INDIAN STUDENTS MOBILITY RESEARCH REPORT

2015

Latest Trends from India and Globally

M.M Advisory Services

Please cite this report as:
Indian Student Mobility - Latest Trends from India and globally: MMA (2015)

PREFACE

May we live in interesting times – it's a popular Chinese proverb. And that's certainly true for the international students market today. When we started out on our maiden research effort, we had one objective: take an approach that provides fresh insights for all stakeholders.

So we didn't want to stick to just annual growth rate, but see past year-on-year trends. We wanted to explore beyond relative growth between countries, and find out gainers and losers in absolute numbers as well.

More importantly, there has been no comprehensive report on Indian students' mobility – the second largest source of international students globally and so this has been long overdue.

Our analysis revealed new trends that truly surprised us. There are fundamental shifts underway – both in the global and Indian market.

One, among origin countries, India is at the center of action now, just as China has been for the past decade or so. India's growth rate outpaced China for the first time.

Two, among destination countries, 2014 turned out to be the year when Australia regained its momentum. As our analysis shows, this is having an impact on all other countries – globally and within India.

In the subsequent pages, you will find data and analysis about these changes, and a lot more. US, Australia, Canada, UK and New Zealand account for over 85% of international students from India – so we have chosen to focus our data analysis for these countries only.

We hope you find the report useful – and I keenly look forward to your feedback.

From now on, M.M Advisory Services will be releasing a report every quarter, focused on different aspects of the international recruitment market. Your feedback will help us serve your needs better.

Happy reading!

Maria Mathai
Director

Contents

Introduction

Question #1: Which country is most likely to overtake UK in international student numbers from India?
New Zealand - with an unprecedented 49% jump in 2014

Question #2: Which country has seen the highest growth rate in numbers among the Top 5 destination countries?
Australia. Yes, Australia is back. And is gaining almost entirely from the drop in numbers to UK, and we surmise, it will impact other countries' numbers too, soon.

Question #3: Which country beat China in growth in international students from origin countries?
India. For the first time, India overtook China in growth in international students.

As the centre of gravity of economic activity is shifting to the Asia region, are we beginning to see a similar shift in the international students' destination markets as well?

Within Asia also, new trends are emerging among origin countries. With a growth rate of 10.1%, India grew fastest among the three countries that account for over 50% of international students market (China and South Korea are the other two). India overtaking China's growth rate is a significant development.

Our analysis, based on data compiled from multiple sources globally, shows that international student numbers from India crossed 300,000 in 2014. So India numbers have climbed back to its previous high in 2009. Yes, India had breached the 300,000 mark five years ago, and had since been in decline for 4 years.

This year the direction has changed, and in a strong manner. Except for UK, every other country has seen more students go from India this year than previously. So, what is happening in India needs a much deeper look. What underlies this growth? Which destination countries are the winners? Who are the losers?

Beyond the 2014 numbers, what trends can we decipher about the Indian market from the past 5 years? Who's gained the most in this period? Who is likely to gain the most based on current trends?

Canada has been one of the big gainers in the past 5 years, but does the resurgence of Australia pose a threat next year? And what about New Zealand's prospects? After stagnating at the 10,000-11,000 mark for the past 4 years, it grew sharply by 49% in 2014.

The first edition of the Indian Students Mobility Research Report from M.M Advisory addresses these, and many other questions.

Our research team has compiled international student data from all major destination countries for the past 10 years. The data was sourced from over 20 sources including government, quasi-government think tanks and educational institutions.

In the report, we have introduced some new analysis techniques that we believe helps capture long-term trends better. Gains Analysis which captures increase in student numbers in absolute numbers – is one new method used in this study.

This Gains Analysis has thrown up a surprising correlation between Canada and Australia numbers. International recruiters would do well to factor in this finding as they fine-tune their medium-term strategy, especially for potential threats and its mitigation.

The Indian Students Mobility Research Report is our maiden report on the international recruitment market – we hope you find it useful.

Our Methodology

01. There are a lot of sources for international students' data, and yet no source is comprehensive enough. That's been our first challenge: ensure consistency in data sources chosen.

We chose to stick to official data sources only for our analysis. Here are our data sources, country-wise:
USA: *IIE Open Doors*
Australia: *Australian Government, Department of Education and Training*
Canada: *Citizenship and Immigration Canada*
UK: *Higher Education Statistics Agency*
New Zealand: *Education New Zealand, International Division-Ministry of Education*
Other sources: Project Atlas, OECD, UNESCO

02. There exist differences in nomenclature in international students' data. Here's the list of specific databases that we used for our study:

USA: *International Students by leading country of Origin 2013-14*
Australia: *All sector year-to-date enrolments by Top 10 Nationalities by State/Territory for December 2014*
Canada: *International students with valid permit(s) in calendar year*
UK: *Non-European Union countries of domicile in 2013/14 for HE student enrolments*
New Zealand: *International Enrolments by Origin*
Other sources: *OECD Education at a Glance, UIS- UNESCO*

03. Nearly 85% of outbound international student mobility from India is accounted for by 5 countries: USA, UK, Australia, Canada and New Zealand. So for this report's analysis we chose to focus on data and patterns for these countries.

