

INDIA SKILLING REPORT MAY 2019



Skills Loading.....



CURRENT WORKFORCE SCENARIO IN INDIA

India: 119th Rank

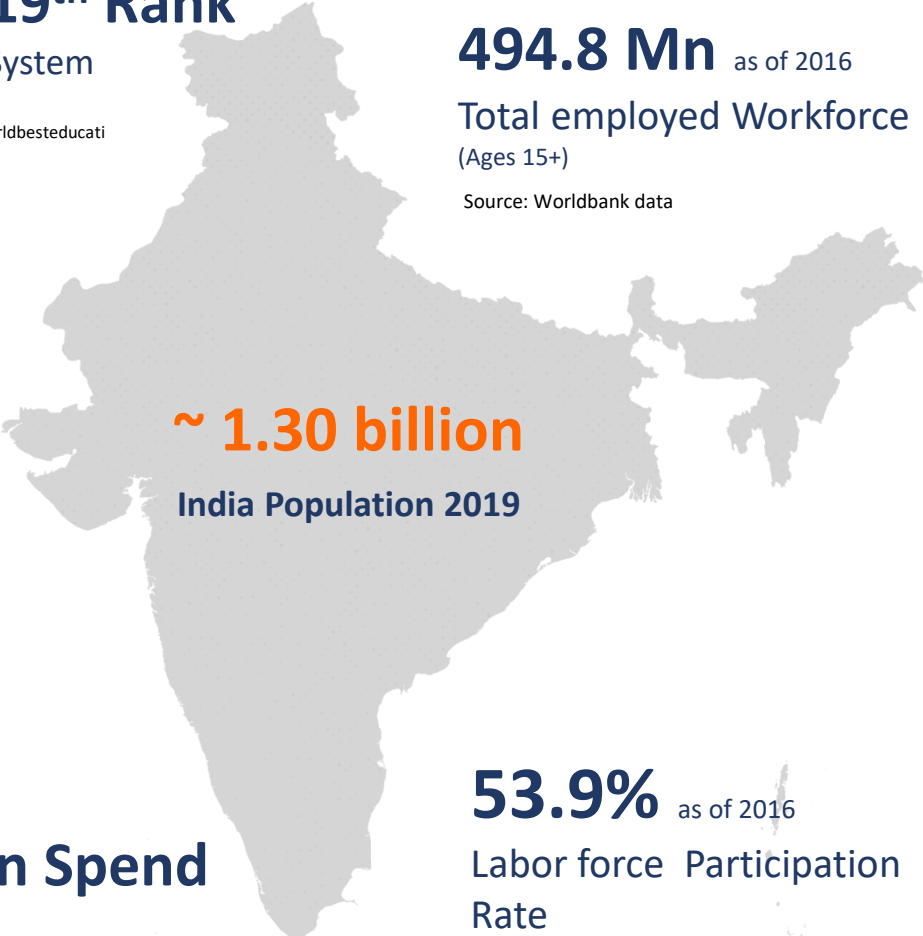
In Education System

Source:
<https://worldtop20.org/worldbesteducationsystem>

494.8 Mn as of 2016

Total employed Workforce
(Ages 15+)

Source: Worldbank data



~ 1.30 billion
India Population 2019

Education Spend

~2.7% of GDP in 2018

(Down from 3.1% in 2013)

