

Cultural Engagement and Education

Impact of financial resources on higher education choices in India



October 2021

The research presented in this report was primarily gathered through an online survey of currently enrolled higher education students in India during March 2021, supplemented with desk-based research. Every effort has been made to ensure the reliability and timeliness of the information included, however, many of the issues covered are fluid and may be subject to change. Queries in relation to this report may be directed to its author - John McNamara, Global Head of Research, International Education Services, British Council at john.mcnamara@britishcouncil.org.

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Executive summary

- This project surveyed 2,761 currently enrolled higher education (HE) students in India, made up of just over 450 responses in each of India's six regions. The research seeks to broaden our understanding of the impact of household income and socio-economic background on HE access and choice in India, and to provide a clearer picture of the financial profile of India's domestic students enrolled in three broad categories of domestic institutions: public, private non-profit and private for-profit. This project lays a foundation for further research and analysis in this area.
- Tuition fees reported are low by international standards and are notably consistent across institution types (at an aggregate level) with median annual tuition fees falling within the INR 50,001 to 80,000 (**GBP 500 to 800**) band. Less than 2 per cent of students pay fees above **GBP 2,000** (rising to 3 per cent at private for-profit institutions).
- Some variation in tuition fees is apparent at regional level, with students in the West and East regions reporting the highest median level of tuition fees - INR 80,001 to 100,000 (**GBP 800 to 1,000**) band - and students in the Northeast region reporting the lowest median fees, INR 20,001 to 50,000 (**GBP 200 to 500**) band.
- The largest group of respondents (21 per cent) fall within the INR 15,001 to 45,000 (**GBP 150 to 450**) household income band per month. Thus, access to HE is occurring at a low level of household income in India, facilitated by low tuition fee options.
- A high proportion of students attending private for-profit institutions are from low-income households with 42 per cent earning less than INR 45,001 (**GBP 450**) per month, compared to just 21 per cent attending public institutions. Students attending private for-profit institutions are also more likely to come from a village than students attending the other institution types. This shows the important role that these for-profit institutions play in providing HE access to the poorer and more rural segments of society. However, some for-profit institutions charge high fees and clearly cater to a different demographic.
- Apart from the relatively poor Northeast region, a broadly consistent income distribution was reported across the other five regions of India, with a median household income of INR 75,001 to 105,000 (**GBP 750 to 1,050**) per month reported. It may have been expected that students from the relatively wealthy South and West regions would have reported the highest incomes. Our use of socio-economic quotas as part of the survey sampling method may have been a contributory factor to this lack of variation.
- Public institutions are attracting a relatively high socio-economic class (SEC) of students, with 59 per cent falling within the upper band, SEC A, compared with 47 per cent of students attending private for-profit institutions. A notably high proportion of students in the West region are enrolled in public institutions and at PhD level.
- Students from relatively wealthy households are more evenly distributed across institution type but are concentrated in programmes charging relatively high tuition fees.
- 21 per cent of students attend HEIs outside their home state, indicating a high propensity to travel within India for HE study. In six states, over 50 per cent of students travelled out-of-state for HE study, three of these states being in the North region. Conversely, in six other states, less than 10 per cent of students travelled out-of-state, three of these states being in the South region.

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- By far the most important sources of funding for HE study is 'support from family', followed by 'loan from an official financial institution'. The latter especially so for students located in the South and Central regions, for students attending public institutions and for students from higher income households. India replaced its government-backed education loans system in the 1990's with the current system of commercial bank-driven loans. Public sector banks account for about 90 per cent of all education loans in India and charge a lower, subsidised, rate of interest to students.
 - 'Loan from an official financial institution' and 'grants and scholarships' are less significant sources of funding in the Northeast and East regions. A less competitive banking sector in these regions and a relatively low level of economic output may partly explain the lower access to loans. Addressing these funding gaps presents key challenge for policy makers in these two regions.
 - A relatively high proportion of students (28 per cent) from the lower socio-economic class (SEC C) are enrolled at postgraduate level compared with just 16 per cent for the top socio-economic class - SEC A. And a higher proportion of females are enrolled at postgraduate level (21 per cent) compared with males (16 per cent).
 - Engineering & Technology was the most popular subject area overall with no significant variation by region or gender, though Education is relatively popular for students from the mid-tier socio-economic class (SEC B). Social Studies (including Economics) students are relatively dependent on personal savings, while Creative Arts & Design students are more likely to come from higher income families.
 - For almost one quarter of respondents, cost was not considered a factor in choosing their institution. This is more likely a function of the low tuition fees paid by many students, than representing price inelasticity. Cost was a more significant factor for students in the Northeast region and for students attending private for-profit institutions.
 - 55 per cent of students had previously considered studying abroad but decided against it due to cost. The survey data suggests an underlying demand for overseas study that could progressively materialise as India's economy develops and household incomes continue to rise. Undergraduate students in the West region and postgraduate students in the North region showed the strongest interest in studying abroad.
 - Family size does not appear to have a bearing on HE selection based on the survey data. The fertility rate in India has fallen sharply in recent years, standing at 2.2 children in 2018.

1 Introduction

With the world's second largest population and sustained economic growth, India is set to rank as the most influential emerging economy over the coming decades. It is also host to some of the world's greatest HE opportunities and challenges. Rising household incomes and demand for knowledge economy workers has fuelled a rapid expansion of HE, with the gross tertiary enrolment ratio rising from 12 per cent in 2005 to 27 per cent in 2018. Between 2013 and 2020 India added around 14 million HE enrolments and now operates the world's second largest HE system, with over 1,000 universities, 42,000 colleges and almost 12,000 stand-alone institutions.¹ Yet demand for quality HE is growing much more rapidly than what public institutions can absorb. This has led to a boom in private provision and a surge in outbound students. UNESCO estimates that over 375,000 Indian HE students were enrolled overseas in 2018/19.

While the demand for HE in India is widely acknowledged, the factors that enable access to HE are often poorly understood. India is generally characterised as a price-sensitive market for HE, but little research has been conducted on how students' socio-economic backgrounds determine which public, private and international options are available to them.

1.1 Research objectives

This research gathered quantitative data on current students' household income and socio-economic background. The results aim to provide a clearer picture of the financial profile of India's domestic students in various types of Indian institutions.

The end objective of this research is to provide the British Council, Indian higher education authorities, private providers and overseas universities with a better understanding of income thresholds above which various forms of HE become accessible. This will be important as private provision continues to expand and India opens its doors to expanded transnational education (TNE) operations of foreign universities. It will also help overseas providers to better understand their role in responding to capacity shortages in what will soon be the world's most populous country.

1.2 Methodology

This research is based on quantitative data gathered through a short online survey developed by the British Council and administered by Kantar to currently enrolled HE students in India during March 2021.

The online survey was accessed by respondents over various platforms including email, WhatsApp and, SMS. The target groups were selected using two methods:

1. Online approach where the respondents were selected from Kantar's existing online database.
2. Hybrid face-to-face recruitment approach where eligible respondents were recruited through a computer assisted recruitment questionnaire.

This dual approach was successful in fulfilling the required sampling cuts.

¹ All India Survey on Higher Education, 2019-20

Geographical coverage and survey response rate

A minimum target of 450 eligible responses was achieved for each of India's six regions - North, South, East, West, Central and Northeast – resulting in 2,761 responses in total from currently enrolled HE students in India. Responses are based on the location of the higher education institution (HEI).

