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FICCI

K-12 Book Publishing

Market Report 2016



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Foreword

The Indian school education system is one of the largest and most complex in the world. India currently has a very young population. About 28.5 per cent of the population is within the age bracket of 0-14, as per the Census 2011. Over the last few decades India has made tremendous strides to ensure education for all. The literacy rate in India has shown a significant improvement over the last decade, increasing from 64.8 per cent in 2001 to 74 per cent in 2011. It is projected that the literacy rate will touch 90 per cent by 2020. This is a direct result of the focus of the Government of India on education, particularly education at the school level. This will enable a large section to come within the reading population in the country and will access more content in the future.

What is taught to children in schools has thus been at the forefront of discussion in government and non-government circles alike. Publishers and content creators play an important role in getting the right content for the children. To what extent school textbooks have been able to achieve the intended goals of education in India is a question in the mind of all stakeholders, i.e., policymakers, publishers, school management and parents. The FICCI-Nielsen K-12 Book Publishing Market Report intends to provide a snapshot of the school publishing ecosystem in the country, by providing current data on enrolment, school textbook publishing market trends, expenditure on education by different economic groups, expenditure on books and stationery across different age groups, future projection of the book publishing market in India, etc.

The report in a first-of-its-kind in the school book publishing segment in India. I hope this will give a fillip to more research on market trends on this important sector of the economy. I am confident that this report will prove to be an important document for policymakers, publishers, school principals, school management, content creators and members of civil society.

Dr. A. Didar Singh
Secretary General
FICCI



Foreword

Nielsen Book plays an important role in the book industry worldwide and is delighted to be collaborating with FICCI on this new report to highlight the key trends in this important sector.

The K-12 Education system in India is one of the largest in the world with more than 1.5m schools and 259 million students. The Indian Government has placed great importance on education and has supported this sector with various initiatives to increase enrolment, reduce drop-out rates and ensure that children regardless of their location within the country can take advantage of the education system, be that run by the government or the private sector.

Nielsen Book is the market leader in its field and well placed to work with FICCI on this project. Nielsen Book works with the book industry and its supporting business organisations and institutions to deliver insights into the market so that the industry can gain tangible benefits and improves business practice, reduce costs in the supply chain and drive improvements and innovation for the future development of a diverse and fast moving industry.

This report provides valuable information for all those involved with education at this level and the results will enable publishers, suppliers and education system planners to ensure that the needs of the current students are met whilst still looking to the future needs of a fast growing young and literate population.



Jonathan Stolper
SVP and Global MD
Nielsen Book



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Executive Summary



India holds a paramount place in the global education industry and the Indian education system is cited as one of the reasons why India has seen such economic development over the last few years. The diverse background of India and increasing literacy rates has provided ample opportunities to develop India as an educational leader on the world map. The government initiative of Right to Education Act ensures free and compulsory education for children in the age group 6-14 years and it has supported the mission of gaining a more educated workforce. The large population and impressive economic growth has put the Indian education sector on a fast growth trajectory, providing an opportunity to all the stakeholders in the book supply chain and associated ancillaries.

K-12 Book Publishing Market

The K-12 education system in India is one of the largest in the world, with more than 1.5 million schools and 259 million students enrolled. Schools have grown at a CAGR of 2.7 per cent, from 1.36 million in 2010-11 to 1.52 million in 2014-15, while enrolment has grown from 24.7 million in 2010-11 to reach 259 million students in 2014-15, a CAGR of 1.1 per cent. Government schools account for the majority of schools and enrolments, although private unaided schools have shown the highest growth rate. Government policy has been central to the concentration on and implementation of educational initiatives which will lead to increased enrollment ratios across all education categories in the coming years. The government's objective is to enroll 'out of school' children, reduce dropouts and implement the objectives of the RTE Act. Elementary education is set to achieve 100 per cent GER by 2017.

The schools in India are owned either by the government (central/state/local government bodies) or by the private sector (individuals, trusts or societies). Between 2011 and 2014 the total number of schools rose by 2.7 per cent, with government schools still accounting for the great majority (nearly three quarters), in spite of having only grown by 1 per cent over the period. The highest growth, both in percentage and numerical terms, was in private unaided schools, whose share has risen from 4.14 per cent over the period 2014-15 compared to 2013-14 and 10.4 per cent CAGR. The largest proportion of the overall K-12 market (41 per cent) is accounted for by primary level, followed by the upper primary level at 24 per cent, with senior secondary and secondary levels at 18 per cent and 17 per cent respectively.

The K-12 Indian book market is likely to grow at a CAGR (Compound Annual Growth Rate) of 19.6 per cent, from INR 221.7 billion in 2014-15 to INR 541.9 billion by 2019-20.

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K-12 School Book Publishing Market Size Projections

Market Size Estimation (INR Billion)	2014-15 (E)	2019-20 (P)	CAGR 2014-15 to 2019-20
Primary	89.8	196.9	17.0%
Upper Primary	54	124.2	18.1%
Secondary	38.3	104.8	22.3%
Senior Secondary	39.4	115.8	24.1%
Total K-12	221.5	541.9	19.6%

Trends in the K-12 Book Publishing Sector

The government has put an increased focus on digital learning and literacy in schools in recent years. A start has been made by seeking the help of the private sector in introducing computer-aided learning in government schools, outsourcing teacher training to the private sector, etc. and a host of IT developments associated with it are rapidly being implemented in schools. Some progressive schools in metropolitan cities have started using pre-loaded tablets for classroom teaching.

As a result, private publishers are gearing up to provide e-content to schools linked to the curriculum to help students better understand concepts by learning in an interactive and visual way. Overall it appears that there will be continued, sustained and supported growth in the Indian K-12 market, with the latest technological changes having the potential to lay the path for India to migrate from a developing to a developed economy.



Chapter 1

Education Sector in India: An Overview

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Education Sector in India: An Overview

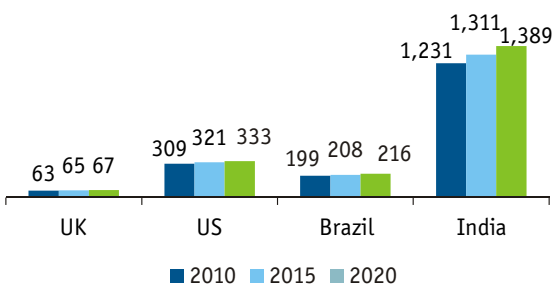


Education plays an important part in the growth and prosperity of a nation. Its role is fundamental for a range of developmental parameters from reducing fertility rates to increasing green knowledge and sustainable practices in society, to disaster preparedness, to increasing productivity, reducing poverty, a decrease in the crime rate, an enhancement of skills etc.[1] In short, education has been the defining factor for economic and social development, and the central focus of government policies globally.

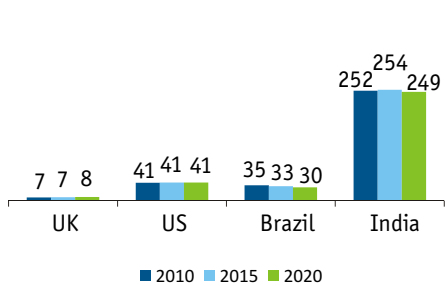
The focus on education by the Government of India started well before India attained Independence, and the sector witnessed various experiments over the span of the last seventy years. Presently, the underlying policy directions aim to foster the right type of skills, attitudes and behaviour that will lead to sustainable and inclusive growth. The country has made strides in improving access to education, as reflected in the increase in literacy rate from 12 per cent in 1947 to 74.04 per cent in 2011.[2] In addition, the enactment of the Right to Education Act to ensure free and compulsory education for children in the age group 6-14 years has given a big boost to the spread of education across different segments of the population.