Source: BRICS Report 2016

53.9% as of 2016

Labor force Participation
Rate

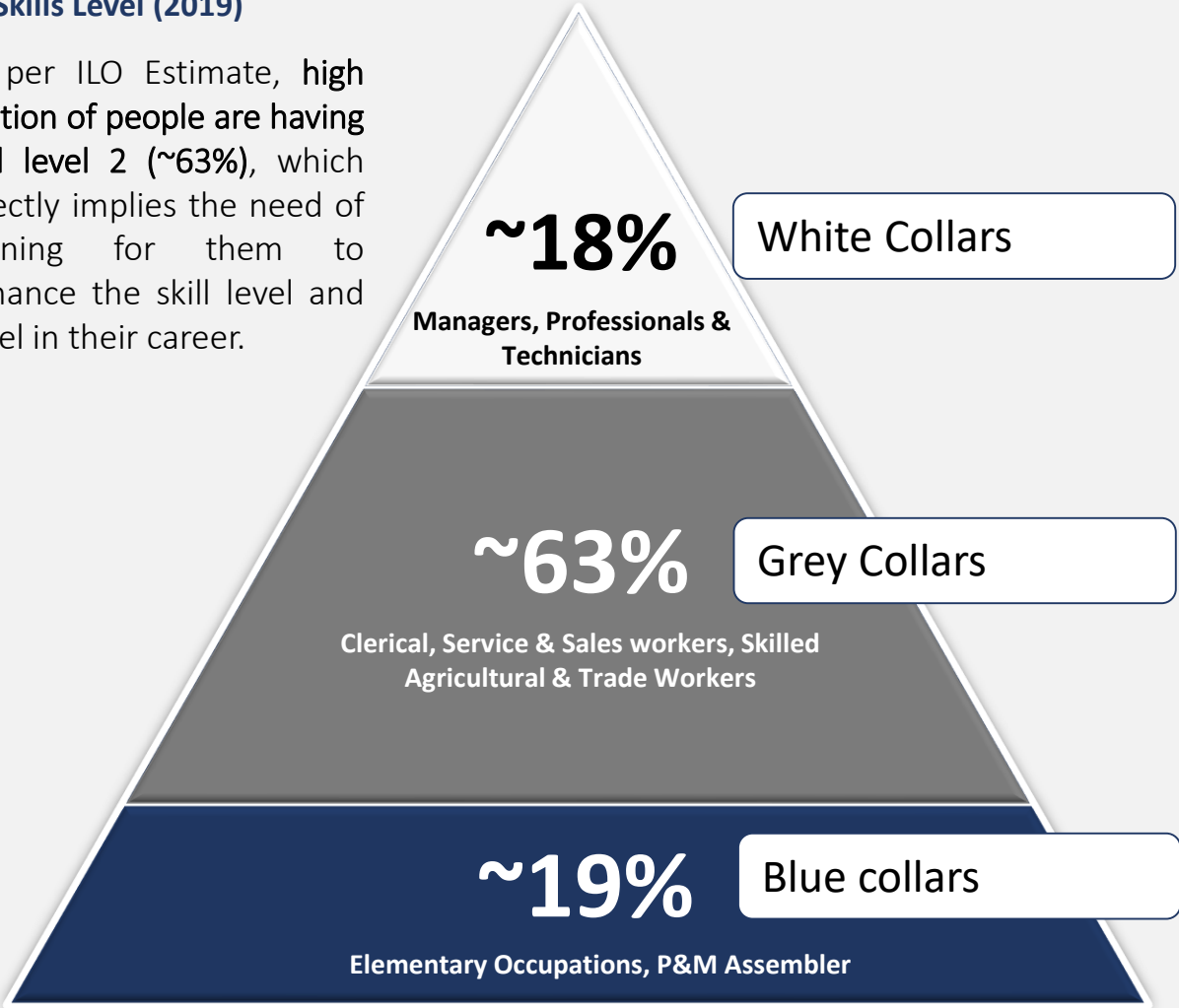
(% of total population ages 15+)

Source: Worldbank data

Distribution of Current Workforce

By Skills Level (2019)

As per ILO Estimate, high portion of people are having skill level 2 (~63%), which directly implies the need of training for them to enhance the skill level and excel in their career.

