AN INDIA ECONOMIC STRATEGY TO 2035

NAVIGATING FROM POTENTIAL TO DELIVERY

EDUCATION SECTOR SNAPSHOT

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#IES2035

OVERVIEW

- There is no sector with greater promise for Australia in India than education.
- The Strategy presents education as the flagship of the future economic partnership. Demand for education and training features in almost all sectors of the Indian economy. Getting education right is also critical for India to maximise the potential of its demographic dividend.
- India cannot meet the demand for education on its own.
- India has the largest tertiary age (18-22) population globally.
- India also hopes to upskill 400 million people by 2022.
- Education is about so much more than increasing the number of Indian students coming to Australia. It also signals engagement, collaboration, a responsiveness to Indian priorities and a bridge between our communities.
- Boosting education links with India diversifies Australia's international education market.
- India is already Australia's second largest education market and Australia is the second most popular destination for Indian students after the United States.
- Australia's competitive advantage resides in our capacity to provide a high quality tertiary education taught in English, with attractive work and migration options for Indian students, alongside a world-class vocational system.
- If Australia maintains its growth in international students and can recapture its share of Indian students from its 2009–10 peak, direct revenue from Australian education exports to India could exceed $12 billion by 2035.

AUSTRALIA-INDIA PARTNERSHIP: MAIN GOALS FOR EDUCATION

Expand high-calibre students	Position as partner of choice on VET
Australia should expand the number of high-calibre Indian students in universities while continuing to welcome those seeking education primarily for a migration outcome.	Australia should position itself as the foreign provider of choice for India's vocational training.
Drive collaboration on online education	**Deepen research and innovation partnership**
Australia should create platforms to enable collaboration on online education, which will play an important role in India's education future.	Deepen the research and innovation partnership – pairing Australian expertise with India's scale and record of frugal innovation could be particularly productive.

OPPORTUNITIES FOR PARTNERSHIP

As a world-class education provider, Australia is well placed to partner with India across secondary, university and vocational sectors.

India's demographic profile will be a key driver of demand. India's tertiary-age population is the largest in the world and is projected to peak at 126 million in 2026 before stabilising at 118 million by 2035. Indian enrolment in higher education (27 per cent) lags far behind peers like China (43 per cent) and Brazil (51 per cent).

Rising incomes have created a willingness and ability among large swathes of Indian families to pay for a quality overseas education for their children or take on debt to do so. The reported number of Indian parents wanting their children to study abroad jumped from 47 per cent in 2016 to 62 per cent in 2017.

India is unlikely to mimic the East Asian economic model of creating plentiful low-skilled export-oriented manufacturing jobs, so India will face a greater challenge in skilling its population with high quality education and training. Indian Government estimates suggest an additional 120 million skilled workers will be required by 2022, fueling demand for vocational training.

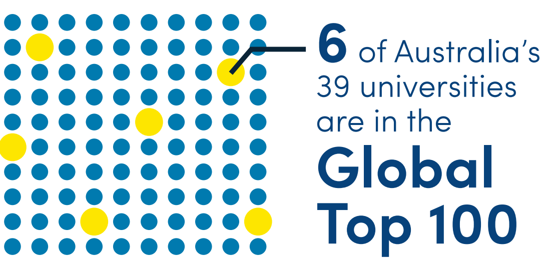
The opportunities are vast. Only 2 per cent of India's workforce has received any skills training and surveys of employers find that half of new hires and graduates are not adequately prepared for their job.

The Strategy makes a strong case for the multiplier effects of a deeper research partnership, besides education's direct commercial potential. Research collaboration will facilitate mutually beneficial outcomes across both our economies, while enhancing perceptions of quality and India's views of the sophistication of Australia's economy. It is a pathway to technological advancement, twinning programs and student exchanges.

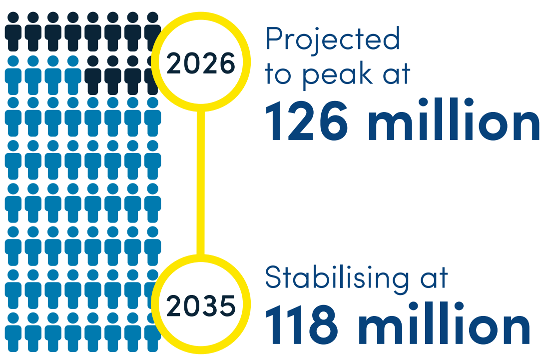
The Strategy envisions the Australia-India education partnership strengthening out to 2035 as follows:

1. Australia should expand the number of high-calibre Indian students in universities while continuing to welcome those seeking education primarily for a migration outcome.
2. Australia should position itself as the foreign provider of choice for India's vocational training.
3. Australia should create platforms to enable collaboration on online education, which will play an important role in India's education future.
4. Deepen the research and innovation partnership – pairing Australian expertise with India's scale and record of frugal innovation could be particularly productive.

