Chapter 1

INTRODUCTION
Chapter 1

INTRODUCTION

1.1. OVERVIEW OF THE CHAPTER

This research begins with an introduction to the global higher education system and brief definition of a few key operational terms. It is followed by a background study of the growing trends in global student mobility, past trends in Indian students studying abroad and international students studying in India. The understanding of the significant role played by international students in various countries, particularly in some Asian countries and an assessment of the current status of India with respect to the global higher education system highlights the significance and purpose of undertaking this study. The chapter concluded by identifying the research questions and objectives and brief roadmap of how the research objectives will be addressed in subsequent chapters.

1.2. BACKGROUND OF THE STUDY

With the changing landscape of privatization of education, the concept of competitive advantage, once unknown and alien to the higher education sector in India, has gained momentum. Higher educational institutions and in particular private institutions have to compete aggressively domestically as well as globally to create a differentiating service quality in order to secure their financial success and sustainability (Mazzarol & Souta, 1999).

Higher education caters to the expectations of students, faculty, staff, parents, employers and society. The satisfaction of all these stakeholders is predominantly dependent on the satisfaction of students because they are the ultimate consumers and also the end product of the institution. Student satisfaction being both the aim and the most important indicator of the service quality of higher education, it is imperative to
measure satisfaction of students. Studies indicate that service quality of higher educational institutions is reflected in the level of student satisfaction (Uka, 2014).

International students play an important role in the higher education sector in U.S.A, U.K., France, Australia, Germany, Russia, Canada, China, Singapore and Malaysia. Since they not only provide diversity to the academic environment and campus life but also contribute significant income to universities and revenue to the local economies via expenditure on and off campus (British Council, 2012), attracting international students to Indian campuses is an attractive business opportunity. India’s “Educate in India” initiative announced in May 2015 is a move by the Govt. of India which aspires to attract overseas students and make India a quality higher education hub in Asia.

1.2.1 Key terms

Although, the key concepts will be defined and discussed at length as part of literature review in chapter 2, it is important to have an operational definition of some of the basic terms. The terms and the context in which they have been used in this study are as follows:

**Student mobility** – The act by which students in higher education move outside their own country to study in other countries.

**International students** - Students who have crossed a national or territorial border for the purpose of education and are now enrolled outside their country of origin.

**International Students in India** - It includes Non-Resident Indians (NRI), Person of Indian Origin (PIO), Overseas Citizens of India (OCI) and Foreign nationals i.e. students of foreign origin, who have no ancestral or other link with India.
Higher Education - Tertiary, post-secondary education i.e. after standard XII in India. It includes academic education as well as advanced vocational or professional education in universities, colleges and institutes at undergraduate, post-graduate and PhD level.

Services – Intangible economic activities meant to deliver value to customers. In the context of this study it refers to all the activities, whether teaching or non-teaching, which an educational institution performs to satisfy its students.

Quality – It refers to the ability of a product or service to continually meet or exceed the requirement of the customer (Oakland, Total quality management: Text with cases, 2003). In our context the term customers means international students studying in India

Service Quality - Service quality may be understood in terms of the attributes related to the service delivery, the degree of customer satisfaction and/or the interaction of different parts of the operational system of the higher education institutions (Quinn, 2009). “High service quality leads to higher customer satisfaction and therefore, satisfaction of the customer is an index of the quality of a service” (Otavio & Euriane, 2009).

Student Satisfaction - Evaluation or perception of the quality of service delivery by the institution as perceived by students. Maintaining and improving students’ satisfaction has been considered an important goal of education and universities (Orpen, 1990). Student satisfaction is indicative of institutional quality and effectiveness (Barton, 1978). Student satisfaction is the most important quality dimension and factor to success in higher education (Raghvan & Ganesh, 2015).
Non-Resident Indians (NRI) - A citizen of India who holds an Indian passport and has temporarily emigrated to another country for six months or more for employment, residence, education or any other purpose. They are considered international students of Indian origin.

Person of Indian Origin (PIO) – It used to be a 15 year visa for foreign citizen (except nationals of Pakistan, Afghanistan Bangladesh, China, Iran, Bhutan, Sri Lanka and Nepal) who at any time held an Indian passport or who had Indian parents/ grandparents/ great grandparents or who are the spouse of a citizen of India. Effective 2015, all existing PIO card holders shall now have to register as Overseas Citizens of India.

Overseas Citizen of India (OCI) – While PIO card holders had a 15 year visa, Overseas Citizens of India have a lifetime visa status. It is the closest thing to dual citizenship that India offers. Issue of PIO card has been discontinued from 2015 and all exiting PIO are required to apply for OCI status.

Foreign Nationals – A person residing in India without the right to permanent residence or stay in the country.

1.2.2 Trends in Global Student Mobility

Presence of international students is a prevalent and robust indicator of the success of any educational institute as it reflects the appeal and respect the institute enjoys and also echoes the success of the education sector of the country. There has been a phenomenal increase in the number of international student enrolling globally. According to UNESCO, approximately 4 million students went to study abroad in 2015, almost double of the 2 million in 2000 (UNESCO Institute of Statistics, 2014). According to UNESCO, if we were to also include students pursuing language studies, then more than five million students went abroad for higher education in 2015. According to the same report, among students going abroad to pursue language studies, nearly two-thirds study the English language. 53% of students studying
abroad are from Asia, with the highest numbers coming from China, India and South Korea respectively (ICEF Monitor, 2015). Students from Central Asia are the largest with an outbound mobility ratio of 7.5% of all tertiary enrolments i.e. 8 in 100 students vs. a world average outbound mobility ratio of 1.8% of all tertiary enrolment i.e. 2 in 100 students (UNESCO Institute of Statistics, 2014). This may indicate that domestic tertiary enrolment in Central Asia has not kept pace with the growing demand for higher education. The UNESCO statistics put the number of Chinese students studying abroad to the highest, followed by Indians and South Korean students (see Table 1.1).