04. The scope of study extends from 2005 to 2014. Canada is the only exception to this – it has still to publish its 2014 data, so all our Canada analysis is based on data up to 2013.

05. In some analysis, we have however made an assumption about Canada numbers for 2014 – we have assumed the most conservative scenario of no growth over previous year. That's based on anecdotal evidence we have picked up from government and institutional sources.

06. In any case, there has been a big change in the reporting methodology by Canada which has led to significant revision in international student numbers in Canada for all previous years.

Until now, Canada was reporting country-wise numbers as on December 31. Now, as other countries have been doing, Canada has started reporting cumulative addition of international students through the calendar year (not the end-of-the-year figure).

07. The full list of documents and other source material for this report is available in the Appendix to this report.

08. Finally, the study findings have been divided into two sections – global trends, and India-specific trends in terms of international students' mobility.

Let's go through the findings of the report.

GLOBAL TRENDS

PART A

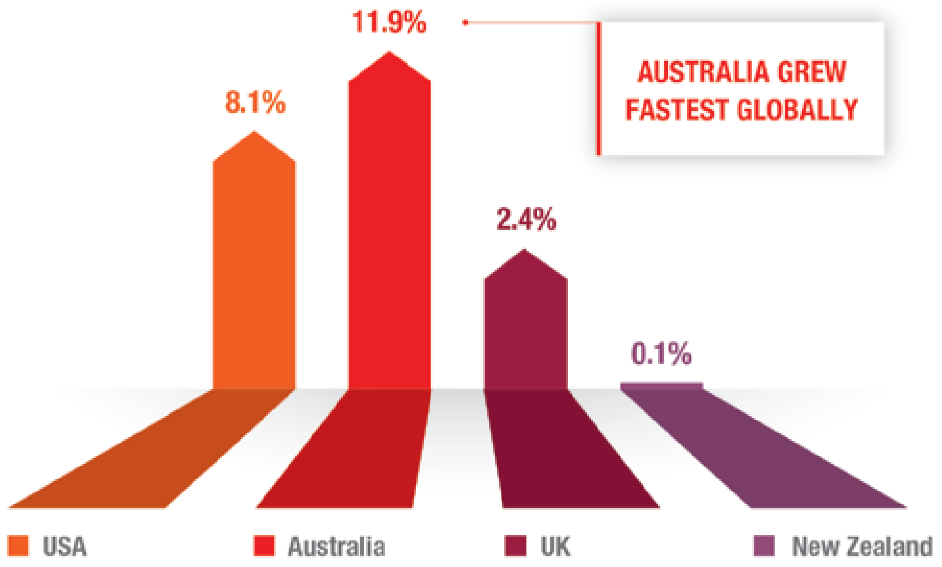
Destination countries: Australia's sharpest increase

In 2009, at its peak, Australia's international student recruitment numbers had almost equaled the US. Yes, that's how strongly Australia has grown in recent times, especially since 2005.

This year, Australia numbers grew sharply by nearly 12%, to post its second-highest international student numbers ever.

Considering that Australia is the second-biggest destination country in the world after the US, this sharp growth rate is a significant new development.

2013-2014 Growth Rate

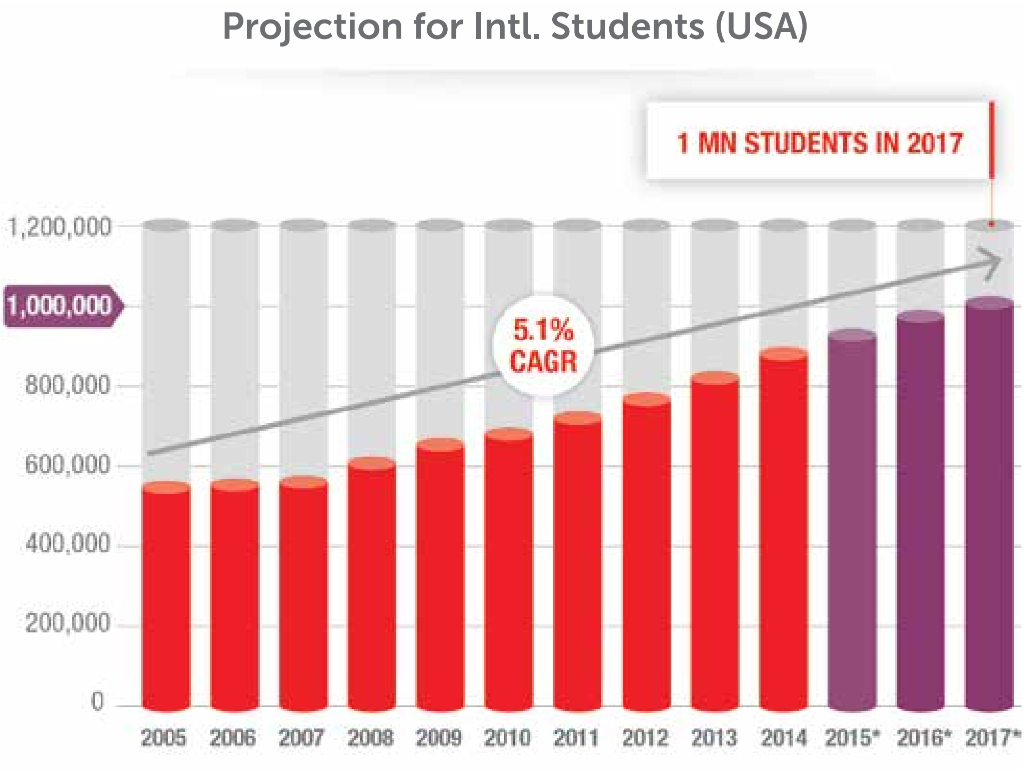


India has been a big contributor to this growth, with international students to Australia jumping by 28% over 2013. But we will come to that later.

