

What India's student exodus means

Sprucing up our universities will bring in foreign learners and also help stem dollar outflows

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Indian consumers may be tightening their belts on many counts. But one item of expense on which they're certainly not skimping is their children's education.

The latest Value of Education report from HSBC, after surveying the aspirations of 8,481 parents across 15 countries, reiterates that Indian parents continue to pull out all stops when it comes to their offspring's education.

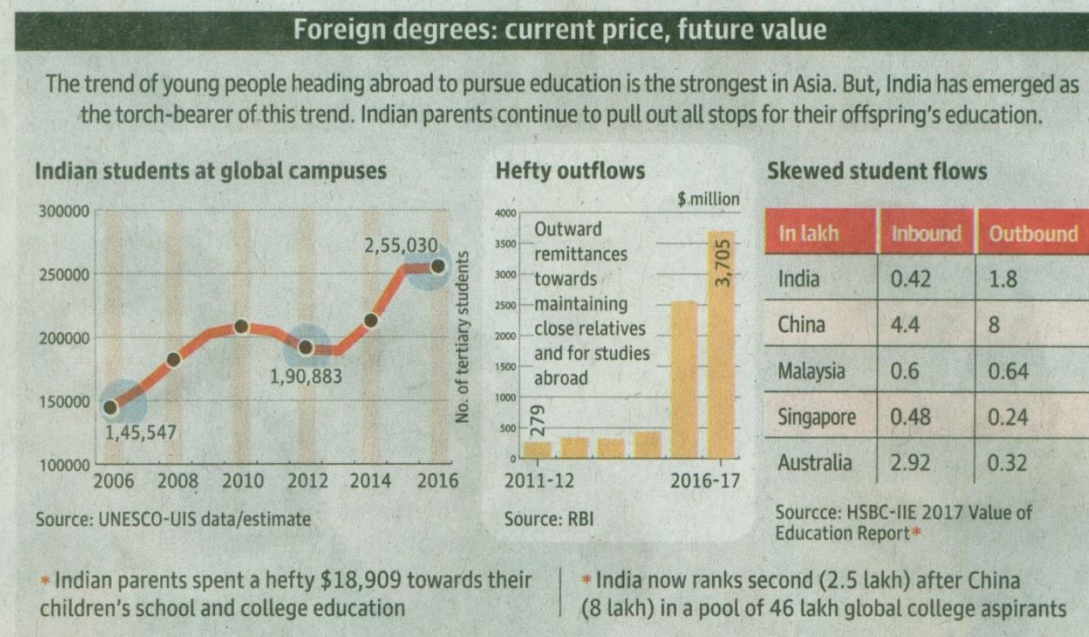
Greener pastures abroad

The 2017 report found that Indian parents spent a hefty \$18,909 (about ₹12.3 lakh) towards their children's school and college education in tuition fees, books and transport. About 83% of them engaged private tutors and 94% were keen to fund a post-graduate degree.

But most importantly, both for undergraduate and postgraduate courses for their wards, a majority of Indian parents – a good 55% – were eyeing varsities overseas. This is much higher than the global average of 41%.

This is despite expecting to pay through their nose for this luxury. Indian parents estimated the cost of a foreign undergraduate degree at \$42,625 and a post-graduate degree at \$41,590, taking their outlay to about ₹55 lakh.

Quizzed about the reasons for sending their wards abroad, (globally) the parents surveyed diplomatically said that a shot at learning foreign languages, gaining international work experience and exposure to new



ideas were the main motivations.

But what remains unsaid for Indian parents is the widespread belief that the quality of foreign educational institutions, their faculty and research opportunities, are vastly superior to what is on offer at home.

No doubt, HSBC's findings are based on a limited sample of parents – probably from the more affluent sections of society. But macro-level data reiterates the trend (or is it a fad?).

Data from global agencies tell us that this trend of young people heading abroad to pursue college education, is the strongest in Asia. But lately, India has emerged as the torch-bearer of this trend.

The total number of Indian students pursuing college education abroad has vaulted from 62,350 to 2.55 lakh between 2000 and 2016, data from UNESCO-UIS showed. That's a moderate growth of 6% annually. But

student migration from India has gathered steam in the last three years, even as that from other origin countries slowed.

Rising numbers

Between 2013 and 2016, there was a 24% jump in the number (stock) of Indian students studying abroad. This growth outpaced that for China (which saw a 12% expansion), South Korea (5% decline), Saudi Arabia (16% increase), Germany (2% decline) and France (6% increase). These countries have traditionally been the biggest contributors to the international tertiary student pool.

Globally, India now accounts for the second largest population of international college students (2.5 lakh) after China (8 lakh).

With its outbound student growth rates beating China's lately, it is no wonder that many foreign varsities have been raising the pitch for their marketing blitzkrieg

(though not student aid) in India.

One-way street

Growth rates apart, the other unusual facet of student migration from India is that it is largely a one-way street. Data from HSBC showed that, while China had more than 8 lakh students lodged in varsities abroad in 2016, it had also half as many international students lodged at its own campuses.

In Malaysia, inbound students pursuing college were neck-and-neck with outbound ones. Singapore has managed to attract more than twice the number of college students it sends overseas. But in India, the number of students lodged abroad is at more than four times the inbound numbers.

Data from Open Doors 2017 on Indian students in the USA starkly highlighted this one-way stampede. In the five years to 2016-17, the number of Indian youth pursuing the American dream at

colleges there shot up from 1 lakh to 1.86 lakh, but the number of American students studying in India fell from 4,600 to about 4,100.

Dollar drain

The rising global mobility of Indian students is a welcome trend in some respects. It enhances job prospects and encourages cross-pollination of ideas for the students who make the cut. But the trend has economic downsides too. If the hordes of bright students who head offshore for their higher studies decide to settle there permanently, the brain drain cannot be very good for India's demographic dividend story.

A more immediate problem than the brain drain though, is the dollar drain. As more Indian parents pack off their children right from undergraduation, foreign exchange remittances towards their support are growing by leaps and bounds.

In 2016-17, Indians spent \$3.7 billion towards 'maintenance of close relatives' and 'studies abroad', with these two items accounting for 45% of all outward remittances under the RBI's Liberalised Remittance Scheme. More worryingly for a country that runs a perpetual trade deficit, these outflows have grown thirteenfold since FY12, from \$279 million. Upgrading the quality of domestic educational institutions is therefore a must-solve problem for India's policymakers. It can staunch the brain drain, attract more international students onshore and thus help keep the balance of payments in check.