Table 1.1 - Countries with the most students studying abroad in 2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>No. of students studying abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>694,400</td>
</tr>
<tr>
<td>2</td>
<td>India</td>
<td>189,500</td>
</tr>
<tr>
<td>3</td>
<td>South Korea</td>
<td>123,700</td>
</tr>
<tr>
<td>4</td>
<td>Germany</td>
<td>117,600</td>
</tr>
<tr>
<td>5</td>
<td>Saudi Arabia</td>
<td>62,500</td>
</tr>
<tr>
<td>6</td>
<td>France</td>
<td>62,400</td>
</tr>
<tr>
<td>7</td>
<td>United States</td>
<td>58,100</td>
</tr>
<tr>
<td>8</td>
<td>Malaysia</td>
<td>55,600</td>
</tr>
<tr>
<td>9</td>
<td>Viet Nam</td>
<td>53,800</td>
</tr>
<tr>
<td>10</td>
<td>Iran</td>
<td>51,600</td>
</tr>
</tbody>
</table>

Source: UNESCO, Institute for Statistics (UIS), 2014. Data summary extracted from https://www.forbes.com/sites/niallmccarthy/2015/07/02/these-countries-have-the-most-students-studying-abroad-infographic/#74ade51a4359

UNESCO’s data (UNESCO Institute of Statistics, 2014) shows that in terms of region-wise preference, 87% of international students prefer destination countries in
three regions of the world. 57% of students opting for higher education abroad preferred destination countries in North America and Western Europe, followed by 20% opting for East Asia and the Pacific region and 10% for Central and Eastern Europe (see Table 1.2)

Table 1.2 - Regions that hosted the largest number of mobile students in 2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>Region</th>
<th>% of total mobile students</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North America and Western Europe</td>
<td>57%</td>
</tr>
<tr>
<td>2</td>
<td>East Asia and the Pacific</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>Central and Eastern Europe</td>
<td>10%</td>
</tr>
</tbody>
</table>


UNESCO’s Institute of statistics reveal that in 2013, five destination countries accounted for half of the total international students: U.S.A. hosted 18%, U.K 11%, France 7%, Australia 6% and Germany 5% (see Table 1.3). But the top five also saw their share of international enrolment decline from 55% in 2000 to 47% in 2012. Australia and Japan which were traditional higher education destinations in East Asia and the Pacific, now face major competition from China, Malaysia, South Korea, Singapore and New Zealand, which hosted 6% of the global share of mobile students in 2012. UNESCO reports have noted that more and more students prefer staying closer to home due to lower travel costs and cultural familiarity (UNESCO Institute of Statistics, 2014).
Table 1.3 - Top Destination Countries for Higher Education mobility in 2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>% of total mobile students</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>19%</td>
</tr>
<tr>
<td>2</td>
<td>United Kingdom</td>
<td>10%</td>
</tr>
<tr>
<td>3</td>
<td>Australia</td>
<td>6%</td>
</tr>
<tr>
<td>4</td>
<td>France</td>
<td>6%</td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>5%</td>
</tr>
<tr>
<td>6</td>
<td>Russian Federation</td>
<td>3%</td>
</tr>
<tr>
<td>7</td>
<td>Japan</td>
<td>3%</td>
</tr>
<tr>
<td>8</td>
<td>Canada</td>
<td>3%</td>
</tr>
<tr>
<td>9</td>
<td>China</td>
<td>2%</td>
</tr>
<tr>
<td>10</td>
<td>Italy</td>
<td>2%</td>
</tr>
</tbody>
</table>


1.2.3 Contribution of International Students to Global Economies

International students play an importance role in the higher education sector of many countries like U.S.A, U.K., France, Australia, Germany, Russia, Canada, China, Malaysia and Singapore. The presence of international students not only internationalizes the academic environment and campus life but also generates significant income to universities and revenue to the local economies via expenditure on and off campus.

The higher education sector in U.K as a whole now sources around one-eighth of its income from international students’ tuition fees. (UK Universities, 2014). Traditionally the U.S and U.K have been the most preferred destinations with Harvard, Oxford, MIT and Cambridge occupying the top 10 university rankings. More recently however they are facing stiff competition from the rapidly growing Asian higher
education institutes of Singapore, China and Malaysia. The Australian Federal Government’s funding cutbacks for higher education has led to many Australian universities deciding to greatly expand their intake of foreign full-fee paying students.

International students contributed US$27 billion dollars to the U.S. economy in 2014 up from US$ 24 billion in 2013 (Institute of International Education, 2015). The Institute of International Education estimates that by 2017, the middle class across the world is projected to increase spending on education by nearly 50%, from $4.4 trillion in 2012 to $6.2 trillion. The report further noted that globally since the year 2000, outbound international students grew by 161% largely driven by upper-middle-income economies with Gross National Income (GNI) per capita between USD $4,126 to $12,745, whereas the Organisation for Economic Co-operation and Development (OECD) countries grew by only 29%. It is quite evident from this that future growth in international students will come largely from developing and emerging economies (Institute of International Education, 2015).

The economic impact of international students is not limited to the money spent by them on tuition fees, living expenses, travel and recreation expenses, alone. According to the Association of International Educators (NAFSA), three jobs are created in the U.S. for every seven international students enrolled. NAFSA estimated that international students created 340,000 jobs in the U.S. during 2013/14 academic year. (Institute of International Education, 2015)

According to a report released in Oct 2015 by London mayor Boris Johnson, international students contributed £3 billion to London during 2013-14 (Times of India, 2015, Oct 22). In 2014, London had welcomed over 106,000 international students and created 37,000 jobs according to the report by London & Partners. Chinese students contributed the highest by spending £407 million. The U.S. was second at a spending of £217 million. Indian students, the third highest in London, spent £130 million, which alone amounted to creating and supporting 1,643 jobs.
With students from the U.S. spending the highest per capita at £33,600 per year on an average in 2013-14, it is no surprise why London pitches itself as the biggest education hub of the world (Times of India, 2015, Oct 22).