India is the second most populous country in the world, representing almost 17.9 per cent of the global population. The school going population (children aged 5-14) in India in 2015 constitute 19.4 per cent of the total population of the country, more than 3 times the size of the UK, US and Brazilian population together.

Total Population (in Million)



Population by aged 5-14 (in Million)

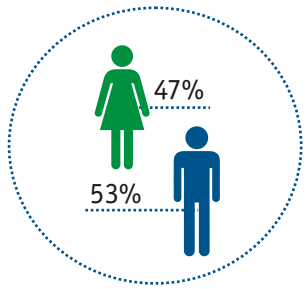


Source: World bank Health Nutrition and Population Statistics, Population estimates and projections

[1] For a detailed discussion of various such parameters that highlight the role of education, see UNESCO. 2016. *Global Education Monitoring Report 2016 - Education for People and Planet: Creating Sustainable Futures for All.* Paris: UNESCO Publishing. http://unesdoc.unesco.org/images/0024/002457/245752e.pdf, accessed on 22 November 2016.

[2] Figures taken from the *Census on India 2011*, see http://www.censusindia.gov.in/2011-common/censusdataonline.html, accessed on 23 November 2016.

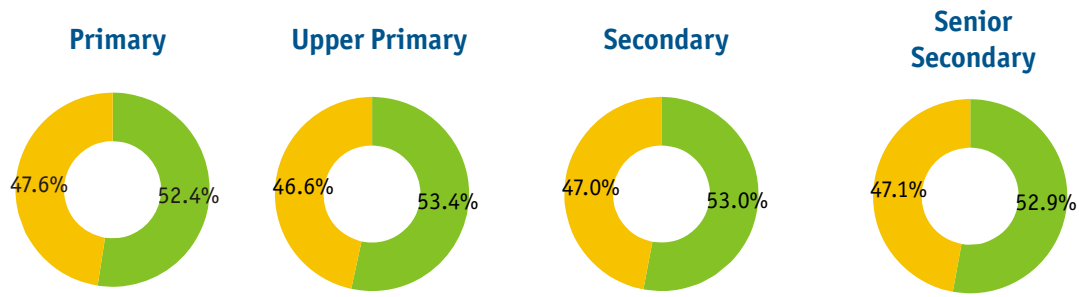
Population of India: By Education Categories



Boys & Girls

	2015	2020
Primary (6-10 yrs)	130.4	129.4
Upper Primary (11-13 yrs)	73.6	70.4
Secondary (14-15 yrs)	49.4	47.6
Senior Secondary (16-17 yrs)	44.4	43.0

(Figures in million)



Top 3 States: Best Percentage of Girl's Ratio			
1. Lakshadweep	1. Lakshadweep	1. Lakshadweep	1. Lakshadweep
2. Andaman & Nicobar Islands	2. Andaman & Nicobar Islands	2. Andaman & Nicobar Islands	2. Manipur
3. Sikkim	3. Arunachal Pradesh	3. Sikkim	3. Odisha

Top 3 States: Least Percentage of Girl's Ratio			
1. Chandigarh	1. Haryana	1. Daman & Diu	1. Daman & Diu
2. Punjab	2. Punjab	2. Chandigarh	2. Chandigarh
3. Haryana	3. Chandigarh	3. Punjab	3. Punjab

Source: Based on MHRD 2010- 2016. "Population projection in 6-23 years of age group" (http://mhrd.gov.in/statist) and Nielsen Estimates



Some Key Statistics on Education

India is close to attaining universal enrolment (96 per cent) in the age group of 6-14 years, with the percentage of out of school children constituting only 3.3 per cent of the total school age population.[3]

- The gross enrolment ratio in India for schools was 84.6 per cent in 2013-14.[4] When compared to global statistics on education, the gross enrolment in UK (95.4 per cent) and the US (93.6 per cent).

- However, according to U-DISE only 32 children out of every 100 finish their school education[5]; the school drop-out rate is high, especially at the senior levels. As per the U-DISE figure for 2014-15, the drop-out rates at the Primary, Upper Primary, Elementary and Secondary levels are 4.13, 4.03, 4.01 and 17.06 per cent respectively.[6] This clearly highlights the trend witnessed in the Census 2011 figures, though there has been substantial improvement in the overall school enrolment at the primary level.

- Only 2 per cent of schools offer complete school education from Class I to Class XII (DISE 2014-15)

[3] ASER. 2015. *Annual Status of Education Report 2014 – Rural*. New Delhi: Pratham. p. 81.

[4] Nielsen. 2015. *India Book Market Report 2015: Understanding the India Book Market*. New Delhi: The Nielsen Company.

[5] DISE. 2016. *School Education in India: Flash Statistics 2014-15*. National University of Educational Planning and Administration, and Department of School Education and Literacy, MHRD. http://www.dise.in/Downloads/Publications/Documents/U-DISE-SchoolEducationInIndia-2014-15.pdf, accessed on 22 November 2016.

[6] U-DISE. 2016. *School Education in India*: *Flash Statistics 2015-16*. National University of Educational Planning and Administration, and Department of School Education and Literacy, MHRD. p. 54. http://www.dise.in/Downloads/Publications/Documents/U-DISE-SchoolEducationInIndia-2015-16.pdf, accessed on 22 November 2016.



Chapter 2

School Education in India

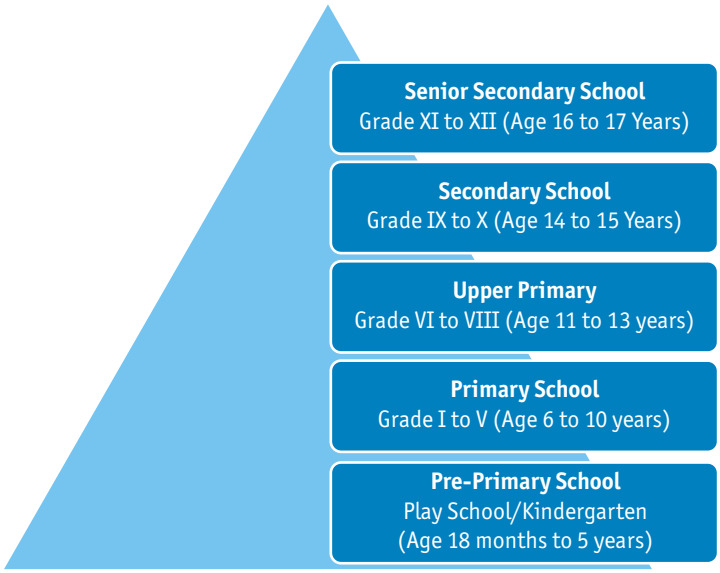
Chapter 2

School Education in India



The educational system in India is segmented into two broad categories: K-12 Education System (schools) and higher education (HE). The K-12 Education System in India is one of the largest in the world, with more than 1.52 million schools and 259 million students enrolled. Primary and upper primary schools constitute the major proportion of the total number of schools. It is also worth noting that the number of schools has grown at a Compound Annual Growth Rate (CAGR) of 2.7 per cent from 1.36 million in 2010-11 to 1.52 million in 2014-15 while enrolment has only grown at a CAGR of 1.1 per cent, from 248 million in 2010-11 to 259 million students in 2014–15, as per U-DISE Report 2014-15.[7] This implies that the average number of students per school has decreased over the period, possibly because of a move away from rural to urban areas resulting in rural schools catering for smaller numbers of pupils and with schools required to cope with the influx of higher numbers of pupils in urban areas.