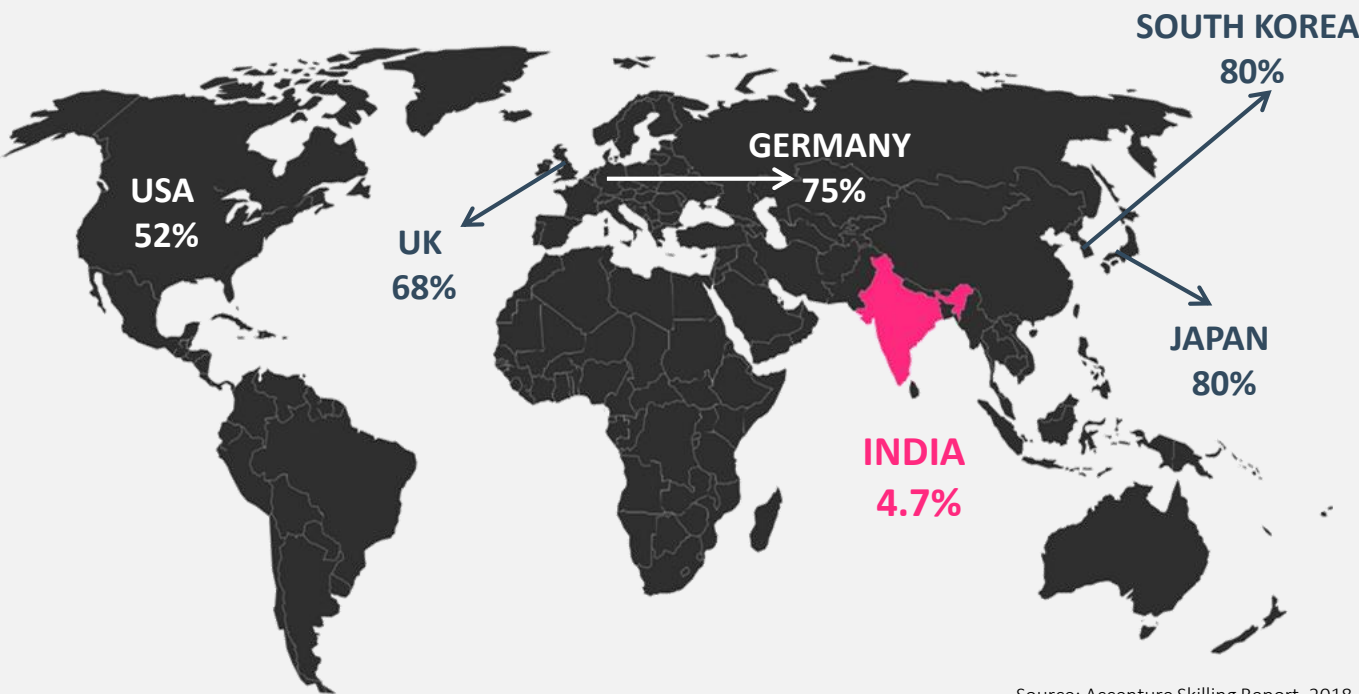


Source: ILO Estimates and own assumptions

INDIA'S SKILLING LANDSCAPE

The biggest challenge facing the economy today is equipping the youth with adequate, relevant, job-ready skills. **Only about 4.7 percent** of the total workforce in India **has undergone formal skill training**.

Percentage of total workforce with formal skill training



Source: Accenture Skilling Report, 2018

Coursera's Global Skills Index (GSI)

Who is Leading the Index?



Finland
(in Business skills)



Argentina
(in Technology)



Israel
(in Data Science)

India Rankings (Out of 60 Countries)



India is sitting on an untapped gold mine – a demographic dividend in an otherwise aging world. It will be the youngest country by 2020, with an average age of 29 years.

Source: Bloomberg, Coursera GSI 2019

WHY IS INDIA'S SKILLING LANDSCAPE LAGGING?

Shortfalls in India's Skilling System

 Absence of nation-wide vocational education and training standards	 Lack of integrated on-site apprenticeship training	 Shortage of Qualified Trainers
 Limited Training Capacity	 Insufficient Financing	 Poor Quality Outcomes

Failure of Govt.'s skilling plan

INR 1500 Cr.

Bad Loans

The National Skills Development Corporation gave **soft loans, equity and grants to private-sector training partners**. Many of its initial loans of around Rs 1,500 crore – nearly equivalent to the cost of setting up an Indian Institute of Technology (Rs 1,748 crore) were not paid back.

Less than 15%

Individual placed under PMKV & STAR

Of the 1.8m people trained under Prime Minister Kaushal Vikas Yojana during 2015-16, **12.4% received placements; 8.5% of the 1.4 million people** trained under STAR were placed

~20,000 trainers

India needs to train every year

India currently has a capacity to **produce 8,268 trainers only**. The NSDC & SSCs made a mockery of trainers training by giving fresh diploma & engineering graduates 2-5 day training to become a qualified trainer,”

As per Industry Experts...

1

70%
Lacking right skills

Of India's **venture capitalists** indicated that startups cannot find employees with the right skills

2

61%
Unable to respond to Changing Need of Society

Of India's **higher education leaders** said that the education system is unable to respond to society's changing needs

3

Only **40%**
Labors have requisite skills

Of Indian **industry executives** said new employees recruited in local labor markets have requisite skills

How PRIVATE SECTOR CAN PLAY A BIG ROLE IN SKILLING INDIA?

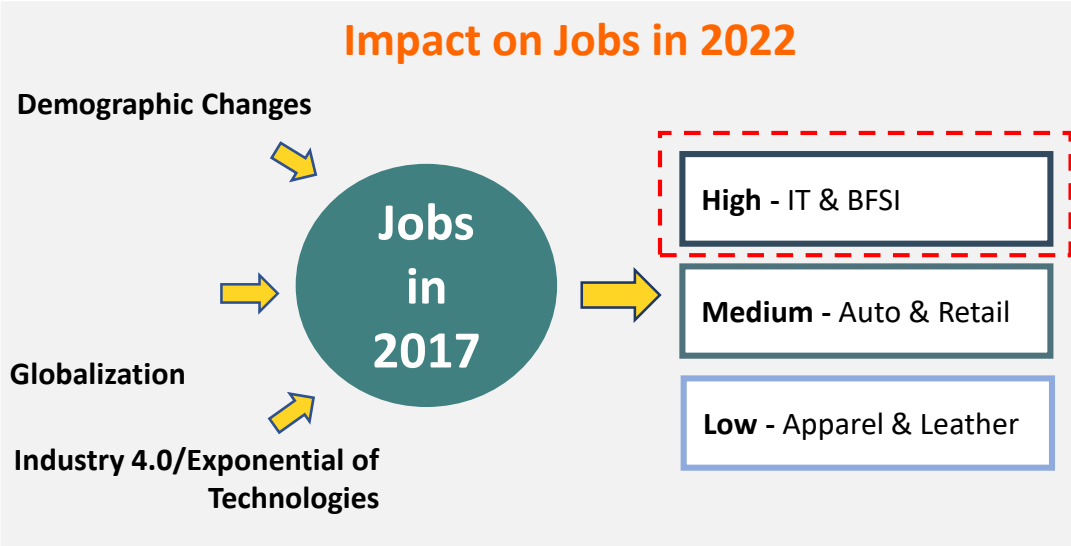
Despite initiatives like **Skill India & Make in India** by the Govt., there still exists a huge mismatch of supply and demand, with students claiming lack of opportunities and organizations claiming a lack of skilled talent. **The government needs to form a unified database of employed and unemployed citizens and integrate the private sector to skill its workforce.**

