



Economic and other Considerations: A Case for Marking some Higher Fee Structure Seats (SMART seats) in University of Delhi Admissions

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Background and Introduction

According to Subhas Sarkar, the then Union Education Minister of State, in a written response to a parliament question in February 2023, more than 30 lakh Indians went abroad for higher education during 2017-2022.¹ The minister was also asked if it is a fact that the money being spent by Indian students abroad is more than the education budget of the country, the answer to which was not given. Also, Hurun India Report, (Luxury Consumer Survey, December 2023) showed that 70 percent of Indian millionaires prefer to send their children to study abroad.²

State-wise Breakdown of Outbound Students

According to Hurun India data, Andhra Pradesh and Punjab share the top spot, each sending 12% of their children in the eligible age group for higher education abroad, followed by Maharashtra (11%), Gujarat (8%), Tamil Nadu (7%), and Karnataka (5%).³ It is notable that as per Forbes India Survey, September, 2023, according to the Gross State Domestic Product (GSDP) figures 2023, 5 out of these 6 states are among the top 10 ranking states in GSDP figures in the country.⁴

Financial Factors in Decision-Making

According to a study undertaken by Western Union and the Report published thereof,⁵ the role of budget considerations has been emphasized as an important factor in the decision-making process for Indian students heading abroad. As per the report, a striking 47% prefer shorter duration courses, such as diplomas, due to the high international tuition fees. This highlights the importance of financial factors in the decisions made by Indian students when pursuing education abroad. "Money-related concerns, particularly budgeting and financial planning, are key barriers expressed by both students and parents, playing a key deciding factor in the entire process", the report is quoted as saying. Furthermore, the report specified that 83% of the respondents "were looking to fund their studies through a loan which includes an education loan from banks and financial institutions, soft loans from friends and family, or a loan against property."

In essence, the report underscores the impact of financial constraints on the study choices of Indian students going abroad, particularly emphasizing their tendency to opt for shorter and presumably more affordable educational programs due to the financial challenges posed by high international tuition fees.

Outbound Students: Ramifications of Financial Burden on the family

¹<https://www.newsclick.in/over-30-lakh-indians-went-abroad-during-2017-22-higher-education-govt>

²<https://hurunindia.com/blog/hurun-india-luxury-consumer-survey-2023/>
(<https://www.indiaherald.com/Education/Read/994478242/Survey-Children-of-Indian-millionaires-study-abroad>)

³ <https://oidigitalinstitute.com/news/indian-students-abroad/>

⁴ <https://www.forbesindia.com/article/explainers/gdp-of-indian-states-union-territories/88157/1>

⁵ "Education Overseas: An Evolving Journey", A study by Western Union Group; available at https://corporate.westernunion-microsites.com/wp-content/uploads/2021/10/WU_Report_Summary_Education_Overseas_An_Evolving_Journey.pdf

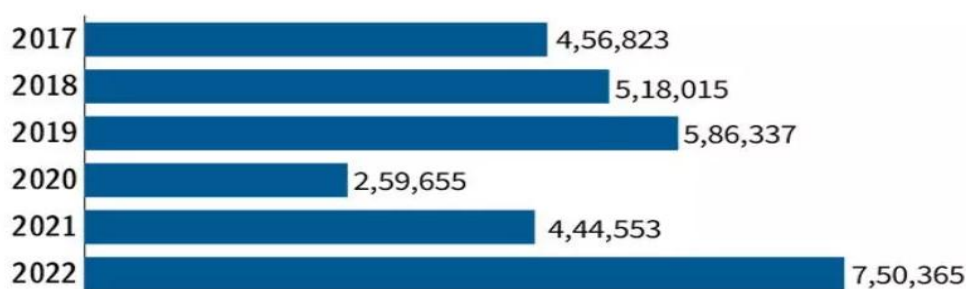
As in August 2023, the number of students pursuing education overseas witnessed a remarkable 68% increase from 2021 to 2022. However, the COVID-19 pandemic in 2020 had led to a significant decline, with only 259,655 students studying abroad, which had again picked up in the post Covid years. This number of 2020 had contrasted with the numbers from preceding years: 444,553 (2021), 586,337 (2019), 517,998 (2018), and 454,009 (2017).⁶ Hence, overall, with 2020 as an exceptional year, there has been a rising trend for the number of students going abroad for higher education.