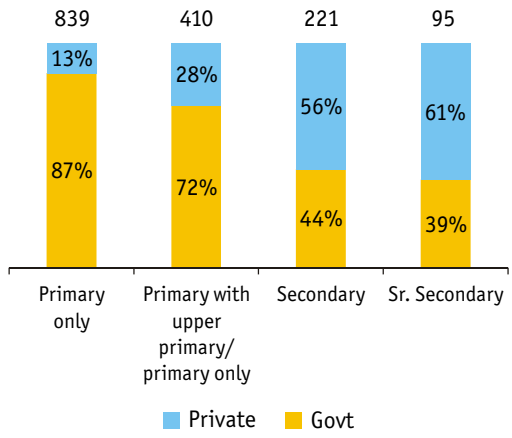
Structure of Indian Education System



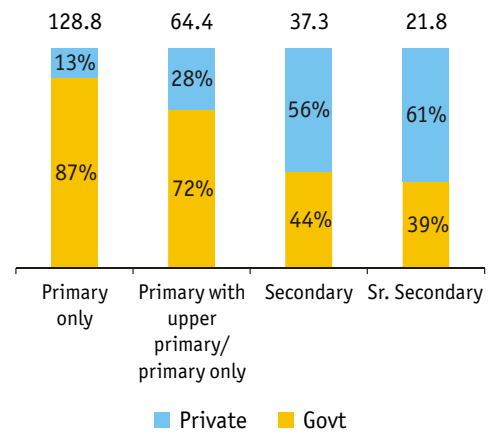
[7] http://udise.in/DISE.InResponsive

The enrolment levels at primary, secondary and senior secondary levels in India have increased exponentially after independence. Accordingly, to accommodate the increasing number of students at all levels it has been essential to have more schools. Both public and private agencies manage educational institutions.

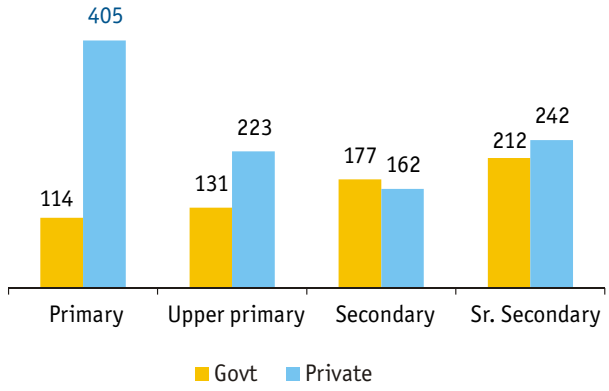
Number of Schools: By Level and Management ('000)



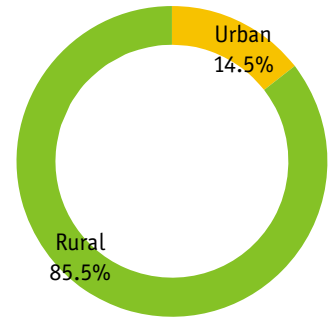
Enrolment: By Level and Management (in million)



Number of Students per School: By Level and Management



Number of Schools: By Urban and Rural



Source: DISE report 2014-15 and SEMIS 2013-14

According to the DISE report 2014-15, around 75 per cent of all schools providing primary education in India are government schools, making the government the major provider of education. However, as the education level increases private schools dominate in the country. The number of student enrolments also follows similar trends.



Table 2.1: Numbers of Schools by Management Type ('000)

Boards	2010-11	2011-12	2012-13	2013-14	2014-15	% growth 2014-15 over 2013-14	CAGR 2010-11 to 2014-15
Government	1064.6	1078.4	1116.9	1121.9	1107.1	-1.32%	1.0%
Private aided	70.9	72.9	83.8	83.9	83.0	-0.98%	4.0%
Private unaided	193.7	226.5	262.4	276.7	288.2	4.14%	10.4%
Unrecognised	26.4	25.9	26.7	22.1	24.5	10.81%	-1.8%
Madrasa	6.6	8.2	11.0	13.6	14.1	3.47%	20.6%
Grand Total	1362.2	1411.9	1500.8	1518.2	1516.9	-0.08%	2.7%

Sources: DISE (www.dise.in), School Board reports (schoolreportcards.in), Nielsen estimates

Governing Bodies of School in India

There are three main governing bodies: State board of secondary education governing state board schools; Central Board of Secondary Education (CBSE); The Council of Indian School Certificate Examination (CISCE). Most schools are affiliated to one of these "boards".

Apart from these three main governing bodies, The National Institute of Open Schooling (NIOS) conducts examinations and also some courses in vocational education. The international boards such as Cambridge International Education (CIE), International Baccalaureate and Ed-excel boards also operate in India. The governance of each board is as follows:

- **State government boards:** Each state government has a board that sets the syllabus and key examinations for schools in the state that follow their curricula
- **Central Board of Secondary Education (CBSE):** This is the most common curriculum in secondary schools. Standards are set by the national government for the syllabus and examinations for classes 9 to 12. There is a strong emphasis on maths and science under this system
- **Council of Indian School Certificate Examination (CISCE):** This is more commonly known as the Indian Certificate of Secondary Education (ICSE). The syllabus and exams are set by the CISCE, which is a private body. The subjects are more diverse and equal importance is given to arts, languages and sciences. Standards are somewhat higher than those of CSBE and the curriculum is more demanding. English is given a high priority in these schools, and is therefore of a higher standard than in others.

- **International Baccalaureate (IB):** The curriculum is set by this non-profit educational foundation, which is recognised all over the world. It features a more innovative syllabus that focuses on all-round development rather than just academic subjects. Many international schools follow this curriculum.
- **Cambridge IGCSE:** International schools may otherwise offer the international Cambridge curriculum for 14- to 16-year-olds. The focus is on developing students' skills in creative thinking and problem solving.

Table 2.2: Number of Schools by Affiliated Boards (Excluding Unrecognised and Madrasa)

Boards	2010-11	2011-12	2012-13	2013-14	2014-15	Growth 2014-15 over 2013-14	CAGR 2010-11 to 2014-15	2015-16
CBSE	11,349	12,337	13,898	14,778	15,933	7.80%	8.90%	17,474
ICSE	1,461	1,565	1,678	1,798	1,927	7.20%	7.20%	2,181
State Board	13,16,401	13,63,862	14,47,487	14,65,871	14,60,455	-0.40%	2.60%	NA
Total	13,29,211	13,77,764	14,63,063	14,63,447	14,78,315	1.00%	2.70%	-

Source: DISE Report of respective years (www.dise.in), School Board reports (schoolreportcards.in/), Nielsen estimates

Schools in India are owned either by the government (central/state/local government bodies) or by the private sector (individuals, trusts or societies). In between 2011 to 2014 the number of schools in total rose by 2.7 per cent, with government schools still accounting for the great majority (nearly three quarters), in spite of having only grown by 1 per cent over the period. The highest growth, both in percentage and numerical terms, was in private unaided schools, whose share has risen from 4.14 per cent over the period 2014-15 compared to 2013-14 and 10.4 per cent CAGR.

Number of Enrolments by School Level

In 2014-15, 259m children were enrolled in the K-12 system, with half of those in Primary (I-V). Overall, enrolment numbers increased by 1.1 per cent in the period 2010-11 to 2014-15, but there was a decline of over 1 per cent in primary (I-V) enrolments and an increase of over 4.5 per cent in both secondary levels. While the increase in secondary level enrolments is positive, it is not clear why the pattern of primary (I-V) – with an increase from 2010-11 to 2011-12 followed by a decline in the three following years – is as it is.



