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# **A social enterprise for employability enhancement: *A business plan***

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# Outline of Presentation

- Current Scenario
  - Vocational Training
  - Opportunity
  - Proposed Employment Information Cell
  - Operation
  - Management
  - Marketing
  - Financials
  - Conclusion
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# Current Scenario

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# Current Labour Market

- Unemployment on the rise inspite of jobs growing at faster rate than population
- Population growth rate is 1.7% while job growth rate is 2.7% and large backlog of existing unemployed workforce
- The challenges of jobless growth as a result capital intensity strategy
- Employability of labour as key factor

*Source: Computed by the authors from National Sample Survey 61<sup>st</sup> round (2004-05)*

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# India Economic Trend

- Shift away from Agrarian based towards Services

Serial no	Year	Primary	Secondary	Tertiary
1	1950-51 to 1959-60	55.53%	16%	28.09%
2	1990-91 to 1999-00	28.66%	27.12%	44.22%
3	2000-01 to 2004-05	22.34%	21.82%	55.84%

**India GDP Composition Changes over the years**

***Source: ATLMRI Discussion paper: Indian Labour Market in Transition: Setting Tone for employability***

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# Closer Look at Maharashtra

<b>Sno.</b>	<b>Year</b>	<b>Agriculture</b>	<b>Industry</b>	<b>Services</b>
1	1993-94	19.50%	33.43%	47.07%
2	2000-01	12.64%	35.55%	51.81%
3	2003-04	12.55%	30.22%	57.23%

## ***Structural Change in GDP Composition of Maharashtra***

***Source: Study on “Livelihood, Employment & Sustainable Development: Initiative towards improving skills and employability, CII-TISS study***

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# Maharashtra Household Occupations

<b>Sno.</b>	<b>Type</b>	<b>Percentage</b>
1	Self Employed Non Agriculture	28.70%
2	Agricultural Labour	33.50%
3	Other Labour	11.50%
4	Self Employed Agriculture	14.20%
5	Others	12.20%

**Source: From the National Sampling Survey 61st round (2004-05)**

# Break in Employment Reasons

<b>Sno.</b>	<b>Reason</b>	<b>Percentage</b>
1	Loss of earlier job	8.0%
2	Quit earlier job	9.0%
3	Lay-off without pay	1.2%
4	Unit closed down	6.8%
5	Lack of work in enterprise	11.3%
6	Lack of work in the area	46.2%
7	Others	17.5%

**Source: Computed by the authors from National Sample Survey 61st round (2004-05)**

# Probable Factors for Unemployment

- As per CII-TISS study there is mismatch in vocational training
- High proportion are trained in engineering trades only (computer training at 40.18%)
- 84.4% of individuals in labour market have not received any form of vocational training
- Less than 10% have actually received or in process of receiving formal vocational training

*Source: Computed by the authors from National Sample Survey 61<sup>st</sup> round (2004-05)*

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# Maharashtra Employment Search Sources

<b>Sno.</b>	<b>Method Used</b>	<b>Percentage</b>
1	Registered in Employment Exchange	1.90%
2	Other Efforts (Social contacts)	71.80%
3	No Efforts	26.30%

**Source: Computed by the authors from National Sample Survey 61st round (2004-05)**

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# Vocational Training

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# Indian Vocational Training Scenario