Figure 1: Regional breakdown of survey responses in India

Region	State / Union Territory	Survey responses
North (455 responses)	Delhi	100
	Haryana	20
	Jammu and Kashmir	5
	Punjab	56
	Rajasthan	84
	Uttar Pradesh	173
	Uttarakhand	17
South (455 responses)	Andhra Pradesh	20
	Karnataka	166
	Kerala	37
	Tamil Nadu	142
	Telangana	90
East (454 responses)	Bihar	47
	Jharkhand	69
	Odisha	115
	West Bengal	223
West (467 responses)	Gujarat	137
	Maharashtra	330
Central (471 responses)	Chhattisgarh	149
	Madhya Pradesh	322
Northeast (459 responses)	Assam	434
	Meghalaya	18

	Tripura	7
Total		2,761

Survey responses were received from 23 states / union territories, ranging from 7 responses in Tripura in the Northeast to 434 responses in Assam, also in the Northeast. Responses were received from 95 cities (tier 1 x 8, tier 2 x 84 and tier 3 x 4) ranging from one response in several cities to 303 responses in Guwahati city (Assam state). The eight tier 1 cities surveyed are: Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune. The four tier 3 cities are: Agartala, Dibrugarh, Shillong and Silchar; all located in the Northeast region and included due to shortage of tier 2 cities and absence of tier 1 cities there.

A summary profile of the students who responded to the survey is provided as follows:

- **Gender:** Male 52%, Female 48%. Some variation across the regions, the most pronounced being in the South region: Male 45%, Female 55%.
- **Level of study:** Undergraduate 74%, Postgraduate 18%, Master of Philosophy 1%, PhD 7%. Some variation across the regions, the most pronounced being in the Central region: Undergraduate 81%, Postgraduate 13%, Master of Philosophy 1%, PhD 5%.
- **Age:** 18-25 (92%), 26-33 (7%), 34-40 (1%) with very little variation across the regions.
- **Institution type:** Public 47%, Private for-profit 31%, Private non-profit 22%. Marginal variation across the regions, the most pronounced being in the Northeast region: Public 36%, Private for-profit 41%, Private non-profit 23%.
- **Home location classification:** City 89%, Town, 7%, Village 4%. Marginal variation across the regions, the most pronounced being in the Northeast region: City 75%, Town, 11%, Village 14%.
- **Socio-economic class (SEC):** SEC A 54%, SEC B 31%, SEC C 15%. Some variation across the regions, the most pronounced being in the Northeast region: SEC A 36%, SEC B 35%, SEC C 29%.

Limitations of the study

For the Northeast region responses were only received for three of its eight states, and 95 per cent of those responses came from students studying in Assam, a relatively poor state. Therefore, caution is warranted in drawing firm conclusions from the data for the Northeast region. For the North region, responses were not received for Jammu & Kashmir (union territory) or Himachal Pradesh (one of its seven states).

The analysis in this report is based primarily on quantitative analysis of survey data, supplemented where possible with desk-based research to provide additional information and context. No interviews were conducted with policy makers or HE sector representatives - something that a follow-up study would benefit from. Thus, the research findings should be considered as indicative, exploratory, and possibly raising as many questions as they answer.

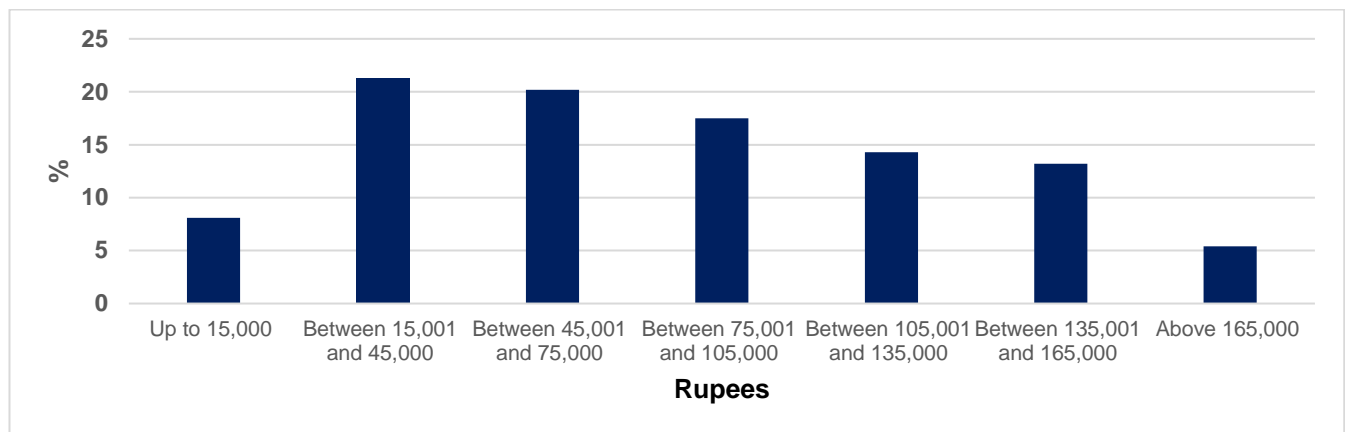
2 Survey findings

2.1 Household income

The largest group of students (21 per cent) selected INR 15,001 to 45,000 (**GBP 150 to 450**) as their household income per month. Each income range above this level saw a progressive decline in selection, with a notable drop-off after the 135,001 to 165,000 (**GBP 1,350 to 1,650**) band. Just 5 per cent of students selected above INR 165,000 (**GBP 1,650**) as their monthly household income; whereas 19 per cent of respondents selected above INR 135,001 (**GBP 1,350**) per month.²

Figure 2: Monthly household income, all India

Which of the following income bands contains the approximate combined income of your family/household in a month?



According to Euromonitor, the income fulcrum around which expansion / contraction of the number of households in India will occur over the next decade is approximately monthly 'disposable' income of USD 420 (**GBP 300**) i.e. fewer households below that level and more above it.³ For example, the number of Indian households with monthly disposable income of US\$ 1,250 (**GBP 890**) is forecast by Euromonitor to almost double from 29,623 households in 2020 to 56,932 in 2030 – emphasising the vast potential for growth in demand for HE in the coming years. See Appendix 1 for a graphical presentation of Euromonitor's household income projections for India to 2030.

Respondents to our survey – who mainly represent that portion (27 per cent) of the student age population (18-23) enrolled in HE – present as wealthier than the overall population captured by Euromonitor data. Our survey data shows that 49 per cent of households earn less than INR 75,000 (**GBP 750**) in 'total income' per month. Euromonitor data shows that 82 per cent of households have less than INR 62,500 (**GBP 625**) in 'disposable income' per month.⁴ This difference is partly explained by Euromonitor using disposable income (i.e. net of taxes) whereas our survey asked for total income which

² FX rate of 1 GBP = 103 INR sourced from xe.com on 03 August 2021. For simplicity, a rate of 1:100 is used throughout the report.

