural or legal person, governmental body including a regulatory authority, body corporate, partnership, association, trust or other entity in any way engaged, directly or indirectly, in the production, supply, distribution of goods or provision or control of services and shall include an association of undertakings".

16. In light of the above definition, any entity/association engaged, whether directly or indirectly, in an economic or commercial activity is regarded as an undertaking for the purposes of the Act. The private schools in Pakistan provides educational services in exchange for tuition and other fees, making them service providers in the market. Despite their educational nature, private schools operate in a competitive environment and function commercially – often generating surplus revenues, marketing themselves, and competing for students.

17. Accordingly, the private schools mentioned herein are considered undertakings within the meaning of Section 2(1)(q) of the Act, as being involved in the economic activity of providing educational services.

Sr. #	Name of Undertaking	Brand Name	Address	NTN/CUIN
1.	M/s Educational Services (Pvt.) Ltd (ESL)	Beaconhouse School System (BSS)	10-11, Gurumangat Road, Gulberg-III, Lahore	0786158-3/0024798
2.	M/s City School (Pvt.) Ltd	The City School (TCS)	31-Industrial Area, Gurumangat Road, Gulberg III, Lahore	2195386-4/0008044
3.	M/s Headstart School (Pvt.) Ltd	Headstart School	Kuri Road, Off Park Road, Near CDA Park Enclave, Islamabad.	4226816-8/0042445

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4.	M/s Froebel's Private Limited.	Froebel's International School	Street 13, Sector F-7/2, Islamabad	0816050-3
5.	M/s Roots International Schools and Colleges (Pvt.) Ltd	Roots International Schools and Colleges	Main Service Road West, Sector G-13/4, Islamabad	4013090-8
6.	M/s Roots IVY International Schools (Pvt.) Ltd	Roots IVY International Schools	Roots IVY International School Head Office: Wallayat Homes Chaklala Scheme III, Rawalpindi	4013872-7
7.	M/s Roots Millennium Education	The Millennium Education	No. 80, Street No. 1 NPF Society, Sector E-11/4, Islamabad	4013682-5
8.	M/s Educational Systems (Pvt.) Ltd.	The Smart Schools	31-Industrial Area, Gurumangat Road, Gulberg III, Lahore	0787561-4
9.	National Educational Network Private Limited (NENPL)	Allied Schools	87-B/1, MM Alam Road, Gulberg-II, Lahore.	3415133-8
10.	M/s Lahore Grammar School (Pvt.) Ltd	Lahore Grammar School	Corporate Office: 1-A, Block A/1, Gulberg-III, Near Ghalib Market, Lahore	2566286-4/0007669
11.	M/s Educational Services (Pvt.) Limited (ESL)	The Educators	10-11, Gurumangat Road, Gulberg-III, Lahore	0786158-3
12.	i. M/s KIPS Education System (Pvt.) Ltd ii. M/s Quality Brands (Private) Limited	KIPS-Schools (Company Operated Schools) KIPS Schools (Franchise)	5/6, D-1 Khayaban-e-Firdousi, Johar Town, Lahore	i. 8534413-2 ii. 8139344-5
13.	M/s Super Nova Schools	Super Nova School	16-Nazim-ud-Din Road, F-8/1, Islamabad	4179078-2
14.	M/s Educational Services (Pvt.) Limited (ESL)	United Charter School	10-11, Gurumangat Road, Gulberg-III, Lahore	0786158-3

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15.	National Educational Network Private Limited (NENPL)	STEP School	Head Office: 123-C, Block E-1, Hali Road Gulberg-III, Lahore	3415133-8
16.	M/s Dar-e-Arqam School (Pvt.) Ltd	Dar-e-Arqam School	103-N, Model Town Extension, Lahore	3408585-8
17	iii. M/s Phoenix Education Systems (Pvt.) Ltd; iv. M/s Westminster International School System (Pvt.) Ltd; and v. M/s Westminster Academy (Pvt.) Ltd.	Westminster International School	House No. 8-A, Orchard Scheme, Main Murree Road, Islamabad.	i. 1732480 ii. 7218690 iii. 8000044

18. Before proceeding further to identify the issues in the present enquiry, it is pertinent to mention that the EC focused on the schools having a presence in Islamabad and other parts of Pakistan through their established school chains/networks.

19. The preliminary analysis/review of the practices revealed that the schools appear to be involved in tying arrangements and prohibited agreements. In order to substantiate and corroborate the same, the EC visited the schools, vendors of tied products (notebooks, workbooks, and uniforms) and collected relevant information.

ISSUES

20. In view of the foregoing, the following issues are addressed in this enquiry report:

- I. *The determination of relevant market in terms of Section 2(1)(k) of the Act.*
- II. *Whether each private school in Pakistan holds a dominant position as defined in Section 2(1)(e) of the Act in the relevant market and abuses the same in contravention of Section 3 of the Act?; and*
- III. *Do private schools in Pakistan indulge in any prohibited agreements in contravention of Section 4 of the Act?*

B. ANALYSIS:

ISSUE I: *The determination of relevant market in terms of Section 2(1)(k) of the Act*

21. For the purpose of defining a relevant market in this enquiry, we refer to the definition of the relevant market as provided in Section 2(1)(k) of the Act:

“Relevant market means the market which shall be determined by the Commission with reference to a product market and a geographic market and a product market comprises of all those products or services which are regarded as interchangeable or substitutable by the consumers by reason of the products’ characteristics, prices and intended use. A geographic market comprises the area in which the undertakings concerned are involved in the supply of products or services and in which the conditions of competition are sufficiently homogenous and which can be distinguished from neighbouring geographic areas because the conditions of the competition are appreciably different in those areas;”

22. As per Section 2(1)(k) of the Act, the ‘relevant market’ comprises of both a product market and a geographic market. Therefore, before delving into issues under enquiry and their analysis, it is important to determine the relevant market. However, even before such determination, it is important to first shed light on the overall education sector which has been done by the Enquiry Committee in paras below.
23. The education sector in Pakistan is broadly divided between the public and private domains, contributing to a fragmented overall structure. Pakistan’s schooling system mainly consists of three types of schools, namely public sector schools, private sector schools and Deeni Madaris. The education sector has experienced notable shifts in key indicators over the past academic year. Between 2022-23 and 2023-24¹, student enrolment increased from 56,069,332 to 58,331,078, reflecting a growth of 4.03%. Likewise, the number of teachers escalated from 2,576,452 to 2,657,628, representing a 3.15% increase. However, in contrast to these upward trends, the total number of educational institutions declined from 349,909 to 342,547, marking a 2.10% reduction, primarily due to a decrease in private institutions. One of the most pressing challenges in Pakistan’s education sector is the high number of out-of-school children (OOSC). Nationally, an estimated 25.1 million children (35%) between the ages of 5-16 are currently not attending school. At the provincial level, Punjab has the highest number of out-of-school children (9.7 million 27% of the total provincial 5-16 population), followed by Sindh (7.4 million – 44% of the total provincial 5-16 population), Khyber Pakhtunkhwa (4.5 million – 34% of the total provincial 5-16 population), Balochistan (3.5 million – 69% of the total provincial 5-16 population), and Islamabad Capital Territory (0.09 million – 15% of the total provincial 5-16 population).
24. Public schools in Pakistan generally have very low or no tuition fees, especially at the primary and secondary levels. While some nominal charges may exist for registration, sports, or other activities, these are significantly lower than private schools. The low cost of education in government schools is intended to ensure access to education for all, as enshrined in Article 25-A of the Constitution. Article 25-A of the Constitution mandates the state to provide free and compulsory quality education to children aged 5-16. Therefore, public schools are considered generally free or low-cost. Public schools often focus on standardized testing and adhering to the national curriculum. They may have larger class sizes and face resource constraints. Public school by its mandate

¹ <https://www.pie.gov.pk/Detail/NzgwYWRmZjQ0WFYi00YTAxLTlkMzMtOTU5NWVhODY3Mzc>

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intended to provide basic education to all citizens, fulfilling the government's responsibility for compulsory education.