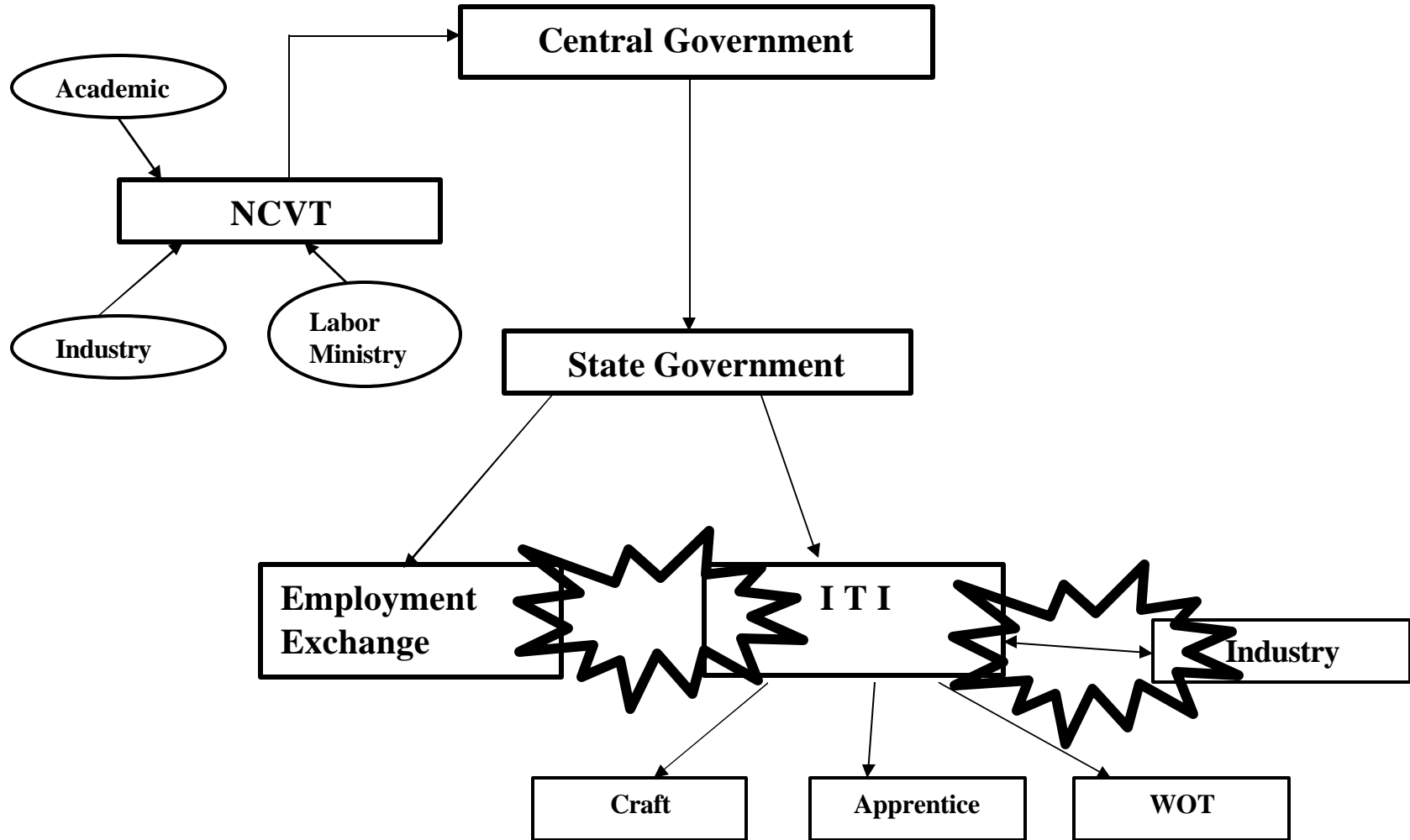
- Of 39.7 crore employed workforce, only 2.8 crores in the organized sector rest 36.9 in the unorganized sector.
- 80% of persons registered with employment exchanges have no vocational skills training
- In the employed workforce only 5% have received any form of formal vocational training ( In developed nations above 60%)

*Sources: National Sample Survey 1999-2000*

*DGET study of study of employment Scenario in India*

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# DGET Structure and Stakeholders