As per the Western Union Report⁷, based on Reserve Bank of India Bulletins, September 2021, “India is generally viewed as the world's top remittance-receiving nation, but today citizens and residents are increasingly sending money out, across borders, as they participate in the global economy - accessing international education, medical services, travel, and other services. The market for outbound remittance is, smaller, estimated at USD 12.7 billion for FY 2020-21, but outward remittances by resident Indians have risen 39% in July 2021 compared to October 2020, with a notable uptick in outflows for education purposes.”

Based on various Lok Sabha answers of the Ministry of External Affairs and Ministry of Finance, The Hindu Business Line, February 2023, compiled the following statistics as given in the graphics below.⁸

Heading to foreign shores

The number of students who went abroad to study shot up in 2022



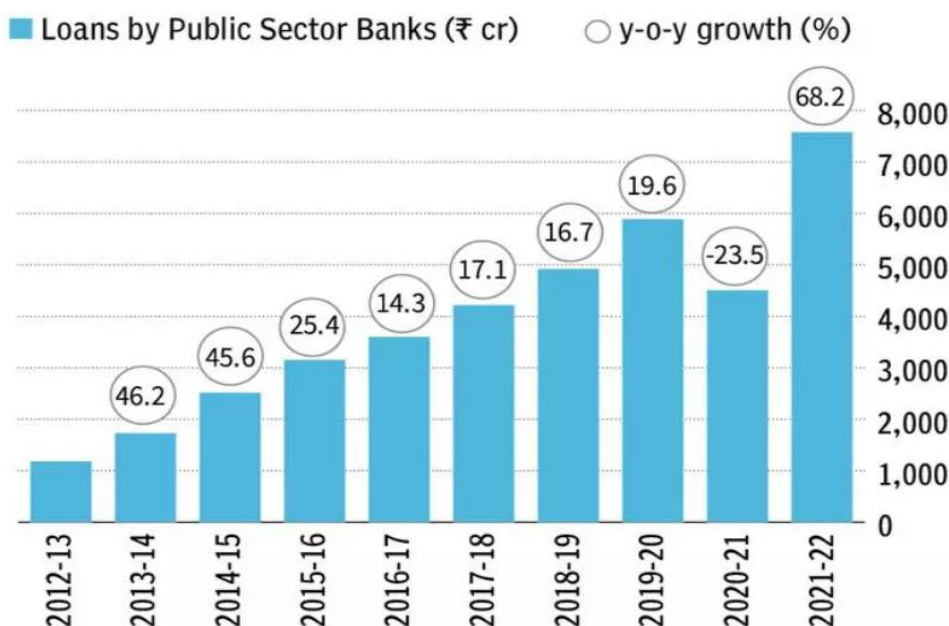
Source: The Hindu Business Line

⁶<https://www.mea.gov.in/lok-sabha.htm?dtl/36975/QUESTION+NO2650+STUDENTS+DATA+IN+FOREIGN+UNIVERSITIES>

⁷ Same as Reference 5

⁸ <https://www.thehindubusinessline.com/data-stories/data-focus/loans-to-study-abroad-students-who-went-overseas-at-an-all-time-high/article66520825.ece>

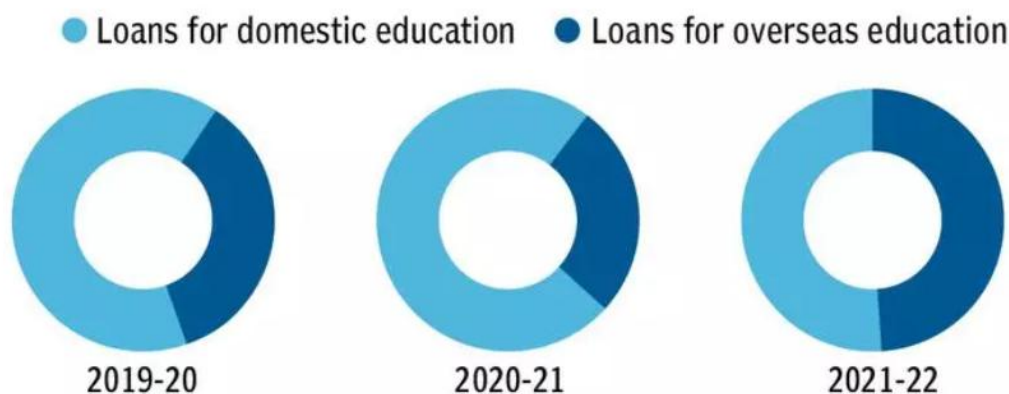
Education loans for Indian students studying abroad at an all-time high in FY22