Table 2.3: Number of Enrolments by School Level (in million)

Year	Primary Upper (I-V)	Primary (VI-VIII)	Secondary (IX-X)	Senior Secondary (XI-XII)	Total
2010-11	134.8	61.9	31.9	19.5	248.0
2011-12	139.9	63.0	34.1	21.0	257.9
2012-13	134.8	64.9	34.6	19.9	254.3
2013-14	132.4	66.5	37.3	22.3	258.5
2014-15	130.5	67.2	38.3	23.5	259.5
% Growth 2014-15 over 2013-14	-1.50%	1.00%	2.70%	5.30%	0.40%
CAGR 2010-11 to 2014-15	-0.80%	2.10%	4.70%	4.80%	1.10%

Source: DISE report of the respective years (www.dise.in)

- Primary Schools constitute 54 per cent of all schools, upper primary schools account for 26 per cent, secondary schools form 14 per cent while senior secondary account for 6 per cent.
- The more than 128 million students enrolled at the primary level constitute 49 per cent of all students enrolled in K-12 schools.

Table 2.4: Enrolment by Management Type for Classes I-VIII (in million)

Type of Management	2010-11 (I-VIII)	2011-12 (I-VIII)	2012-13 (I-VIII)	2013-14 (I-VIII)	2014- 2015 (I-VIII)	CAGR
Government	130.1	129.4	125.1	122.0	119.0	-1.8%
Private	59.1	64.9	69.7	71.2	73.6	4.5%
Unrecognised	2.7	4.2	4.9	4.8	5.1	14%
Grand Total	191.9	198.5	199.7	198.0	197.7	0.6%

Source: DISE Reports of respective years (http://schoolreportcards.in/SRC-New/)

The government school enrolments for classes I-VIII have reduced over the years as per DISE reports; a clear indication that more parents are opting for private schools for their children. The private school category has shown a CAGR of 4.5 per cent and the unrecognized schools which are not yet affiliated by any boards and are private in nature a CAGR of 14 per cent.

Gross Enrolment Ratio at school level

GER is a measurement of the number of students against the number of people of the appropriate age within the official population. Given the thrust of the government on

various education initiatives, we expect the enrolment ratios to increase across all education categories. The focus of the Government is to enrol 'out of school' children, reduce dropouts and implement objectives of the RTE Act. Part of this focus will see the implementation of some major objectives of the RTE Act through the Sarva Shiksha Abhiyan, the government's flagship programme for the universalisation of elementary education and improvement of the quality of learning. With elementary education set to achieve 100 per cent GER by 2017, the government is increasingly focusing on improving enrolments in secondary schools and higher education institutions.

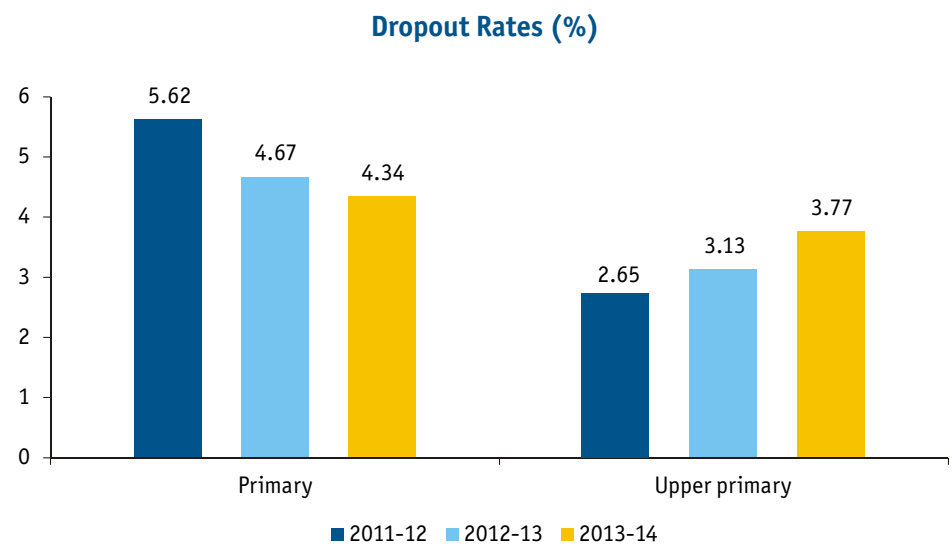
Table 2.5: Current and Project GER by School Level

Age range	Education Level	GER 2012-13	2017 GER target
6-13	Elementary	94.9%	100%
14-15	Secondary	73.6%	90%
16-17	Senior secondary	49.1%	65%

Source: MHRD

Dropout Rates

Increasing enrolments play an important role in defining the future of the education system of a country. Another key indicator that is just as critical is the school drop-out rate. The annual drop-out rate is lower in primary level and it has reduced from 5.62 per cent in 2011-12 to 4.34 per cent in 2013-14. However, in the upper primary sector dropout rates have increased by 1.12 per cent 2013-14 vs. 2011-12, suggesting that these students are more likely to drop out to support their families financially – or are just disengaged with the idea of studying further.



Source: U-DISE 2014-15 Reports



School infrastructure

There are many important infrastructure requirements, such as good hygiene in and around the school environment, the provision of furniture according to the number of students, and separate toilets for boys and girls, as well as libraries, teaching materials, spacious and walled school compounds along with sports materials, science lab equipment and first aid provision. The government needs to universally provide all these facilities to promote education in the country.

As per the educational development index (EDI) issued by the National University of Educational Planning and Administration (NUEPA) and the Government of India (MHRD, Department of School Education and Literacy, the EDI for 2014-15 are stated below:

Table 2.6: Composite Educational Development Index (Primary & Upper Primary): All Schools: All Management

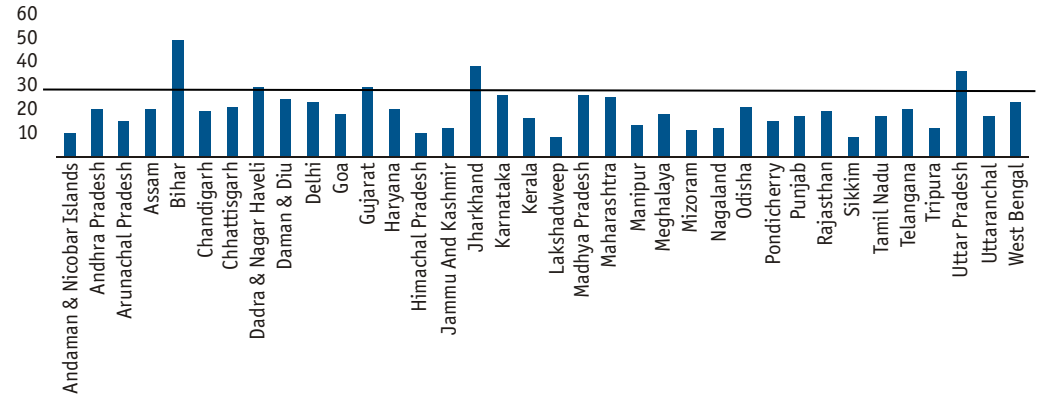
2014-15 Ranking	2013-14 Ranking	State/UT
1	1	Puducherry
2	6	Delhi
3	2	Lakshadweep
4	4	Himachal Pradesh
5	5	Karnataka

A set of 24 indicators have been used in computing the EDI; these are re-grouped into the four sub-groups, namely Access, Infrastructure, Teachers and Outcome indicators. The Indicators used were pre-determined by a Working Group on EDI constituted by the MHRD during 2005-06 of which NUEPA was one of the institutional members.

Pupil Teacher Ratio

Teaching staff constitutes a vital aspect of education. Pupil-teacher ratio is one of the critical indicators of education. With such a large population and geographical spread, India requires a sufficient number of teachers at all levels to impart good quality education. The Right to Education (RTE) Act recommends a Pupil-Teacher Ratio of 30:1 for primary classes and 35:1 for upper primary classes. It is widely understood and accepted that a low pupil-teacher ratio enables individual attention by teachers and therefore can increase student achievement. It enables better absorption and understanding of the subject. Thus a lower pupil-teacher ratio is essential for long term and broad based academic achievement.