# Opportunity



# Business Need – Why EIC ?

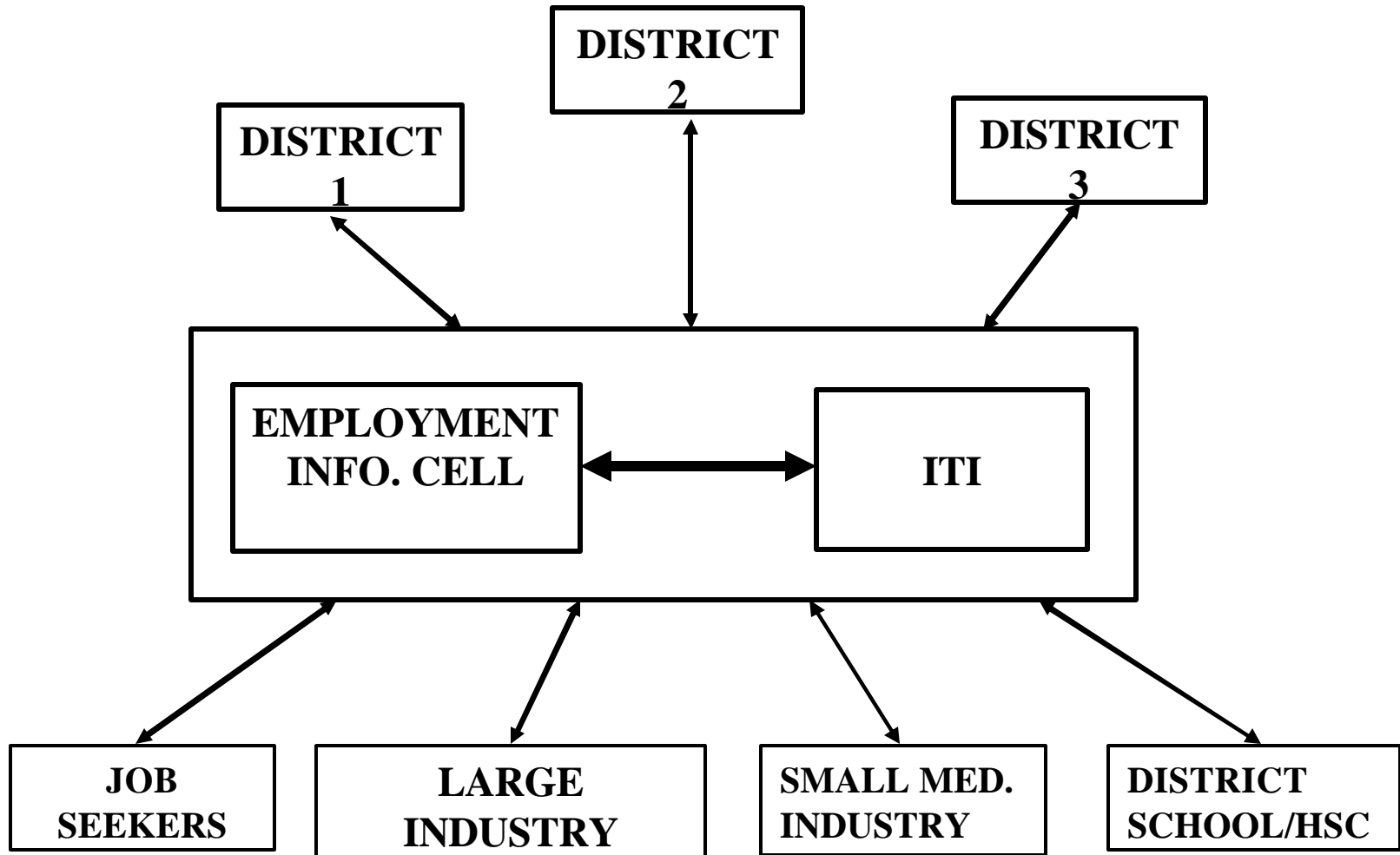
- Lack of information for all stakeholders namely job seekers, job providers and training institutes
  - Current Industry participation is limited