³ Euromonitor, socio-economic indicators, household disposable income forecasts, 2020

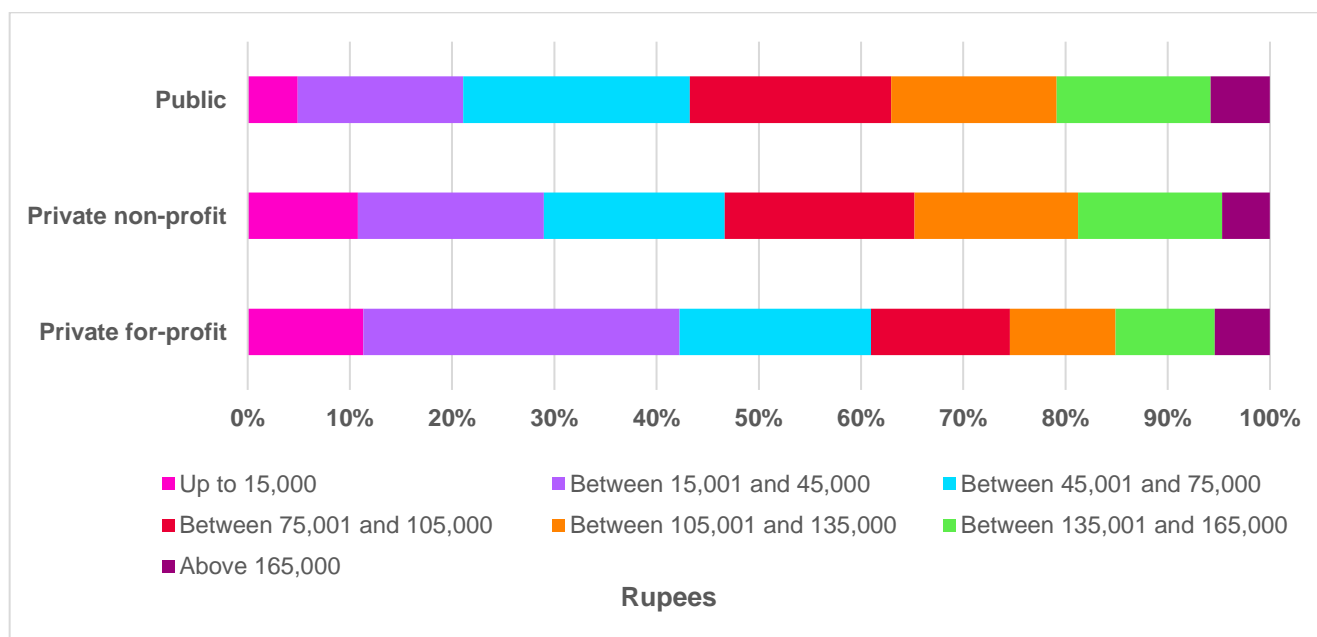
⁴ Notes: The income bands used in our survey question were not designed to be consistent with the Euromonitor income bands. The FX rate used to translate the Euromonitor data from US\$ to INR was 1:75 (June 2021), which may be different to that used by Euromonitor in 2020.

is a larger amount. However, the shape of the respective income distributions suggest that students enrolled in HE come from wealthier families than average, as may be expected.

Household income was relatively consistent across five of the six regions of India, with the median value falling within the INR 75,001 to 105,000 (**GBP 750 to 1,050**) band. However, the Northeast region was a significant outlier, with median reported household income falling within the INR 15,001 to 45,000 (**GBP 150 to 450**) band. This aligns with India's GDP per capita at state level, with two of the five poorest states located in the Northeast (Assam and Manipur) – though one of the five wealthiest states is also located there (Sikkim) but was not covered in our survey. See Appendix 2 for a breakdown of net domestic product per capita across the States and Union Territories of India. The data show that the South and West regions of India are relatively wealthy, while the Northeast region is the poorest.

Given the significant regional variability in net domestic product per capita, we may have expected more regional variability in household income to be reported by survey respondents, e.g., higher household income in the South as compared with the North. This lack of variability may be partly due to our use of quotas to achieve a broadly similar socio-economic profile of respondents across regions. Even so, respondents within the same socio-economic class (which is a broad instrument) could still be expected to exhibit different household income levels, as they did in the Northeast region. Another possible explanation is that the proportion of students enrolled in HE (27 per cent of the relevant age cohort) come from households that have more economic uniformity than the broader population.

Figure 3: Monthly household income by institution type



Note: Data based on cross-reference of two survey questions.

Looking at institution types, a high proportion of students attending private for-profit institutions come from low-income households with 42 per cent from households earning less than INR 45,001 (**GBP 450**) per month, compared with 29 per cent attending private non-profit institutions and just 21 per cent attending public institutions. However, students from relatively wealthy households - earning above INR 165,000 (**GBP 1,650**) per month - are more evenly distributed across institution types.

Across all India, 89 per cent of students came from a city, 7 per cent from a town and 4 per cent from a village. Students attending private for-profit institutions are more likely to come from a village (7 per cent) than students attending private non-profit institutions (1.4 per cent).

Students in the West region are most likely to be enrolled in a public institution (53 per cent); while students in the Northeast region are least likely (38 per cent).

Students in the West region are most likely to be enrolled at PhD level (11 per cent) compared with an overall average of 6.6 per cent - possibly due to the relatively large proportion of respondents enrolled in public institutions in the West.

2.2 Socio-economic class

The socio-economic class (SEC) of survey respondents was calculated based on two questions:

1. Select all the items available in your household.
(Electricity connection, ceiling fan, LPG gas / stove, two-wheeler, colour tv, refrigerator, washing machine, personal computer / laptop, car/jeep/van, air conditioner, agricultural land - owned not leased).
2. Select the education of the person who makes the biggest contribution to running your household.

A rough guide to how the classification system is derived is provided in Figure 4. As an average of the two questions determines SEC classification, respondents can score outside the example thresholds provided below, e.g. scoring high on educational attainment and low on ownership of consumer durables.

Respondents calculated as SEC D or E were exited from the survey early on - a relatively small number of responses - and a minimum SEC C quota of 15 per cent was set across all India. However, only 12 per cent was actually achieved in five of the six regions, with 29 per cent achieved in the Northeast. This approach was recommended by Kantar as a quality assurance mechanism to strengthen the integrity of the survey response data and for comparative purposes across the regions.

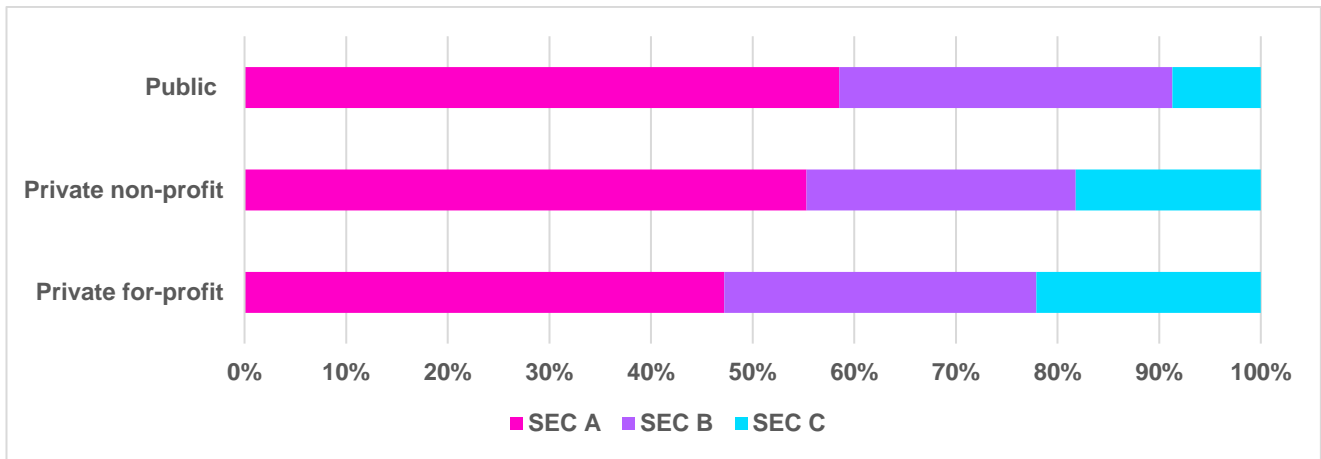
Figure 4: Calculation of socio-economic class

Socio-economic class	Ownership of consumer durables	Education of household chief wage earner
A	8 or more	Degree level qualification
B	6 to 8	College diploma
C	4 to 6	Senior secondary school
D	2 to 4	5 to 9 years
E	0 to 2	No formal schooling

Across all India, 59 per cent of students attending public institutions were estimated as belonging to the upper socio-economic category, SEC A, compared with 47 per cent of students attending private for-profit institutions. Conversely, 9 per cent of students attending public institutions were classified as SEC C compared with 22 per cent at private for-profit institutions.