25. Private education plays a pivotal role in Pakistan's education system, accounting for nearly half of total student enrolment and serving as a key partner in addressing gaps left by the public sector. As of 2023–24, private schools serve approximately 46.5% of Pakistan's 54.9 million students, with a significant presence in both urban and rural areas (Pakistan Education Statistics Report, published by Pakistan Institute of Education - PIE).
26. Private schools in Pakistan cater to different educational levels, including; (i) Pre-school/early childhood education, (ii) Primary and secondary education (Grades 1-10), and (iii) Higher secondary education (Grades 11-12). Additionally, there is a wide range of private schools catering to different income groups, from low-cost private schools to high-cost schools with premium services. Most private schools in Pakistan are day schools that provide education from morning to afternoon. However, there are few schools in Pakistan, which provide boarding services to the students. Most private schools in Pakistan offer co-educational services whereas in some areas schools provide segregated school services. The market positioning of private schools is based on academic excellence, affordability and the type of education services they offer.
27. Schools in Pakistan mainly offer four types of education/curricula:
- i. **Local Curriculum** (Matriculation or Intermediate): where the schools follow a Single National Curriculum (SNC) up to Grade 8, after which they adopt the curriculum set by the Board of Intermediate and Secondary Education in their respective jurisdictions for Grade 9 to Grade 12.
 - ii. **Cambridge International Examination (CIE)**: where schools follow Cambridge system from primary up to O-Level and A-Levels, equivalent to Grade 12 of local curriculum.
 - iii. **International Baccalaureate (IB)**: where schools offer IB curriculum, which starts at Elementary school and goes up to Grade 12. IB system is a globally recognized system.
 - iv. **Religious-based Schools**: where schools focus on offering religious education along with standard academics of the local curriculum.
28. Regulatory oversight is fragmented, with provincial authorities primarily handling registration and compliance. Federal and all provinces are also mandated by law to regulate fee structures, fee hikes and exploitation of teachers and students. Since the 18th Amendment, the regulatory framework is no longer central and enforcement of the law is different for different geographical areas
29. In nutshell, public schools are government-funded institutions offering free or low-cost education, while private schools are independently run and charge tuition fees. Private schools generally offer better resources, diverse curricula, and potentially higher academic standards, but at a greater cost. Public schools, while facing resource limitations, aim to provide accessible education to all, including those from lower socioeconomic

backgrounds. Public schools in Pakistan prioritize accessibility and affordability, while private schools prioritize quality and specialization. The choice between the two often depends on a family's financial situation, desired educational outcomes, and individual student needs. Therefore, in the broader terminology, the public schools are not generally considered substitute of private schools and hence represent a separate distinct market.

30. Furthermore, the private schools appear to be substitute of each other. In this regard, an analysis is made whether private schools in general and aforementioned private schools in particular are (i) substitutes of each other (ii) and thereby considered as a single relevant product market.
31. While analyzing substitution, it was noted that these private schools have the same utility as all are providing education services, however, differences in characteristics and fees structure were noted which are key to select a school at the time of admission. Irrespective of the difference in characteristics and fees, private schools offering same curriculum are generally considered as substitute of one another at the time of admission only.
32. However, once admission has been secured, it becomes difficult for a student to switch schools due to different reasons including: high switching cost, switching during an academic session may have implications on grades and grade placement, impact on student's social as well as emotional well-being, school proximity, curricula variation amongst schools, etc., thereby students become captive customer as discussed in detail in paras 38 - 41 after admission and each school turns into a distinct separate market with 100% market share.
33. In view of the foregoing, the matter at hand deals with educational services provided in Pakistan by private schools, therefore, all seventeen-schools mentioned in para 17 above, have the same relevant market which is provisioning of education services. However, the relevant market is further narrowed down as after the admission all these schools have distinct separate relevant market which is **provisioning of private education after admission**, with 100% market share. Therefore, in the instant matter, all seventeen schools, as referred above, have **distinct separate relevant market which is provisioning of education after admission** with 100% market share. This is proposed to be the main product/service market (tying product) for the purpose of this Enquiry.
34. Furthermore, these schools have also been found to be directly or indirectly, involved in supplying, the logo bearing school notebooks, workbooks and uniform(s). Therefore, the following two separate relevant markets are proposed for the consideration of the Commission.
 - i. **Market for provision of school education services in Pakistan** (the "tying" product)
 - ii. **Market for ancillary school products** (the "tied" products), e.g. Notebooks, workbooks and uniform.

35. It is also pertinent to note that the abovementioned schools provide services beyond one particular geographical area or province, and their branches exist across Pakistan and therefore the requirement of 'spillover effect' is satisfied.

ISSUE II: Whether each private school in Pakistan holds a dominant position as defined in Section 2(1)(e) in the relevant market and abuses the same in contravention of Section 3 of the Act?

Dominant Position:

36. Under the definition provided by Section 2(1)(e), an undertaking is deemed to be dominant if such an undertaking or undertakings have the ability to behave to an appreciable extent independently of competitors, customers, consumers, and suppliers and the position of the undertaking shall be presumed to be dominant if its share of the relevant market exceeds forty percent.

Dominant Position of School(s):

37. In order to establish the dominant behaviour of private school(s) towards students who have already taken admission in the school, at the first step, it is important to discuss the concept of captive customer (students) and, at the second step, how this captivity makes school(s) dominant in school-student business relationship.

Captive Customer:

38. Captive customers under international competition laws refer to consumer(s) who are dependent on a particular supplier of product(s) or services or both and cannot easily switch to other providers due to various barriers. These barriers can include high switching costs, lack of viable alternatives, contractual obligations, or geographic limitations. As a result, the students at schools are effectively "locked in", given the high switching cost and unavailability of viable options.
39. Students can be considered captive customers within the framework of competition law, particularly in private or exclusive educational markets where switching between schools is difficult due to academic continuity, geographic constraints, and high emotional or financial costs. This creates a situation where schools enjoy a dominant position, akin to what is described under Section 2(1)(e) of the Act:

"an undertaking is dominant if it has the ability to behave appreciably independent of its competitors, consumers, customers and suppliers or if its market share exceeds forty percent of the relevant market. "

40. International commentary also highlights the concept of "exploitation of dependency" as relevant in cases involving captive customers (OECD guidelines²). Thus, applying these principles, regulatory bodies may consider whether schools, by virtue of having a captive student base, are engaging in anti-competitive practices that are impermissible under broader competition law doctrines.

² [https://one.oecd.org/document/DAF/COMP/WD\(2022\)61/en/pdf](https://one.oecd.org/document/DAF/COMP/WD(2022)61/en/pdf)



Switching among different schools is not easy as discussed earlier. Therefore, the student in terms of school is considered a captive customer and each private school has a 100% share in the market of provision of education services to its own enrolled students and is therefore deemed dominant under the criteria set by Section 2(1)(e) of the Act.

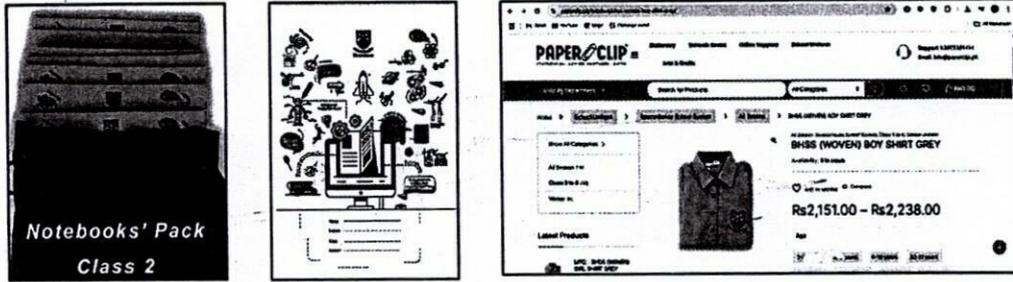
41. The market practices of the relevant market are such that all abovementioned schools are engaged in practice of selling logo bearing school supplies, hence, when schools require their students to purchase logo bearing notebooks or copies only from their authorized vendors, it creates a locked in effect which is generally termed as tie-in arrangement. The key components of a tie-in arrangement are as follows:
- (i) Two separate products are involved.
 - (ii) The seller has market power in the tying product (in the instant case, provisioning of educational services).
 - (iii) The buyer is forced to buy the tied product to get the tying product.
 - (iv) The practice distorts competition.
42. While interpreting the key components of tie-in arrangements, the Enquiry Committee observed the following:
- (i) *Two separate products*: The education service is a separate product from the logo bearing notebooks and workbooks of respective schools.
 - (ii) *Market power*: The school possesses the market power in terms of captive customer due to high switching costs, lack of viable alternatives, contractual obligations, or geographic limitations, as discussed above in para 38-41 above.
 - (iii) *Forced buying*: Students are forced to buy the same school bearing logo stationery/school supplies (tied product) of each school which is a different product from the education service (tying product), instead of being allowed to buy standard or more affordable school stationery/supplies from open market.
 - (iv) *Competition distortion*: The practice of tying the school stationery/supplies distorts competition as it results in dependency on one or more authorized vendor(s) of a particular school which in turn forecloses the market for any potential vendor/supplier. This leads to limited number of suppliers which ultimately reduces price competition and innovation.
43. It is common practice that a private school develops or adopts a curriculum for a class and recommends the students to purchase books covering the curriculum. However, it has been observed that several private schools go beyond this, as they design notebooks and workbooks with the school logo and the students/customers are forced to purchase the same.
44. In light of Para 36 to Para 43 above, the following schools are found to be engaged in the practice of tie-in by way of mandatory use of logo bearing notebooks, workbooks and school uniform:

Beaconhouse School System:

