aspiration nation

Why young Indians are swiping right on overseas study



In 2025, 2 million Indian students will embark on overseas study. They'll spend £55 billion.



India's youthful population is on the move. Millions of young people leave towns and villages every year and flock to the country's cities in search of education, jobs, and a better life. Many look to find work in the booming technology sector and a vibrant start-up scene. Competition is tough.

Many others, in growing numbers, travel farther afield, and pack their bags for a stint of overseas study.

Foreign education is expensive, but for those with access to funds, it delivers many benefits. In a crowded and dynamic market, it opens new career prospects and opportunities for higher earnings. In a country where social standing is deeply ingrained, it offers betterment and status.

This report looks at the willingness of young Indians to invest in overseas higher education, and their motivations. It brings together a range of data, the voices of students, and insights from a young team based on the ground in India. It's written for anyone seeking a better understanding of India's huge potential - both as a market and as a source of talent – and the complex forces driving the country's growth.

Domestic demand outstrips supply

India is now the world's most populous country, the fifth-largest economy, and is poised to become an upper-middle-income country by 2047. The nation's businesses are flourishing. It has the world's third-largest community of start-ups, according to an Economic Times report.[1]

Digital infrastructure, e-payment, and efficient last-mile delivery are reshaping vast areas of its informal economy. With Chandrayaan-3, it became the first country to successfully land a lunar mission near the moon's southern pole.

The 21st century belongs to India.

A critical factor in the nation's surge is its young population. 50 per cent of Indians (675 million) are under 25, and more than 65 per cent (877 million) are under 35. The streets echo with the ambitions of millions of 'Midnight's Grandchildren', young people born in the three decades since 1991, when India's economic liberalisation began. They have grown up in an era of rapid economic growth and affluence.

But India's success doesn't depend on population and demographic dividends alone. It lies in better productivity. Recent work by the OECD[2] highlights the link between the quality of education and workforce productivity.





Education is big business

The Indian government recognises this correlation and is busy promoting education and training. In the last five years, India's education sector has witnessed a remarkable transformation.

There has been a 29 per cent increase in the number of universities. Presently, the country has more than 40 million students engaged in Higher Education, according to a Ministry of Education survey[3]. Their needs are catered to by around 1,200 universities, almost 50,000 colleges, and 23 Indian Institutes of Technology (IITs). The importance of IITs in India's business ecosystem has long been known. The boom in the start-up world adds to their allure. 68 out of 108 Indian unicorns were founded by at least one IIT graduate, reports data analytics firm, Tracxn[4]. Demand for places in these elite institutions far outstrips supply.

Ambitious young Indians are spending big on Higher Education and professional development programmes. International qualifications hold great appeal. And not just because of the work opportunities and earnings potential. They also offer social mobility in a country where social status is highly prized.

Student spending surges

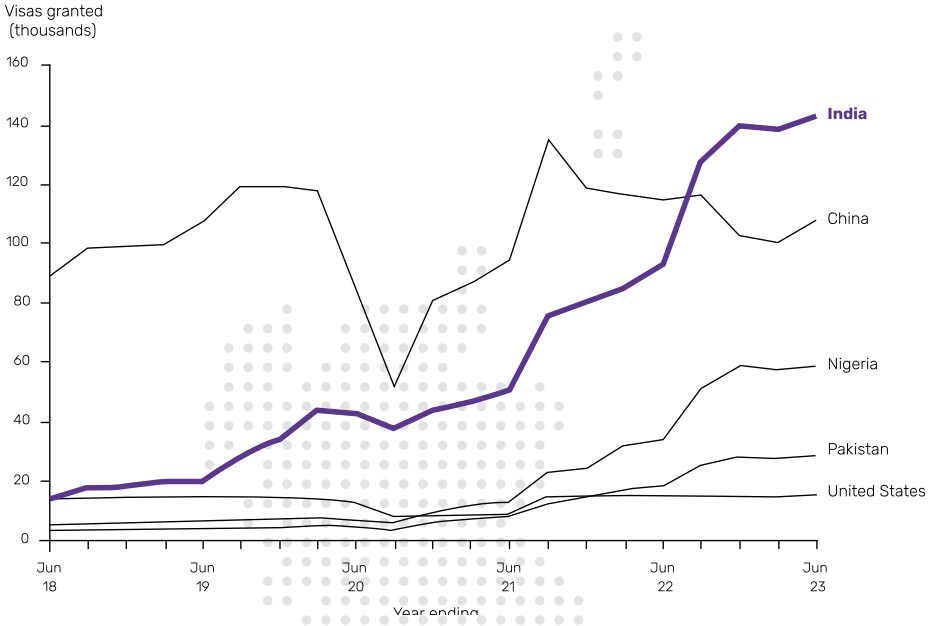
In 2019, around 1 million Indian students pursued education overseas, spending £29 billion, according to the Indian Student Mobility Report 2023 by OneStep[5]. The number of students increased to 1.3 million in 2022, and expenditure to £37 billion.