  - As ITI/training institutes have low visibility of industry trends, curriculum tends to be outdated
  - Hence a platform is required to provide real time information for all stake holders
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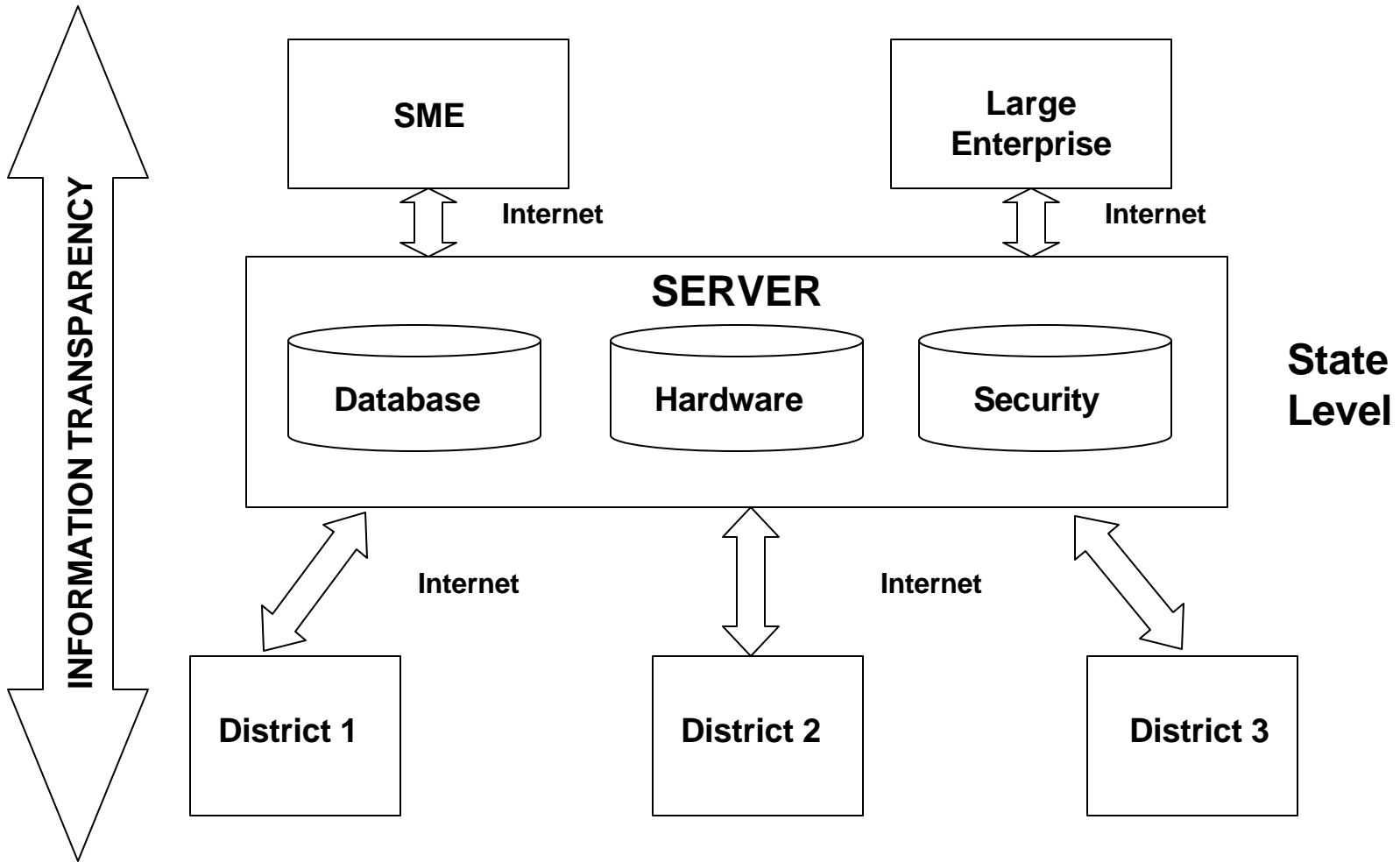
# Operation