Source: The Hindu Business Line

Share of loans for education abroad increased in FY22

Education loans disbursed by PSBs



Source: The Hindu Business Line

Furthermore, as reported by the RBI, February 2023, the outstanding portfolio under education loans experienced a remarkable 17% growth in the fiscal year 2022-23, amounting to an increase of approximately Rs 14,000 crore within a single year.⁹

Also, as reported by Public Sector Banks (PSBs), August 2023, in the last 10 years, a total of 4,61,017 number of students availed educational loans for studying abroad. Also, PSBs in the country disbursed education loans for studying abroad worth ₹7,576.02 crore in FY22, which is a 68 per cent increase compared to FY21.¹⁰

Furthermore, as per the banking sector data, with the rise in demand for education loans, there has also been a rise on the banking sector stress. According to the RBI data, the outstanding portfolio under education loans grew 17 per cent at ₹96,847 crore in the year 2022-23 as against ₹82,723 crore in the previous year. The Non-

⁹ <https://economictimes.indiatimes.com/nri/study/why-are-education-loans-growing-in-popularity-in-tier-2-and-tier-3-cities-despite-inflation/articleshow/102823681.cms>

¹⁰ <https://indianexpress.com/article/education/study-abroad/over-4-lakh-education-loan-study-abroad-last-10-years-finance-ministry-8442605/>

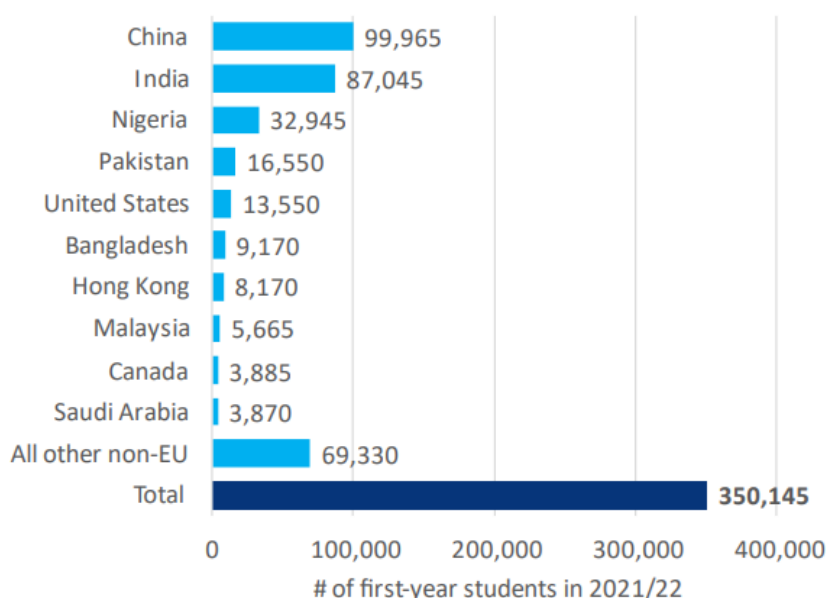
Performing Assets (NPAs) in education advances stood at 7.82 per cent of a total outstanding portfolio of ₹80,000 crore at the end of the first quarter of FY23.¹¹

Outbound Students: Fuel for the Foreign Economy

There are substantial economic benefits that foreign countries derive from Indian students studying in their institutions. One of the most tangible benefits that foreign countries gain from Indian students is the substantial economic contribution they make in terms of direct financial contributions through tuition fees and indirect ones through the living and travelling expenses, the latter accruing if a non-domestic flight carrier is used by these students and their families for their travel to and from India. There are also indirect benefits accruing to the domestic economy when friends and family visits these students and add to the domestic tourism industry.