Pupil Teacher Ratio 2014-15



Source: DISE Report- 2014-15

The DISE report states that 30 per cent of primary and 15 per cent of upper primary schools have PTRs higher than 30:1 and 35:1. The highest PTR is recorded for Bihar followed by Jharkhand and Uttar Pradesh. The average PTR in India recorded in 2014-15 is 20 students for one teacher.

Role of Government in School Education

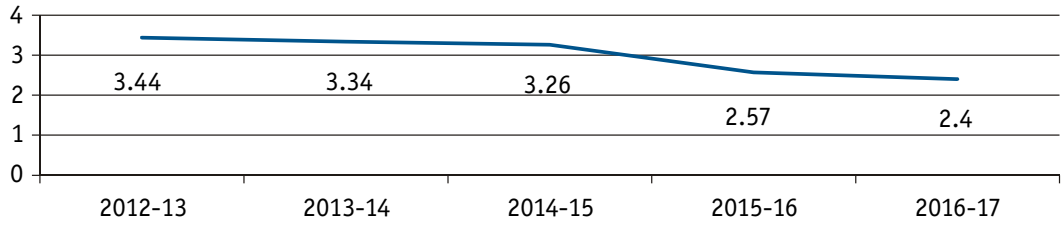
The Indian economy has witnessed sustainable growth over a period when most of the world has been experiencing stagnant or negative growth rates. The Indian GDP grew at an average annual rate of 7.0 per cent over the last three years. India presently is the second-fastest growing economy in the world in GDP terms and third-largest economy in terms of Purchasing Power Parity (PPP). Sustainable economic growth for over two decades has enabled investments in education, with positive growth in consumer spending in books and access to content.

Education plays a vital role in shaping young minds that will eventually make up the Indian workforce and is thus instrumental in the sustained growth of the country. Recognising the importance of education, public spending on education increased rapidly during the Eleventh Plan period.

As a proportion of Gross Domestic product (GDP), expenditure on education was reported in the Economic Survey of 2015-16 (indiabudget.nic.in/es2015-16) to be hovering at around 3 per cent during the period 2008-09 to 2014-15, despite the objective of reaching at least 6 per cent of GDP. The Survey further highlights that during 2013-14, out of the total expenditure on social services, 11.6 per cent was spent on education.

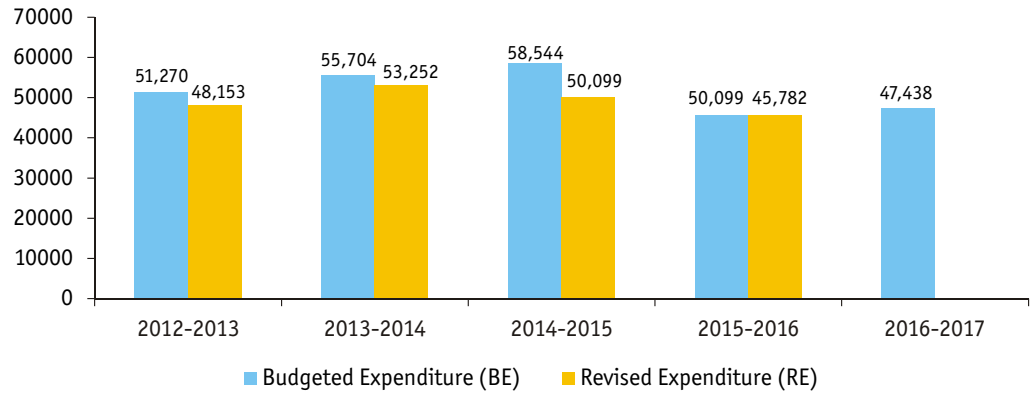


Percentage share of education budgeted expenditure in the Union budget



However, as a share of the Union Budget, education has seen a consistent decline over the past five years, going down from 3.44 per cent in 2012-13 to a projected 2.4 per cent in 2016-17. Although the amount being spent on education declined by 21.2 per cent in 2015-16 vs. 2014-15, it is budgeted to increase by 3.75 per cent in 2016-17 despite decreasing as a proportion of the Union budget from 2.57 per cent in 2015-16 to 2.4 per cent in 2016-17.

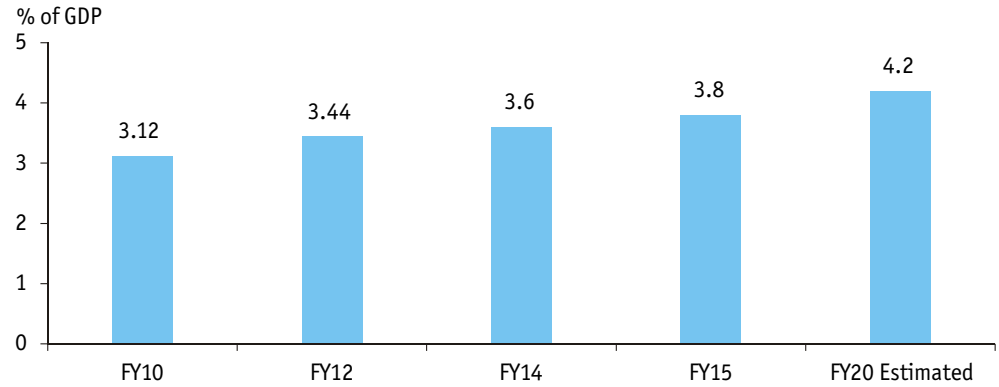
Allocations in the Education Sector (in Rs. crores)



Source: Union Budget 2016-17 (indiabudget.nic.in)

Investment in the Indian Education Sector

Investment in Indian Education Sector



Source: India Budget Document 2016 (indiabuget.nic.in)

Education sector drives the Indian economy in an inclusive and equitable manner. It is the 'sector of the current millennium', in terms of generating employment, skill development, bringing in FDI, enhancing trade and boosting strategic partnerships. India's young demographic profile combined with the rising literacy rate offers a significant competitive advantage vis-á-vis other developing economies. It has the potential to lay the path for India to migrate from a developing to a developed economy. It is, therefore, important to design and implement a services-driven development strategy within a coherent and comprehensive policy framework ensuring linkages with key policy areas and overall national development objectives.

Various government initiatives are being adopted to boost the growth of the education market. Besides focussing on new education techniques, such as E-learning and M-learning, the educational sector has seen a host of reforms and improved financial outlays in recent years that could transform the country into a knowledge haven.



Chapter 3

K-12 Book Publishing: A Perspective

Chapter 3

K-12 Book Publishing: A Perspective



K-12 publishers are primarily involved in publishing books for school grades from 1 to 12. According to the *Nielsen Book Market Report 2015*, there are about 5,018 K-12 publishers currently operational in the country, having direct employment of 31,080 people and involving 93,240 people indirectly with the industry.[8]

K-12 school books are published both by government-owned and private publishing houses. The key government-owned publishing organisation are National Council of Educational Research and Training (NCERT), the State Council of Educational Research and Training (SCERT), National Book Trust (NBT) etc. Some of the private publishing houses operating in the K-12 book publishing are S. Chand, Cambridge University Press, MBD Group, Oxford University Press, Ratna Sagar, Orient Blackswan etc.