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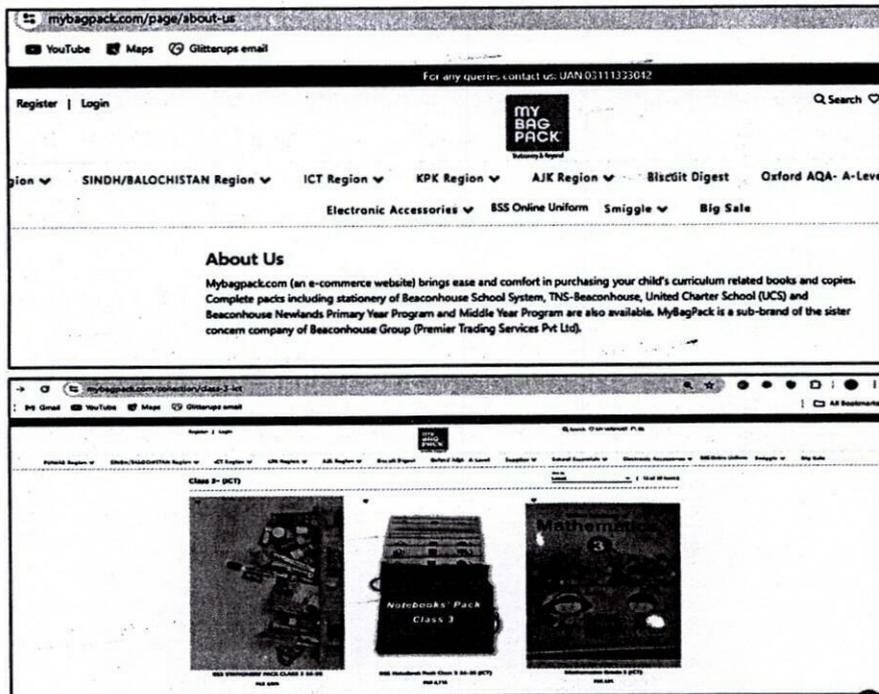
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44.1. It is noted that, while providing educational services (tying product), BSS makes it mandatory to purchase notebooks, workbooks, and uniform, bearing BSS logo (tied products). The tied products are given below:



44.2. It is observed that school management advises its customers to purchase notebooks, workbooks, and uniform from their online e-commerce platform 'My Bag Pack' and authorized vendor paperclip.pk.

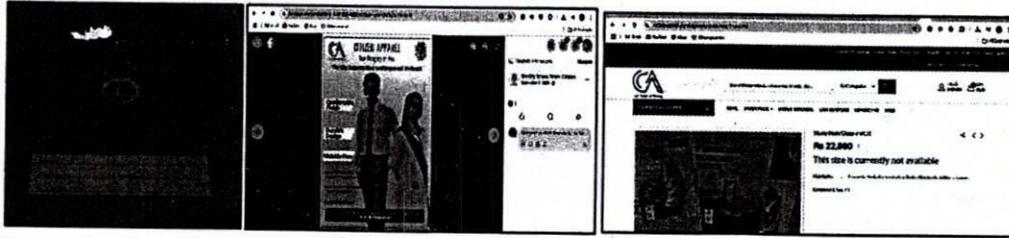
44.3. The EC reviewed the website of 'My Bag Pack' (mybagpack.com), which is sub-brand of sister concern of BSS, and observed that it sells study packs of BSS (a collection of books for each grade), stationery and notebooks for all grades/classes (Pre-Nursery-grade-8).



44.4. The logo bearing study pack and uniform has been designed and bundled in such a manner that the student is compelled to buy the same as offered by the school and does not provide the choice of buying a few of the needed items or generic notebooks from the open market.

The City School

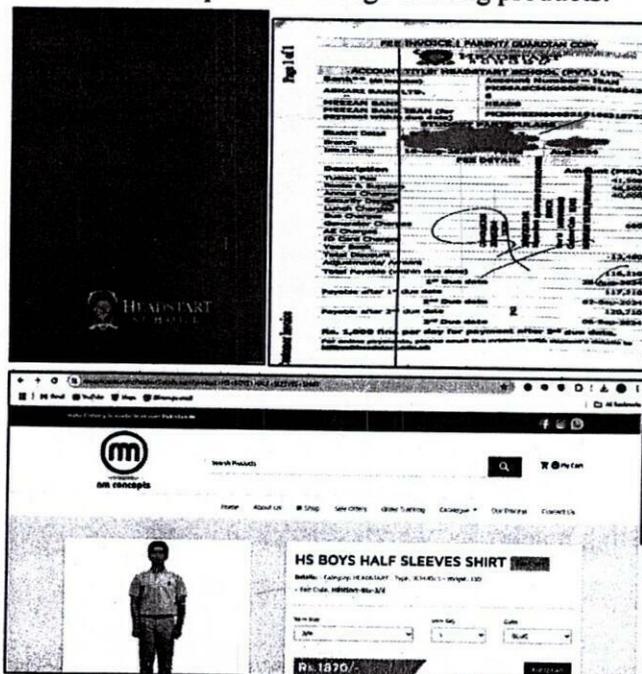
44.5. The EC noted that the City School (TCS) logo is also printed/embossed on school supplies, including notebooks, workbooks and uniform.



- 44.6. The school offers to sell complete study packs through its online portal <https://citizenapparel.pk> which includes books, notebooks, workbooks, and other stationery items. It has also been observed that the same study packs are available for sale through the authorized vendors/distributors. A list of authorized vendors/distributors is also given on the TCS website. The EC visited one of the vendors, located in Islamabad, and observed that the vendor also offers to sell the complete study pack.
- 44.7. TCS ties-in the study pack, inclusive of notebooks and workbooks, as well as uniform and makes it mandatory to purchase the same from authorized vendors/distributors or online through its website: <https://citizenapparel.pk>.
- 44.8. Based on the foregoing, it can be concluded that TCS has forced the use of its logo bearing products on students and sells the same to its students through its own platforms and/or authorized vendors.

Headstart School

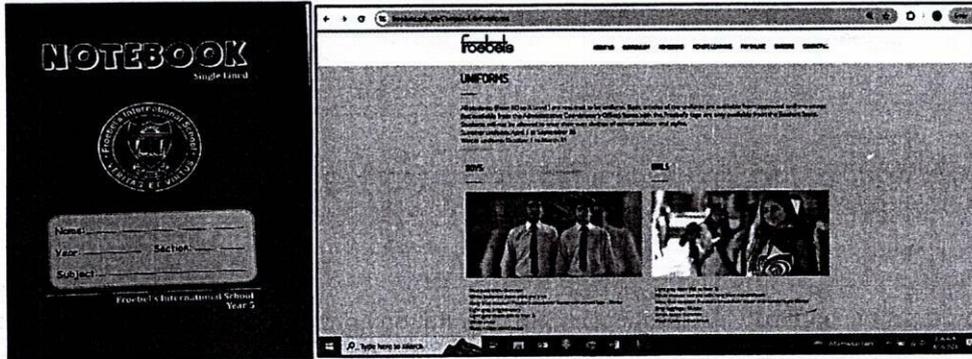
- 44.9. The EC, while reviewing the practices of the Headstart School, observed that the school itself provides books & supplies to the students at the start of each year as a one-time payment in the school fee challan. Furthermore, the logo bearing uniforms are sold either from the campus or the authorized vendor, i.e. M/s. NM Concepts. Thus, the school forces its students to procure its logo bearing products.



44.10. In view of the above, it can be concluded that Headstart has bundled its tied products with the tying product, hence, *prima facie* violating the provisions of the Act.

Froebel's School

44.11. The Froebel's school has also designed its own distinguished logo for its identity. The school logos are clearly embossed/printed on school supplies, including notebooks, workbooks, and uniforms.



44.12. The Froebel's books, notebooks, and workbooks, bearing Froebel's school logo, are only available from the student shop, located inside the school, whereas, the basic articles of uniform are available from approved uniform stores (list available with the school). Therefore, the school is mainly forcing its students to purchase its study material from its own shop.

44.13. The school has also explicitly mentioned in its uniform guidelines³ that the students can purchase basic uniform articles from approved uniform stores, however, the items with the Froebel's logo are only available from the student store.