USA to hit the 1mn-mark by 2017

Even the biggest market, the US, grew sharply by 8.1%. This has been the biggest growth in recent times for US also, the highest since 2005 at least. If the biggest market has posted one of its highest growth rates in recent times, that's saying a lot about the growth momentum in the international student market.

We went further, and asked the question: when will the US market cross the 1mn mark? The US market has grown at a compounded annual growth rate of 5.1% for the past 10 years. Based on this, we estimate that the US will hit the 1mn-mark in international students by 2017.



The US market has grown at a steady clip, and will continue to be the most popular destination for international students in the years to come.

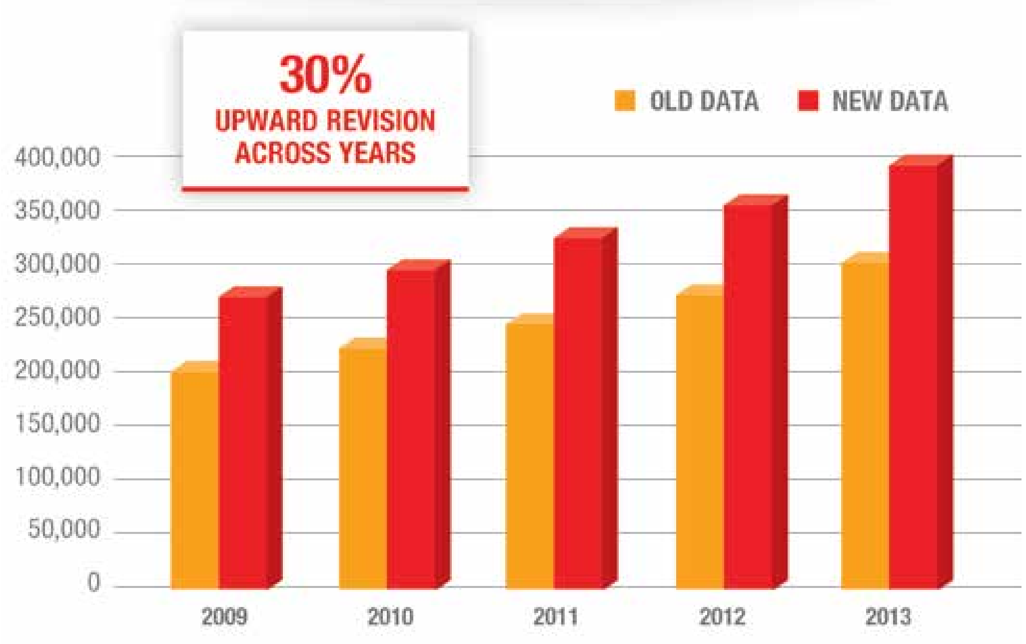
Canada consolidates #4 rank among destination countries

The 2014 data is not released by the country yet, but there has been a significant revision in the numbers for the past for Canada. The official data source, Citizenship and Immigration Canada (CIC), has augmented its data reporting to what other countries follow: count all permits issued in a calendar year to international students, rather than taking stock on the last day of the year.

The new data shows that Canada numbers are higher by a massive 30% than the previously reported data on study permit totals. (We looked at the revised data for the past 5 years).

The revised numbers suggest that Canada has increased its international students' numbers smartly in the past 5 years - at the rate of almost 10% every year.

Revised Numbers from Canada



Source: CIC, Canada

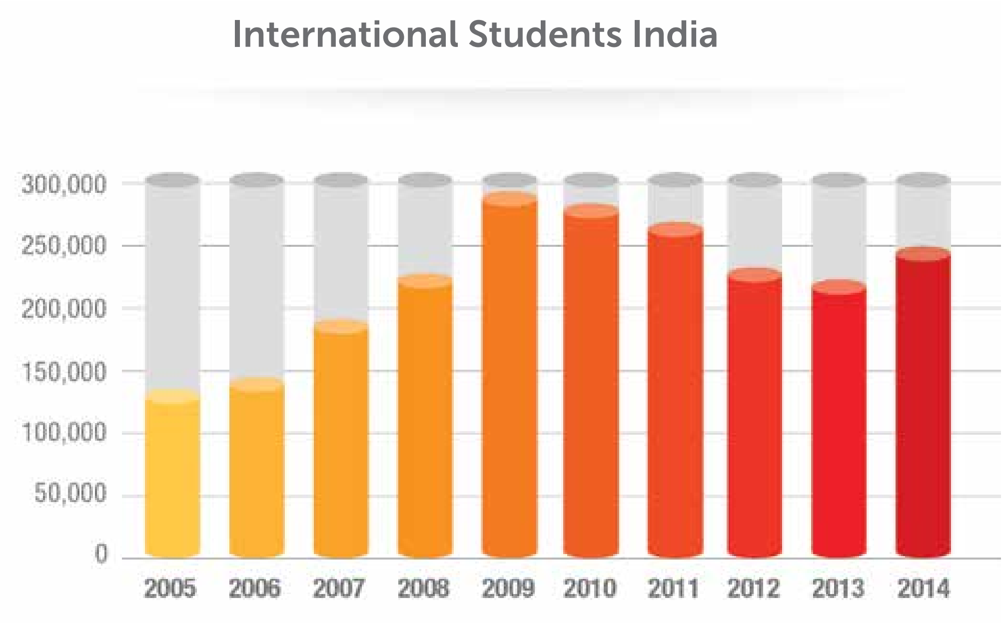
Of course, even though the 2014 data is not yet released by CIC - we estimate that Canada will cross the 400,000 - mark in 2014.