Supply Chain: K-12 Market

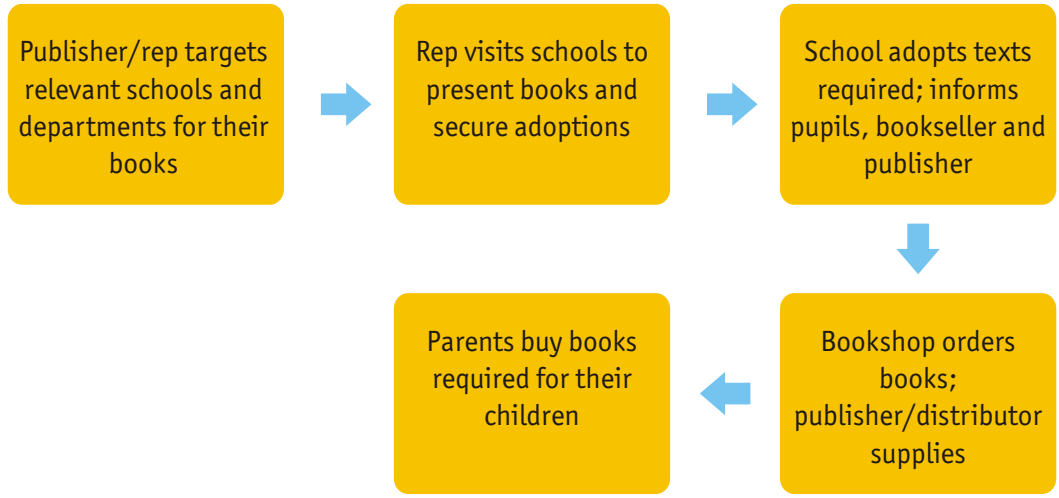
The school book supply chain functions on the basis of relationships between publishers, schools management, teachers and school bookshops. The publishers' primary aim is to get 'adoptions' or 'prescriptions' of textbooks by the schools, so that a text becomes a core resource used by students on a particular course or in a particular class. This results in multiple sales of that title as every pupil on that course needs access to it (usually through parental purchase).

Publishers also maintain close contacts with school bookshops so that they are kept fully aware of what texts are adopted, and to ensure that supplies of appropriate texts are available as and when demand is likely. The main sale of school textbooks starts in September each year, and continues through to March the following year. In some market/regions the sales season starts earlier, such as in Jammu & Kashmir and North East.

The process of book subscription at the schools is also a two-way process. In addition to ensuring higher sales, it is a way to receiving feedback on current titles that eventually sinks into the process of revision of books to be published in the next academic year. This also ensures updates on the changes, school curriculum committees make in terms of courses, teaching methodologies etc.

[8] Nielsen. 2015. India Book Market Report 2015: Understanding the India Book Market. New Delhi: The Nielsen Company.

School Book Supply Chain Flow Chart



Average Expenditure per Student in the K-12 Segment

The NSSO report round 71 observes that the average expenditure at different levels for studying in different type of institutions is significant. A huge difference is found in average educational expenditure between the schools run by government and the private ones. Even difference in the expenditure pattern between students from rural and urban areas was prominent. At primary level average expenditure varied between 6-7 times for urban and rural sectors between govt. and private aided schools.

Table 3.1: Average Expenditure in Rupees per Students by School Types, Location and Level

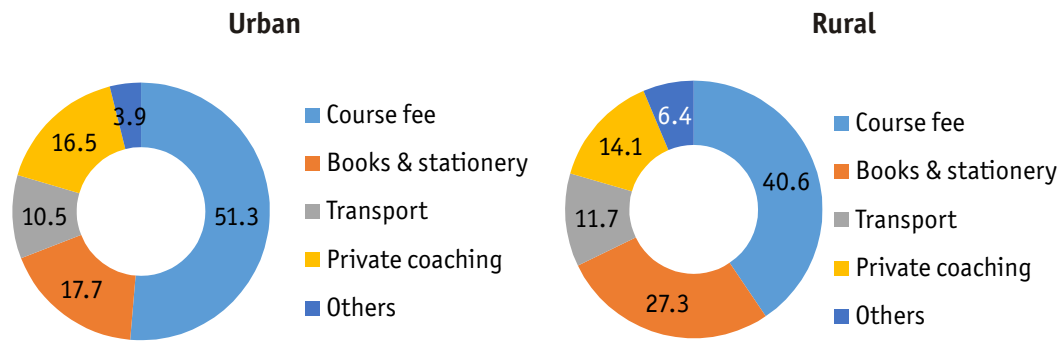
Level of education	School by Management					
	Rural			Urban		
	Govt.	Private aided	Private Unaided	Govt.	Private aided	Private Unaided
Primary	965	6452	7907	2149	11881	14242
Upper Primary	1605	6013	9514	3358	12074	18553
Secondary	3328	5896	11222	5540	14096	21565
Senior Secondary	6056	10803	13988	9668	20066	30810

Source: NSSO 71st round



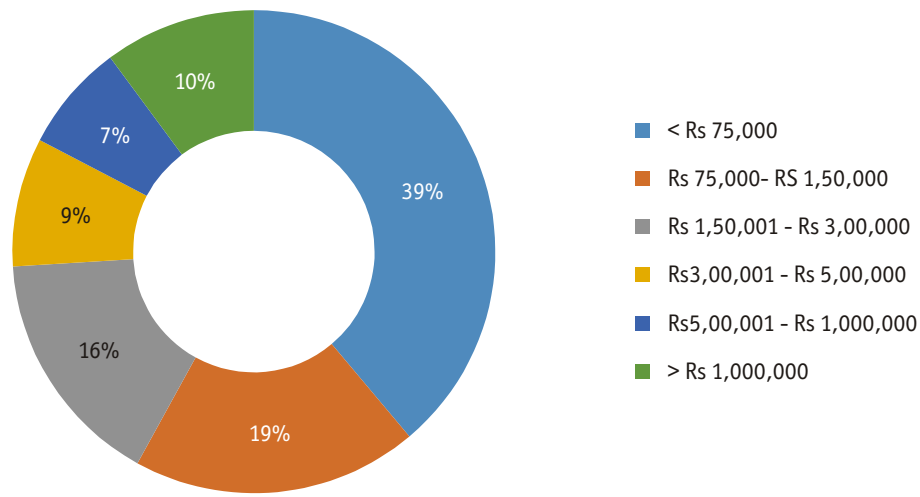
The school education expenditure is the composed of different items such course fees, books, stationery, uniform, transport, private coaching. The share of the individual items in the school education in the rural as well as in urban India is depicted in the chart. In rural India, course fee, which includes tuition fee, examination fee and other compulsory payments, contributed 41 per cent of total expenditure while another 27 per cent was spent on books and stationery. In urban areas, more than 50 per cent of educational expenditure was spent on course fee. A generous amount was spent on private coaching by students of both sectors. Students from urban areas spent substantially lesser amount on books and stationery compared to their rural counterparts.

Share of Expenditure on K-12 Education



Household income plays a very vital role in the child's access to education and books.

Household Income (per year) Distribution for Population Age 5-14 Years: 2015-16



Source: Market Skyline of India 2015-16, Nielsen Estimates

Households with a yearly income of less than Rs. 1.5 lakh constitute 58 per cent of total households with children aged 5-14 years, with households in the income brackets Rs. 1.5 – 5 lakh accounting for 25 per cent and households of 5 lakh and above constituting 17 per cent of the population with children of this age group.