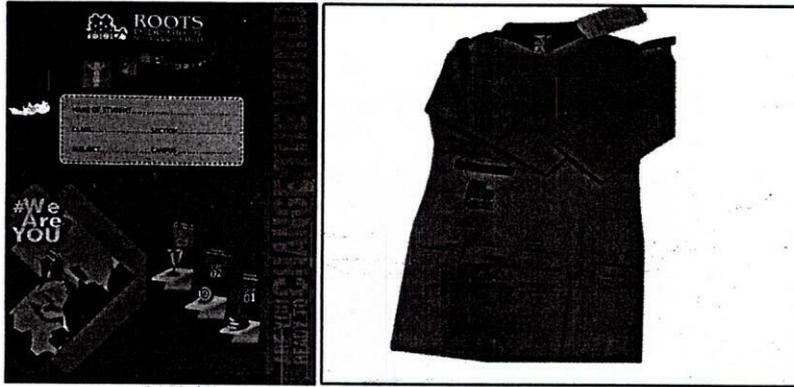
Roots International Schools & Colleges

44.14. It has been explicitly mentioned in the student code of conduct⁴ that all students must wear the school authorized uniform and all notebooks used by the students must be with school monogram and RSS standard authorized notebooks. It has also been mentioned that in case of breach of student code of conduct, the school may initiate disciplinary action against students. The school does not allow its students the use of generic/off the shelf notebooks and workbooks. This suggests that the school compels its students to use school authorized logo bearing supplies.

³ <https://www.froebels.edu.pk/Campus-Life#uniforms>

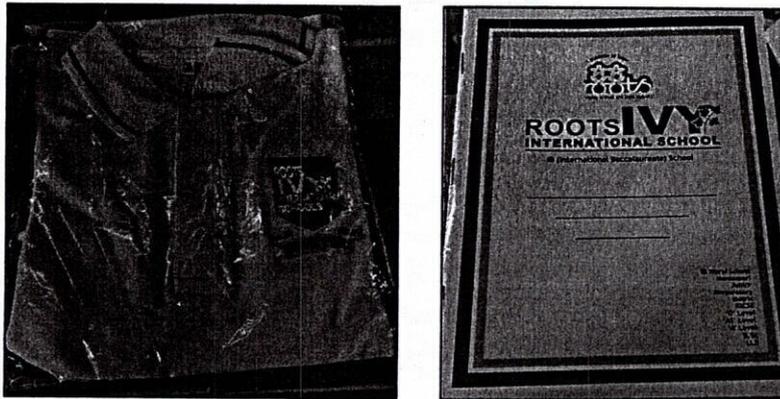
⁴ <https://rootsschool.edu.pk/student-code-of-conduct/>

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Roots IVY International Schools

44.15. It has been clearly mentioned in the student code of conduct SCC-001⁵ that all students must wear the school authorized uniform and all notebooks used by the students must be with school monogram and RIVY standard authorized notebooks. It has also been mentioned that in case of breach of student code of conduct, the school may initiate disciplinary action against students. This suggests that the school compels its students to use school authorized logo bearing supplies only.



The Millennium Education

44.16. The EC observed that the school has designed its own unique logo for its school supplies. It has also been observed that the school markets its logo bearing supplies, which includes notebooks, workbooks, and uniform.



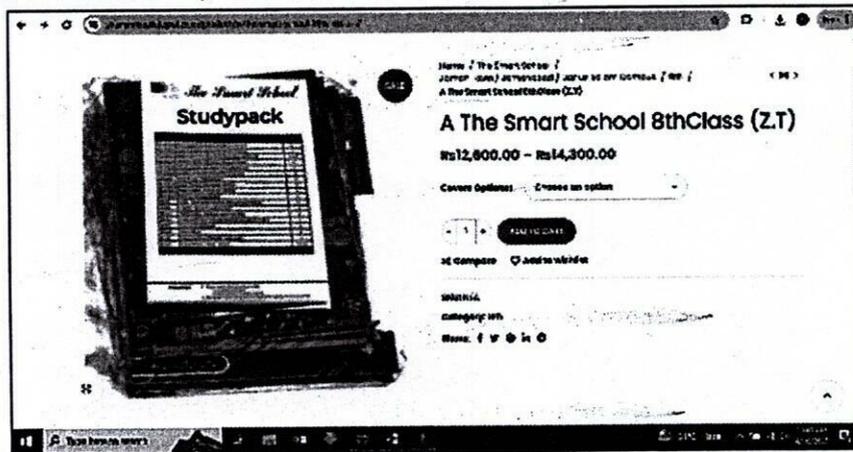
⁵ <https://www.rootsivyintschools.edu.pk/student-code.html>

44.17. During the school and vendor visits, it was observed that the school enforces its logo bearing school supplies through its authorized vendors/distributors. The school does not allow its students the use of generic/off the shelf notebooks and workbooks.

44.18. Furthermore, the school has explicitly mentioned in its policies⁶ the compulsory use of school logo bearing supplies⁷.

The Smart Schools

44.19. As part of the City School, the Smart Schools works under franchisee model across Pakistan. The franchisees must adhere to the policies and guidelines provided by the franchiser. The Smart Schools has its own unique logo design which has been printed on the school's notebooks, workbooks and uniform.



44.20. During the school visit, the EC noted that each franchisee provides complete study pack after successful completion of admission procedure. It has been explicitly mentioned in the policies and procedures⁸ that each successful student will receive the Smart Schools uniform and booklist and the parents/students have to sign a declaration that they will follow the policies and procedures of the school. During the school visit, it was informed that the school provides complete study pack to the students. This also suggests that the Smart Schools compelled its students to use tied product (school supplies) along with tying product (educational services).

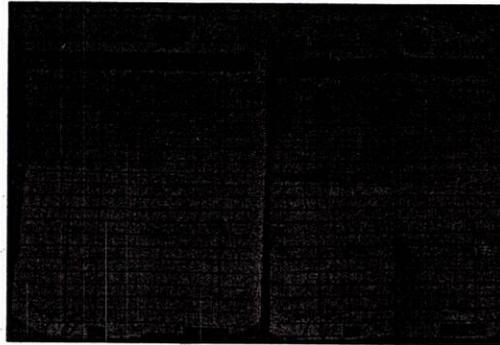
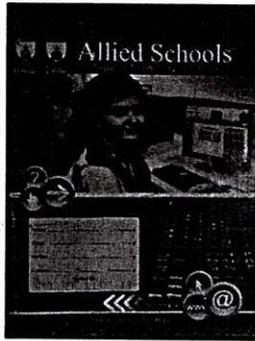
Allied Schools

44.21. The Allied Schools also works under a franchisee model across Pakistan. In similarity to the Smart Schools, the Allied Schools (principal/franchiser) has complete control over school supplies. The principal (franchiser) provides complete study packs to its franchisees, as per their demand. The customers (students) have no choice but to purchase complete study pack, bearing the Allied Schools logo, from school directly. A copy of purchase receipt is given below.

⁶ <https://tme.edu.pk/tme-guidelines-policies/>

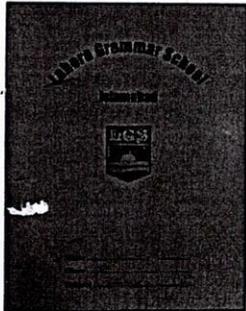
⁷ <https://tme.edu.pk/wp-content/uploads/2024/07/TME-Booklist-2024-25.pdf>

⁸ <https://thesmartschools.edu.pk/registration/>



Lahore Grammar School

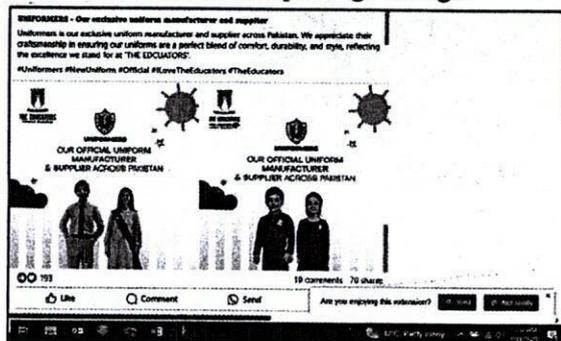
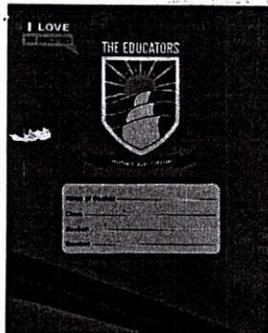
- 44.22. In similarity to other schools, the LGS has also designed its own unique logo design for its identity. The logo design contains the word 'LGS'.



- 44.23. As per the parent's handbook available at <https://lgs.edu.pk/wp-content/uploads/Parents-Handbook-55-Main-UPDATED-15-June.pdf>, the customers (students) are required to wear the uniform bearing the LGS logo. The school directs the customer to purchase LGS customized notebooks from its authorized vendors.

The Educators

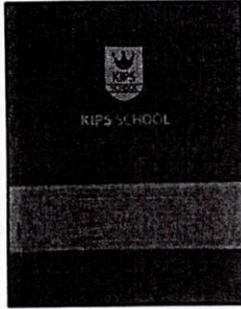
- 44.24. As part of Beaconhouse School System, the Educators has its own identity in the market. The school supplies contain the Educators unique logo design.



- 44.25. During visits to various school branches, it was observed that the school also provides schoolbooks, notebooks, and uniform bearing the 'Educators logo'. The booklist provided by the school clearly indicates that the students are required to use the school's designed notebooks and workbooks. It has been explicitly mentioned on the school booklist that students must use the notebooks and workbooks published by the TE publisher. This suggests that the school compels its students to use logo bearing supplies.