India reaching 300,000-mark; growth rate faster than China

Here's what could be the biggest potential trend, at least for the next few years: the emergence of India as a top source country.

International student numbers from India grew faster than China, for the first-time ever.

Considering that Indian student numbers to the Top 5 destination countries (English-speaking) had been declining for the past few years before 2014, this bounce-back could significant.



To be sure, China numbers are strong, just a shade behind India in 2014 – and it has been growing strongly throughout the previous years. In fact, international student numbers from China is over 650,000, more than twice that of India's. And China grew by 12% in 2013 and 11% in 2012.

Growth rates for these two countries are significant because China, India and South Korea account for nearly 50% of total international students for the top destination countries. With South Korea in decline for the past 3 years, India and China will drive most of the changes in the market.

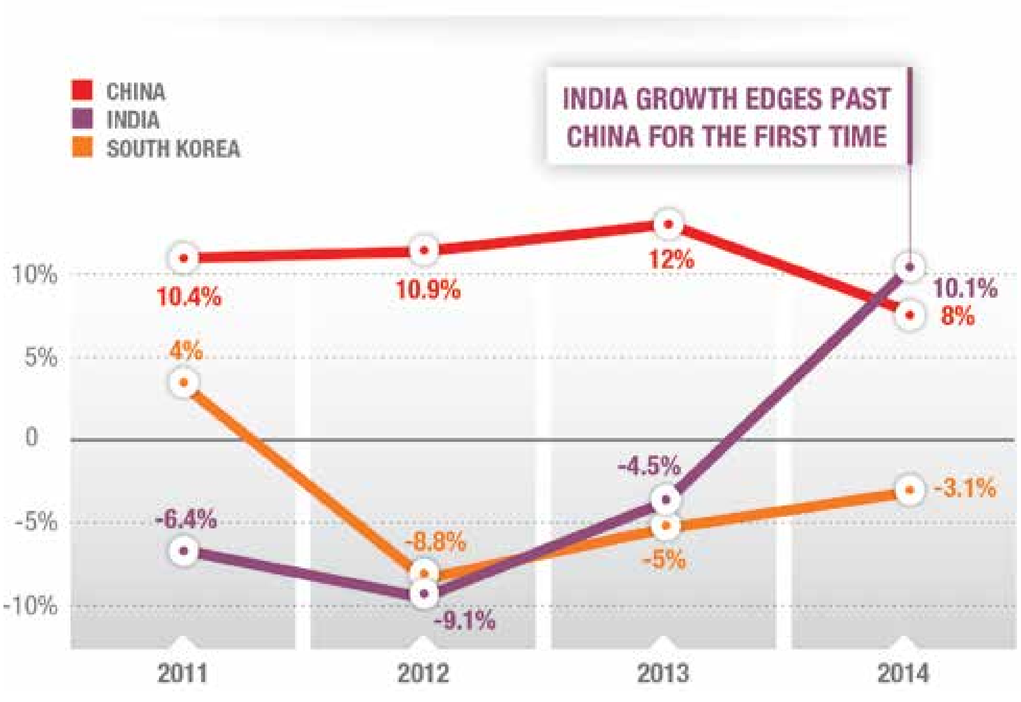
continues ›

In 2014, international student numbers in India also breached the 300,000 mark, as they did in 2009. Yes, India had breached the 300,000 mark in 2009, but that was followed by 5 straight years of decline.

In 2014, India has reached the 2009 levels, and it posted higher growth than China.

The top 5 destination countries got most of the students (~ 250,000, assuming Canada's numbers at similar levels as last year.) The remaining is accounted for by Gulf countries, Russian federation, Asia and Europe.

Top 3 Origin Country Growth Rates



India, we believe, is the biggest growth story this year, and according to our analysis this trend will continue for the next few years.

In the rest of the report, we dig deeper into the India numbers to understand the shifts in the market.