By 2025, the number of Indians studying overseas could reach 2 million, injecting £55 billion into the global economy.

Increased overall demand is combined with a shift in where students come from. Smaller towns and cities, known as tier 2 and tier 3, are at the forefront of this swelling demand for overseas education. The Economic Times reported[6] that 72 per cent of students funded by Avanse Financial Services in 2023 came from tier 2, tier 3 cities, and beyond. Rising incomes are fuelling demand.

Indians overtake Chinese

The UK is already meeting some of this new demand. The UK issued almost 500,000 student visas in 2023. 143,000 went to young Indians - up 54 per cent from the previous year. Indian students now outnumber Chinese ones in the UK.[7]





Movers and shakers

2025 (estimate)



2 m students

£55 bn

2022



1.3 m students

£37 bn

2019



1 m students

£29 bn

Boom country

India's growth is creating a generation of young adults hungry for overseas education and the social status it confers. The numbers will increase rapidly in the next few years.

New economic prosperity in smaller towns and cities is driving demand. The requirements and decision-making of those students may be different from their big city cousins.

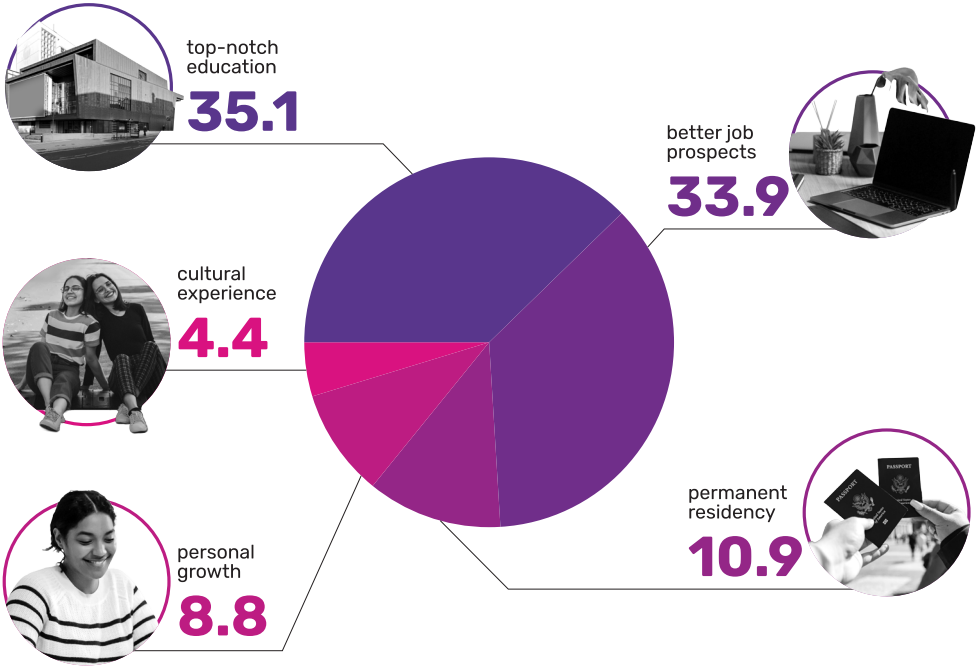
No Indian university appears in The Times list of the world's top 200 universities.[5]

Mobility motivates

The absence of high-quality education at home is one of the major reasons young Indians seek greener pastures abroad.

upGrad, an Indian education company, surveyed[10] more than 1,000 respondents across 200+ cities in India in 2023. Findings showed that young Indians aspire to study abroad for top-notch education, better job prospects, permanent residency, personal growth, and cultural experience.

Most of these responses can be interpreted as a desire for social mobility. Status in India is a powerful motivator.



*6.9 cited other motivations

Redditors reveal

For this report, we asked more than 46,000 people in the Reddit community 'r/Indians_StudyAbroad'[9] about what motivates them to study abroad. A small sample of the responses gives a good idea of the voice of the user.

High-quality education, interdisciplinary degrees, improved career opportunities, and a better quality of life took centre stage.