KIPS School

- 44.26. The KIPS school logo design is also printed/embossed on school supplies available in the market.



- 44.27. The EC noted that the KIPS school provides notebooks, workbooks, and uniform from school. The KIPS study packs, bearing the school logo, are also available with the authorized vendors. The school does not allow its students the use of generic/off the shelf notebooks, workbooks and uniform.
- 44.28. The KIPS school has explicitly mentioned in its school prospectus that the students must wear the school uniform as specified by the school. The school's specified uniform, bearing the school logo, is exclusively available with the school and/or authorized vendors/distributors. During the school visit, the management informed that the students are required to use the school's specified notebooks, workbooks, and uniform.

Super Nova

- 44.29. The EC observed that the Super Nova School has also designed its own unique logo bearing notebooks, workbooks, and uniform for its students. The school supplies are available with the school as well as with authorized vendors/distributors.



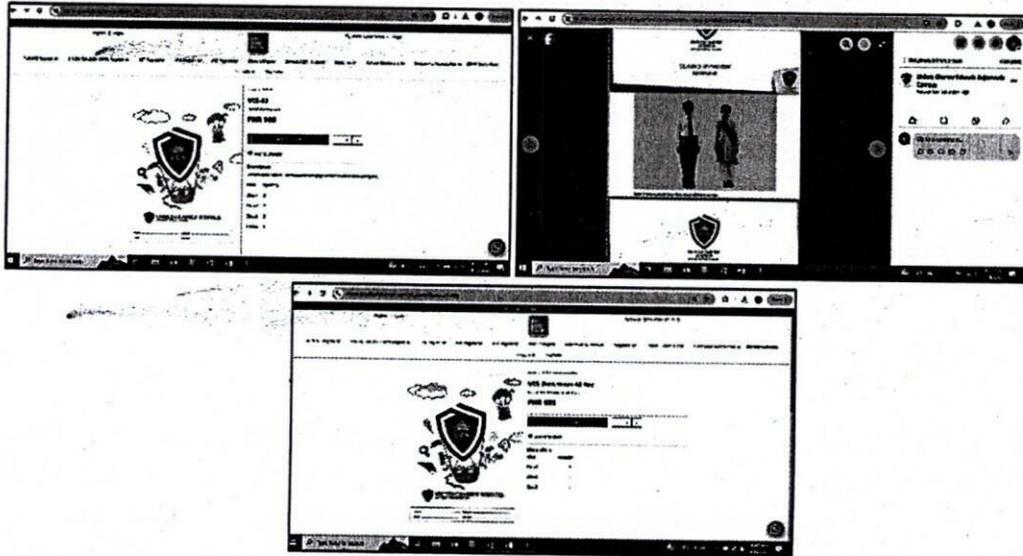
- 44.30. The school has explicitly mentioned in its policy, i.e. 'Student Code of Conduct'⁹ that the students are required to wear the school's prescribed uniform. This suggests that students are bound to use school supplies bearing the school logo.

United Charter School (the "UCS")

⁹ <https://www.sns.edu.pk/codeofconduct.php>



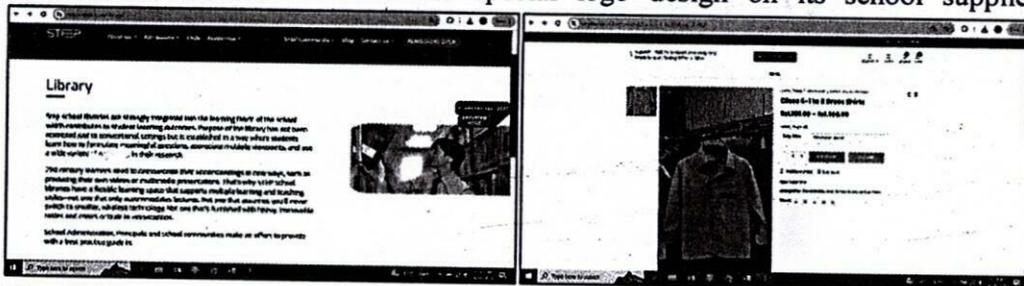
44.31. The UCS is a sub-product of Beaconhouse School System working under the franchise system. The UCS has its own identity logo design to distinguish it from other schools.



44.32. The FAQ section on the school's website¹⁰ provides the facility of buying UCS books, notebooks and other stationery items. We visited the said URL namely "mybagpack" and observed that the UCS's logo is printed on notebooks and workbooks. During the school visit it was informed that UCS notebooks, workbooks, and uniform are available at M/s Abdul Rehman Book World. The EC visited the said vendor/distributor and observed that the same notebooks and workbooks are available for UCS's students. The school did not allow students the use of off the shelf or standard/generic notebooks and workbooks. This suggests the forceful use of UCS logo bearing supplies by the school.

The Step School

44.33. As part of Punjab Group of Colleges, the STEP school has its own unique identity which includes but is not limited to its special logo design on its school supplies.



44.34. The STEP School, on its website, has explicitly mentioned that upon successful completion of admission process, it provides study pack along with list of uniform vendors to the students. However, during the school visit, it was informed that school supplies are also available with the specific vendors/distributors. The booklist provided by the school indicates that students are only allowed to use notebooks, workbooks and

¹⁰ <https://ucs.edu.pk/frequently-asked-questions/>

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other study material which has been published by the STEP Publisher. This suggest that the school forced its students to use only STEP logo bearing supplies in the school.

Dar-e-Arqam School

- 44.35. Dar-e-Arqam schools operates under the franchise system and each school is a separate legal entity. The principal/franchiser has provided the uniform code on its website <https://das.edu.pk/admission/uniform/> which highlights that the school's logo is an essential part of the uniform.



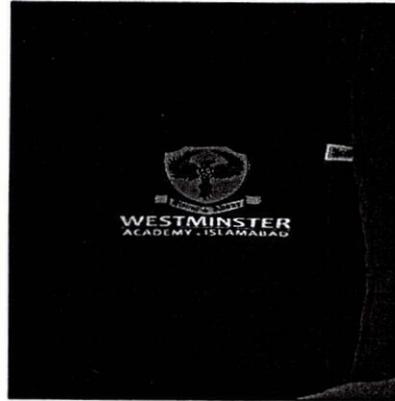
- 44.36. The school's rules and regulations provided in the prospectus¹¹ clearly indicate the forceful use of logo bearing supplies.

Westminster International Schools & Academy

- 44.37. The EC noted that Westminster International Schools & Academy operates in Islamabad and Rawalpindi and has adopted its own distinct logo. The school's notebooks, workbooks, and uniforms are logo-bearing, as observed during school visits and shown in the images below.

¹¹ <https://das.edu.pk/3d-flip-book/prospectus-dar-e-arqam-schools/>

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44.38. As per the Welcome Pack provided to the students at the commencement of each academic session, study packs can be ordered online at studyexpress.com.pk or purchased physically from **Global Books F-8 Markaz**, which is the exclusive vendor for school supplies. However, logo-bearing notebooks are provided directly by the school. It was further observed that the school has made it compulsory for students to wear logo-bearing uniforms and has recommended **M/s Vermongen Company**, based in F-8 Markaz, Islamabad, as the sole merchandiser for these uniforms.

44.39. In view of the foregoing, it can be concluded that Westminster International Schools & Academy, similar to other institutions, enforces the mandatory use of its logo-bearing notebooks and uniforms, thereby tying such supplies with the provision of educational services.

45. The following table elaborates the type of evidence through which the schools compel students/parents to use tied products:

Sr. #	Name of School	Evidence
1.	Beaconhouse School	<ul style="list-style-type: none"> The school advises the students and/or parents to purchase study packs from "<u>Mybagpack</u>", which includes notebooks, workbooks and stationery items. <i>(Attached as Annex-A-1)</i> Mybagpack sells notebooks, workbooks bearing BSS logo only. During the school visits, it was informed by school management that school supplies (logo bearing) will be available online at Mybagpack or with the authorized vendors.
2.	The City School	<ul style="list-style-type: none"> The school issued circular to the students and/or parents to purchase study packs from its own portal, i.e., www.myschoolpacks.com which includes notebooks, workbooks and stationary items. <i>(Attached as Annex-A-2)</i> My school packs only sells notebooks, workbooks bearing city school logo.