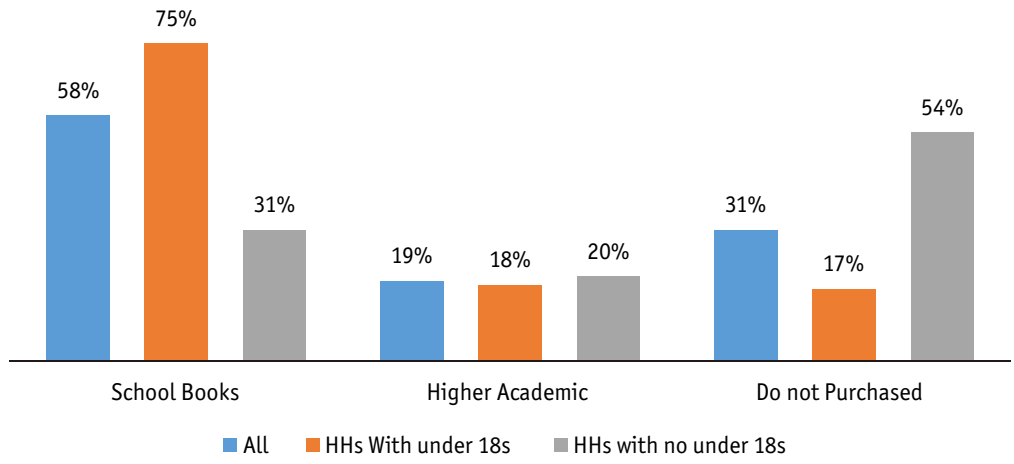
Nielsen Book Consumer Survey

The *Nielsen India Book Market Report 2015*[9] contains a consumer benchmarking study, based on face-to-face interviews of 2000 urban consumers. Overall, nearly 60 per cent of respondents bought a school book (either required or additional) in the current academic year, while nearly 20 per cent bought an academic/text/course book.

About 63 per cent of the respondents living in households with under 18-year-olds were more likely (75 per cent) to have bought a school book than those living without an under-18 child. Purchasing of school books peaked among those aged 35–44 year, while the 18–24 age group was the most likely to buy higher academic books. The survey shows that households in Western and Northern India were the most likely to buy school textbooks.

While the least educated were also the least likely to buy any school book, there was no obvious pattern by educational level otherwise.

Purchasing of School/Academic Books in Current Academic Year



Sources of new books bought

The most commonly mentioned sources for procuring new books are school bookshops (45 per cent) and independent bookstores (32 per cent), followed by direct supply by schools (29 per cent).

[9] U-DISE. 2016. *School Education in India*: *Flash Statistics 2015-16*. National University of Educational Planning and Administration, and Department of School Education and Literacy, MHRD. p. 54. http://www.dise.in/Downloads/Publications/Documents/U-DISE-SchoolEducationInIndia-2015-16.pdf, accessed on 22 November 2016.



Table 3.2: Source of Purchase of New Books (Figures in Percentage)

	Used at all	AF	ANF	Child	Prof	Sch Req	Sch Add	Acad/ text
School bookshop	45	15	19	44	12	47	49	27
Independent bookstore	32	32	39	23	29	13	16	26
School supplied	29	17	19	22	10	42	19	16
Other store	19	15	8	15	22	5	12	19
City book fairs	13	14	7	3	13	6	6	6
College bookstore	13	4	7	7	13	3	9	12
Railway station	10	11	7	4	3	1	2	6
Chain bookstore	10	7	7	2	10	3	2	2
School book fairs	9	5	5	4	1	6	4	5
Flipkart	8	9	8	2	18	3	2	4
Authorised 3rd party book supplier to the school	8	3	7	2	0	4	5	4
Bus station	7	5	5	2	3	1	1	2
Amazon (any)	6	4	5	1	12	1	0	2
All other Internet/ ecommerce sites	6	4	3	2	6	1	1	1
Newsstand on pavement/street	4	5	1	1	0	0	0	3

Others each <4% overall and within category

As expected, the importance of these sources varies with the category of books. For example:

- School bookshops were particularly important for children's and school books
- Independent bookstores were the main source of all trade books, apart from children's books
- The 'school-supplied' category was most relevant for school- required books
- Flipkart and Amazon did relatively well in professional/business books



Chapter 4

K-12 Book Market Estimation

Chapter 4

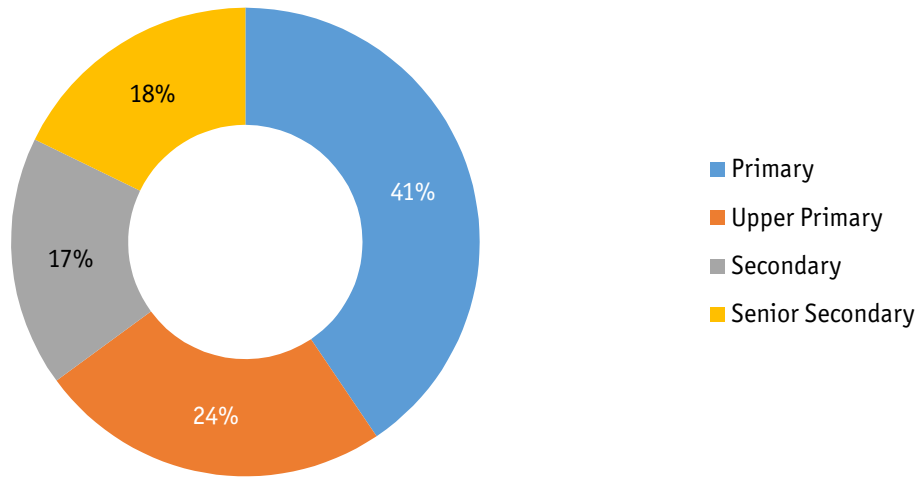
K-12 Book Market Estimation



The educational book market in India has huge potential and is poised for growth, offering many investment opportunities. The key indicators fueling growth include improvements in the literacy rate, gross enrolment ratio (GER) and a reduction in drop-out rate, plus initiatives like Right to Education (RTE), increasing Government funding and encouraging awareness of the value of books and reading through book fairs etc.

The K-12 market segmentation in the country is given below. The large proportion is accounted by primary (41 per cent) followed by the upper primary level (24 per cent) and followed by the senior secondary and secondary levels at 18 per cent and 17 per cent respectively.

K-12 Market Segmentation by Education Levels (2014-15)



According to Nielsen estimates, the K-12 Indian book market is likely to grow at a CAGR (Compound Annual Growth Rate) of 19.6 per cent, from INR 221.7 billion in 2014-15 to INR 541.9 billion by 2019-20.

Table 4.1: K-12 School Book Publishing Market Size Projections

Market Size Estimation (INR Billion)	2013-14 (E)	2014-15 (E)	GR. IN 2014-15 OVER 2013-14	2015-16 (P)	2016-17 (P)	2017-18 (P)	2018-19 (P)	2019-20 (P)	CAGR 2014 -15 to 2019-20 (P)
Primary	76.8	89.8	17.0%	105.1	123	143.9	168.3	196.9	17.0%
Upper Primary	45.7	54	18.1%	63.8	75.4	89	105.2	124.2	18.1%
Secondary	31.3	38.3	22.3%	46.9	57.3	70.1	85.7	104.8	22.3%
Senior Secondary	31.7	39.4	24.1%	48.8	60.6	75.2	93.3	115.8	24.1%
Total K-12	185.5	221.5	19.4%	264.6	316.3	378.2	452.5	541.9	19.6%

The estimation of the market size for the K-12 has been arrived at using available data on enrolment, drop-out rates and expenditure on books.

- Enrolment: Enrolment at school/K-12 level is under 4 broad levels: primary, upper primary/middle, secondary and senior secondary.
- Dropout Rate: Proportion of pupils enrolled in a given grade at given school years who are no longer enrolled in the following school year. Commonly referred to as school drop-outs or discontinuers.
- Expenditure on books per student: Expenditure on books per student refers to money spent on books in a given year.

Sources used for the K-12 market estimation are as below.

- Unified District Information System for Education (U-DISE) 2013–14: Enrolment and dropout rates at the school level.
- Dropout Study 2013(Educational Consultants of India, a Government of India enterprise): Dropout rates at the school level.
- NSSO, 64th and 71st Rounds: Expenditure on books and stationery (used to calculate per capita expenditure on books).
- Nielsen Estimates

The main factors that are likely to contribute to growth in the K-12 market are as follows:

Growing Literacy Rate: The literacy rate in India has shown a significant improvement over the last decade, increasing from 64.8 per cent in 2001 to 74 per cent in 2011, and it is projected to reach 90 per cent by 2020. (Source: Census 2011)

Growth in the number of schools: Schools have grown at a CAGR of 2.5%, with their numbers increasing from 1.25 million in 2007–08 to 1.44 million in 2013–14.