While the four native English-speaking countries U.S., U.K., Canada and Australia are the preferred destinations, the Institute of International Education (IIE) concludes one third of international students study either in the U.S. or UK. (Institute of International Education , 2015). However, the major competition is now coming from Asian countries like China, Singapore, Malaysia and Hong Kong, which have done exceedingly well in improving their quality internally as well as globalizing their higher education to attract more international students (Institute of International Education , 2015).

The number of Chinese and Indian students top international students studying outside their country. This trend is largely propelled by the rapidly rising incomes in these two emerging markets which makes foreign travel and study abroad affordable to more and more people. As a result of their economic significance, China and India are also catching the fancy of students from developed economies who wish to get an exposure to these high-growth economies. Today China is the most popular destination in Asia for international students and India can learn a lot from the Chinese higher education system.

### 1.2.4 Relationship between Service Quality and Students’ Satisfaction

Higher education institutions are service providers. Like any other service, the characteristics of services complicate and make service delivery and evaluation a challenge in higher education. Higher education caters to the expectations of students, faculty, staff, parents, employers and society. However, all these stakeholders can be largely satisfied if the student, which is not only a customer, consumer but also the finished product of the education institution, is satisfied. Students’ perception is the most vital input to track the quality of higher education. Students’ insights are the best judge of the level of service quality of their institutes.
Satisfaction of students is an important component of quality assurance and important to the institutions success (Thomas & Galambos, 2004). Thomas and Galambos argue effective institutions having satisfied students supports the enrolment of additional students. “Student satisfaction directly correlates to larger enrolments; happy student stay in school, so retention rates remain high; happy students tell their friends, so recruitment numbers are higher (Emery, Kramer, & Tian, 2001)”.

Student satisfaction being the most important indicator of service quality and institution success, if India has to attain global excellence in higher education, high student satisfaction with service quality is critically required for several reasons:

a) To attract high quality students
b) To keep pace with customer demand
c) To set priority for resource allocation by the education institution
d) To retain good students till the end of their programme
e) To differentiate and compete with other institutions
f) To remain ahead of competitors and devise competitive strategies to increase market share
g) To improve global education rankings
h) To make marketing and promotional efforts effective
i) To improve academic, administrative, infrastructure, management and communication processes
j) To ensure good recruiters are attracted for placement of students
k) To contribute to the development of human resources, society and the nation

1.2.5 The Asian Experience

Singapore is among the first country to start the Asian education-hub trend in 2002. Malaysia, Hong Kong, China, Taiwan, South Korea, Dubai and Abu Dhabi followed closely. Both India and Sri Lanka have recently announced their desire to become a regional education hub in South East Asia as one of one of their key globalization priorities (WES, 2015). The progress made by some Asian countries is as follows:
1. **Singapore**

The quality of vocational and technical education in Singapore is among the best in the world and a role model for countries aspiring to become education hubs. The global quality and efficiency of Singapore’s workforce reflects their deliberate Govt. education policy. The “Global Schoolhouse” initiative was launched by the Singapore Govt. in 2002 with a goal to have 150,000 international students in Singapore by 2015. In order to promote Singapore as an international hub, the Singapore government designed, implemented, reviewed, and adjusted its policies by incorporating various measures to attract international students such as promoting competitiveness, innovation and research. Singapore also instituted several measures to successfully attract and retain the best global faculty to increase international students.

As per the QS World University ranking 2015/16, National University of Singapore and Nanyang Technological University, Singapore have a world ranking of 12th and 13th position respectively. In addition, Singapore has 11 foreign university campuses and numerous joint degree programmes with prestigious international institutions, many of which have been lured by generous government loans (WES, 2015). According to WES, while many consider Singapore as the Boston of Asia, one of the major challenges facing Singapore is the rising cost of living which challenges the country’s competitive edge, thereby creating new opportunities for neighbouring countries like Malaysia and China.

2. **Malaysia**

The Malaysian government’s decision in the mid-1990s to ease regulations regarding the setting up of private higher education institutions in the country contributed significantly to the growing appeal of Malaysia as an education hub for foreign students. Further, after the September 11, 2001 terrorist attacks in the U.S., many Muslim students who could not get a visa to study in the U.S., began preferring Malaysia due to its cultural affinity as a majority Muslim country. The
Malaysian Govt. has been promoting Malaysia as an affordable foreign education destination since 2005. By the year 2020, the Malaysian Ministry of Higher Education targets to have at least 200,000 international students in higher education institutions in the country. Malaysia has largely attracted international students through the establishment of branch campuses of British and Australian universities and collaborative arrangement with foreign higher education institutes with for-profit local education providers (WES, 2015).

In order give competition to Singapore, Malaysia has strategically located its 350-acre education campus called Educity which is home to six international universities, close to the Singapore border. Educity is a huge 550,000-acre economic corridor, thrice as large as its neighbor Singapore. On similar lines, a private initiative is the Kuala Lumpur Education City (KLEC) which was launched by the government in 2007 as a 15- to 20-year project. (WES, 2015)

3. **Taiwan**

To target students from mainland China and Southeast Asia in particular, Taiwan began its internationalization of university campuses in 2011. With a declining birth rate, it was anticipated that a third of Taiwan’s universities would have to close down for lack of enrollment. The Govt. estimated Taiwan had the potential to attract 160,000 foreign students from Chinese-speaking countries by 2020. Taiwan has also become a popular destination for training academicians particularly from countries like India, Thailand, Indonesia and Vietnam (WES, 2015).

