



2016 Top Markets Report **Education** Country Case Study

India

For the past decade, India has ranked first or second among countries sending students to study in the United States. In 2014/15, India sent 132,888 students to the United States, a 29.4 percent increase from the prior year.¹ In the seven academic years preceding 2014/15, India consistently sent approximately 100,000 students to the U.S.

Overall
Rank

2

The large, reliable number of students helps to make India an attractive market for U.S. institutions. In 2014/15, Indian students made up 13.6 percent of all international students in the United States, second only to China.¹

India is likely to remain a top market for U.S. colleges and universities over the next few years for several reasons. First, the Indian market has provided a large, perennial source of students for many years. According to the United Nations Education Scientific and Cultural Organization (UNESCO), over 180,000 Indian students studied abroad in 2013.² Of that number, over 48.2 percent chose to study in the United States, suggesting that U.S. colleges and universities have strong brand appeal among Indian students.³ (NOTE: OECD data differs from IIE data, which is cited extensively in this report.) Second, although the number of Indian student enrollments in the United States has levelled off in recent years (with the exception of last year), the long-term growth rate of Indian students is positive.

United States is the Destination of Choice for Indian Students

According to the Organization for Economic Cooperation and Development (OECD), the second largest destination for Indian students studying abroad, after the United States, is the United Kingdom, with 11.5 percent in 2013. Australia was

the third most popular country, recruiting 8.4 percent of Indian students.⁴ The economic impact of all Indian students on the U.S. economy is significant. The U.S. Bureau of Economic Analysis reports that U.S. exports of education services (tuition, fees, and living expenses) to India were \$3.6 billion in 2014.⁵

Overview of Global Export Market Opportunities in Education for India

Roughly 64 percent of Indian students in the United States are graduate students while 12.4 percent are undergraduates. Optional practical training (22.1 percent) and “other” disciplines (1.4 percent) make up the remainder.⁶ Most students from India (80.4 percent) study STEM (science, technology, engineering, and mathematics) subjects. Business/management is in second place with 10.7 percent of Indian students.⁷

Future Growth/Opportunities

The demand for higher education has grown significantly in India in the last two decades. Per the University Grants Commission (UGC) statistics of 2015, there are 39,671 colleges, 12,748 diploma-granting institutions and 736 universities in India offering a wide range of degree and diploma programs. Among universities, there are 339 state universities (established by the state governments), 126 deemed universities (a status of autonomy

**Figure 1: Indian Students in the United States
2005-2020***



Source: Historical Data - Institute of International Education. (2015), Open Doors
Forecast: International Trade Administration estimates.

granted to institutes of excellence by the Department of Higher Education or DHE), 225 private universities, and 46 central universities (established by the DHE). There are also numerous world-class institutes such as the All India Institute of Medical Sciences (AIIMS), the Indian Institute of Management (IIM), the Indian Institute of Technology (IIT), and the National Institute of Technology.⁸

The UGC is responsible for regulating, coordinating, setting standards, and dispersing grants to institutions of higher education in India. The higher education sector in India can broadly be divided into two segments—regulated and un-regulated. Regulated includes central, state and private universities; private/professional colleges; and technical and research institutions. Unregulated includes online education, vocational training, finishing schools, professional development and training and coaching classes.

India's higher education system is the world's third largest in terms of enrollment of students (22 million), next to only China and the United States. The huge demand and supply gap, participation of large number of private players, growth of information technology, demand for skilled workforce, increasing foreign direct investment, disruptive innovation and online education are a few factors which have led to this exponential growth in this sector.

Two developments are likely to affect the number of Indian students going abroad for study. First, according to industry experts, the higher education sector in India, which was \$8.38 billion in 2014, is expected to grow at a compound rate of 18 percent and reach \$42.17 billion by 2020. At the same time, the rapid growth in enrollment in higher education has led to increasing doubt that India will have enough purely domestic education institutions to meet such high demand.⁹

While the number of Indian students studying in the U.S. will remain significant in the near-term, it is likely that growth will moderate due to increasing competition with foreign educational institutions. In 2001, the United States was host to 76 percent of all Indian students studying abroad. This number has fallen to 48 percent in 2013. The United States has lost ground to foreign universities, including those in the United Kingdom, Canada, and New Zealand.

Reasons that may help to explain Indian students' decision to study at home or in countries other than the United States include cost and distance. For instance, Australia and New Zealand are attractive options for Indian students because they are located closer to India than to the United States. The United Kingdom is also a competitive option as it offers education at costs that are lower than those in the United States.

In terms of university partnerships, education experts are still waiting for the Indian Parliament to pass a National Education Policy (NEP) that would

replace the three-decade-old current policy by making it easier for foreign universities to set up campuses in India and collaborate with local partners. Under the new draft policy, foreign

universities may be allowed to repatriate profits, award degrees, introduce their own curriculum, and employ teachers with no cap on salaries.

¹ Institute of International Education. *Open Doors Fact Sheet: India*. Washington, D.C.: Open Doors, 2015. Accessed February 25, 2016. <http://www.iie.org/Research-and-Publications/Open-Doors/Data/Fact-Sheets-by-Country/2015>

² United Nations Educational Scientific and Cultural Organization. *Education: Outbound Internationally Mobile Students by Host Region*. Washington, D.C.: Education, 2013. Accessed February 25, 2016. <http://data.uis.unesco.org/Index.aspx?queryid=172>

³ OECD 2015, *Education at a Glance 2015: OECD Indicators*, OECD Publishing. Accessed February 25, 2016. <http://dx.doi.org/10.1787/eag-2015-en>

⁴ OECD 2015, *Education at a Glance 2015: OECD Indicators*, OECD Publishing. Accessed February 25, 2016. <http://dx.doi.org/10.1787/eag-2015-en>

⁵ Bureau of Economic Analysis, *International Services, Table 2.3 U.S. Trade in Services, by country of Affiliation and by Type of Service*.

⁶ Institute of International Education. *Open Doors Fact Sheet: India*. Washington, D.C.: Open Doors, 2015. Accessed February 25, 2016. <http://www.iie.org/Research-and-Publications/Open-Doors/Data/Fact-Sheets-by-Country/2015>

⁷ Institute of International Education. *Open Doors Data International Students: Fields of Study by Place of Origin*. Washington, D.C.: Open Doors, 2015. Accessed February 25, 2016. <http://www.iie.org/Research-and-Publications/Open-Doors/Data/International-Students/Fields-of-Study-Place-of-Origin/2014-15>

⁸ Education and Training Services Resource Guide, Global Education Team, U.S. Department of Commerce (2016), article on India.

⁹ U.S. Commercial Service. "Education and Training Services Resource Guide." (2015), p. 32 (India)