The countries like USA, UK, Australia, Canada, Germany, among others, where most of the Indian students migrate to for foreign education, have reported that India makes up for their first or second top-most country in terms of origin of their foreign students. One such chart, as presented below, gives such a figure for UK and is a mirror of almost similar stories elsewhere.

International first-year students enrolled in UK HE in 2021/22: Top 10 non-EU countries of domicile



Note: All student numbers are rounded to the nearest 5.

Source: *London Economics' analysis of HESA (2023c)*

Source: HEPI Report, May 2023¹²

The Western Union Report¹³ provided a segregation of tuition fees (as for year 2020) per annum for a Bachelor's Degree in some of the popular universities of some of the popular destination countries for Indian students. This is as given below:

¹¹ <https://www.thehindubusinessline.com/money-and-banking/education-loans-register-17-growth-in-fy23-turning-positive-for-first-time-in-five-years/article66959891.ece>

¹² Higher Education Policy Institute (HEPI). (2023, May). "The benefits and costs of international higher education students to the UK economy"

¹³ Same as Reference 5

Country	Bachelor's degree (per year)
Canada	\$22,500–50,000
United States	\$26,000–50,000
Australia	\$14,393–32,384
UK	\$13,150–34,190
China	\$1,665–3,030
Germany	\$0–26,300
France	\$200–3,272
Spain	\$802–23,577

Source: Western Union Group. (2021, October 19). *“Education Overseas: An Evolving Journey”*

Furthermore, for the United States, The Institute of International Education (IIE) reported that Indian students contributed over \$6.9 billion in tuition and living expenses in the 2020–2021 academic year.¹⁴ As per the Australian Department of Education, in Australia, in 2021, Indian students contributed approximately AUD 5.2 billion to the Australian economy, making them the second-largest group of international students after Chinese students.¹⁵ In Canada, as per the Canadian Bureau for International Education, the Indian students accounted for 34% of all international students in Canada, generating an estimated CAD 3 billion annually.¹⁶ In addition to tuition, Indian students also spend on accommodation, food, transport, and other living expenses. This spending also stimulates the local economies. In UK for example, The Higher Education Statistics Agency (HESA) estimates that in the present times, the Indian students contribute around £1.8 billion to the UK economy in living expenses alone.¹⁷

To drive the point home that it is the foreign nationals, with Indians contributing a major chunk, that are a major driving force for the foreign universities and thereby those economies, this study did a case study, based on 2022 fee structures, of some of the popular courses in three universities that are among the top destinations for Indian students. It is to be noted that due to the countries' education policies, there is a cap on the maximum fee they can charge from their domestic residents, but there is no such cap on the fees charges by them from the foreign nationals, including Indians. The fees of these courses in local currencies have been converted in INR terms to facilitate easy comparison (at December 2022 Forex rate of 1\$ ≈ Rs. 84). The study is done for the University of Oxford (UK), University of Sydney (Australia) and Cambridge University (UK).

University	Popular/ Preferred Courses	Tuition Fees: Domestic (for UK/some European nations' citizens) p.a. in INR Terms	Tuition Fees: Foreign p.a. in INR Terms
University of Oxford	BA Archeology and Anthropology	10,19,396	45,32,731
	Bachelors BioChem	10,19,396	57,17,435
	BA Computer Science	10,19,396	65,30,748
	BA Economics and Management	10,19,396	45,32,732
	BA Mathematics	10,19,396	49,46,000

¹⁴ Institute of International Education (IIE). (2021). *“Open Doors Report on International Educational Exchange.”*

¹⁵ Australian Department of Education. (2021). *International Students in Australia.*

¹⁶ Canadian Bureau for International Education. (2021). *The Economic Impact of International Education in Canada.*

¹⁷ Higher Education Statistics Agency (HESA). (2021). *UK Higher Education Statistics.*

University	Popular/ Preferred Courses	Tuition Fees: Domestic (for UK/some European nations' citizens) p.a. in INR Terms	Tuition Fees: Foreign p.a. in INR Terms
University of Cambridge	BA H Economics	10,19,396	29,78,180
	BA H English	10,19,396	29,78,180
	BA H History	10,19,396	29,78,180
	BA H Psychological and Behavioral sciences	10,19,396	45,32,070
	BA H Computer Science	10,19,396	45,32,070