The Taiwanese Govt.’s “Study in Taiwan” programme attracts international students by offering courses in English, scholarships for Chinese-language courses, relaxed work visa for pass-outs and engages staff for teaching Chinese language in Thailand, Vietnam, Malaysia, Korea, Mongolia, Indonesia and India. Most of the foreign institutions offer degrees and professional programs in collaboration with local institutions (WES, 2015).
4. **Hong Kong**

Enjoying the benefits of being a gateway to mainland China, Hong Kong enjoys the benefits of an English speaking population and world-class institutions. Beginning its efforts in making Hong Kong an international hub in 2008 and beefing-up enrolment, foreign students are allowed to stay after graduation to look for work.

With a US$160 million fund, Hong Kong offers scholarships, PhD fellowships and encourages foreign universities to set-up campuses in the territory. Given it’s small size, one of the major challenges Hong Kong faces is lack of student accommodation and high cost of living. The Hong Kong University of Science and Technology (HKUST) and University of Hong Kong (HKU) rank at 28th and 30th position according to the QS World University Ranking 2015/16. (WES, 2015)

5. **China**

China has become the third most popular destination for international students after the U.S. and U.K. Institute of International Education on international student mobility 2014 reported that there are more foreign students in China (approx. 400,000) than in Australia or Germany. The maximum number of students to China come from South Korea (21.3%) followed by the US (8%) at number two position. (Times of India, 2014).

A positive development in the higher education landscape is that more countries have come into the field of international education. Asian countries like China and Singapore are encroaching upon the competitive edge of the U.S. and U.K. China has progressed from having the highest number of students to being a major destination for international students. China offers comparatively cheaper options that allow international students to access world-class education without having to empty their pockets. Nearly twenty five Chinese universities made it to the QS World Universities ranking with four institutions, Tsinghua, Peking, Fudan
and Shanghai Jiao Tong University making it in the top 100 universities of the world in the QS World University ranking 2015/16. The rising economic and political importance of China has created an upsurge in understanding China. Backed by efforts of the Chinese Govt., huge allocation of resources to the teaching process, encouraging and understanding of different cultures and lifestyles has given China the confidence of targeting 500,000 international students by 2020. China attracts international students keen to learn Chinese language and establishment of so-called split campus programmes in which the first part of the course takes place at a local Chinese university with subsequent study taking place at a foreign partner institution (WES, 2015).

1.3. INDIA’S CURRENT STATUS IN HIGHER EDUCATION

The higher education system in India is the third largest in the world on the basis of number of students enrolled, ranking after the U.S.A. and China (Deloitte CII, 2014). According to the Deloitte report on the status of higher education in the country, the size of higher education sector in FY 2014 was estimated above INR 3.83 trillion (US$62.34 billion) with over 642 universities and around 38,000 institutes (Deloitte CII, 2014). According to the latest All India Survey on Higher Education 2015-16, there are 799 universities, 39,071 colleges and 11,923 standalone institutions in India with a total enrolment of 34.6 million (346 crore) students (Ministry of HRD, 2016). Yet, it is also a known fact that almost “two-thirds of Indian universities and 90 percent of our colleges are rated below average on quality parameters” (ASSOCHAM, 2014).

Enrolment of foreign students is an important parameter that institutes are ranked on by global ranking agencies. Many Indian institutes do not make the mark because of the absence of foreign students on their campuses. According to the Times Higher Education ranking 2015, no Indian university is ranked among the world’s top 200 (Business Standard, 2015). The situation was not much better in 2017, with not a single Indian institute making it to the top 200 list of the Times Higher Education World University ranking 2017 (Times Higher Education, 2017). It is matter of great
concern that India is the only BRICS nation without representation in the top 100 global universities. As per the Times Higher Education ranking 2017, India had only two institutions in the top 400, the Indian Institute of Science (the 01-250 group) and the Indian Institute of Technology, Bombay, (351-400 group). However, there are 17 Indian universities (includes IIT’s, Jadavpur University, Panjab University, Aligarh Muslim University, BITs Pilani, University of Delhi, University of Calcutta etc.) in the newly expanded World University Rankings of top 800, matching Brazil. Asia's number one spot goes to The National University of Singapore (rank 26) while China's two leading universities, Peking and Tsinghua, are at 42nd and 47th place, respectively (Business Standard, 2015).

The QS World University ranking 2016/17 has similarly ranked universities in Asian countries like Singapore in the top 15 and there are several Chinese universities in the top 50. While no Indian institute appears in the top 100 list, QS has ranked only two Indian institutes in the top 200 in 2016/17. The Indian Institute of Science, Bengaluru occupies the 152th (QS, 2017) in 2016/17 (down from 147th rank in 2015/16) and Indian Institute of Technology, Delhi ranked 185th in 2016/17 (down from 179th rank in 2015/16) (QS, 2015). The QS 2017 report further ranked IIT Bombay at 219 (202 in 2015/16), IIT Kanpur at 302 (271 in 2015/16), IIT Kharagpur 313 (286 in 2015/16), IIT Roorkee at 399 (391st in 2015/16) and IIT Guwahati in the 481-490 band (451-460 band in 2015/16). It is evident that several Asian countries are having success which India has so far not been able to attain. Ranking apart, despite the size and an age-old culture of valuing education, Indian educational institutes lag far behind in academic quality, innovation, research and globalization. Even premier institution like the Indian Institute of Technology’s (IIT’s) have not been able to come out with any significant innovation or major patent.

1.3.1 Outbound Indian Students

It is estimated that Indian students studying abroad spend around US$ 6-7 billion annually on higher education which is more than twice the central Govt.’s budget allocation for higher education (ASSOCHAM, 2014). Contrary to belief that it is only
the elite who send their children abroad, saving for education accounts for the second-highest priority, after savings for emergencies, for average Indians. Even middle-class Indians spend generously on good education and credentials of their children.