3.	Headstart School	<ul style="list-style-type: none"> • Cost of books, notebooks, and workbooks charged by the school directly in the fee charge. (Attached as Annex-A-3) • "The school only provides details of vendor selling school logo uniform."
4.	Froebel's School	<ul style="list-style-type: none"> • Uniform Guidelines (Schools website) "All students are required to be in uniform. Basic articles of the uniform are available from approved uniform stores, however, items with Froebel's logo are only available with student store (inside school)" "School supplies bearing school logo are only available at the student store. Students will not be allowed to wear their own clothes of similar colours and styles" (Attached as Annex-A-4)
5.	Roots International	<ul style="list-style-type: none"> • Policy clauses 14 & 33 of Students' Code of Conduct "All notebooks used by the students must be with the school monogram and Roots Standard authorized notebooks" (Attached as Annex-A-5) • The EC also visited the school whereby it was confirmed by the school that students are only allowed to use RSS notebooks, uniforms and other logo bearing supplies.
6.	Roots IVY International Schools	<ul style="list-style-type: none"> • Policy clauses 14 & 33 of Students' Code of Conduct "All notebooks used by the students must be with the school monogram and Roots Ivy Standard authorized notebooks" (Attached as Annex-A-6) • The EC also visited the school whereby it was confirmed by the school that students are only allowed to use RIVY notebooks, uniforms and other logo bearing supplies.
7.	Roots Millennium Education	<ul style="list-style-type: none"> • TME Guidelines & Policies (uniform guideline and policy) "The millennium school's uniform be worn at all times during school" TME booklist highlights the compulsory purchase of TME logo bearing notebooks. (Attached as Annex-A-7) • "The school provides list of vendors selling school bearing logo supplies".
8.	The Smart School	<ul style="list-style-type: none"> • Explicitly mentioned in the school's policies that school will provide complete study pack (tied products) to the students. (Attached as Annex-A-8) • The school visit revealed similar practices.

9.	Allied Schools	<ul style="list-style-type: none"> The school directly provides books, notebooks to the students. <i>(Copy of purchase receipt is Annexed as Annex-A-9)</i> During the school visit, it was informed that school will provide complete study pack after the successful completion of admission students. Moreover, the students are mandatory to wear school logo uniform.
10.	Lahore Grammar School	<ul style="list-style-type: none"> Parent's Handbook <i>"LGS uniform is available from Staples and paper clip"</i> <i>(Attached as Annex-A-10)</i> "During school visit, it was informed that school supplies, bearing school logo, are available with specific vendors"
11.	The Educators	<ul style="list-style-type: none"> The booklist provided by the school indicates that the school compelled its students to only use school supplies bearing the school logo. <i>(Attached as Annex-A-11)</i> The survey results revealed similar practices.
12.	KIPS School	<ul style="list-style-type: none"> School Prospectus: Uniform policy "as per the school specifications" <i>(Attached as Annex-A-12)</i> "During school visit, it was informed that school supplies bearing school logo are available with school or specific vendors"
13.	Super Nova School	<ul style="list-style-type: none"> Booklist (Academic Session 2025-26) <i>"Notebooks and SNS academic resources will only be available at Zia Books"</i> <i>(Attached as Annex-A-13)</i> Policy – Student Code of Conduct <i>"Every student must wear the prescribed uniform daily"</i> The prescribed uniform of the school is available with exclusive vendor.
14.	United Charter School	<ul style="list-style-type: none"> The UCS booklist clearly indicates that the students are required to purchase UCS designed notebooks and workbooks. <i>(Attached as Annex-A-14)</i> The school results also revealed similar practices.
15.	STEP Schools	<ul style="list-style-type: none"> It has been clearly mentioned on the school website that after successful completion of admission procedure, the school will provide the school uniform and a study pack to the student. <i>(Attached as Annex-A-15)</i>
16.	Dar-e-Arqam Schools	<ul style="list-style-type: none"> The logo designed supplies are given on Dar-e-Arqam website.

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		<ul style="list-style-type: none"> • The school compelled its students to use school logo bearing supplies. • It has been clearly mentioned in the school prospectus that <i>"all students must wear the school uniform".</i> <i>(Attached as Annex-A-16)</i> • The survey results revealed similar practices.
17.	Westminster International Schools & Academy	<ul style="list-style-type: none"> • It has been indicated in the Welcome pack provided to the student upon admission that the school has exclusive vendor for books & logo-bearing uniform. Notebooks will be provided by the school itself. <i>(Attached as Annex-A-17)</i>

46. The abovementioned evidence clearly indicates that each school has designed its own unique logo to distinguish itself from other schools. The schools have adopted the practice of printing their logo bearing school supplies and appointed vendors/distributors for supply. The appointment of exclusive vendors/distributors indicates that each school has been engaged in the production, distribution and supply of tied products in the relevant market. As also mentioned above, each school has designed its policies in a way that students are compelled to use the tied products along with tying products.

47. This sort of tying/bundling is a classic method, whereby a dominant undertaking in one market (primary market) leverages its position to gain advantage in another market (secondary) through compulsion.

48. In order to analyze the effect of these obligations of purchasing school logo bearing supplies, the EC deemed it pertinent to review the cost and pricing of these notebooks. The EC, for this purpose, selected a sample of notebooks of those schools whose notebooks were available in the market. The selected sample was handed over to a printer to obtain a quotation for bulk printing of 10,000 copies. The quotation, so received, revealed that there were 8 schools where the difference in quoted price and prices of notebooks offered by these schools is more than 50% which increased to 280% in case of some schools as exhibited in the following table:

Sr. No	School Name	Wholesale rate per copy for 10,000 copies	Retail Price from the market per copy	Price Difference	%age Difference
1	Froebel's	100	380	280	280%
2	Beaconhouse	150	380	230	153%
3	Kips	120	280	160	133%
4	Roots International	150	290	140	93%
5	The City School	165	280	115	70%
6	Roots Millennium	175	280	105	60%
7	Supernova	150	250	100	67%
8	The Educators	150	230	80	53%

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49. Subsequently, the EC also compared the retail prices with general, off-the-shelf notebooks to analyze the additional cost and margins in the supply chain. The analysis revealed price differences ranging from over 50% up to 150%. This means that even if other costs like transport and retailer margins are taken into account, there remains a significant likelihood of price exploitation associated with these tied products.
50. In view of the above, it appears that students are adversely affected due to the mandatory obligation of buying the logo bearing notebooks. On the other hand, these practices also cause market foreclosure for other potential vendors/suppliers by way of restricting the sale of school supplies by authorized vendors.
51. Based on the foregoing, the aforementioned schools are found to be in, *prima facie*, violation of the Act in terms of Section 3(1) in general and Section 3(3)(c) in particular.
52. With respect to the fee increase issue, it is important to mention that the following Regulatory Authorities/Bodies (at federal and provincial level) are mandated to register and regulate private schools and also deal with fee related matters. The relevant excerpts from their laws and regulations are reproduced herein below:

(i) **ICT- Private Educational Institutions Regulatory Authority (PEIRA):** This authority was established under the Islamabad Capital Territory Private Educational Institutions (Registration & Regulations) Act, 2013. As per section 5 of PEIRA Act, the authority performs, inter alia, the following functions:

(a) to regulate, determine and administer all matters and do all such acts and things as are necessary for the achieving of aims and objectives of this Act;

(b) to register and regulate, private educational institutions in Islamabad Capital Territory including fixation of grade-wise rate of admission fee, security fee, monthly tuition fee and other fees being charged by private educational institutions;

(c) to cause inspections to be made by such persons as the Authority may nominate of institutions applying for registration or of registered institutions;

(d) to withdraw registration if it is satisfied after the inspection that the management and instructions in an institution are not of prescribed standard and are in violation of the provisions of this Act;

(ii) **The Khyber Pakhtunkhwa Public Private Schools Regulatory Authority:** This authority was established under the Khyber Pakhtunkhwa Public Private Schools Regulatory Authority Act, 2017. As per Section 8 of the act, the authority perform, inter alia, the following functions:

(i) Sanction annual increase in fee in excess of upto ten percent (10%) to be charged from students; provided that a school shall not increase fee more than once during an academic year; provided further that such

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increase shall be announced one month prior to the commencement of an academic year.

- (iii) **THE PUNJAB PRIVATE EDUCATIONAL INSTITUTIONS (PROMOTION AND REGULATION) ORDINANCE, 1984:** This Ordinance was amended in 2016 named as the Punjab Private Educational Institutions (Promotion and Regulation) Amendment Act, 2017. The preamble to this act and Section 7A pertains specifically to fee structure and fee revisions. The relevant clause is reproduced hereunder:

"It is necessary further to amend the Punjab Private Educational Institutions (Promotion and Regulation) Ordinance 1984 (IV of 1984) to allow reasonable increase of fee per annum and, to deal with other purposes. "

"7A. Fees, etc.—

(a) for subsections (1) and (2), the following shall be substituted:

(1) Subject to this section, a school charging fee at the rate of four thousand rupees per month or above shall not charge the fee at a rate higher than five percent of the fee charged for the class during the previous academic year but this limitation shall not apply to a school charging monthly fee from a class of students at the rate which is less than four thousand rupees per month inclusive of the increase in the fee.