INDIA-RELATED TRENDS

PART B

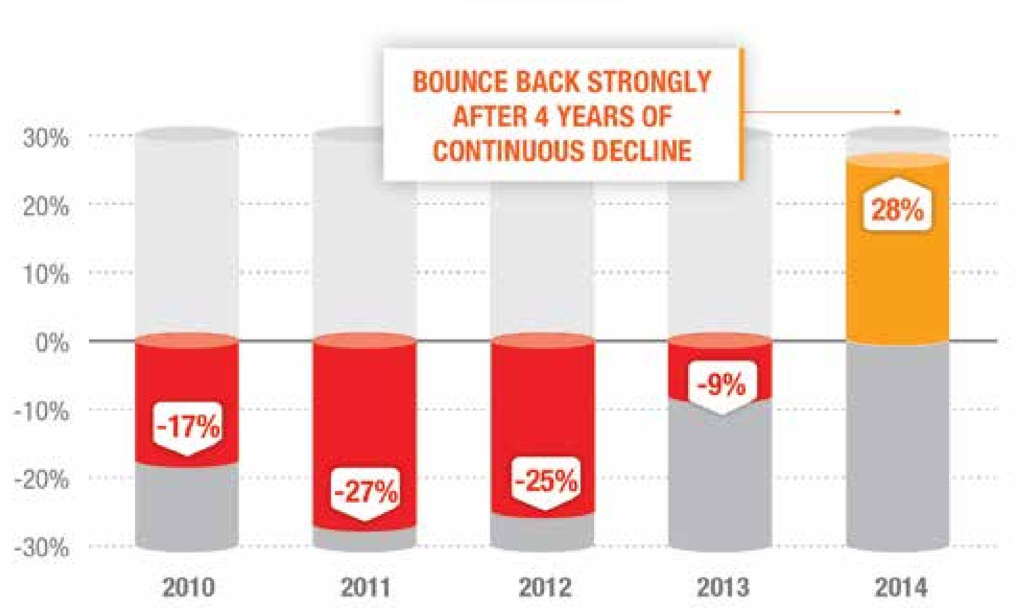
Australia posts fastest growth in 2014

Australia and New Zealand have focused hard on the Indian market, and that's paid big dividends in 2014.

Australia grew by over 28% in 2014- and this has been after four straight years of continuous decline from India (Negative perceptions, after a few racially-motivated incidents involving Indian students, had an impact on Australia as a destination).

In 2009, Indian students accounted for nearly 20% of all international student population in Australia. That same year, Australia posted the highest numbers in international students from India as well.

Australia Growth from India



Last year, Australia appears to have climbed back as a favorable destination in India. And we predict that this is going to have an impact on numbers to other countries.

Australia's impact – slower uptake even in the biggest market, US

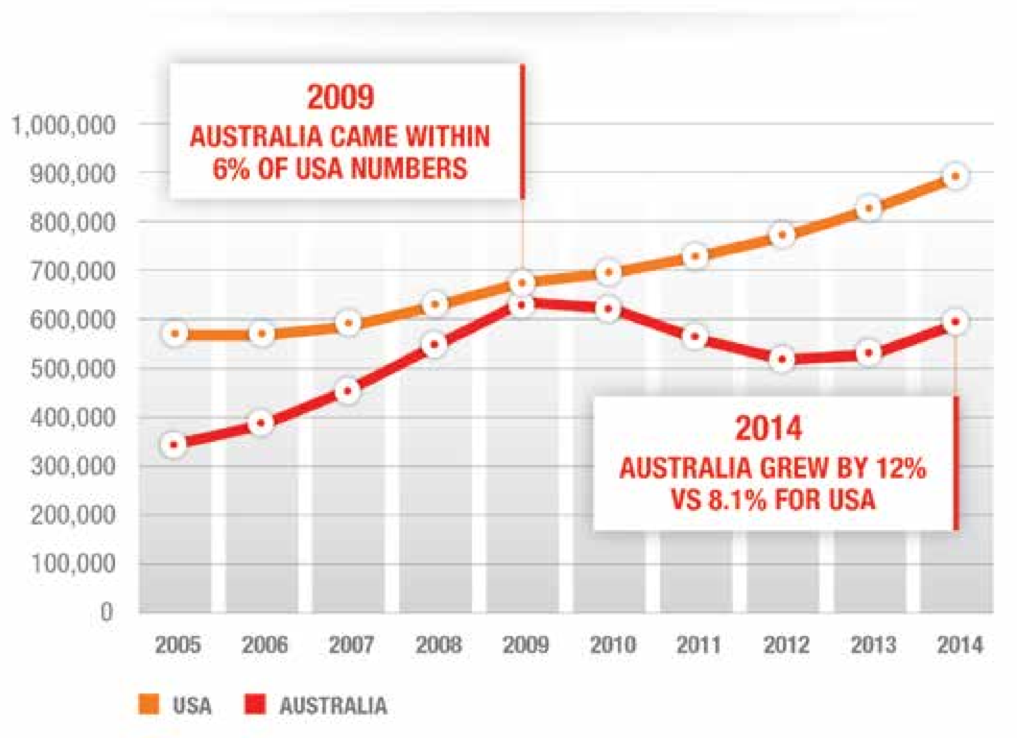
Australia's gains evidently are coming from the losses in UK. With tighter work and immigration laws, UK is rapidly losing ground. This comes as no surprise, but growth data for other destination countries also suggests that Australia's impact could be wider.

Here's what happened in the US market. Overall, the international student numbers for the US grew by 8.1% in 2014 over the previous year. The growth in numbers from India was, however, lower at 6.1% for the US.

On the other hand, Australia's overall numbers grew by 12%, while the numbers from India grew by a lot more: 28%. Clearly, Australia pulled more students from India, evidently affecting US numbers also.