ASSOCHAM (an apex chamber of commerce in India) released a study in June 2015 on 'Skilling India and empowering Indian youth” and concluded 680,000 Indians are forced to go overseas to study because of the inadequacy of quality higher education and cut-throat competition for few seats available in prestigious institutions (The Economic Times, 2015). The ASSOCHAM study further estimated that higher educational institutions in India loose approx. US$6-7 billion (INR 50,000 crores) annually which Indian students spend for their higher education overseas. To top it, a very minimal number of these students return home. It is not surprising that many countries around the world are looking to attract more Indian students. Singapore, Ireland, Netherlands, Norway, Sweden and many other countries have understood the importance and potential of Indian students and are offering scholarships, thereby accelerating the pace of both brain drain and dollar drain from India. In contrast, according to the same Deloitte report, only 33,000 foreign students were studying in India in 2011-12 (Deloitte CII, 2014). According to the same report, the top 5 states having the highest number of international students were Karnataka (12,058), Tamil Nadu (4,866), Maharashtra (4,242), Andhra Pradesh (3,580) and New Delhi (1,878).

1.3.2 Inbound International Students in India

According to the All India Survey on Higher Education 2014-15, the Department of Higher Education, Ministry of Human Resource Development, there were 42,293 international students from 164 countries studying in higher education institutes in India, up from 33,151 in 2011-12 (Ministry of HRD, 2015). The latest All India Survey on Higher Education 2015-16 reported a total of 45,424 international students from 165 different countries across the globe (Ministry of HRD, 2016). The top 10 countries comprise 62% of the international student population in India. The highest number of students are from neighbouring countries of Nepal (21%), Afghanistan (10%), Bhutan (6%). There three countries together constituted 37% of the total share.
They are followed by Nigeria and Sudan which account for 5% each. United Arab Emirates, Iran, Yemen and Sri Lanka each country constitutes 3% of the foreign students (see Table 1.4).

*Table 1.4 - Country-wise International Students in India 2015-16*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>No. of Students (2015-16)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nepal</td>
<td>9,574</td>
<td>21%</td>
</tr>
<tr>
<td>2</td>
<td>Afghanistan</td>
<td>4,404</td>
<td>10%</td>
</tr>
<tr>
<td>3</td>
<td>Bhutan</td>
<td>2,925</td>
<td>6%</td>
</tr>
<tr>
<td>4</td>
<td>Nigeria</td>
<td>2,090</td>
<td>5%</td>
</tr>
<tr>
<td>5</td>
<td>Sudan</td>
<td>2,059</td>
<td>5%</td>
</tr>
<tr>
<td>6</td>
<td>Malaysia</td>
<td>1,901</td>
<td>4%</td>
</tr>
<tr>
<td>7</td>
<td>UAE</td>
<td>1,479</td>
<td>3%</td>
</tr>
<tr>
<td>8</td>
<td>Iran</td>
<td>1,459</td>
<td>3%</td>
</tr>
<tr>
<td>9</td>
<td>Yemen</td>
<td>1,238</td>
<td>3%</td>
</tr>
<tr>
<td>10</td>
<td>Sri Lanka</td>
<td>1,189</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>17,106</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>45,424</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: All India Survey on Higher Education (2016), Ministry of Human Resource Development, Department of Higher Education.

The opportunity for foreign higher educational institutions to set up campuses in India, therefore, seems huge. The entry of prestigious Universities like Harvard, Oxford and Cambridge in India would be a welcome step in reducing the brain drain as well as dollar drain. It is being envisioned that foreign universities along with good quality Indian universities will attract Indian as well as international students, promote India as a hub for quality higher education in Asia and thereby increase India's service export. The previous Govt. had also made a similar attempt to bring a bill allowing foreign universities but it failed because of opposition from the Left. It
remains to be seen how the current Govt. will overcome it’s political opponents to take this initiative forward.

### 1.3.3 Categories of International Students in India

Most international students in India come from African and Asian countries like Nepal, Bhutan, Afghanistan, Kenya, Nigeria, Congo, Ghana, Laos, Myanmar, Mauritius, Ethiopia etc. Based on origin, international students studying in India can be divided into two broad categories:

- **Students of Indian origin** – comprise of Non-resident Indians (NRI), Overseas Citizens of India (OCI) and Person of Indian origin (PIO).
- **Foreign Nationals** - Students of foreign origin and passport, who have no ancestral or other link with India and who are temporarily staying in India on a student visa for the duration of their education in India.

### 1.3.4 The Indian Advantage

According to studies, the world will be short of 56.5 million work force by 2020 (McKinsey Global Institute, 2011). No wonder, global trade of higher educational services is growing. India has a number of strengths including cost advantage and good number of English speaking professionals. India’s geographical location also makes it a viable and attractive destination for students, particularly from Asia and Africa. International students are attracted to India on account of certain benefits which India enjoys. Some of the benefits to international students seeking higher education in India are:

1. **Low Cost** - Higher education in India costs less compared to the world. Many students who can are unable to afford higher education in the West, choose to study in India. According to a report published by HSBC in September 2014 on an international higher education study conducted at 15 destinations (HSBC, 2014), India figures as the cheapest destination for an international student to attend a university with the annual expenditure of USD 5,642 while Australia was ranked as the most expensive at USD 42,093 (see Table 1.5).
The study found that a student had to pay USD 581 as university fee in India whereas living expenses in India were only USD 5,062, which is less than a fifth of the cost in Australia and makes India the most economical destination for higher education amongst the 15 countries included in the study.

2. *Quality Education* – Indian Govt. educational institutions such as the IITs, IIMs, IISc, NITs, AIIMS, JNU and DU are globally recognized for quality education. Many private universities like BITS, ISB, Amity University, Vellore Institute of Technology (VIT), Manipal University, Sharda University, Lovely Professional University etc. have started catering to international students.