Redditor C_T's journey to Swansea University illustrates the tangible impact of such pursuits. "I wanted to study computational mechanics. In India, there are limited options. Now, at Swansea University, I'm a teaching assistant for 3rd-year mechanical engineering students. I'm guiding them to design a CAD model of a remote-control car and run various tests in the software," he says.

Others cited outdated approaches and caste-based concerns, where reservations for certain groups limit the number of places available to others. "82 per cent of seats for Medicine are reserved in Maharashtra. I'm one of the 18 per cent," says R_L on Reddit.

The quest for quality work after qualification is a topic of discussion. Redditor S_F says: "India has plenty of software jobs, but they lack meaningful innovation. Routine tasks and limited research make the work less satisfying."

Some are taking the journey to fulfil their parents' aspirations. E_e, another Redditor says: "My folks wanted me to work in India for some time and then move abroad for studies. They believe a foreign degree will brighten my future."



"Indian colleges are archaic in their approach and research is never promoted. Education abroad is more holistic," says a Redditor

Beyond metros

The quest for social mobility is spreading rapidly beyond major cities. The Economic Times reported[6] that smaller towns led the demand for education loans in 2023. They are bustling cities (see map below) that have benefited from the trend of urbanisation, and are home to millions of ambitious young people.

Most of these smaller cities are in the south or west of India, parts of the country with higher levels of literacy and more female participation in the workforce. Kerala, a south Indian state famed for its palm-lined beaches and backwaters, is the most educated state with a literacy rate of 94 per cent.

Demand for international education is lower in northern and central states. Some factors are economic, others cultural. In some parts of the country, a new car or possibly a new home will be a priority, while in others, education tops the list.



Tier 2 towns brim with ambition

Parental blessings

Social mobility in India is not an individual journey. Families play a crucial role. In Indian households, where joint family traditions persist and arranged marriages dominate, parents and grandparents wield substantial influence over their children's lives. Educational choices are no exception. HSBC reports[11] that 88 per cent of Indian parents believe that their children's future is brighter with a foreign university degree. Many put their money where their mouths are. For 41 per cent of Indian parents, funding kids' education is more important than retirement savings, according to the HSBC survey[12].

S. Ramakrishnan, head of retail banking and wealth management at HSBC India, says: "The financial sacrifices are proof of the unquestioning support they will give to help them achieve their ambitions."

Burdens to bear

Not all students studying overseas rely on the 'Bank of Mum & Dad'.

Education loans are prevalent. In FY22, education loans totalling £1.5 billion were disbursed in India. Half of that was to fund education abroad, according to the Ministry of Finance (India)[13].

And the demand for loans is largely driven by applicants from smaller towns. Says Akshay Chaturvedi, founder and chief executive of Leverage Edu, a financial services platform: "In 2023, we received two applications from small towns for every application from tier 1 cities."

Beyond financial hurdles, overseas study is fraught with many other challenges.

The upGrad survey[10] found that 26.9 per cent of respondents required help with college applications, 23.1 per cent needed assistance with visa formalities, 19.6 per cent were unsure of how to seek education loans, and 14.0 per cent remained oblivious to the standardised exams needed for admission abroad.

Away from home

Living away from family can be stressful. Many young Indians are ill-equipped to manage their own finances or a home. It's more tricky for male students. Many of them depend on their mothers,

"Some students defer their start because they cannot find accommodation." Lakshmi Iyer managing director SI-UK[14]



domestic help, or both - for their daily chores back at home. These new circumstances can impact a student's well-being and may lead to homesickness, isolation, stress, and anxiety.

"Studying abroad is not for everyone. You are out of home, in a foreign land where the rules, laws, and how they are interpreted are very different. People don't know about this until it happens. There is no way to prepare for this, apart from mentally," says JB, a Redditor.

Should I stay or should I go now?

For past generations, studying abroad was a ticket out of India. Millions of young Indians left for university and never came back. They made their lives elsewhere and contributed to growth in other parts of the world. But times have changed. India's economic growth and booming economy mean there are good reasons to move back and participate in the country's exciting growth.

"In my case, everyone wanted to go and study abroad and then maybe stay for a year or two to get experience and work with the right brands, but the intent was always there to come back. That's where the shift happened. After 2000, a lot changed, and suddenly India was the place to be. The professional opportunities were in India," says hotelier Amruda Nair[15].

Others have different priorities. "I'm planning to move to Saudi Arabia with my fiancé soon. A degree from the UK weighs more than one from India. Unless it's in the medical field, landing a job in the Gulf is tough, unless you're white. So having a degree from a 'white country' is better," says Elizabeth, MA Entertainment, and Media Management, University of Glasgow.