Analysing SEC at regional level is less instructive given that minimum SEC C quota targets were used. However, it is notable that the proportion of respondents classified as SEC A ranges from 60 per cent in the East to just 36 per cent in the Northeast.

Figure 5: Socio-economic class by institution type



Note: Data based on cross-reference of two survey questions.

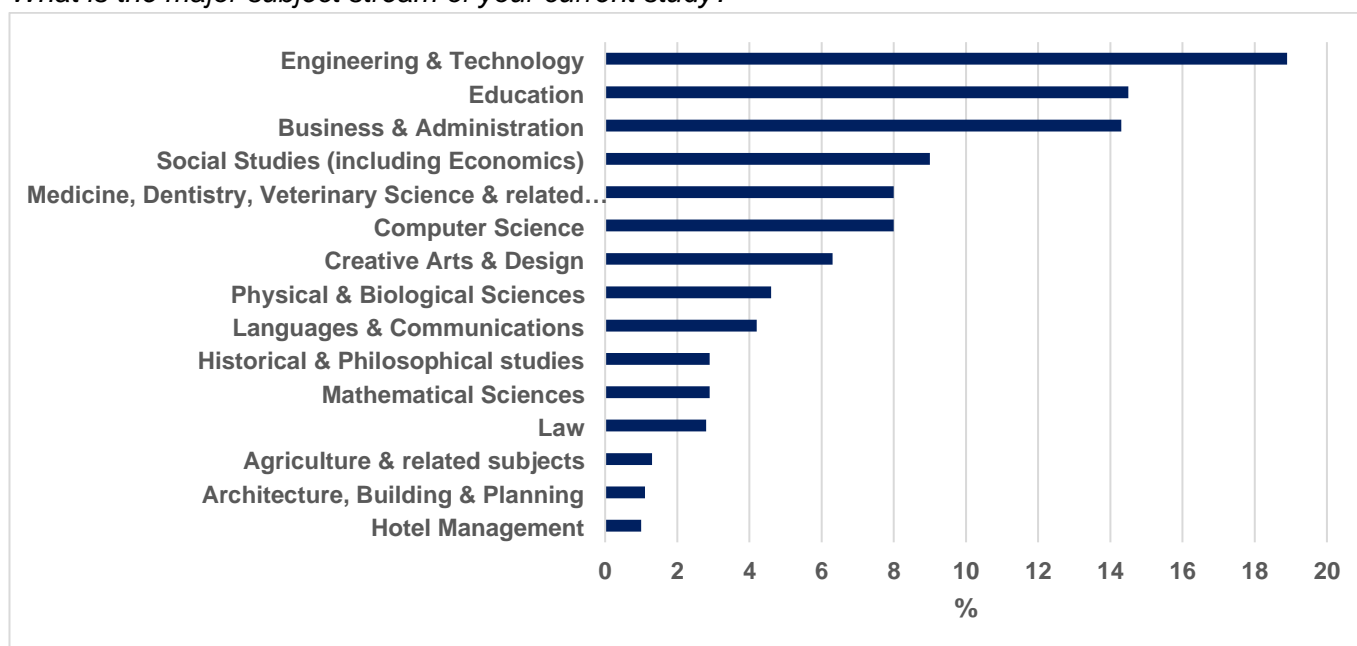
A relatively high proportion of SEC C respondents (28 per cent) were enrolled at postgraduate level compared with just 16 per cent for SEC A. And a higher proportion of females were enrolled at postgraduate level (21 per cent) compared with males (16 per cent).

2.3 Subject area

Figure 6 provides a breakdown of survey respondents by subject area currently studied. Engineering & Technology was the most popular subject area overall (19 per cent), followed by Education (15 per cent) and Business and Administration (14 per cent) with no significant change by region or gender. However, almost 25 per cent of the mid-tier social economic class (SEC B) were enrolled in Education programmes. Engineering & Technology in India covers a broad range of subject areas including Computer Engineering (the most popular engineering subject), Information Technology and Agricultural Engineering.

Figure 6: Subject areas of respondents

What is the major subject stream of your current study?



Our survey data contrasts with UK HESA data for the 2019/20 academic year which shows that Business & Administration is by far the most popular subject choice for Indian students in the UK, followed by Engineering & Technology, and Social Sciences.

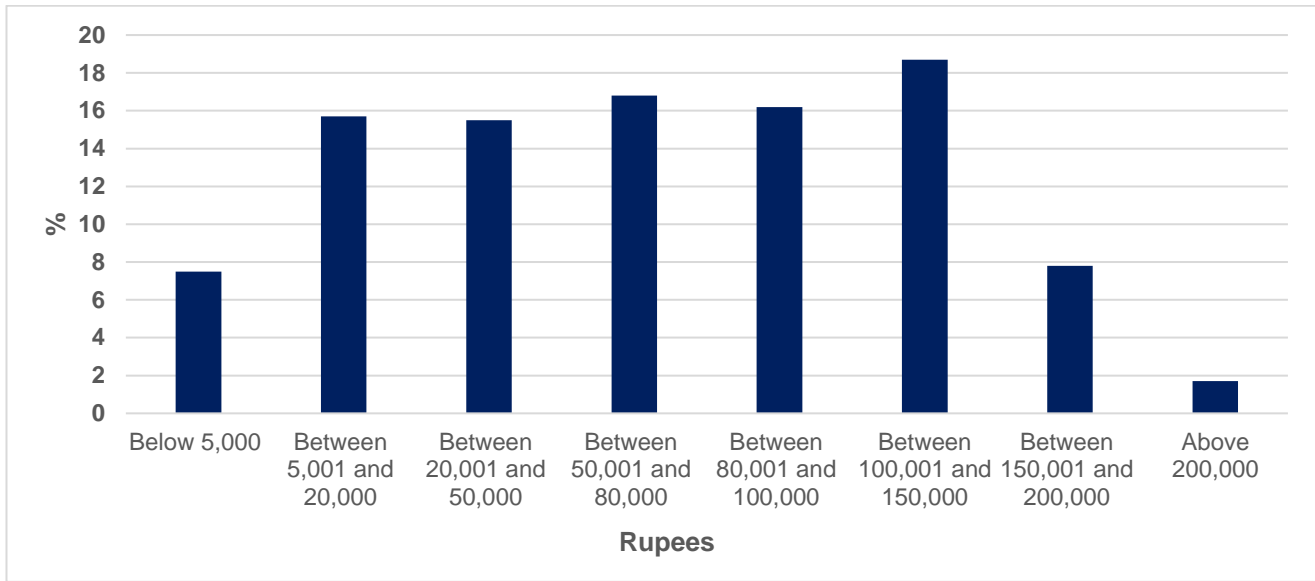
2.4 Tuition fees

Across all India, annual tuition fees of between INR 100,001 to 150,000 (**GBP 1,000 to 1,500**) was the most common band selected. Tuition fees above this level appear far less common with only 1 per cent per cent of respondents at public institutions paying tuition fees above INR 200,000 (**GBP 2,000**) – though this increases to 3.1 per cent of student at private for-profit institutions.

Based on desk research, annual tuition fees for HE programmes in India range from about INR 10,000 (**GBP 100**) for distance learning programmes at one of the sixteen Open Universities to over INR 1,000,000 (**GBP 10,000**) at prestigious institutions such as the Indian Institutes of Technology, Medical Colleges, Management Institutes and selected Private Universities.