# Employment Information Cell



# Proposed IT Infrastructure



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# EIC Benefits

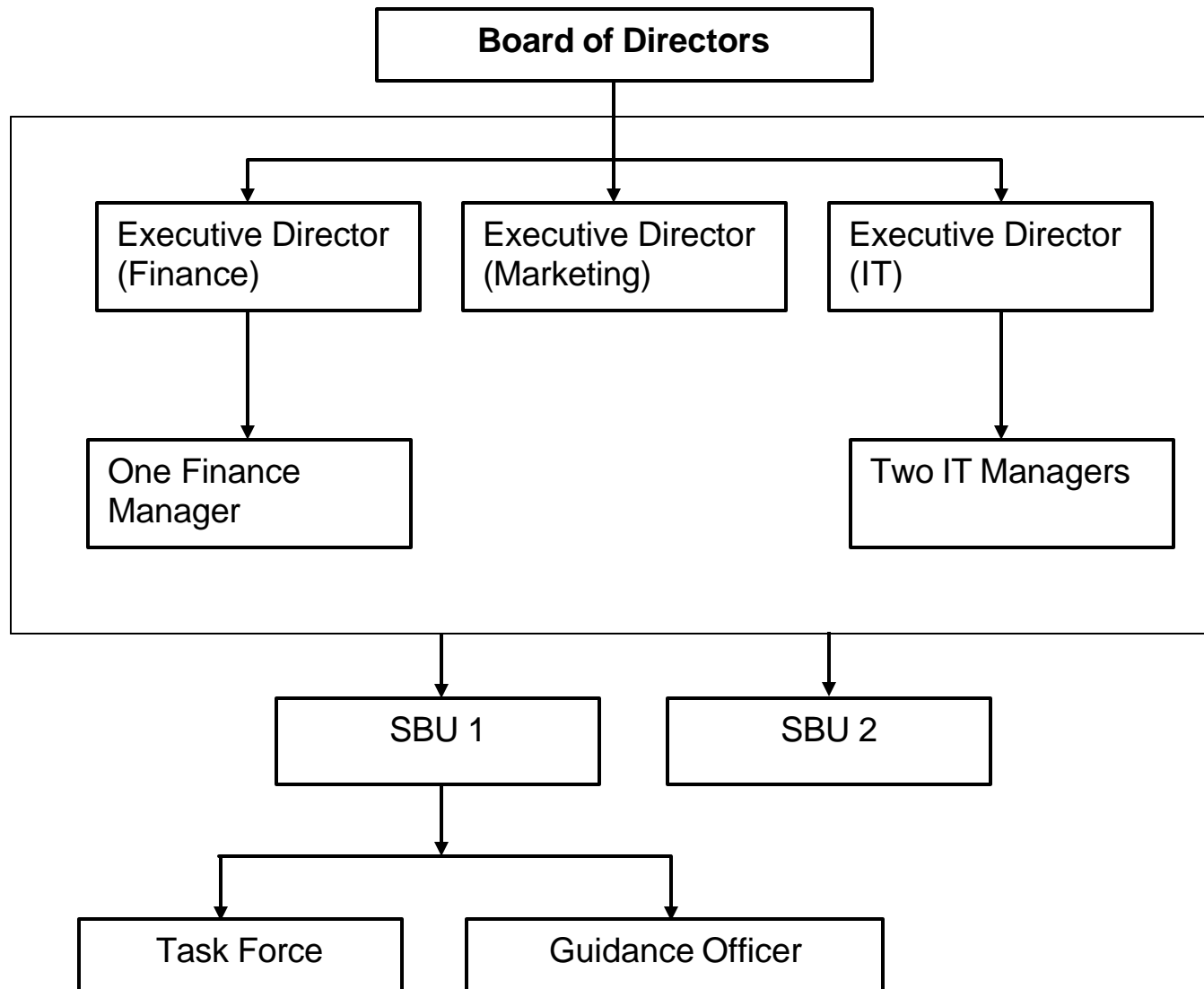
- Information Search Cost reduced for job seekers (District level offices)
  - Revamped Employment Exchange
  - Real time information availability from and to Industry/SMEs
  - Increased Industry Interaction
  - Greater employment opportunity visibility
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# Management

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# Company's Organisational Chart