(2) If there is reasonable justification for increase in the existing fee at a rate higher than five percent under subsection (1), the Incharge may, at least sixty days before the commencement of the next academic year, apply to the Registering Authority incorporating justification."

- (iv) **The Sindh Private Educational Institutions (Regulation and Control) Ordinance, 2001:** The specific clause pertaining to fee determination and revisions is reproduced below:

15. Rules. —

(1) Government may make rules to carry out the purposes of this Ordinance.

(2) In particular and without prejudice to the generality of the foregoing powers such rules shall provide for —

(c) provision of facilities to students, fixation of tuition fees and other sums to be realized from the students of an institution;

- (v) **The Balochistan Private Educational Institutions Registration, Regulation & Promotion Act, 2022:** An Act to provide for registration, regulation and promotion of the private educational institutions and matters connected therewith or incidental thereto:

Registration of Institution. 5. (1) Where the Registering Authority grants registration, it shall register the institution and

issue a certificate with terms and conditions prescribed: Provided that, -

(i) the fee structure of the institution shall be developed by the Registering Authority on recommendation of the Inspection Committee and rates of fee shall be commensurate with the services provided to the student;

(ii) the rate of admission fee and registration fee shall not be more than 50% of the monthly fee;

(iii) the breakup of fee structure shall be provided to the student;

(iv) the fee structure and rate of fee shall not be changed without approval of the Registering Authority;

(v) no change in the fee structure and rates of fee shall be made during an academic year;

(vi) in case of admission of siblings of first child in the same school fee of all children including the first one shall be half;

(vii) in case an institution desires a change in the fee structure or rate of fee, it shall submit an application with justification, 90 days before the commencement of new academic year: Provided that total fee shall be reasonably increased but not more than 5% on the existing fee;

53. In view of the above, it is evident that the matter of determination and revision of fees for private schools within ICT and other provinces falls within the regulatory ambit of aforementioned Regulatory Authorities/Bodies.

54. In light of the above, the determination of grade wise monthly tuition fee, admission fee, security fee, and other fees is being done by regulatory bodies (according to various categories of schools). Annual fee revisions also have to be approved by the regulatory bodies with private schools having to provide justifications for such revisions. Therefore, EC is of the view that no, *prima facie*, violation of Section 3(3)(a) i.e. unreasonable increase in fees could be made out.

ISSUE III: Do private schools in Pakistan indulge in any prohibited agreements in contravention of Section 4 of the Act?

55. Section 4 of the Act pertains to prohibition of agreements, which have the object or effect of preventing, restricting or reducing competition within the relevant market, and which have not been exempted under Section 5 of the Act. For ease of reference the relevant Section is reproduced hereunder:

"Prohibited agreements — (1) No undertaking or association of undertakings shall enter into any agreement or, in the case of an association of undertakings, shall make a decision in respect of the production, supply, distribution, acquisition or control of goods or the provision of services

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which have the object or effect of preventing, restricting or reducing competition within the relevant market unless exempted under section 5.

(2) Such agreements include but are not limited to-

(a) fixing the purchase or selling price or imposing any other restrictive trading conditions with regard to the sale or distribution of any goods or the provision of any service;

56. Upon review of respective official websites of school(s) under enquiry, the EC observed that the study packs and uniforms are being manufactured by or on behalf of the schools who have designed the school logo bearing supplies.

57. In addition to the above, the schools have designated specific vendors for the sale and distribution of study packs and uniforms. It has also been observed from the schools website that individual notebooks & workbooks are not available for purchasing purposes separately, and instead, parents are required to buy the entire study pack each academic year.

58. Hence, the schools are involved in supplying tied products (Notebooks, Workbooks and Uniforms) in the following manner:

- i. Self-manufacturing and selling either directly or through authorized vendors; and
- ii. Manufacturing as well as selling through authorized vendors only.

59. The following table reflects the mandatory use of school supplies by each school:

Sr. #	Name of School	Mandatory Conditions
1	Beaconhouse School System	Mandatory purchase of Study Pack, inclusive of notebooks, workbooks, digital books and uniform through its online platform and/or authorized vendors/distributors.
2	The City School	Mandatory purchase of Study Pack, inclusive of notebooks, workbooks, digital books and uniform through its online platform and/or authorized vendors/distributors.
3	Headstart School	Mandatory purchase of Study Pack, from the school which is charged as one-time payment in the fee-challan and uniform from M/s. NM Concepts.
4	Froebel's School	Mandatory purchase of Study Pack, inclusive of notebooks, workbooks from school and basic uniform articles from authorized vendors/distributors.
5	Roots International Schools & Colleges	Mandatory purchase of School logo bearing supplies, inclusive of notebooks, workbooks and uniform through its authorized vendors/distributors.

6	Roots IVY International Schools	Mandatory purchase of School logo bearing supplies, inclusive of notebooks, workbooks and uniform through its authorized vendors/distributors.
7	Roots Millennium Schools	Mandatory purchase of School logo bearing supplies, inclusive of notebooks, workbooks and uniform through its authorized vendors/distributors.
8	Smart School	Mandatory purchase of Study Pack, inclusive of notebooks, workbooks and uniform through school and/or vendors/distributors.
9	Allied School	Mandatory purchase of Study Pack, inclusive of notebooks, workbooks and uniform through school and/or vendors/distributors.
10	Lahore Grammar School	Mandatory purchase of Study Pack and/or individual school logo bearing supplies, inclusive of notebooks, workbooks and uniform through school and/or vendors/distributors.
11	The Educators	Mandatory purchase of School logo bearing supplies, inclusive of notebooks, workbooks and uniform through school and/or vendors/distributors.
12	KIPS School	Mandatory purchase of School logo bearing supplies, inclusive of notebooks, workbooks and uniform through school and/or vendors/distributors.
13	Super Nova	Mandatory purchase of school logo bearing supplies, inclusive of notebooks, workbooks and uniform through school and/or vendors/distributors.
14	United Charter School	Mandatory purchase of Study Pack, inclusive of notebooks, workbooks, digital books and uniform through its online platform and/or authorized vendors/distributors.
15	Dar-e-Arqam School	Mandatory purchase of school logo bearing supplies, inclusive of notebooks, workbooks and uniform through school and/or vendors/distributors.
16	STEP School	Mandatory purchase of Study Pack, inclusive of notebooks, workbooks and uniform through school and/or vendors/distributors.
17	Westminster International Schools & Academy	Mandatory purchase of Study Pack, inclusive of notebooks, workbooks and uniform through school and/or vendors/distributors.

60. During the course of schools' visits, it was observed that each school has authorized vendors for supply of school's logo bearing notebooks, workbooks and uniforms to their students. The EC contacted the authorized dealers/vendors/franchisees of different schools, located in Islamabad/Rawalpindi (**Annex-B**) and inquired about the arrangement with the schools. The authorized dealers substantiated the aforementioned observations of the EC regarding exclusive arrangements between schools and vendors.




61. The following schools appear to be involved in agreements in respect of the production, supply, and distribution which have the object or effect of preventing, restricting or reducing competition within the relevant market.

Sr. #	Name of School	Exclusive Agreements with
1	Beaconhouse School System	i. M/s. Premier Trading Services (Pvt.) Ltd. for manufacturing of BSS school supplies ii. List of Authorized Vendors <i>(Attached as Annex-C-1)</i>
2	The City School	i. M/s. Citizen Apparel ii. List of Authorized Vendors <i>(Attached as Annex-C-2)</i>
3	Headstart School	i. Manufacturer is unknown ii. M/s. NM Concepts <i>(Attached as Annex-C-3)</i>
4	Froebel's School	i. Manufacturer is unknown ii. Authorized student store <i>(Attached as Annex-C-4)</i>
5	Roots International Schools & Colleges	i. Manufacturer is unknown ii. List of Authorized Vendors <i>(Attached as Annex-C-5)</i>
6	Roots IVY International Schools	i. Magnus Inc. ii. Approved Vendor <i>(Attached as Annex-C-6)</i>
7	The Millennium Education (Roots Millennium)	i. Manufacturer is unknown ii. List of Authorized Vendors <i>(Attached as Annex-C-7)</i>
8	Smart School	i. Manufacturer is unknown ii. List of Franchisees/vendor <i>(Attached as Annex-C-8)</i>
9	Allied School	i. Manufacturer is unknown ii. List of Franchisees/Vendors <i>(Attached as Annex-C-9)</i>
10	Lahore Grammar School	i. Manufacturer is unknown ii. Authorized vendors for Lahore <i>(Attached as Annex-C-10)</i>
11	The Educators	i. M/s Uniformer ii. Authorized Manufacture/supplier <i>(Attached as Annex-C-11)</i>
12	KIPS School	i. M/s KIPS Publication ii. Kitab Dost Publisher iii. Authorized vendors for Islamabad & Rawalpindi