The private sector can create a positive impact on the skilling landscape in India in the following way:

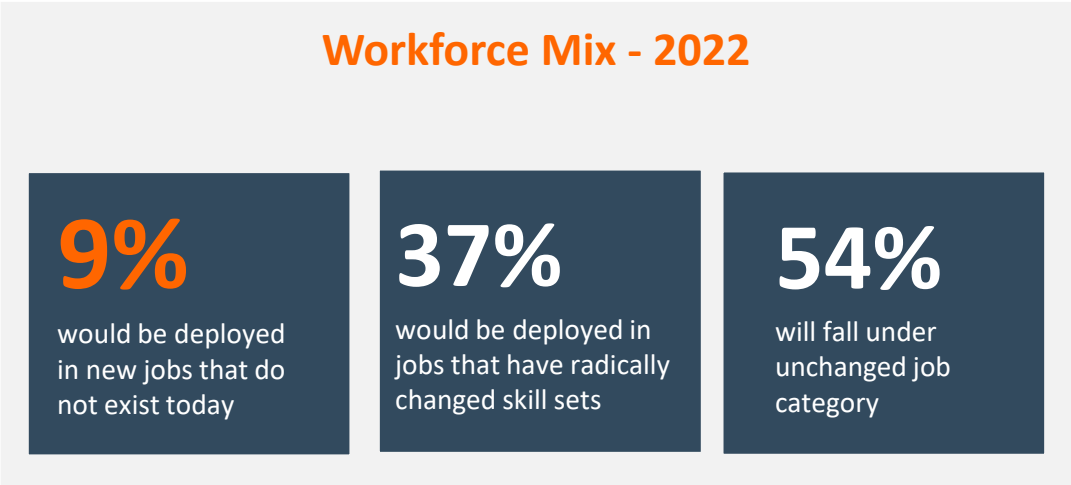


Source: Industry Research

WHAT IS THE IMPACT ON JOBS?