Remember, Australia's overall numbers in 2009 were just 6% lower than the US numbers. Yes, 631,935 for Australia versus 671,616 for US in 2009. If that's not reason enough, Australia's compounded annual growth rate since 2005 has been 6.15%, while for the US, it has been 5.1%.

Australia Resumes Catch-Up with USA



If the most popular destination is beginning to feel the heat from Australia again, we estimate the impact on other countries to be bigger.

Gains Analysis – Canada's growth came from Australia's decline

Incremental gains analysis is a useful concept to understand underlying trends. We employed this technique to understand which country has gained or lost the most in absolute student number increases year-on-year.

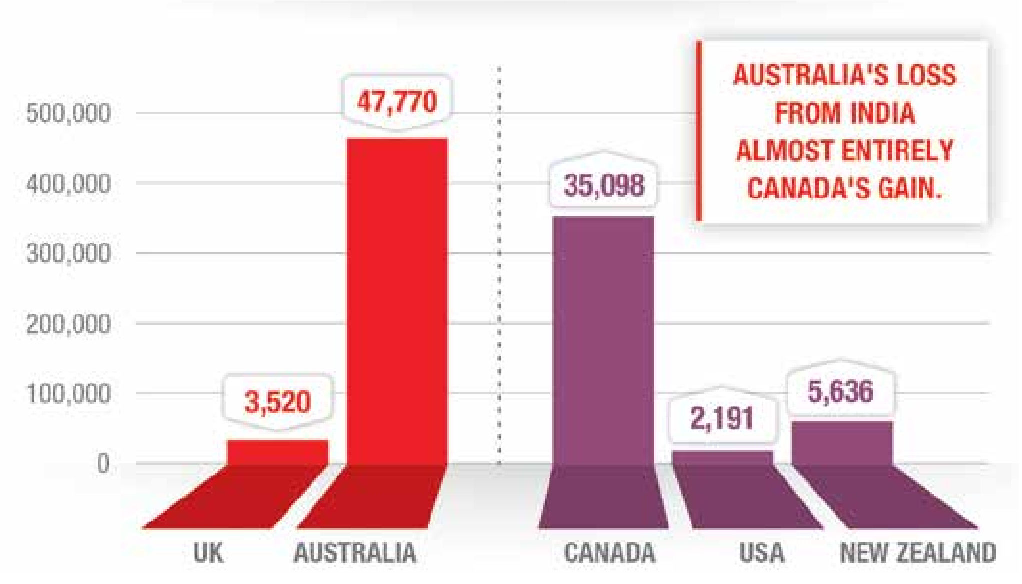
Why track increases in absolute numbers? It suggests where the momentum lies, and who is gaining at the cost of whom. Looking at the gains data for the top destination countries revealed a surprising trend. (Since Canada's data for 2014 is not yet available, we did the analysis for 2009-2013.)

Australia lost a lot of international students from India, nearly 48,000. From the highs of 2009, the country has steadily lost numbers from India after a few racially motivated incidents changed the perception among Indian students about the country. (Of course, Australia's hard work in overcoming this perception has paid big dividends in 2014.)

When we looked at who gained the most in terms of increases during the same period, surprisingly, one country accounted for most of the gains: Canada.

Canada has incrementally added over 35,000 students between 2009 and 2013. That means nearly 75% of what Australia lost went to Canada.

4-yr Gains Analysis



Now that Australia has got back its student traffic from India, we estimate that Canada faces the maximum threat from this resurgence.

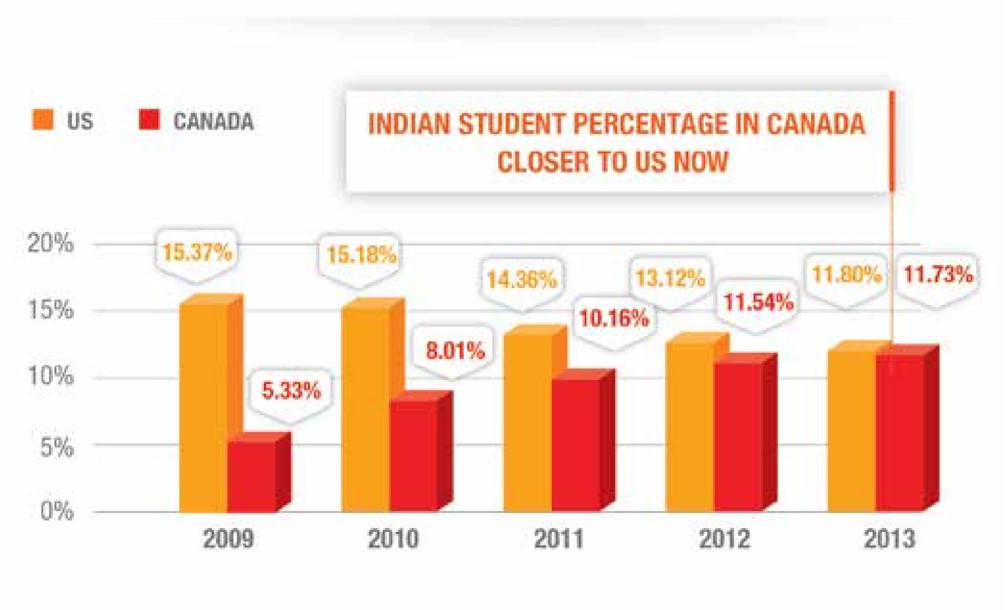
Canada's Indian student percentage share equals US

Another useful way to look at growth potential for a country is to compare percentage numbers from India out of the total international population. And compare that number with India's share in a mature market such as the US.