AUSTRALIAN UNIVERSITIES IN GLOBAL RANKINGS



INDIA'S TERTIARY-AGE POPULATION



CONSTRAINTS AND CHALLENGES

- There is a mismatch between the quality of Australian institutions and Indian perceptions of their prestige. Indian students and parents place Australian universities on a rung below universities in the United States and United Kingdom.
- Australia needs to do a better job at promoting our academic excellence in India, changing perceptions of quality, and encouraging greater Indian postgraduate student enrolment in cutting edge fields, technologies and economic sectors where Australia is competitive.
- Improving perceptions about the quality of Australian education in India will require sustained, unified messaging on quality, moving away from more fragmented approaches.
- Australia's education reputation can also be affected by the significant variability in the quality of education agents in India.
- The Indian university education system is heavily regulated but the vocational sector has a more welcoming regulatory environment.
- India is unlikely in the medium term to eliminate regulations that prevent foreign universities operating standalone campuses in India, but there are indications of restrictions being incrementally relaxed over time.
- While Australia's strength in TVET is aligned with India's aspirations on skilling, providers will need to adjust their products to be more cost-effective and partner selectively.
- Increasing the recognition in India of Australian qualifications will give a significant boost to the education relationship.
- The restrictions which most affect Australia include a lack of recognition of: three-year bachelor degrees, higher education qualifications obtained through a TVET pathway and master's degrees of less than two years.

EXPLORE INDIAN STATE ECONOMIES IN-DEPTH

WHERE TO FOCUS

Australian education providers should focus on Indian states with high literacy rates, a demonstrated commitment by the state to spending money on education, and states with good English language skills.

The states highlighted below reflect a judgement on both current demand and future demand. Despite being among the poorer Indian states, some states such as Chhattisgarh and Himachal Pradesh fit the latter category because state spending on education is far above the national average.

While literacy rates and the proportion of state budgets directed at education are not the determining factors, they point to the size and sophistication of the education markets in these states into the future.

Expansion and reform of the higher education system will be driven by the states. Higher education in India is witnessing a rapid move towards greater state autonomy, as responsibility for higher education budgets and governance is being devolved from Central to state governments. State institutions and their affiliated colleges account for 97 per cent of higher education enrolment in India.

Within states, **school and tertiary education providers** should focus on high income urban clusters such as Ahmedabad, Chandigarh, Chennai, New Delhi and Mumbai. These will provide a customer base of students who demand and are willing to pay for an international education.

For **deepening research links**, Australian universities should connect with Indian counterparts that are serious about increasing their global rankings, have good governance structures and faculties that align with Australian expertise. Up and coming private universities are most prospective in this regard, while leading Indian public universities are sometimes seen to be hard to deal with.

For **vocational providers**, the choice of sector will drive decisions on which states to target. For example, skilling in health care could be focused on Kerala and Karnataka, given their history of exporting health care personnel and the presence of a developed health care market respectively. Hospitality training providers could consider Kolkata in West Bengal because of its status as a hospitality training hub for students from the north-east, who comprise a substantial proportion of the Indian hospitality industry nationwide.

KERALA

- Literacy rate: 94 per cent – highest in India
- Education spend as proportion of state budget: 15.3 per cent

TAMIL NADU

- Literacy rate: 80 per cent – one of the few large states in India with a literacy rate above 80 per cent
- Education spend: 14.7 per cent
- Highest Gross Enrolment Ratio of Indian states: 44.3 per cent

MAHARASHTRA

- Literacy rate: 82 per cent
- Education spend: 18.2 per cent – one of the highest spend rates on education in India

CHHATTISGARH

- Literacy rate: 70 per cent
- Education spend: 19.7 per cent

HIMACHAL PRADESH

- Literacy rate: 83 per cent
- Education spend: 19.1 per cent

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Australian Government

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