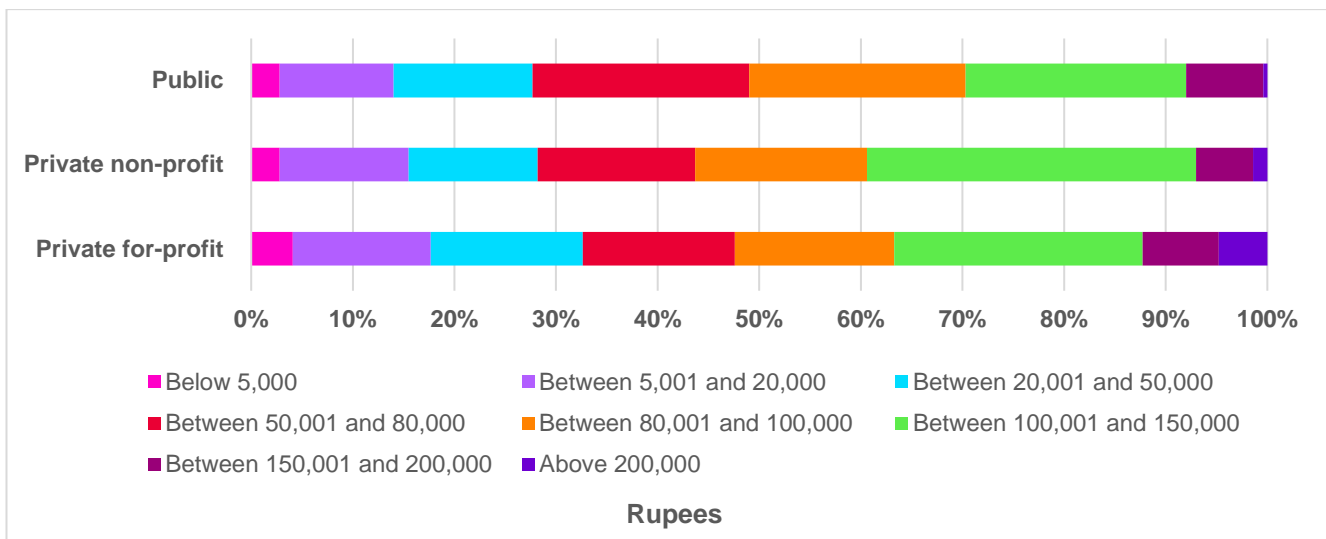
Figure 7: Tuition fees, all India

What is the range of annual tuition fees of your current study?



The median level of tuition fees falls within the same band for all three institution types: INR 50,001 to 80,000 (**GBP 500 to 800**), as shown in Figure 8.

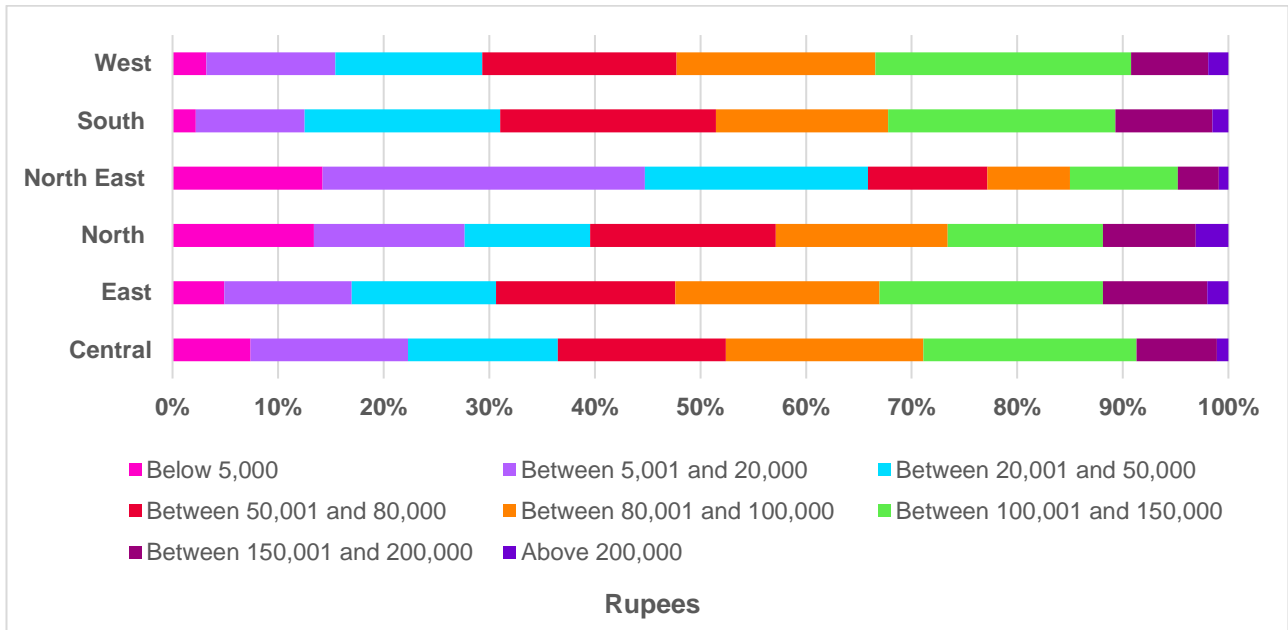
Figure 8: Tuition fees by institution type, rupees



Note: Data based on cross-reference of two survey questions.

There is more regional variability observed with tuition fees than with household income. Students in the West and East regions reported the highest median level of tuition fees, falling within the INR 80,001 to 100,000 (**GBP 800 to 1,000**) band and students in the Northeast region reported the lowest median fees, falling within the INR 20,001 to 50,000 (**GBP 200 to 500**) band.

Figure 9: Tuition fees by region



Note: Data based on cross-reference of two survey questions.

Tuition fees within regions are also subject to significant variation, e.g., fees in Rajasthan in North India were reported as lower than other states in the north region; and tuition fees in Meghalaya are higher than the two other states in the Northeast region for which responses were received.

There is a strong positive correlation between household income and tuition fees paid. Median fees for households with monthly income of INR 45,000 (**GBP 450**) or less fall within the INR 5,001 to 20,000 (**GBP 50 to 200**) band; whereas median fees for households with monthly income above INR 165,000 (**GBP 1,650**) fall within the INR 150,001 to 200,000 (**GBP 1,500 to 2,000**) band.

2.5 Student mobility within India

Survey respondents were asked to indicate their home state, as well as the location of their current HEI. This allows us to make some observations about the extent to which students travel between states in India for HE study. Overall, 21 per cent of respondents travelled outside their home state to study, but this varies significantly across states. States with 10 per cent or less of their students travelling out of state include Karnataka, Telangana and Tamil Nadu in the South; Chhattisgarh in the Centre, Rajasthan in the North, and Assam in the Northeast.

Conversely, more than 80 per cent of students from Uttarakhand and Jammu & Kashmir (both in the North) travelled out of state / union territory to study. And over 50 per cent of students from Punjab (North), Meghalaya (Northeast) Bihar (East) and Kerala (South) travelled out of state. However, Uttarakhand and Punjab also attracted a significant proportion of their students from other states, which partly offset their leakage.

The top five interstate student flows identified in the survey are presented in Figure 10.