International students from India in the US have accounted for between 11-15% of the total international students in the US in the past 10 years. For the past two years, that number has been about 11.5% for the US.

For the past two years, Canada has also been at around 11.5%.

Indian Students Marketshare



Canada's intake grew sharply in the past few years, but as our Gains Analysis shows, most of this growth appears to have come at the cost of Australia's decline – and that trend might be reversing now.

Some operational factors bolster our argument. Australia has relied mostly on agents, even at the Masters level, to acquire international students. Most of the growth in Canada came from student sign-ups for colleges, which have also been driven almost entirely by agents.

Our premise: the agents in India shifted focus from Australia (due to the negative perception among students) to Canada in recent years. And the 2014 Australia data suggests that agents are likely switching back to the Australian market again.

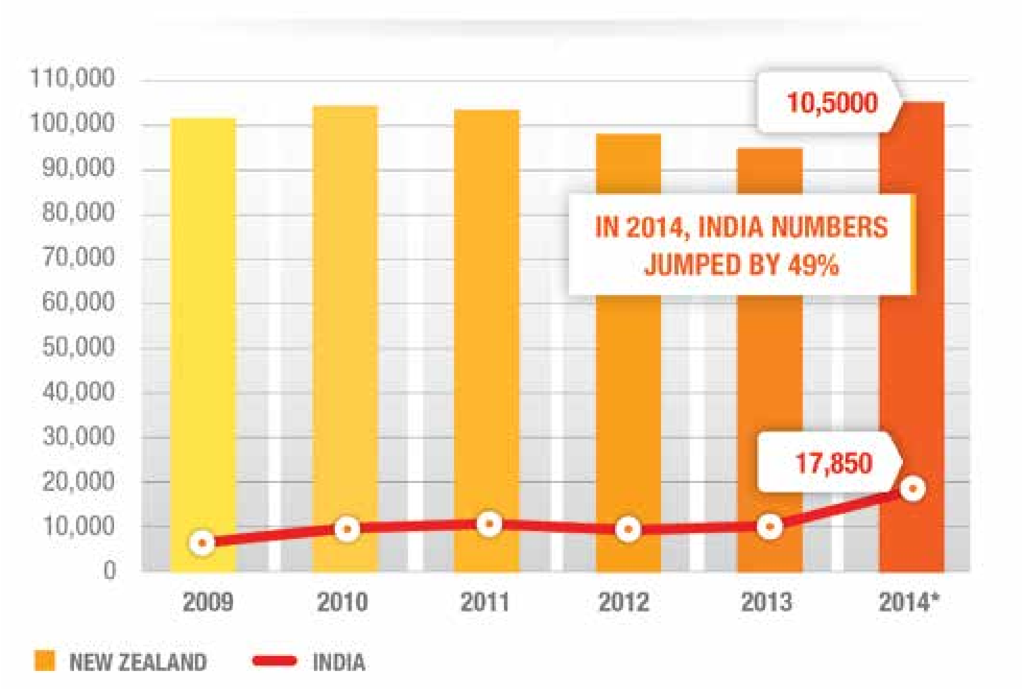
New Zealand gaining from marketing efforts, and spill-over from Australia

In the past couple of years, New Zealand has aggressively started marketing in the Indian market, and that has paid handsome dividends this year.

International student numbers from India grew sharply by 49%? This is significant because international student numbers in New Zealand have been stagnant for the past 6 years. Total international students in New Zealand have been around 100,000 and numbers from India has hovered around 10,000.

Things have changed in 2014, with a healthy 12% increase in total numbers, fuelled mostly by a 49% jump from India. So both Australia and New Zealand have emerged as strong choices among Indian students this year.

New Zealand Total International Students



*Estimated based on Jan – August 2014 released data. Actual year-end figures could be different.

The only other country that could give New Zealand competition is Germany, which also inched close to the 10,000-threshold in 2014. But Germany and many other European countries face a natural language constraint, so we don't expect Germany to really give New Zealand a run for its money anytime soon.

We do however estimate that New Zealand will overtake UK by 2016.

UK's decline in India continues - student share at 4.5% in 2014

UK's overall international student numbers grew by about 2.5%, but its India numbers declined by almost 12% - and that summarizes the radical shift in the Indian market vis a vis UK.

Stringent work and immigration laws have led to disenchantment with the UK market, and given the country's immigration pressures, we don't expect a let up in the decline.

International students from India now account for 4.5%, down from almost 9.5% about five years ago.

India Marketshare in UK

UK's loss is an opportunity for countries such as New Zealand, and other European countries including Germany and France to step up their marketing. Germany has already started growing at a healthy clip now.

Summary

01. There's a lot that's changing in the international students market in India. While UK is no longer a significant player, Australia is emerging again as the biggest game-changer.

02. Canada has grown at a smart pace in the past five years, both globally and from India as well. But our analysis also suggests that most of its gains in the Indian market might have been at the cost of Australia's decline – and Australia has got into the big growth mode again.