Whether they choose to return to India or seek work in other places, Indians see a foreign degree as a marker of social progress. It is a status symbol. It may get them a better job, higher wages, or make them a more attractive prospect in the marriage market. Aspiration takes many forms.

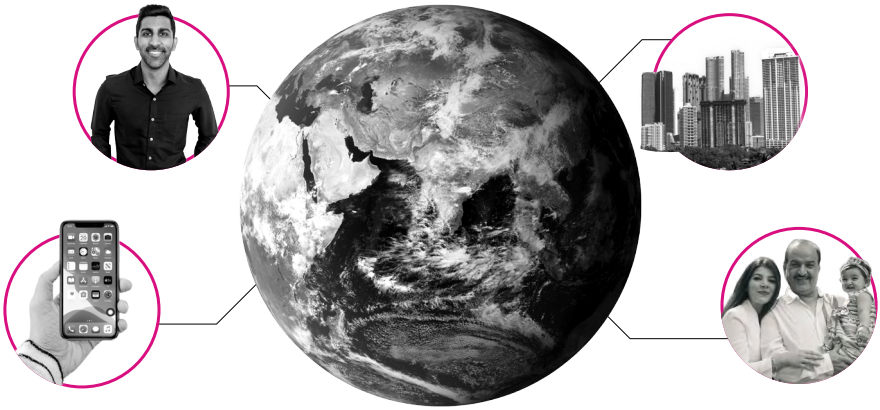
The generation game

A student's choice to travel and study abroad cannot be seen in isolation. It is a family decision involving parents, and possibly grandparents, who hold the purse strings. The reasons for choosing to study abroad may not be obvious and are linked to complex cultural expectations, and the desire for betterment. Social mobility is a powerful motivator.

Whereas for past generations, overseas study led to migration, most graduates now see the appeal of professional opportunities back in India.

Messaging in local languages that addresses local themes has deeper reach.

India insights



One size rarely fits

India is far from homogenous. What a young Keralan woman from a small town is looking for in her overseas study and how a man from a bustling city in Gujarat defines success will be very different. Their cultural backgrounds, family circumstances, language skills, career goals, and life aspirations will all have a bearing on their choices. They may have little in common and not recognise each other as 'Indian'. If you can segment the market and listen to the needs of different groups, you can learn to whom your institute and its courses will appeal. Messaging in local languages that addresses local themes has deeper reach.

Digital nation

Young Indians have grown up with digital technology. They are a 'mobile-first' generation. Rapid expansion of mobile networks, the spread of 5G at warp speeds, and the lowest data charges in the world mean they live their lives online. They are experiencing the cutting edge of digital payments, digital identity, online banking, and content consumption. The content available via streaming channels in India gives them access to the same music, movies, and memes as young people elsewhere. Traditional channels of engagement won't cut it. Your communications need to be delivered with flair, via the latest technology, and with high levels of personalisation.

Indians are social

India is a highly relational country. People want to know who they're dealing with. 'Who are we doing business with?' 'What are their values?' 'Can we trust them?' It's important for anyone doing business in India to invest in relationships and take a long-term view. Strong bonds will often lead to important invitations, introductions, and words of approval that can open doors you didn't even know were shut.

India is changing, rapidly

It has only been 77 years since India gained Independence. It is a young country, and its people are young. Midnight's Grandchildren, the cohort who've come of age in the 21st century, have enjoyed freedom and opportunities unknown to their parents and grandparents. They have unprecedented access to new brands and experiences. They don't have firmly set relationships with any one brand or institution, and will 'shop around' to try new ones when they appear. Some interpret this as a lack of loyalty. Another way is to see it as a fantastic opportunity to establish trust and capture market share in a market where much is in flux. Heritage doesn't always win.

Family ties

Many Indians live in extended or large 'joint' families. Most Indian marriages are still arranged, and young folks remain happy with that state of affairs. Even so-called love marriages require granny's approval. Decisions about career and education (in that order) are family affairs. The reasons vary between generations, and the student may have little say in the matter.

A choice of university can carry with it a host of unspoken factors. To focus marketing efforts solely on the prospective student is to miss a vital segment of other stakeholders with powerful veto rights. Parental power is strong and largely wielded with the consent of the younger generation.



"UK universities are working hard to provide opportunities that meet the unique needs of Indian students."
Tara Panjwani
UK India Business Council

Professional competition

The number of candidates for the CFA charter in India exceeds that of the USA.

Amid the increasing demand for international education, young Indians, and the companies that employ them, are also spending on professional development in India.