Figure 10: Top five interstate student flows

	Home state	Destination state	Number of students	As % of responses in destination state
1	Maharashtra (West)	West Bengal (East)	58	26%
2	Madhya Pradesh (Central)	Assam (North East)	43	10%
3	Uttar Pradesh (North)	Madhya Pradesh (Central)	41	13%
4	Bihar (East)	Chhattisgarh (Central)	37	25%
5	Punjab (North)	Karnataka (South)	29	17%

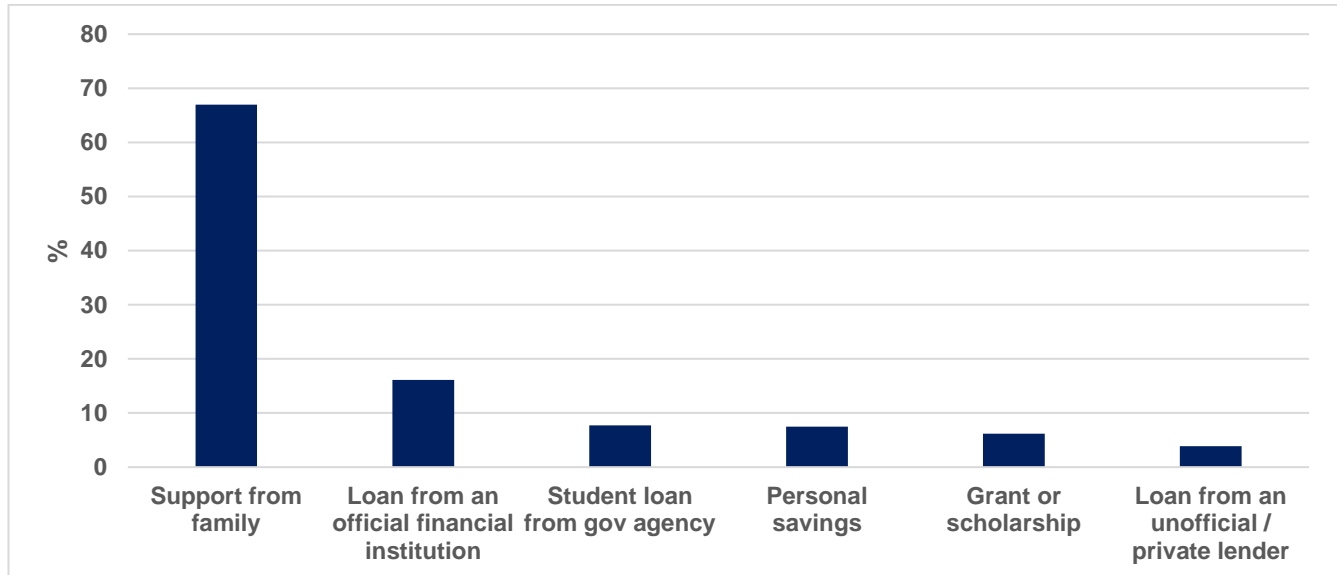
A total of 58 students registered their home state as Maharashtra but were enrolled in HEIs in West Bengal, on the opposite side of India. This represents 26 per cent of all responses received from students studying in West Bengal. Of the top five interstate flows, only Uttar Pradesh and Madhya Pradesh are adjoining states. It is not clear what factors (if any) are behind these flows, or to what extent they represent an established pattern of mobility between the respective states. Additional research is warranted to further explore these trends.

At regional level, the most pronounced mobility trend is an outflow of students from the North region, despite Delhi being a large net importer of students.

2.6 Funding sources

The most important sources of funding for HE study in India are ‘support from family’ and ‘loan from an official financial institution’, selected by 67 per cent and 16 per cent of students respectively, presented in Figure 11.

Figure 11: Main higher education funding sources, all India



India replaced its government-backed education loans system in the 1990’s with the current system of commercial bank-driven loans. Around 90 per cent of education loans are disbursed by the public state banks, while private state banks (7 per cent) and regional rural banks (3 per cent) account for the balance. Banks like State Bank of India, Bank of Baroda and Punjab National Bank dominate the education lending market. Lower interest rates, longer repayment periods, no repayment during the study period, and tax benefits are some of the factors that make loans from public sector banks appealing. Banks typically only require collateral for loans above INR 750,000 (**GBP 7,500**). Loans for study abroad are high-value and secured by a sizeable collateral, usually real estate property.⁵

That eight per cent of respondents selected ‘student loan from a government agency’ is puzzling given that such loans are generally not available. The only example sourced is an Education Loan Scheme provided by the Department of Social Justice and Empowerment targeted at students living below the poverty line.⁶ These respondents may have been interpreting a loan from a public sector bank as a loan from a government agency.

HE funding variations across the regions include:

- **Support from family** is notably important (84 per cent) in the relatively poor Northeast; and is also relatively important for students attending private for-profit institutions.
- **Loan from an official financial institution** is an important source of funding for 22 per cent of students in the South and Central regions but only 8 per cent in the Northeast region and 12 per cent in the East region. Existence of a dynamic and competitive banking system appears to be a factor, such as exists in the South of India. This source of funding is also

⁵ Reserve Bank of India, August 2020 https://rbi.org.in/Scripts/bs_viewcontent.aspx?id=3998

⁶ Department of Social Justice and Empowerment <http://socialjustice.nic.in/SchemeList/Send/12?mid=32549> The department provides educational loans for students living below the poverty line to a maximum loan limit of INR 100,000 (GBP 10,000) for study in India and 200,000 (GBP 20,000) for study abroad.

relatively more important for students of public institutions and for students from wealthier households.

- **Loan from an unofficial / private lender** is an important source of funding for 6 per cent of students in the South, but only 1 per cent in the Northeast – mainly accessed by students from relatively low-income households, perhaps ineligible for traditional bank loans.
- **Grants or scholarships** are an important source of funding for 10 per cent of students in the North, but only 2 per cent in the Northeast and 4 per cent in the East. It is not clear why such regional variation exists and this is worthy of further investigation.
- **Student loans from a government agency** are an important source of funding for 11 per cent of students in the South region but only 4 per cent in the Central region. In retrospect, this option should not have been provided in the survey as such loans are not generally available.
- **Personal savings** is an important source of funding for 10 per cent of students in the North, but only 4 per cent in the Northeast and 6 per cent in the South.

Correlation analysis of survey responses reveals that:

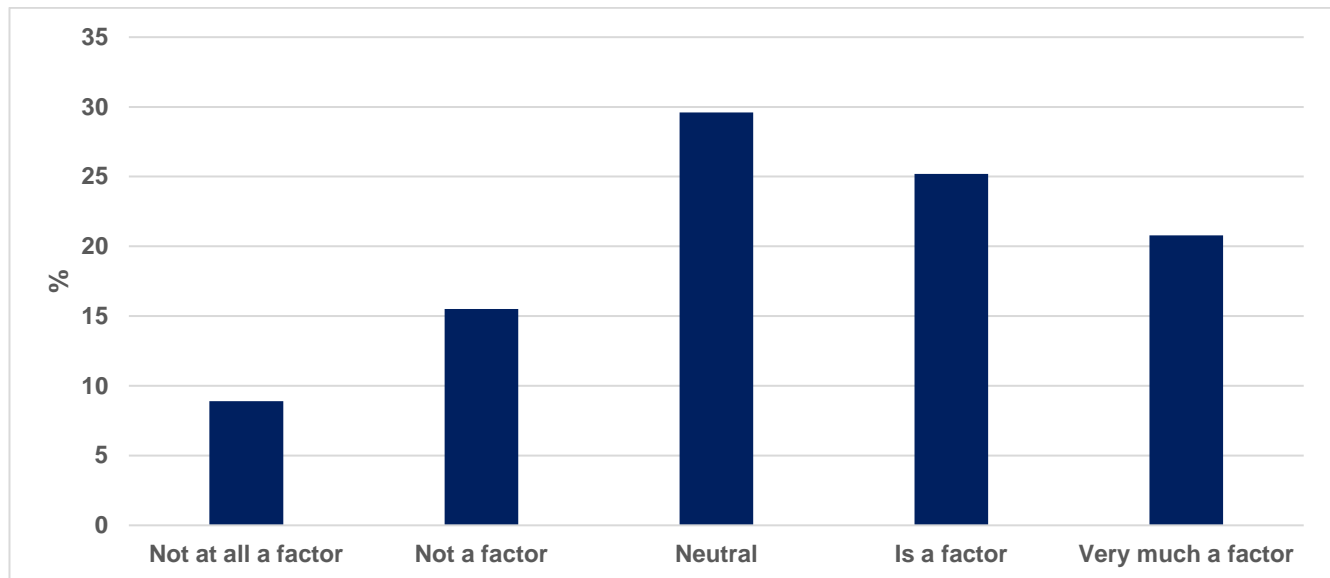
- Apart from family support, ‘loan from an official financial institution’ was a popular solo selection, whereas ‘support from family’ and ‘personal savings’ was the most popular funding combination.
- Students of Social Studies (including Economics) are more likely to rely on ‘personal savings’; while Creative Arts and Design students more likely to come from higher income families.
- While ‘grants or scholarships’ is relatively important for low-income households; ‘loan from an official financial institution’ is important for higher income households, given their increased ability to meet the lending criteria and collateral requirements that banks apply.