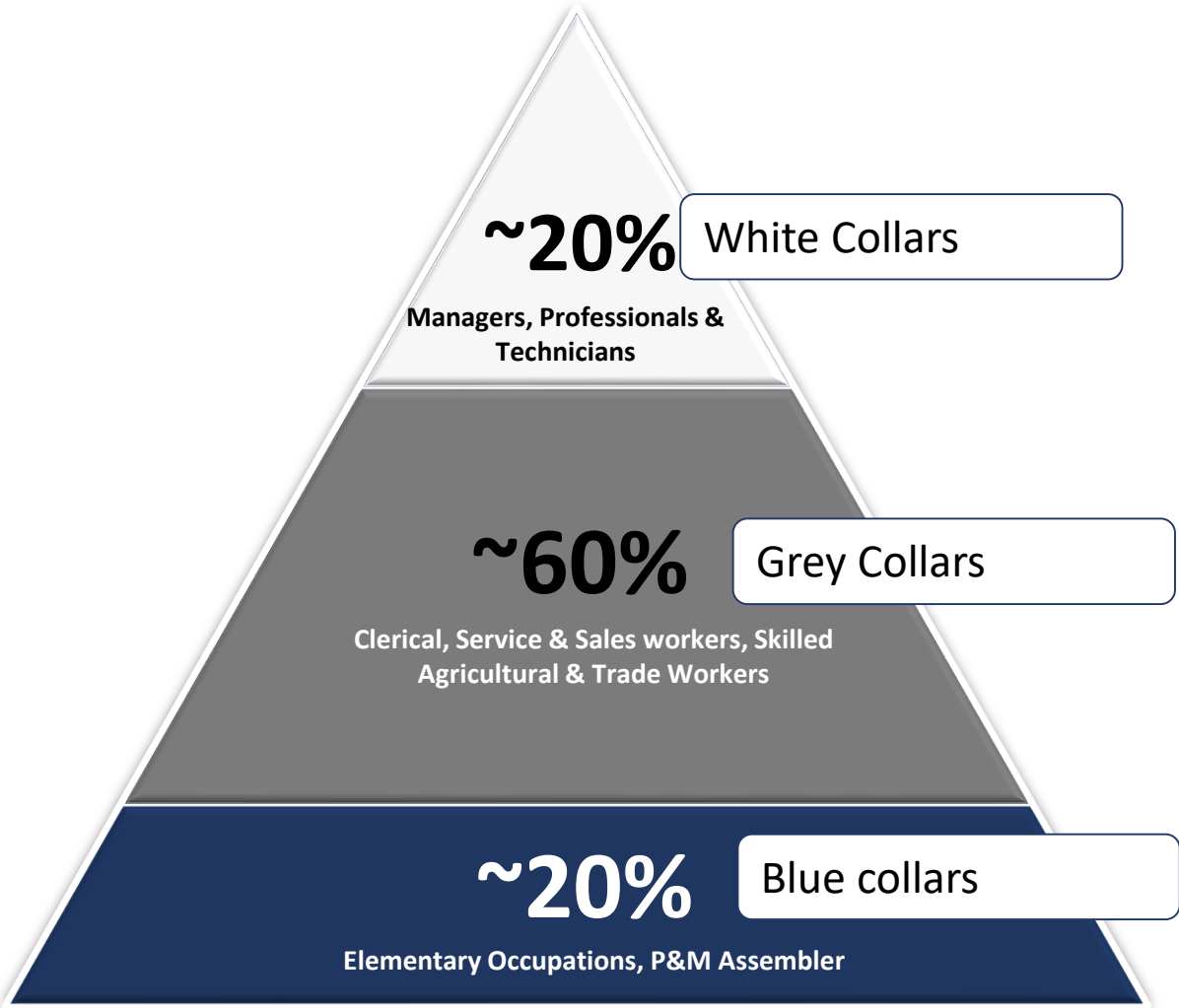
	2017	2022
Total workforce	473 million	600 million
Manufacturing & Service Organized Sector (%)	8%	10%
Organized Workforce	37.8 million	60 million



Source: NSDC, Ministry of Skill Development and Entrepreneurship Annual Report, EY Report “Future of Jobs in India” (2017)

WHO IS ADDRESSING THE CHANGING SKILLING REQUIREMENTS?

Distribution of Future Workforce
By Skills Level (2022)



Source: ILO Estimates and own assumptions

ERUDITUS
EXECUTIVE EDUCATION

UpGrad

LUCIDEUS™

JIGSAW ACADEMY
THE ONLINE SCHOOL OF ANALYTICS

INSOFE
Inspire...Educate...Transform.

manipalglobal
education services

ifbi
Institute of Finance, Banking & Insurance

TIMESPRO
GRADUATE TO PROFESSIONAL

MAX SkillFirst
—Shaping Leaders—

vivo healthcare

Apollo MedSkills
Leading the Skilling Revolution

Skilling Initiatives
By Govt.

Skill India
कौशल भारत - कुशल भारत

N-S-D-C
National Skill Development Corporation
Transforming the skill landscape


CSR Activities
By Corporates like..

TVS


SAMSUNG

CHANGING REQUIREMENTS – WHITE COLLAR


Top Emerging Skills



Cyber Security



Data Analytics



Artificial Intelligence

The Reason

- 3.5 million unfilled cybersecurity jobs by 2021. India would have a shortage of 1.8 million cybersecurity engineers by 2022
- A demand-supply gap of 2,00,000 data analytics professionals by 2020
- AI will add \$957 billion to India’s GDP by 2035
- Similar shortage of talent in machine learning, UI/UX, robotics, etc

Companies Operating in the Segment

 E-Learning platform providing online training https://simplilearn.com	Online Delivery Model	10,00,000 Professionals Trained	2,000+ Qualified Trainers
 E-Learning platform providing live, online training https://www.edureka.co/	Online Delivery Model	2,50,000 Online Learners Retrained	50,000+ Hours of Live Classes
 EXECUTIVE EDUCATION Executive Education Programs https://www.eruditus.com/	Online Delivery Model	8,500 Professionals Trained	9 Partner Institutes

With new emerging job categories like data analyst and specialized sales professionals, it is becoming increasingly evident the world of work is likely to get more specialized as the mundane transactions are handled by machines.

Source: Industry Research

CHANGING REQUIREMENTS – GREY COLLAR

Top Emerging Skills



Beauty & Wellness



Sales & Servicing



Allied Healthcare

The Reason

- An Oracle study across North America, Europe, Asia and Latin America says **businesses can lose 20% of revenue** from poor customer experiences
- **86% of buyers** will pay more for better customer experiences
- The healthcare industry in India stood as the **4th largest employer** in 2017

Companies Operating in the Segment



A leading healthcare education & training company. It offers a wide range of educational & training programs including career training, health & safety, and emergency life support.

