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The growth in the personal disposable income of the Indians, growing contribution of the services sector to India's GDP thereby requiring greater number of qualified youths and the increasing thrust of the GoI to improve the country's educational system and eventually the literacy rates has resulted in manifold growth of the Indian Educational sector since the last decade. CARE Research expects the sector's growth to remain buoyant with the revenues expected to reach US\$102.1 bn during FY15 at a CAGR of 11.2% during FY11-15.

Of the segments comprising the Indian educational system, the K-12 as well as the Higher education institutes comprises the backbone together accounting for 98.5% of the industry's revenues during FY11. However, the 'not-for-profit' mandate coupled with the requirement of affiliation from multiple regulatory bodies such as UGC, AICTE etc. (in case of higher education) and CBSE, ICSE etc. (in case of K-12 institutes) proves to be a roadblock for the entry of private institutes. In view of the same, CARE Research expects the combined share of K-12 and Higher education institutes to decline marginally to 97% by FY15. Considering the higher revenue base, the growth rate of the said segments are however expected to be robust during the period FY11-15.

Of late, other educational segments i.e. Pre-school and Information & Communication Technology (ICT) in schools offer tremendous growth opportunities in terms of penetration potential and the corresponding revenue flows. The lower penetration of pre-schools barring the tier-I cities and increasing focus of the GoI to impart computer literacy through the ICT programme augurs well for the future growth of the education industry. The absence of compliance to / affiliation from any regulatory / educational body and the limited requirement of other infrastructure facilities including land etc are expected to provide a fillip to the rapid expansion of pre-schools in tier-II & tier-III cities. CARE Research expects that the market size of pre-schools in India is expected to grow from US\$0.63 bn during FY11 to US\$1.99 bn during FY15 at a CAGR of 33% with the growing penetration of organised pre-schools from 14% during FY11 to 25% during FY15 expected to drive the segment's growth. In case of ICT education, CARE Research expects the penetration

to grow from 6.1% during FY11 to 9.7% during FY15 primarily driven by the demand for technology-enabled education from the government and private-aided educational institutes. However, owing to the higher number of K-12 schools being managed by the GoI, the penetration of ICT is expected to remain lower in the government and private-aided institutes as compared to the private unaided institutes. The bureaucratic delays & hurdles in the roll-out of ICT in the government K-12 institutes can primarily be attributed to the lower penetration rate.

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