2.7 Cost as a factor

For almost one quarter of respondents, cost was not considered a factor in choosing their HEI. This is more likely a function of the low tuition fees paid by many students, than representing price inelasticity.

Figure 12: Cost as a factor in choosing higher education institution.

To what extent was cost a factor in choosing your current higher education institution?



A strong correlation between higher household income and cost not being considered a factor was evident. While there was little variation across the regions on this variable, 'is a factor' was a more popular selection than 'neutral' in the Northeast, and cost was a notably more significant factor for students attending private for-profit institutions. Similar results were found for a separate survey question on 'cost as a factor in choosing subject stream'.

2.8 Family size

The largest average number of siblings (1.8) was reported in the state of Chhattisgarh in the Central region, and smallest (1.0) in the states of Tamil Nadu in the South, Tripura in the Northeast and West Bengal in the East. The fertility rate in India has fallen sharply in recent years, standing at 2.2 in 2018. For the HE students captured in this survey, family size does not appear to have a bearing on their institution or course selection. However, for that proportion of the student-age population not enrolled in HE, family size could be a more significant factor.

2.9 Interest in study abroad

55 per cent of students had previously considered studying abroad but decided against it due to cost. Looking forward, a similar proportion (56 per cent) expressed an interest in studying another course overseas after completing their current course. While this should be interpreted as aspiration rather than intention, it does suggest an underlying demand for overseas study that could progressively materialise as India's economy develops and household incomes continue to rise.

Undergraduate students in the West region and postgraduate students in the North region showed the strongest interest in studying abroad. Conversely, students from the Northeast region (undergraduate and postgraduate) were relatively less interested in studying abroad.

3 Concluding comments

This was an ambitious study in attempting to survey HE students across the six regions of India, covering 23 states / union territories and representing a total HE population of 39 million students. India is a vast country with huge diversity across its education system in terms of different types of HEIs and variation in tertiary level participation - ranging from 17 per cent in Assam in the Northeast to 51 per cent in Tamil Nadu in the South.

Given such diversity, it may be advisable for any follow-up study to focus on a smaller number of representative states or cities, possibly selected based on geographical location, economic output, tertiary level participation and city status (tiers one, two and three). This would allow for a deeper level of quantitative and qualitative analysis to explore the profile and quality of various institutional and programme options available to different socio-economic groups, the education delivery modes (including distance and blended learning), entrance criteria (exams and tuition fees) and interest in foreign HE programmes whether via TNE or study abroad.

In some respects, our survey instrument has only skimmed the surface in terms of understanding the role of financial resources in HE selection in India. Nevertheless, the research has enabled us to make some cautious observations and to raise several key questions.

Given the availability of low tuition fee options in India (most notably for distance learning programmes at the Open Universities) access to HE is a realistic prospect for students with relatively limited financial means. Though clearly, with a national tertiary enrolment rate of 27 per cent, large swathes of the population remain without access, whether due to cost considerations (fees and living expenses), time commitment (work and family) or other factors.

Much of the access to poorer and more rural segments of society is provided via the private for-profit sector, but further research is required to unpack this broad category of institutions. Our study has not explored the teaching quality or labour market outcomes associated with various HE choices, for which there is likely to be wide variation both within and across the public and private sectors. With demand for HE set to soar as India's economy develops and household incomes rise, private providers - including foreign providers - will play an increasingly important role in addressing demand and producing graduates with the right mix of hard and soft skills.

There is evidence of significant unrealised interest in study abroad, though our survey only briefly examined this. And student mobility within India appears significant, with one in five students travelling outside their home state for HE study.

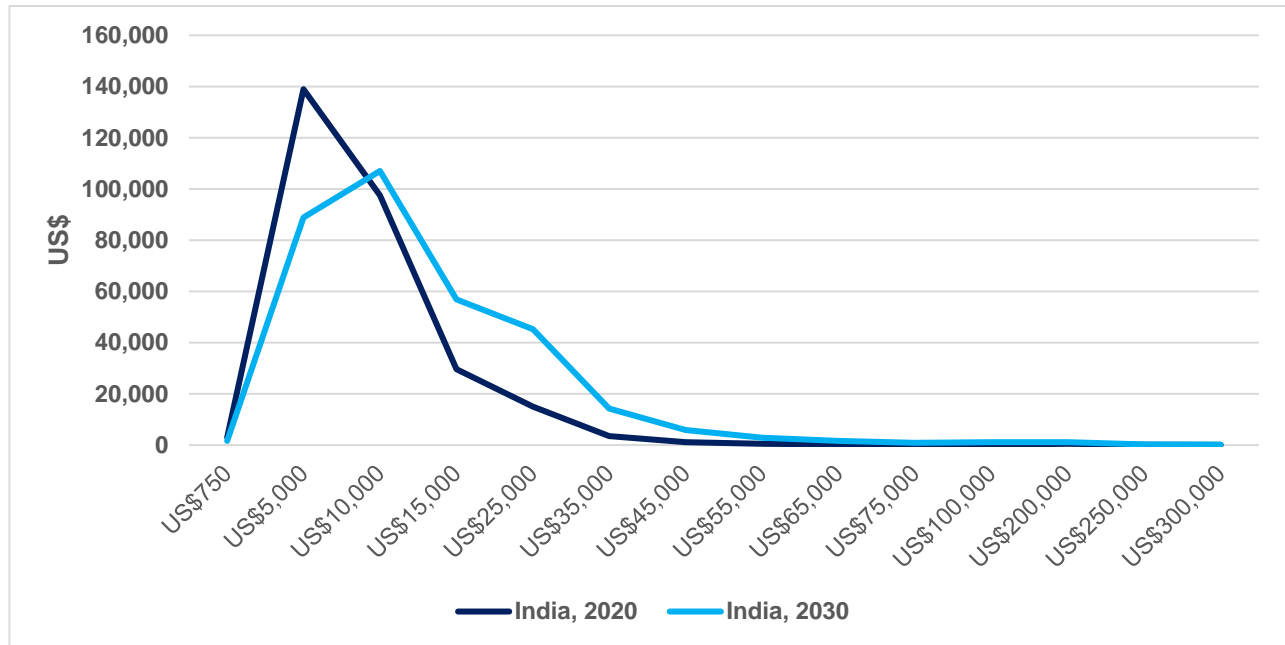
While India's National Education Policy 2020 has signalled an opening up to foreign universities, the low tuition fee environment raises questions about prospects for foreign providers to operate sustainably in India, given the cost of developing and delivering TNE programmes. Additional research could explore the profile of Indian HEIs most suited to developing programmes in partnership with foreign universities, or in which geographic locations and subject areas international branch campuses could most effectively address local demand.