# Factors Considered

- Recruitment and Training
  - Salary
    - Incentive plus Bonus
  - Promoters
    - Equal share in Profit and Loss
    - No salary
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# Initial Launch for EIC

- The EIC will be set up in 4 districts Pune, Satara, Sangli and Kolhapur
- Location of EIC will be in an educational institution
- Districts were selected for two factors
  - Strong Industrial presence (5000 approx)
  - Districts are adjacent

***Source: Government of Maharashtra***

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# Marketing

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# Objective

- To increase the number of job seekers registration at the district level .
  - To ensure that minimum 20% of the local industries in the district levels are registering with the EIC at the end of the first year.
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# Positioning

- **Advisory and Guidance**
    - Job Seekers
    - Government and Private ITIs
  
  - **Social Enterprise**
    - Narrowing the information gap
    - Increasing Employment
    - Increasing Employability
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# Communication and Sales

- Advertisement in Print
  - Advertisement in Government run Institutes
    - Post Offices
    - Employment Exchanges
  - Online Promotion for the Website
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# Pricing

All Figures are in INR

<i>Particulars</i>	<i>SME/Pvt. ITIs</i>	<b>Large Industry</b>
Annual Subscription		
One year	750	3000
Two year	1400	5800
Three year	2000	8500
Per Classified	100	400
Per Candidate Hire	150	600



# Financials



<i>Particulars</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
<i>Revenues</i>					
Annual Subscription	750000	825000	907500	998250	1098075
Classifieds	150000	165000	181500	199650	219615
Candidates Hire	1935000	2128500	2341350	2575485	2833034
<b><i>Total Revenues</i></b>	<b>2835000</b>	<b>3118500</b>	<b>3430350</b>	<b>3773385</b>	<b>4150724</b>
<i>Expenses</i>					
Salaries	1740000	1827000	1918350	2014268	2114981
Rent	480000	480000	480000	480000	480000
Stationery	60000	66000	72600	79860	87846
Advertisement	567000	467775	343035	377339	415072
Training	20000	0	0	0	0
Travel	96000	105600	116160	127776	140554
Printing	40000	44000	48400	53240	58564
Internet Charges	50400	50400	50400	50400	50400
Telephone	60000	66000	72600	79860	87846
Electricity	48000	50400	52920	55566	58344
Interest Charge	78000	78000	78000	78000	78000
Depreciation	50000	50000	50000	50000	50000
Miscellaneous	60000	66000	72600	79860	87846
<b><i>Total Expenses</i></b>	<b>3349400</b>	<b>3351175</b>	<b>3355065</b>	<b>3526168</b>	<b>3709453</b>
<b>Net Income</b>	<b>-514400</b>	<b>-232675</b>	<b>75285</b>	<b>247217</b>	<b>441270</b>

# Cash Flow

<i>Cash Flow</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year4</i>	<i>Year 5</i>
<b><i>Operating Cash Flow</i></b>					
Net income	-514400	-232675	75285	247217	441270
Depreciation	50000	50000	50000	50000	50000
<b><i>Investment Cash Flow</i></b>					
Hardware	-210000				
Furniture	-80000				
Software Development	-300000				
<b><i>Financing Cash Flow</i></b>					
Owners Capital	750000				
Loan	600000				
Net Cash Flow	295600	-182675	125285	297217	491270
Opening Cash	0	295600	112925	238210	535427
<b>Closing Cash</b>	<b>295600</b>	<b>112925</b>	<b>238210</b>	<b>535427</b>	<b>1026697</b>

# Factors Considered

- Growth Rate – 10%
  - Inflation – 5%
  - Cash Flow Timing
    - Annual Subscription
    - Candidates Hire
  - Investments Requirement
    - Loan @13%
    - Promoters Contribution
  - Break Even – Third Year
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# Conclusion

- For the success of EIC, cooperation from the Government, training institutes is essential
  - Industry participation is central to ensure that the employability issue is addressed
  - Through *effective* Information dissemination all stake holders in labour market will benefit.
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Thank You

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