3. *Fastest growing economy* – According to IMF, India is expected to be the world’s fastest growing major economy. Similar to China, India should make use of this opportunity to attract more and more international students who wish to know more about the economy and its opportunities.

4. *English medium of instruction* – As the medium of instructions is English, international students need not undergo the agony of learning a local language, thereby saving time and effort.

5. *Unique Courses* – India has the advantage of offering traditional courses like Hindi, Sanskrit, Ayurveda, Yoga, Classical music and dance forms which can attract international students to study in India.

6. *Scholarships, loans and Financial Assistance* – In order to encourage research and promote cultural exchange with international students, the Government offers various scholarships, education loans and other financial assistance like International Council of Cultural Research (ICCR), Commonwealth Fellowship scholarship, SAARC Fellowship Scholarships, General Cultural
Scholarship Scheme, Technical Cooperation Scheme of the Colombo Plan, Scholarship Scheme for Sri Lanka and Mauritius etc.

**Table 1.5 - HSBC Research on cost of international education : Sep 2014**

<table>
<thead>
<tr>
<th>Country</th>
<th>University Fee per year (USD)</th>
<th>Cost of Living per year (USD)</th>
<th>Total Cost per year (USD)</th>
<th>Cost Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>24,081</td>
<td>18,012</td>
<td>42,093</td>
<td>1</td>
</tr>
<tr>
<td>Singapore</td>
<td>18,937</td>
<td>20,292</td>
<td>39,229</td>
<td>2</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>24,914</td>
<td>11,651</td>
<td>36,565</td>
<td>3</td>
</tr>
<tr>
<td>U.K.</td>
<td>21,365</td>
<td>13,680</td>
<td>35,045</td>
<td>4</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>13,444</td>
<td>18,696</td>
<td>32,140</td>
<td>5</td>
</tr>
<tr>
<td>Canada</td>
<td>16,746</td>
<td>13,201</td>
<td>29,947</td>
<td>6</td>
</tr>
<tr>
<td>France</td>
<td>247</td>
<td>16,530</td>
<td>16,777</td>
<td>7</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2,453</td>
<td>10,488</td>
<td>12,941</td>
<td>8</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4,378</td>
<td>8,527</td>
<td>12,905</td>
<td>9</td>
</tr>
<tr>
<td>Brazil</td>
<td>59</td>
<td>12,569</td>
<td>12,628</td>
<td>10</td>
</tr>
<tr>
<td>Taiwan</td>
<td>3,338</td>
<td>8,573</td>
<td>11,911</td>
<td>11</td>
</tr>
<tr>
<td>Turkey</td>
<td>1,276</td>
<td>10,089</td>
<td>11,365</td>
<td>12</td>
</tr>
<tr>
<td>China</td>
<td>3,844</td>
<td>6,886</td>
<td>10,730</td>
<td>13</td>
</tr>
<tr>
<td>Mexico</td>
<td>750</td>
<td>8,710</td>
<td>9,460</td>
<td>14</td>
</tr>
<tr>
<td>India</td>
<td>581</td>
<td>5,062</td>
<td>5,643</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: HSBC report dated 22.9.14; extracted from: 

7. Cultural diversity – Students of Indian origin seek to keep in-touch with their roots while students of foreign origin seek cultural exposure and diversity by enrolling themselves in India.
8. *Fascination with India* - Many students are simply fascinated by India and come here to do Fashion designing, Carnatic music, Indian classical dance, Bachelor of Architecture programmes etc.

9. *Feel at home* - Most students from neighboring countries like Afghanistan, Sri Lanka, Mauritius, Pakistan, Maldives, Bangladesh, Iran etc. find religious, language and cultural similarities, which makes them feel at home in India.

### 1.3.5 Educate in India Initiative

The availability of cheap and qualified manpower makes India ideal as a global service provider. Nearly 54% of India’s GDP is contributed by the service sector (Ministry of Statistics & Programme Implementation, GOI, 2017) and India is globally competitive in export of services like Information Technology (IT), software and IT enabled services (ITES). Therefore, the Govt.’s initiative to make India an exporter of education services is an extension of our global service competitiveness as it will create more employment opportunities and increase India’s export earnings in foreign exchange.

The Indian Government announced its ambitious “Educate in India” initiative in May 2015. The initiative is the result of a joint strategy paper prepared by the three Govt. ministries; External Affair, Human Resource Development and Commerce Ministries along with NITI Aayog (a policy think-tank). “Educate in India” is an initiative focused on higher education which aims to:

a) Internationalize/globalize Indian higher education
b) Allow and encourage foreign universities to establish their campuses in India
c) Encourage Indian institutions to set up campuses abroad
d) Make India an exporter of education services
e) Earn more foreign exchange by making India a hub of education in Asia
f) Achieve global standards in quality of higher education in India
g) Create an 'Educated in India' brand
“Educate in India” is closely linked to government’s (Govt’s) other initiatives namely “Make in India”, “Digital India”, “Skill India”, “Start-up India” and “Swatch Bharat” (clean India), all aimed towards empowering India and making it a global economic superpower. The “Educate in India” initiative recognizes the fact that despite being among the world’s youngest countries, India will not be able to reap its demographic dividend if its higher education remains in its current dismissal state.

Higher education institutions are service providers. The intangible characteristics of services complicate and make service delivery and evaluation a challenge in higher education. The evaluation of the quality of service delivery necessitates a business relationship between the institution rendering the service and the student who is the customer. Student satisfaction is the most important quality dimension and factor to success in higher education.

In order to attract international students, curriculums, infrastructure, amenities, faculty, staff and service quality must be in sync with needs and expectations of students. Harnessing the immense opportunity that lies ahead, we need to understand what international students expect and how they perceive the higher education experience in India. The service gap would give us direction on what to focus on and how to prioritize our efforts towards making India an education hub.