India faces significant HE funding challenges going forward. In the absence of a government funded student loan system, our survey finds that access to loans for lower socio-economic groups is constrained. The research raises questions as to why scholarships appear to be less available in certain parts of the country, why public institutions appear to be catering to a relatively high socio-economic student profile, and why such a large proportion of HE students from a lower socio-economic background are studying at postgraduate level. It also appears that student's household income is less variable across the regions than may have been expected, while tuition fees exhibit greater variation.

Hopefully this project has begun a journey to better understand the role of financial resources in HE selection in India, and that this research can be used by policy makers and the HE sector (local and international) to extend the availability of high quality HE to all segments of Indian society.

Appendix 1 – Household disposable income projections in India

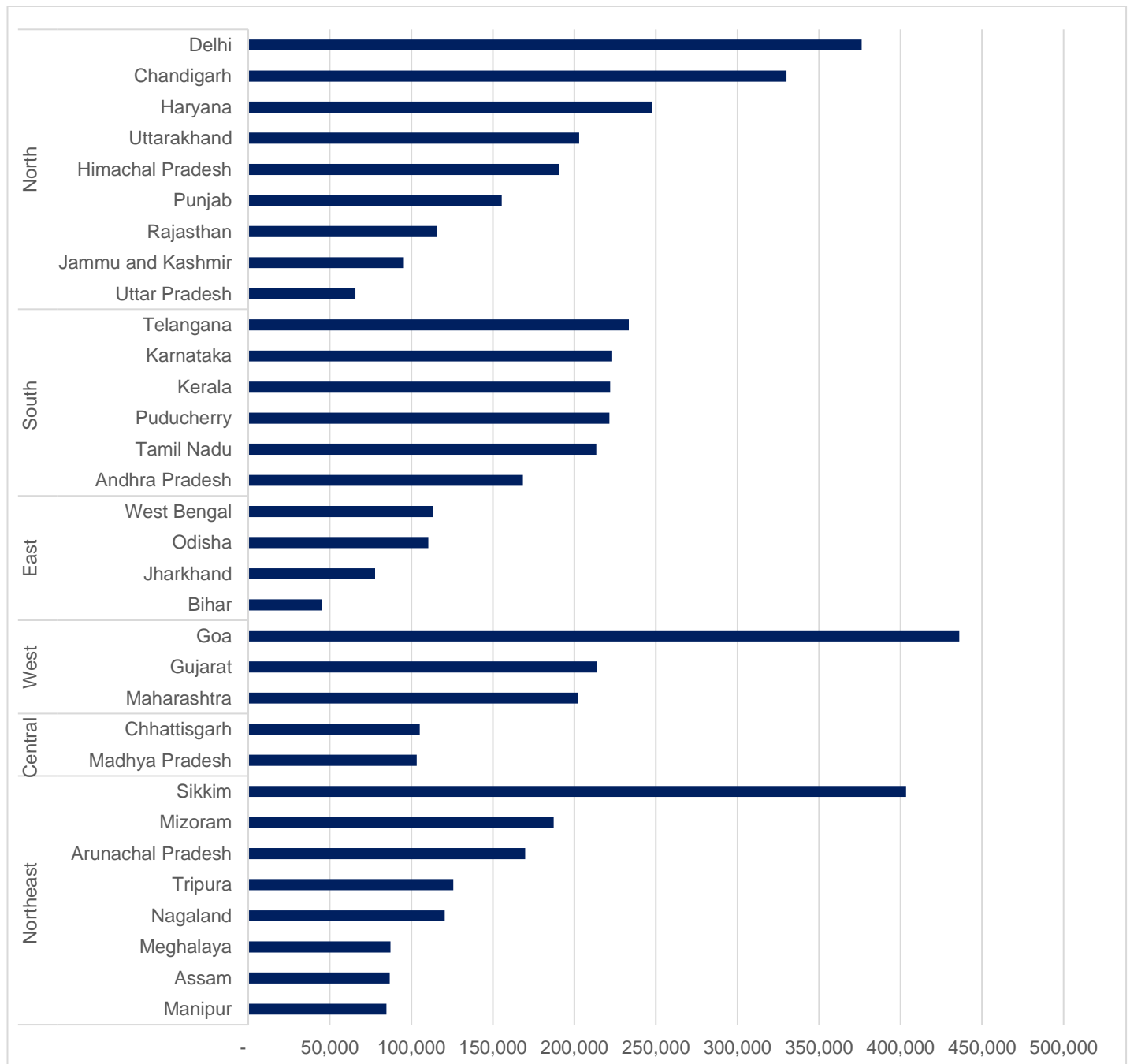
Figure 13: Annual household disposable income in India, 2020 v 2030



Source – Euromonitor, 2020

Appendix 2 – Net state domestic product per capita

Figure 14: Net State Domestic Product per capita (INR current prices), 2019/20

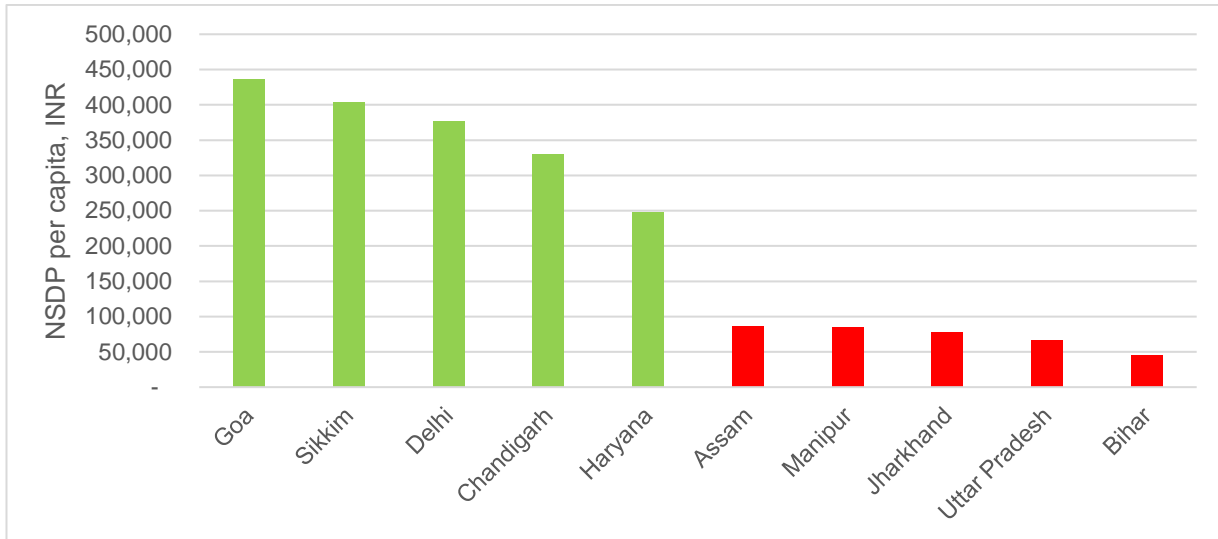


Source: Government of India, Ministry of Statistics and Programme Implementation⁷

⁷ Government of India, Ministry of Statistics and Programme Implementation [Net State Domestic Product per capita \(INR current prices\)](#)

Of the five poorest states, two are in the Northeast (Assam, Manipur) two are in the East (Bihar and Jharkhand) and one in the North (Uttar Pradesh) as presented in Figure 15. However, Sikkim in the Northeast bucks that trend, being among the top five richest states in India. The South and West of India are relatively wealthy, with all seven states in these regions having a higher Net State Domestic Product (NSDP) per capita than the national average.

Figure 15: Top five wealthiest and poorest states / union territories in India, 2019/20



Note - The two wealthiest states of Goa and Sikkim were not covered in the survey. Delhi and Chandigarh are classified as union territories.