<http://vivohealthcare.com/>



Addressing the gap between education & industry employability, TimesPro is focused on being the key catalyst in creating a steady pool of talented & well-trained professionals

<https://timespro.com/>



At Apollo Medskills, there are various up-skilling courses for healthcare professionals & skilling courses for school & college students. It has collaborated with NSDC

<https://www.apollomedskills.com/>

With the kind of upsurge that happened in the software and IT industry in India, there came through another category which was of skilled technicians, who had nature of work as a hybrid of white and blue collar jobs. These jobs require technical expertise in their respective domains.

CHANGING REQUIREMENTS – BLUE COLLAR

Top Emerging Skills



Construction



Textiles



Manufacturing

The Reason

- **Less than 5%** of the blue collar workforce **has formal skilling**
- **97% of workers** are likely to have no training before they start working.
- Construction industry expected to employ **80 million workers** by 2020
- Manufacturing productivity levels in Germany and the US are **5.1 and 6.8 times of India**

Companies Operating in the Segment



<https://www.ilfsskills.com/>



<https://www.primeroskills.com/>



<https://www.skillconnect.in>

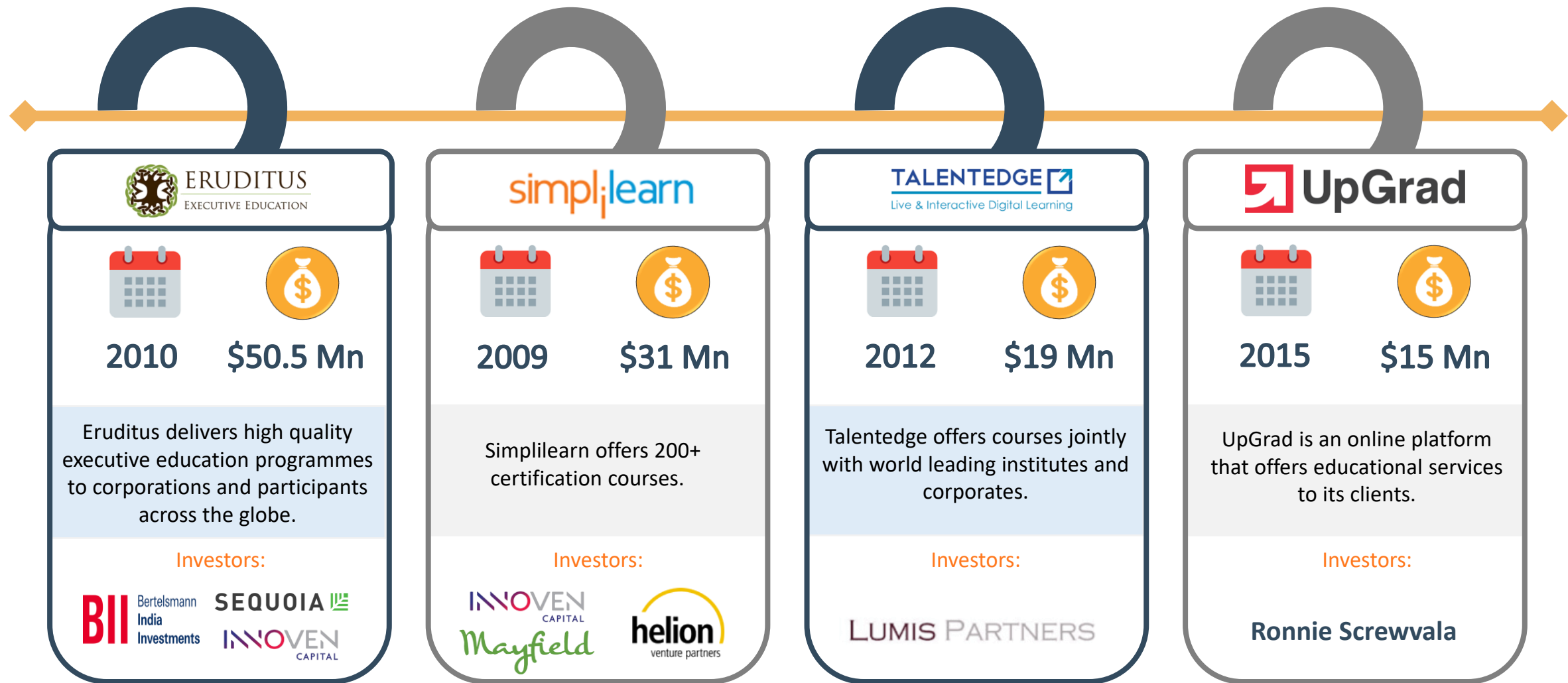
IL&FS Skills is India's leading vocational and employability training company whose aim is to train 4 million people by 2022. With LinkedIn, IL&FS has devised a digital vocational training program that provides a vocational skilling ecosystem.