% of International Students in all Educational Institutes across UK: 13.32%

% of Indian Students in all Educational Institutes across UK: 3.04%

Inward remittances to UK from Educational Institutions INR 4.6 Trillion

Inward remittances to UK from Indian Students INR 683.95 Million

Source: Author's own compilation using various sources of University of Oxford, University of Cambridge, Higher Education Policy Institute and Higher Education Statistics Agency [All mentioned in References]

University	Popular/ Preferred Courses	Tuition Fees: Domestic (for Australian citizens) p.a. in INR Terms	Tuition Fees: Foreign p.a. in INR Terms
University of Sydney	Bachelor of Economics	9,31,798	29,68,420
	Bachelor of Commerce	9,31,798	29,68,420
	BA Psychology	5,70,850	31,96,760

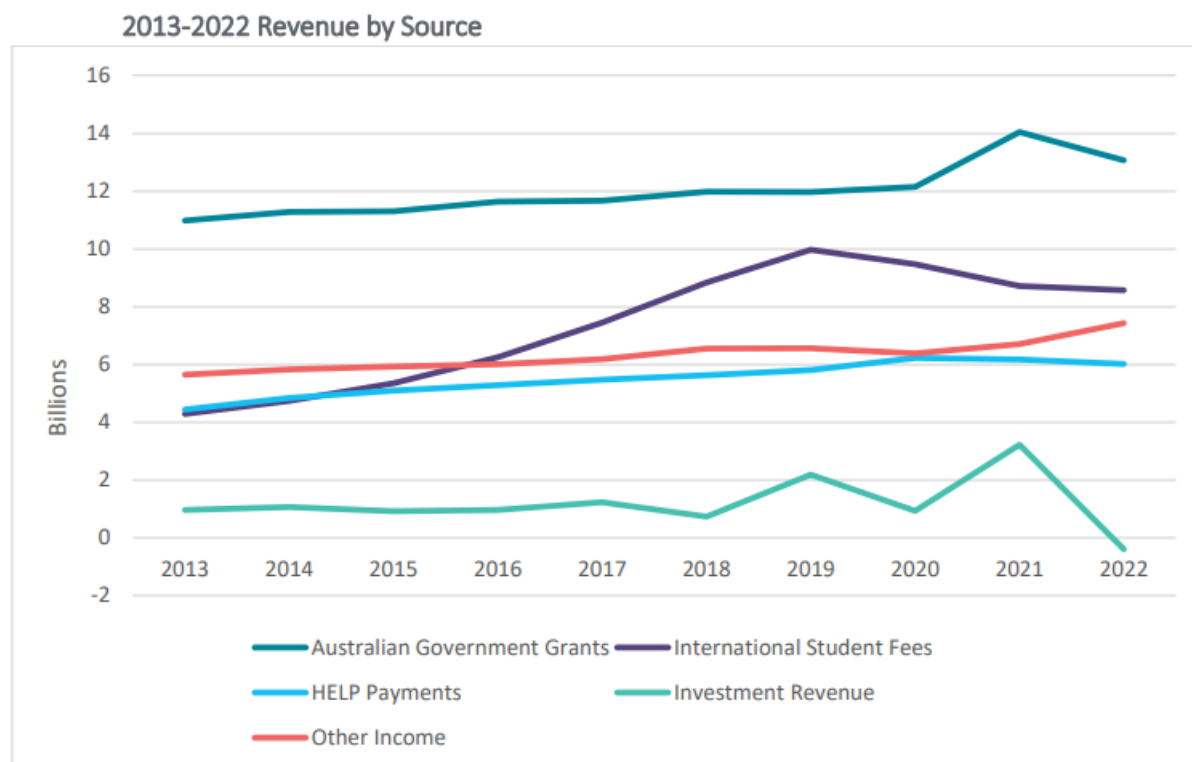
% of International Students in all Educational Institutes across Australia: 32.77%

% of Indian Students in all Educational Institutes across Australia: 8.8%

Inward remittances to Australia from Educational Institutions INR 723.07 Billion

Source: Author's own compilation using various sources of University of Sydney, Australian Government Dept. of Education and other Australian Government publications [All mentioned in References]

To highlight, how important International Students' Fees is as a source of revenue for the foreign educational institutes, given below is the figure for one such case for Australia. As can be seen, the International students fee is the second highest revenue source for the Higher Education Institutes in the Department of Education, Government of Australia.