Growth in Enrolment: Enrolment has grown at a CAGR of 1.5%, with its number increasing from 236 million in 2007-08 to 259 million students in 2013–14.

Improving Gross Enrolment Ratio (GER): The GER at the primary level is high (99.3 per cent), with somewhat lower rates at the upper primary level (87.4 per cent), secondary (73.6 per cent) and senior secondary (49.1 per cent). There is however a consistent upward trend in student enrolments (as per U-DISE report 2013-14).

Decline in Drop-Out Ratios: Drop-out rates have shown a decline from 2010–11 onwards across all levels, indicating a positive trend. Yet another positive development in the K-12 school sector is the relatively lower drop-out rate observed among girls compared to boys in both 2012–13 and 2013–14.

Growth in the Number of Private Institutions: India had 320,020 private K-12 schools in 2013–14. This segment grew at a CAGR of 4.6% from the period 2007–08 to 2013-14.

Increasing Inflation and Price Rise: The publishers increase book prices every year by an average of 10 per cent to accommodate an increase in the cost of living index.

Government Spending on Education: According to the Twelfth Five Year Plan report, aggregate public spending on education during the Eleventh Five Year Plan period is estimated at INR 12,448 billion for both the Central and State Governments taken together. About 43 per cent of the public expenditure on education was incurred for elementary education, 25 per cent for secondary education.

About half of the Central Government's expenditure is on higher education with the balance on elementary (39 per cent) and secondary (12 per cent) education. In the State sector, about 75 per cent of education expenditure is for school education, of which 45 per cent is on elementary education and 30 per cent on secondary education. The balance of 25 per cent is for higher education.

Some of the targets of the Twelfth Five Year Plan further favour growth conditions:

- Increase in the Gross Enrolment Ratio (GER) at the elementary education to 100 per cent, secondary level to over 90 per cent, and senior secondary level to 65 per cent and higher education to 30 per cent.
- Raise the overall literacy rate to over 80 per cent and reduce the gender gap in literacy to less than 10 per cent
- Improve attendance and reduce dropout rates at the elementary level to below 10 per cent.

There is an emphasis in the Sarva Shiksha Abhiyan (SSA) on four strategic areas:

(i) strong focus on learning outcomes;

(ii) addressing residual access and equity gaps;

(iii) focus on teacher and education leadership;

(iv) linkages with other sectors and programmes.

Demand Drivers in K-12 Market

India has emerged as a strong economy in recent time, despite a slowdown in the last decade owing to the global economic crisis. Post economic liberalization (1999 to 2010) and expansion of the service industry has led to rise in private consumption demand.

Literacy rates have increased considerably from 18 per cent in 1951 to 65 per cent in 2001 and 74 per cent in 2011, although they vary among males and females as well as urban and rural regions. The literacy rates among the upper-middle income group are about 95 per cent which is fueling the demand for quality education. The per capital income especially amongst the middle and upper middle income group has increased substantially. This group value education and don't hesitate to spend money on it for their children, which is of course good news for educational publishers in particular.

High Disposable Income/Rise in Nuclear Family

The rise of small towns (Middle India) in India offers various opportunities for the educational sector, as well as those publishers associated with the K-12 and Higher education market. The tier II and III cities have shown growth in educational population and offer improved demand for educational product.

The education sector in India has made considerable progress in the last five years, reflecting the population's belief that gaining a good education is essential for a stable career and a better life. Modern-day parents from smaller towns are more optimistic about their children's educational opportunities than they were a decade ago. Parents today aspire to educate their children in English medium schools, believing that this opens the doors to a brighter career.

The number of schools, colleges and educational institutions that have sprung up in these small towns has outshone the rate of growth in other infrastructure facilities like roads, security, water supply, etc.

Growth of Education as Service Sector

Education has emerged as one of the strongest service sector in the country. The key positive for the sector is the government's 12th Five Year Plan to increase the gross enrolment rate across levels, establish new entities, liberalise the sector (allowing FDI etc.) and take other measures including access enhancement. These measures, combined



with adherence to contractual provisions, would result in a positive outlook. India's young demographic profile combined with the rising literacy rate offers a significant competitive advantage vis-á-vis other developing economies. This has the potential to lay the path for India to migrate from a developing to a developed economy

Private Players Entering the Education Market

The private education sector in India has grown by 4.5 per cent CAGR between 2010-11 and 2014-15 for grades I to VIII as per DISE report. It is now set to grow even more with the entry of corporate funding. The country is now experiencing big chains of schools with corporate-style management opening in different cities in India.

Thus, private sector in K-12 education raises the number of students being educated along with providing good quality education and infrastructure. Private sector involvement has undoubtedly helped raise the general level and variety of educational opportunities. It has helped many students tap rapidly emerging and evolving local as well as global career opportunities.

Infrastructure

Education can accelerate economic growth and investment and is a key requirement to expand and improve quality of education. Thus, K-12 system requires more investments to ensure a higher standard of education.

Government agencies are working with NGOs in India to promote education and to improve the schools' infrastructure. Training of teachers, improving library/laboratory facilities and proper health and sanitation conditions are some of the key areas of concern for this Government-NGO collaboration.

Opportunities in the K-12 Market

Outsourcing of IT Infrastructure by Government Schools to Private Parties

The government's attitude towards private participation in education is changing. There is a greater acceptance of the private sector in nearly all areas that were once restricted to government enterprises such as air travel, power sector, telecoms, etc. Even in the education sector, a start has been made by seeking the help of the private sector in introducing computer-aided learning in government schools, outsourcing teacher training to the private sector, etc.

Technology can play a significant role in transforming the delivery of pedagogical programs. The outsourcing program run by the government to the private players focuses on access to the Internet for supporting regular learning activities, and also special projects that students work on. The program has ensured availability of broadband Internet to all schools, which also allows for teachers to use the web to identify learning materials that they can use in their own lessons.

Technological Support to Private Schools

Private schools are ahead of the government schools in adopting technology. They generally have computer labs and basic computer training, and are looking to use technology/multimedia in teaching general subjects. Private sector publishers can participate by offering educational technology products/content to private schools.

The Digital India campaign launched by the Government of India is to ensure that the services are made available to citizens electronically by improving online infrastructure and by increasing Internet connectivity or by making the country digitally empowered in the field of technology. For Digital India to succeed in impacting education, it needs a coordinated and targeted approach by private publishers to integrate technology into the vast and complex school system. The advent of e-content such as digitised textbooks, animations and videos may prove a boon and can replace the old rote-learning methods. Technology can create individual learning paths for children, make learning interactive and fun and can provide them with numerous practice opportunities.

Web-Based Education in India

Web-based teaching and learning is rapidly emerging as a predominant paradigm in the delivery of education in India. The internet is the ocean of knowledge which ideally would be made available to students as early as possible in life, enabling the delivery of information and extended learning opportunities beyond space and time boundaries. , particularly effective in a country where the majority of the population is in rural areas where the literacy rate is low due to the lack of educational facilities.

E-Learning training is typically organised in the form of modules. These modules are approximately an hour long and focus on specific subjects. It is particularly appropriate for technical training; during live E-Learning modules students have the ability to ask the instructor questions, get answers and interact with each other online. This could be another arena where private players have an opportunity to introduce web based modules in the school.

NOTES

About Nielsen

Nielsen N.V. (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers Watch and Buy. Nielsen's Watch segment provides media and advertising clients with Total Audience measurement services across all devices where content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen provides its clients with both world-class measurement as well as analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries that cover more than 90% of the world's population.

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Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 2,50,000 companies.

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