Primero along with Venzen technologies has launched "Skill Karo" app to provide refresher training to candidates from low socio-economic class. It has already partnered with over 100 placement companies creating close to 15,000 job posts on the platform

SkillConnect is a digital platform that helps bridge the demand – supply gap, by addressing the problem in a holistic way starting with demand aggregation, leading to skilling, certification, and placements. It is already showing a demand for 19,57,777 jobs in India.

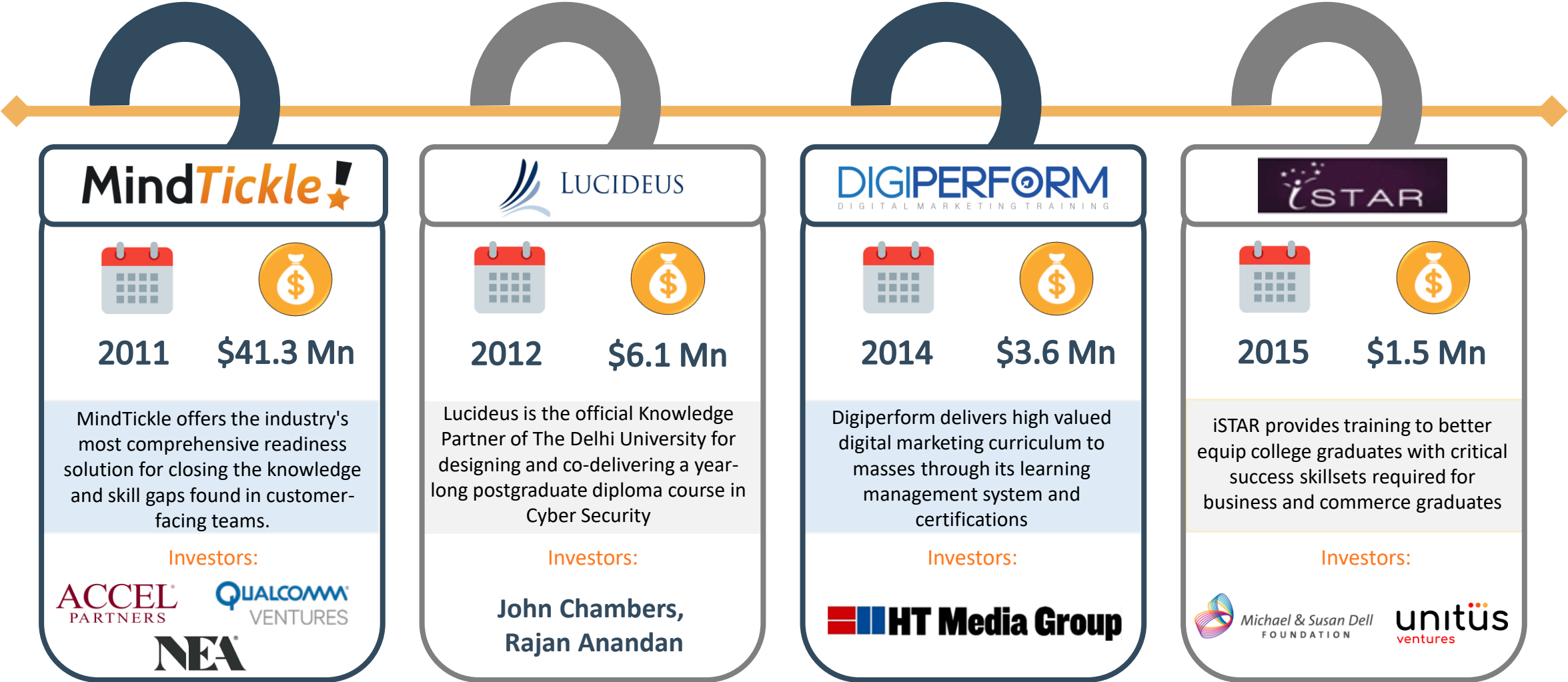
The demand-supply gap is visible already and many studies have revealed that India will need millions of blue-collar employees staffed across different sectors in the years to come. So getting them trained for those roles is as important as hiring them.

STARTUPS ADDRESSING THE CONCERNS (1/2)



Source: Crunchbase, Company websites, News reports

STARTUPS ADDRESSING THE CONCERNS (2/2)



Source: Crunchbase, Company websites

MAJOR EDTECH INVESTORS IN INDIA

1



Fund Size: \$250-300Mn

Bertelsmann India Investments (BII) is the strategic investment arm of Bertelsmann SE & Co. KGaA in India.