Since initiatives like “Educate in India” are relatively new, not much research has been done to gauge the perception of international students in higher education institutes in India. There is an urgent need to assess the level of satisfaction perceived by international students who have studied or are currently studying at a higher educational institute in India. This feedback would also provide invaluable insights to:

a) Attract high quality students
b) Keep pace with customer demand
c) Set priority for resource allocation by education institution
d) Retain good students till the end of their programme
e) Help institutions differentiate and compete with other institutions
f) Remain ahead of competitors and devise competitive strategies to increase market share
g) Improve global education rankings
h) Make marketing and promotional efforts effective
i) Improve academic, administrative, infrastructure, management and communication processes
j) Ensure good recruiters are attracted for placement of students
k) Contribute to the development of human resources, society and the nation
l) Identify pre-requisites required for “Educate in India” brand
m) Evaluate the feasibility and likely hurdles in globalization efforts
n) Suggest a roadmap and sustainable model for globalization of higher education

1.3.6 Steps taken by Indian Govt.

According to a news article published in The Economic Times in Sep 2015, the Govt. has drawn up a scheme to invite over 200 academicians from global universities to teach in India starting November 2015 (The Economic Times, 2015). Under the new scheme called Global Initiative for Academics Network (GIAN), the ministry of Human Resources Development (HRD) has agreed with academics from various countries to teach more than 200 short term courses in Indian universities starting November 2015.

GIAN aims to introduce reputed international faculty to Indian academic institutes, opening numerous possibilities for students to interact with world-class academicians. The faculty is expected to interact and collaborate with students, develop high quality study material and build mutually beneficial academic collaborations. Academicians from Germany, USA, Canada, France and Australia have shown considerable interest in the scheme. Many academicians from top-rank institutes like MIT, Oxford University, Cambridge, Stanford University, University of Berkeley, Imperial College of London etc. have agreed. As the response has been very good, the Govt. is considering increasing the list to 500 foreign faculties. Each faculty would be paid
USD 8,000 to 12,000 for the short duration of about a week’s teaching in India. (The Economic Times, 2015). The scheme offers around 50 courses to be taught by foreign academics at Central Universities in both cities and remote locations. Among the universities where these eminent academics will come are Assam University, Mizoram University, Tezpur University, University of Allahabad, Guru Ghasidas University Bilaspur, JNU, University of Hyderabad and Central University of Gujarat (The Economic Times, 2015)

According to a newspaper article published in November 2015, taking cue from neighbouring China and South Korea, the Indian Govt. has additionally selected 10 Indian higher education institutes which are among the top 500 institutes in global academic ranking and will provide them with substantial finance over a three to four years horizon in order to enable them to leapfrog into the top 100 on global academic rankings like QS and Times (The Economic Times, 2015). The 10 institutes likely to include IIT Delhi, IIT Bombay, IIT Kanpur, IIT Kharagpur, IIT Madras, IIT Roorkee, IIT Guwahati and Indian Institute of Science, Bangalore, will be granted funds ranging from Rs 100-500 crores for the next 3-4 years so that they can create world class research infrastructure and laboratories. The end target is getting Indian institutes among global top 100. India hopes to achieve similar results as neighbouring countries like Singapore, China and South Korea who invested considerably with funding and policy support to ensure a major quality upgrade in their higher education sector.

1.4. PURPOSE AND SIGNIFICANCE OF THE STUDY

1.4.1 Purpose

The influx of international students benefits multiple stakeholders, i.e. students, institutions, parents, faculty, Governments, nation etc. Many Governments and higher education institutions have, therefore, put in place policies and programs to attract international students in order to infuse cultural heterogeneity and globalize education. Not only do international students globalize the academic environment and campus life but also contribute significant income to the university, revenue to the local economies via expenditure on and off campus, bring precious foreign exchange
into the economy, help in higher global accreditation and ranking of institutions by international agencies, strengthen diplomatic and geo-political ties with other countries, among others. Private institutions are encouraged to attract overseas students as they pay a much higher fee and increase the university’s revenue, in a way subsidizing Indian student’s fee.

While the government permits up to 15% of seats for admission to international students, India will have to compete aggressively with other countries in order to achieve global excellence in higher education. As service quality has an impact on satisfaction (Parasuraman, A., Zeithaml, V.A. and Berry, L., 1988), feedback from international students could help to improve quality, attract more international students and retain them. Since pertinent research on service quality in higher education as perceived by international students are far and few, a need was felt to fill the gap by undertaking a research to measure the level of service satisfaction of international students in higher education institutes in India.

1.4.2 Significance

International students play an important in the higher education sector of many countries like U.S.A, U.K., France, Australia, Germany, Russia, Canada, China, Singapore and Malaysia (British Council, 2012). Since they also contribute significant income to the universities and revenue to the local economies via expenditure on and off campus, attracting international students to Indian campuses makes an attractive business opportunity.

The influx of international students benefits multiple stakeholders like students, institutions, parents, Governments, faculty, nation etc. Many Governments and higher education institutions have, therefore, put in place policies and programs to attract international students. There are numerous reasons for undertaking this study and understanding international student’s satisfaction with service quality of higher education in India, some of which are as follows:
1. **Foreign exchange** - International students bring precious foreign exchange into the country, which is a national priority.

2. **Increased revenue** – International students play an importance role in many countries like U.S.A, U.K., France, Australia, Germany, Russia, Canada, China, Singapore and Malaysia as they contribute significant income to the universities and revenue to the local economies via expenditure on and off campus. Overseas students are normally charged a higher fee and increase the revenue of institutions, in a way, subsidizing fee of India students.

3. **Heterogeneity** - International students infuse cultural heterogeneity in classrooms and campuses, which is desirable for all-round learning of Indian students.