03. US will continue to hold on to its numero uno position. Also, the 2014 data suggests that numbers from India are climbing again, after a hiatus in growth for the previous 5 years.

04. UK has been just about to hold its total international student numbers, but its numbers from India continue to slide sharply. This trend is likely to continue, as Australia, New Zealand, and possibly other European countries have started to market themselves more aggressively in India. France has just announced easier visa norms for students from India.

05. New Zealand is likely to usurp UK's fourth place in another two years. The marketing efforts from Australia's neighbor are beginning to pay off, as the 2014 growth spurt seems to suggest.

06. In summary: many changes are afoot in the Indian market. After 5 years of decline, growth is back. India outpaced China this year, and it breached the 300,000 mark this year.

Over the next years, doing well in India is likely to be the biggest factor in international student numbers for the top destination countries.

KEY RECOMMENDATIONS FOR INDIA MARKET

We believe international recruiters need to keep three important factors in mind for their India strategy.

01. Build the brand for the long-term

As Australia has shown, investing in the market for the longer term pays dividends. Despite the dip in volumes the country saw in the past 4 years from India, it has been able to bounce back sharply in 2014 because the brand is now well-established in the Indian market.

New Zealand is now following the same strategy successfully.

02. Don't rely singularly on the agent channel

The agent channel provides deep market penetration, which is especially valuable in a vast and diverse market such as India.

That's how UK built a large part of its international student market share in India in the past. But agents tend to deliver mostly students for shorter-term programs such as diploma programs and certificate programs (Why? Agent teams are usually not qualified enough to cater to more sophisticated selling required for the undergraduate and graduate programs).

Once UK changed its priorities, seeking a more qualified students for degree programs, agents haven't been able to deliver on this requirement adequately – and UK numbers have been on continuous decline.

03. Invest in direct outreach, especially through schools

Direct outreach with schools is delivering better quality and more consistent results for international recruiters. This is in line with changing expectations of students and parents, who are seeking more direct interaction with universities and colleges.

The scope of this research report does not cover this significant aspect about the Indian market. In June later this year, we will be releasing a survey report that M.M Advisory conducted among the top schools in India.

The new report will throw light on what is going to be the most significant new channel for international recruitment in the Indian market.

Pre-book a copy of the
Top Schools report

Write to us at research@mdotm.in

Appendix

SOURCES AND PUBLICATIONS

GLOBAL

1. Global Flow of Tertiary Level Students, UNESCO Institute for Statistics http://www.uis.unesco.org/Education/Pages/international-student-flow-viz.aspx
2. Education at a Glance 2012: OECD
3. Education at a Glance 2013: OECD
4. Education at a Glance 2014: OECD

USA

IIE Open Doors: 2014 – 2005 http://www.iie.org/Research-and-Publications/Open-Doors/Data

AUSTRALIA

1. Department of Education and Training, Australian Government 2014 – 2005 https://internationaleducation.gov.au/research/international-student-data/pages/default.aspx

UK

1. Higher Education Statistics Agency https://www.hesa.ac.uk/free-statistics
2. International Students in Higher Education: The UK and its Competition by Universities UK http://www.universitiesuk.ac.uk/highereducation/Documents/2014/InternationalStudentsInHigherEducation.pdf

CANADA

1. Facts and Figures, Citizenship and Immigration Canada 2013 – 2005 http://www.cic.gc.ca/english/resources/statistics/menu-fact.asp
2. Canada's International Education Strategy, Government of Canada http://international.gc.ca/global-markets-marches-mondiaux/education/strategy-strategie.aspx?lang=eng

NEW ZEALAND

1. New Zealand International Education Snapshot: January – August 2014 http://www.enz.govt.nz/markets-research/general-research/new-zealand-international-education-snapshot-january-to-august-2014
2. Student Visa dashboard Full Year 2014 http://www.enz.govt.nz/sites/public_files/Overall%20student%20visa%20dashboard%20full%20year%202014.pdf
3. Exchange Rates and International Student Enrolments in New Zealand, 2003 – 2013 International Division, Ministry of Education, Government of New Zealand http://www.educationcounts.govt.nz/__data/assets/pdf_file/0017/115028/Exchange-rate-analysis,-June-2014.pdf
4. International Student Enrolments in New Zealand, 2006 – 2012 International Division, Ministry of Education, Government of New Zealand http://www.educationcounts.govt.nz/__data/assets/pdf_file/0012/115050/Enrolments-of-international-students-2006-2012.pdf

OTHER COUNTRIES

1. Number of Indian students in Germany increasing by the year, Sept 16 2014 German missions in India http://www.india.diplo.de/Vertretung/indien/en/_pr/Edu_Science_News/Indian_Students_Ger_Increase.html
2. France a new destination for higher studies by Ishani Duttagupta http://blogs.economictimes.indiatimes.com/globalindian/france-a-new-destination-for-higher-studies/
3. Student Mobility from India to selected European countries – The case of Germany and France. Shahana Mukherjee and Rupa Chanda, Indian Institute of Management Bangalore http://www.iimb.ernet.in/research/sites/default/files/WP%20No.%20378%20updated.pdf

M.M Advisory Services