The CFA Institute has built an impressive presence in the country in recent years[16]. Others such as the Institute of Chartered Accountants in England and Wales have tied up with local professional bodies and are visible within their professional communities[17].

HARDSKILLS, an online training platform, has clients across the world, and has grown quickly in India. It works with Indian companies and global enterprises with large numbers of Indian workers to train employees at scale in a range of critical business skills. "We see growing demand from companies building high-performance teams that slot into global supply chains. There's no shortage of folks with great technical skills in India and plenty of demand for those resources. The skillsets that are really in demand are communications, planning, and critical thinking. It's these human skills, we call them global business skills, that are too often missing. But the great thing is they can be taught," says Shoba Purushothaman, co-founder, Hardskills[18].



A spectrum of services

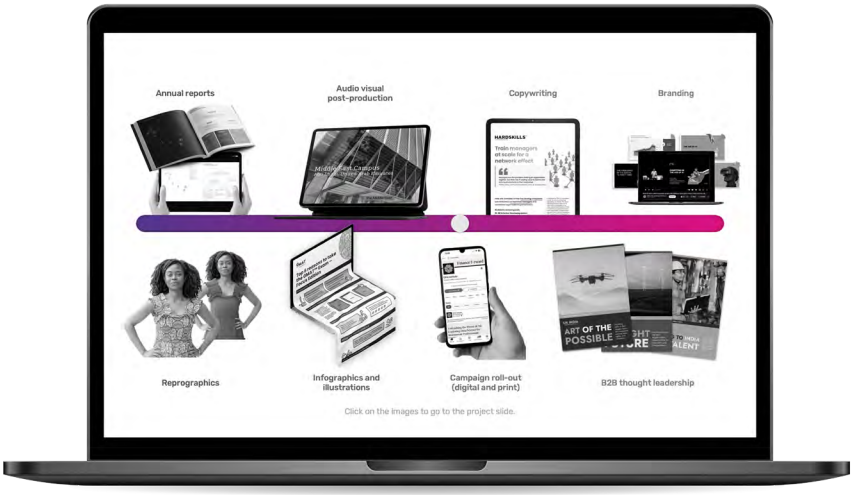
This report is produced by magenta and IndigoCPO. We're a team of strategists and communicators with operations in India and the UK.

magenta is a fresh thinking creative agency headquartered in Mumbai. It has been active in the UK-India corridor for 15 years.

IndigoCPO is based in the UK. It is a pioneer of creative process outsourcing. Our clients have access to a virtual studio that delivers cost efficient quality communications support.

Co-founder Mark Hannant is the author of *Midnight's Grandchildren: How Young Indians are Disrupting the World's Largest Democracy* (Routledge).

We work closely with the UK India Business Council, which provides strategic advice and support that helps UK higher education institutes build their brand, establish transnational education and industry partnerships, and engage with prospective students.



Made in India

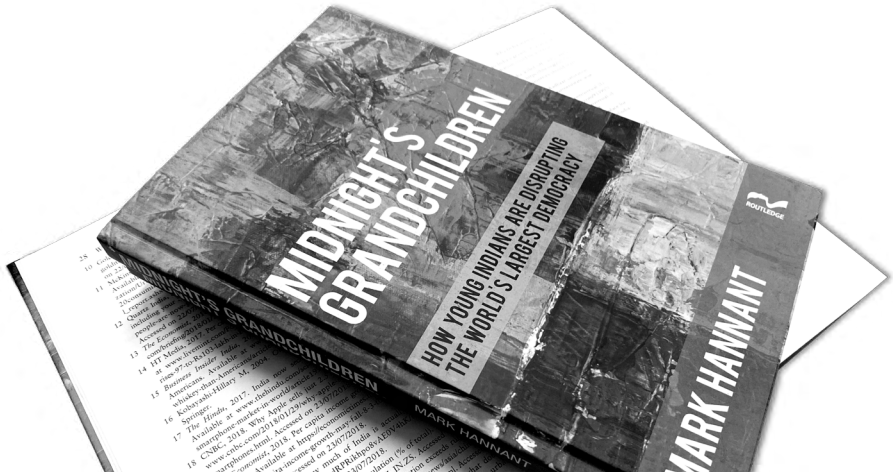
Shafi Shaikh, our business editor in Hyderabad, led the research, gathered data and asked young Indians about their motivations.

In Mumbai, Krishna Kapadia and Devang Makwana created this beautiful design. Ashitosh Lewate coordinated the project.

Munni Trivedi orchestrated the symphony of ink and paper from London.

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