Portfolio Companies



2



Fund Size: \$125 Mn

Kaizen Private Equity is India's first private equity fund focused on the education sector. These companies are leaders in the core, parallel and ancillary segments of Education.

Portfolio Companies



3



OMIDYAR NETWORK

Fund Size: \$250 Mn

Omidyar Network makes both investments & grants, identifying like-minded organizations that they support, help scale, & collaborate with to help realize their full potential.

Portfolio Companies



Source: Crunchbase, Company websites

MAJOR EDTECH INVESTORS GLOBALLY

1



Fund Size: \$315 Mn

Owl Ventures is a venture capital fund that invests in the world’s leading education technology companies. It is helping entrepreneurs scale their businesses into transformative category leading companies.

Portfolio Companies



2



Fund Size: \$79 Mn

Learn Capital is focused completely on edtech investments in their portfolio. It is focused exclusively on funding entrepreneurs with a vision for better and smarter learning.

Portfolio Companies



3



Fund Size: \$65 Mn


Pearson Ventures invests in companies building new market opportunities using innovative business models, future technologies, & new educational experiences.

Portfolio Companies




Source: Crunchbase, Company websites, SEC Filings

CORPORATES INVESTING IN SKILLING & EDUCATION



Reliance
Industries Limited



embibe


Reliance has picked up a majority 72.69% stake in online education platform Embibe which uses data analytics to deliver personalised learning outcomes to students

Investment Amount: INR 1250 Cr

Aditi Awasthi
Founder, CEO

2012
Established

Lightbox, Kalaari Capital
VC Investors



embibe

AI powered learning platform
Delivery platform



Michael & Susan Dell
FOUNDATION



Backed by the Michael & Susan Dell Foundation, CBA Capital has launched a Rs-100-crore fund to empower companies focused on education and skilling solutions

Investment Amount: INR 100 Cr

The 3 Edtech startups that raised INR 15 Cr from CBA Capital



Simulaqis



Buddy4Study
Gateway to scholarship world



Kopykitab
Smarter Books

Source: CrunchBase, Company websites, News Articles

CONCLUDING REMARKS

- More than 70% of the investments in the Ed-Tech sector have gone towards firms catering to K12 programs and entrance test prep providers. However due to the huge skilling opportunity that has emerged recently, new firms are focusing on vocational training and uptraining of employees
- India is sitting on an untapped gold mine – a demographic dividend in an otherwise aging world. It will be the youngest country by 2020, with an average age of 29 years
- The demand-supply gap in terms of skill requirements is visible across sectors. For instance, the IT industry will face a shortage of 230,000 skilled techies as jobs in AI and Big Data are estimated to be 780,000 by 2021. This has led to a new range of initiatives by the government, CSR programmes and start-ups to enter the market
- India has a 40-million strong white-collar workforce, most of which is struggling to remain relevant in the evolving data, tech and cyber skills
- Online executive education courses provider Eruditus, which recently raised \$40 Mn, is eyeing to enter unicorn club over the next 12 months. However we expect other companies like Simplilearn and Talentedge to scale up rapidly as well.
- In the coming year we expect continued interest from VC/PE funds with a few of them earmarking funds to be invested into the skilling sector
- Conglomerates can be seen to invest in/acquire skilling companies to cater to their own captive needs for current employees as well as new hirings

ABOUT TRANSJOVAN CAPITAL

TRANSJOVAN CAPITAL is a premier new-age Board Advisory firm, focused on providing advice to clients pertaining to Corporate Strategy, Mergers & Acquisitions (M&A), Joint Ventures (JV), Capital-raising (Equity & Debt) and Organization Development.

With offices in New Delhi and Mumbai, the Firm is a preferred Board-advisor to emerging as well as established corporates. The Firm's team has advised clients spread across SMEs, large Indian Conglomerates, Institutional Investors, Fortune 500 Corporations, Government Authorities and New Ventures.

The Firm has received top industry recognition, some of them being:
'Fastest growing BFSI Companies in India' - 2016
'Most Promising M&A Advisory Companies in India' - 2015
'Most Promising Financial Consulting Companies in India' - 2014

Select Team Credentials:

- ✓ Advised on 100+ assignments for clients in the areas of corporate strategy and finance.
- ✓ Collective deal experience of USD 1+ Bn in the transaction advisory space.
- ✓ Access to 200+ PE/VC/Corporate investors
- ✓ Advised 4 of the top 10 largest Indian conglomerates in the areas of M&A advisory and business strategy.
- ✓ Advised across various geographies in India (i.e., Metros, Tier-II & Tier-III locations, etc.).
- ✓ Advised on India entry strategy and JV advisory to various MNCs.
- ✓ Extensive relationships with major Financial Institutions, Private Equity funds and various Institutional Investors - in India and globally.

For more info about the company, you may refer to: <http://www.transjovancap.com>

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