4. **Higher Global University Ranking** – The presence of international students translates into higher world ranking given to higher education institutes by international agencies like QS (Quacquarelli Symonds), Times Higher Education (THE) and Academic Ranking of World Universities conducted by China’s Shanghai Jiao Tong University. The Govt. feels “better ranking is essential to woo more research, faculty members and foreign students to Indian universities” and “the number of international students can be multiplied if we can showcase our universities through a credible ranking agency (Nanada & Koshy, 2013). The Times Higher Education 2017 ranking assigns 7.5% performance weightage score to “International Outlook” which means the ability of a university to attract undergraduates, postgraduates and faculty from all over the planet.

5. **Cultural diversity & globalisation** - Cultural diversity creates a more global environment which benefits all stakeholders i.e. students, faculty, institution and Govt. A recent study from Duke University concluded that students who actively engage with their international classmates enhance
their own self-confidence, leadership, and quantitative skills (Institute of International Education, 2015)

6. **Quality improvement** – The study will help to understand, overcome and improve quality of service delivery in higher education institutions in India.

7. **World standards** - International students help the institute to integrate with the global economy and world standards in education. Improved quality of institutions, cultural diversity and world-class standards offer Indian students wanting to study abroad an alternative choice at home at a fraction of the cost overseas and saves outflow of India’s precious foreign exchange.

8. **Country ties** – International Students strengthen diplomatic and geopolitical ties with other countries.

At present, there is no regulatory and legal guideline permitting foreign universities to set up campuses in India and no roadmap on how to make India an international education hub. Therefore, the GOI’s “Educate in India” initiative could potentially create enormous economic opportunities and have socio-cultural and financial implications on the Indian economy.

**1.5. RESEARCH QUESTIONS AND OBJECTIVES**

**1.5.1 Research questions**

In the light of the background stated above, the study seeks to address the following research questions:

a. What is India’s current status in the global higher education sector?
b. How to measure quality of services provided by higher education institutes to international students?
c. Are international students satisfied with quality of services provided by higher education institutes in India?
d. With which services are international students satisfied or dissatisfied?
1.5.2 Objectives

In order to address the above research questions, the objectives of the study are as follows:

1. To assess India’s current status in the global higher education sector.
2. To identify how to measure quality of services provided by higher education institutes to international students.
3. To measure international students’ satisfaction level with quality of services provided by higher education institutes in India.
4. To identify which services lead to international students’ satisfaction and dissatisfaction with higher education in India.
5. To determine if there are demographic differences in international students’ satisfaction with quality of services provided by higher education institutes in India.
6. To review how to improve services provided to international students in India.

1.6. SUMMARY

This chapter primarily addresses the objective of assessing India’s current status in the global higher education sector beginning with the growing trend in global student mobility and the significance of international students. International students play an importance role in the economy of countries like U.S.A, U.K., France, Australia, Germany, Russia, Canada, China, Malaysia and Singapore by contributing significantly to the income of higher education institutes on and off campus. The trend of students studying abroad is propelled by rising incomes in many Asian countries. Realizing the potentials, Singapore was among the first country to start the Asian education-hub trend in 2002. Malaysia, Hong Kong, China, Taiwan and South Korea followed closely. However, India is a late entrant and has recently announced its
desire to become a regional education hub in Asia with the launch of the “Educate in India” initiative in May 2015.

Enrolment of foreign students is an important parameter that institutes are ranked on by global ranking agencies. Although the higher education system in India is the third largest in the world based on number of student enrolment, it is matter of great concern that India is the only BRICS nation without representation in the top 100 global universities. As per the Times Higher Education ranking 2017, India had only two institutions in the top 400. According to the All India Survey on Higher Education report 2015-16 there are only 45,424 international students in India, which is nearly one-tenth of the approx. 400,000 plus foreign students in China as per the Institute of International Education report on international student mobility 2014. Since globalization initiatives like “Educate in India” are relatively new, not much research has been done in this direction in India in the past. If India aspires to becoming an education hub in Asia, there is an urgent need to assess the quality of services provided to international students by higher education institutes in India.

This thesis has been divided into five chapters. Each chapter addresses certain key research objectives. To provide a roadmap, the research questions and objectives of the research have been summarized in Table 1.6. The chapters which address the research questions and objectives have also been mentioned in the table.
<table>
<thead>
<tr>
<th></th>
<th>Research questions</th>
<th>Objectives</th>
<th>Chapter addressing research questions/objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What is India’s current status in the global higher education (HE) sector?</td>
<td>To assess India’s current status in the global higher education sector</td>
<td>Introduction</td>
</tr>
<tr>
<td>2</td>
<td>How to measure service quality (SQ) provided to int’l students?</td>
<td>To identify how to measure quality of services provided by HE institutes to int’l students</td>
<td>Review of Literature; Research Design &amp; Methodology</td>
</tr>
<tr>
<td>3</td>
<td>Are int’l students satisfied with quality of services provided by HE institutes in India?</td>
<td>To measure int’l students’ satisfaction with quality of services of HE institutes in India.</td>
<td>Data Analysis &amp; Interpretation</td>
</tr>
<tr>
<td>4</td>
<td>With which services are int’l students satisfied or dissatisfied?</td>
<td>To identify which services lead to int’l students’ satisfaction and dissatisfaction</td>
<td>Data Analysis &amp; Interpretation</td>
</tr>
<tr>
<td>5</td>
<td>Are there demographics differences in int’l students satisfaction with services of HE institutes?</td>
<td>To determine if there are demographic differences in int’l students’ satisfaction with SQ rendered by HE institutes in India.</td>
<td>Data Analysis &amp; Interpretation</td>
</tr>
<tr>
<td>6</td>
<td>What can be done to improve services provided to international students?</td>
<td>To review how to improve services provided to international students in India.</td>
<td>Conclusions &amp; Recommendations</td>
</tr>
</tbody>
</table>