

INDIAN HIGHER EDUCATION INDUSTRY

**Indian higher education institutes
will benefit from tightening student
visa norms in USA**

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Higher education institutions will continue to add capacity/courses on the back of strong demand for quality education/infrastructure, supported by India's favourable population demographics.

The capex is expected to be partly funded by fresh debt, given adequate liquidity on their books.



With 15-20% of India's population estimated to be in the age group of 15-24, and improved literacy rates, demand for higher education in the country is projected to improve over the next decade. The Government of India's (GoI's) expenditure on higher education has doubled in the last 10 years, which coupled with rise in the number of universities from 642 in AY2011 to ~1,189 as of AY2025 has translated into a handsome revenue growth for major universities. Despite higher costs, private universities lead college enrolments in India, indicating the preference for quality education and infrastructure.



Total intake capacity of key courses* in India has been growing at a gradual pace, with engineering and management courses being the popular choices with over 90% seats. Enrolment rates in higher education have risen over the years from 21% in AY2012 to ~28% in AY2022 and are targeted to increase to ~50% by 2035 as per the National Education Policy (NEP), 2020. However, this remains lower than the global average.



Recent tightening of student VISA norms in the USA, the UK and Canada will also propel some of the Indian students targeting enrolment in international universities to explore options at home. The higher education sector in India is poised for growth owing to continued strong demand, increasing disposable family income, easy access to credit, and enhanced Government focus through initiatives like NEP 2020 and private sector participation. However, the sector faces challenges such as fragmentation, infrastructure deficiencies, affordability issues, employability concerns, shortage of qualified faculty, and limited autonomy due to high regulations.



The operating revenue of higher education institutions is expected to grow on the back of expanding seat capacities, higher enrolments and addition of courses. Capex will remain high as institutes continue adding courses/capacities, to be partly funded by debt. However, healthy operating surplus and adequate liquidity will support the coverage metrics at comfortable levels.



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