		<i>(Attached as Annex-C-12)</i>
13	Super Nova	i. M/s Zia Stationers <i>(Attached as Annex-C-13)</i>
14	United Charter School	i. M/s. Premier Trading Services (Pvt.) Ltd. for manufacturing of UCS school supplies ii. Authorized Vendor for Chak Shazad Campus <i>(Attached as Annex-C-14)</i>
15	Step School	i. Manufacturer is unknown ii. Each Franchisee provide study pack <i>(Attached as Annex-C-15)</i>
16	Westminster International Schools & Academy	i. M/s Vermogen Company ii. Authorized vendor for Islamabad is Global Books F-8 Markaz. <i>(Attached as Annex-C-16)</i>

62. It has been observed that, out of 16 private schools as listed in the preceding table, Beaconhouse School, The City School, and KIPS School System are engaged in self-manufacturing and selling through authorized dealers/vendors. It was also observed that the vendors charged the same price for a study pack as advertised on the online portals of said schools. In this case the end customer has no choice but to purchase a complete study pack either directly from the school's online portal or from authorized dealers at the same price.
63. With respect to remaining schools, it was observed that only authorized vendors manage complete school supplies on behalf of the respective school. Resultantly, there is a market foreclosure for other potential vendors/suppliers who may provide aforementioned school supplies.
64. If the sale and supplies of the supplementary products are controlled by an Undertaking, it results in market foreclosure for other potential suppliers/vendors by way of:
- i. Denying access to the school supply market to local stationery shops, independent suppliers, and even established brands, not on merit, but due to institutional exclusivity.
 - ii. Mandating exclusive purchasing arrangements, the school blocks entry for competing vendors, restricting fair competition.
 - iii. Discouraging innovation and healthy business growth in the education supply chain.
 - iv. The exclusion of other suppliers from the market limits competition, which may lead to reduced consumer choice, increased prices, diminished product variety or quality, and a lack of innovation or improvement in standards.
65. In light of the foregoing, such exclusive agreements by schools foreclose the market for other potential market players by way of imposition of restrictive trading conditions with




regards to sale or distribution of school supplies (tied products) and therefore, the schools mentioned in para 61 above, appears to be in, *prima facie*, contravention of Section 4(1) in general and specifically Section 4(2)(a) of the Act.

C. FINDINGS:

66. Based on the analysis presented in this report, certain conclusions can be drawn from the prevailing market practices and the specific conduct of the schools referenced herein
67. A number of institutions provide education services across Pakistan, for all socio-economic classes. These institutions have their own curricula which closely resembles the Single National Curriculum of Pakistan with slight variations and adjustments, which are duly approved by the relevant education regulators. Despite having identical, similar or closely resembling curricula, the disparity between the costs of educational services varies greatly depending upon the institution and how the service is imparted. Each institution has formed its own selling propositions which places them differently among the socio-economic tiers and can therefore fetch a pricing of their choice.
68. It is pertinent to mention that while books are advised based on the curricula adopted and uniforms are branded for the marketing purposes of educational institutions, the rampant practice of making it mandatory to purchase school branded notebooks and stationery supplies has nothing to do with the educational service being provided. The customers should not be stripped of the choice of buying generic notebooks and supplies of similar specifications at a competitive rate from the market. The branding of notebooks and supplies is immaterial to the service being provided by the institution, and therefore, the choice to purchase freely should be left open.
69. The institutions are free to add value to the education service they provide while remaining within the regulatory framework. It has been observed that except for Roots IVY, Roots Millennium, and Dar-e-Arqam School, all other schools discussed herein above have ventured into strategic business units (SBU's) by indulging in business activities in addition education service.
70. The effect of this practice of the schools has a manifold effect. The act of opening a subsidiary for the supply of complementing products (books, notebooks, uniforms and other supplies) to educational services, whereby, all products are not to be found in the open market and at a competitive price, but rather with exclusive authorized vendors or personally controlled outlets (online or physical) with arbitrary and fixed prices, has the effect of eliminating competition from the market.
71. While this practice of incorporating subsidiaries by the schools for printing of books, notebooks and other supplies and manufacturing of uniforms to be used in their respective schools may not be illegal, tying these products to their educational services is a violation under the Competition Law. When the open market suppliers and vendors are not allowed to manufacture and stock these products, the exclusive supplier and vendor gets to dictate



the price charged from the consumer, thus limiting the choice of the consumer for better value and price of the product.

72. The above practice also gives an absolute control to the institution in the downstream market. It is important to note that all institutions are competitors to each other, competing for the educational service provided by them till the time a pupil gets admission in one of these institutions. Once a pupil is admitted in a school, and an agreement has been entered into between the parent of such pupil and the institution, the pupil/parent becomes the captive customer of the same institution's subsidiary or SBU and all competition is eliminated due to their absolute control over such customer and the downstream market.
73. As discussed in Paras 44 to 47 above, each school has designed its own logo bearing school supplies (notebooks, workbooks, and uniform) and compel their students to use only logo bearing notebooks, workbooks, and uniform. Parents/students have no option but to buy logo specified supplies as each school is involved in similar practice.
74. Moreover, the educational institutions manipulate and distort the target market by compelling a parent into making a forceful and mandatory buying decision with no other competitive options. Moreover, the subsidiaries engaged in manufacturing of ancillary products have also absolute dominance in its own target market due to unavailability of any other vendors.
75. The subsidiaries do not offer product substitutes that would allow customers to reduce costs or gain additional value, and the policies of the educational institution further restrict customers from making an informed choice beyond the sole option available.
76. With respect to Westminster Academy and International Schools & Colleges, the EC has noted that three companies, all registered with the Federal Board of Revenue (FBR) and sharing the same business address, House No. 8-A, Orchard Scheme, Main Murree Road, Islamabad and are engaged in the provision of educational services. These entities include M/s Westminster International School System (Pvt.) Ltd, registered in 2016, and M/s Westminster Academy (Pvt.) Ltd, registered in 2020. However, it has been observed that Westminster Schools and Academy have been providing educational services for the past 20 years. Further investigation revealed the existence of an umbrella company registered with the Securities and Exchange Commission of Pakistan (SECP), established to derive financial benefits for both Westminster School and Academy. Additionally, it has been noted that student fees are directly transferred to the accounts of M/s Phoenix Education Systems (Pvt.) Ltd.

D. CONCLUSION AND RECOMMENDATIONS:

77. Based on the evidence gathered and reproduced in the enquiry report, along with the analysis conducted thereon, it appears that the following schools are, *prima facie*, in contravention of Section 3(1) read with Section 3(3)(c) and Section 4(1) read with Section (4)(2)(a) of the Act:



Sr.#	Undertaking Name	School Name	Section 3(3)(c)	Section 4(2)(a)
1.	M/s Educational Services (Pvt.) Ltd (ESL)	Beaconhouse School	✓	✓
2.	M/s City School (Pvt.) Ltd	The City School	✓	✓
3.	M/s Headstart School (Pvt.) Ltd	Headstart School	✓	✓
4.	M/s Froebel's Private Limited Islamabad.	Froebel's School	✓	✓
5.	M/s Roots International Schools and Colleges (Pvt.) Ltd	Roots International Schools & Colleges	✓	✓
6.	M/s Roots IVY International Schools (Pvt.) Ltd	Roots IVY International School	✓	✓
7.	M/s Roots Millennium Education	Roots Millennium School	✓	✓
8.	M/s Educational Systems (Pvt.) Ltd.	The Smart Schools	✓	✓
9.	M/s National Educational Network (Pvt.) Ltd	Allied Schools	✓	✓
10	M/s Lahore Grammar School (Pvt.) Ltd	Lahore Grammar School	✓	✓
11	M/s Educational Services (Pvt.) Limited	The Educators	✓	✓
12	M/s KIPS Education System (Pvt.) Ltd	KIPS Schools (COS)	✓	✓
13	M/s Quality Brands (Pvt.) Ltd	KIPS Schools (Franchisees)	✓	✓
14	M/s Super Nova Schools	Super Nova School	✓	✓
15	M/s Educational Services (Pvt.) Limited	United Charter School (UCS)	✓	✓
16	M/s National Educational Network (Pvt.) Ltd	STEP Schools	✓	✓
17	M/s Dar-E-Arqam School (Pvt.) Ltd	Dar-e-Arqam School	✓	-
18	M/s Phoenix Education Systems (Pvt.) Ltd	Westminster International School & Colleges and Westminster Academy	✓	✓

19	M/s Westminster International School System (Pvt.) Ltd;		✓	✓
20	M/s Westminster Academy (Pvt.) Ltd		✓	✓

78. In view of the above, the Enquiry Committee recommends that the Commission may approve the proposed relevant market and consider initiation of proceedings under Section 30 of the Act, against the undertakings mentioned in para 77, in terms of the findings and conclusions set forth in this enquiry report.


 Riaz Hussain
 Deputy Director
 (Enquiry Officer)


 Awais Zahid Malik
 Management Executive
 (Enquiry Officer)