Source: Australian Government. Department of Education. (2022). "Finance 2022: Financial Reports of Higher Education Providers"

Future Projections:

As per the Group University Living's Report, October 2023,¹⁸ projections suggest that by 2025, Indian households will spend an estimated \$70 billion on their children's foreign education, underscoring the urgency of strategic interventions. The report indicates a substantial expected rise in outbound Indian students. As per it, over 1 million students were studying abroad in 2019, which is expected to reach around 2 million by 2025. There would be a commensurate rise in their spending abroad as well. Total student spending is expected to reach as high as USD 70 billion by 2025. There have been similar reports by other institutions as well.

Thus, it is imperative to have a policy in place to prevent this huge amount of outbound remittances, which causes huge strain on the Forex Reserves and other aspects of the domestic economy.

Proposal: Marking some Reserved Seats in the University of Delhi Admissions for those having income above a given threshold limit: A Solution to Retain Capital in India

As highlighted in terms of financial burden, huge fee differentials for foreign institutions' domestic vs international students and a huge economic outflow of funds from the Indian economy, the issue of Indian students seeking higher education abroad becomes a pertinent matter to discuss among the policy makers of today. With the advent of the New Education Policy, 2020 and the adoption of Under Graduate Curriculum Framework, UGCF, 2022, by the University of Delhi, and the massive improvements in the World University Rankings (across ranking systems) that the University of Delhi is witnessing in recent years, it is a foregone conclusion that the University is providing highly quality education and that too at a hugely subsidized fee structure. Furthermore, with the adoption of Value Added Courses and Skill Enhancement Courses in the NEP structure, with a heavy focus on the Indian Knowledge System (IKS), University of Delhi is not just providing a world-class quality education, but is also connecting its students back with Indian roots, ethos and the way of living, something, like yoga, meditation, etc., which the world now is looking to.

Alongside, besides having a tuition fee and the overall fee structure as a highly subsidized one, to promote quality higher education at affordable structures for the deserving ones, the University, under the current tenure of Hon'ble Vice Chancellor Prof. Yogesh Singh, is also fulfilling its social commitment by bringing in supernumerary quotas for orphan children and for the single girl child, besides the usual supernumerary seats for persons with benchmark disabilities, Kashmiri Migrants, Armed Forces personnel wards, PMSS for J&K, Sikkimese students, etc. With some of these supernumerary seats being offered at a fee structure even lower than the usual structure (which is anyway highly subsidized), the University of Delhi has been a champion to the cause of providing quality education while fulfilling its commitment towards Institutional (Corporate) Social Responsibility.

It is therefore proposed that a reservation system and separate seats be brought in for such candidates who are willing to pay a fee higher than the existing fee for other students being admitted through the usual CUET based centralized allocation system. It is proposed to call such seats as SMART Seats—*Mehangi (Quality) Shiksha Avsar ki Rooprekha aur Tatva*. To begin with, we can have, as a pilot study, one such SMART seat reserved for each course running in every UG college of the University of Delhi. Eg. If Sri Ram College of Commerce has 2 courses namely, BA Hons Economics and B Com Hons, then it'll have only 2 SMART seats—one for each course. Similarly, Atma Ram Sanatan Dharma College has 22 courses running (each BA Prog. Combination taken as a unique entity), then it shall have 22 SMART seats and so on.

For the purpose of rationale and forming the basis of deciding on the fee structure for such SMART seats, this paper has also drawn the following table of comparison, using fee structure of the popular courses of Universities of Oxford, Cambridge and Sydney, as shown above and comparing them with the fee structure of corresponding similar courses of the University of Delhi.

¹⁸ <https://www.universityliving.com/blog/industry-reports/indian-student-mobility-report-2023/>

University	Popular/ Preferred Courses	Tuition Fees: Foreign p.a. in INR Terms	Corresponding Similar Course of the University of Delhi	Tuition Fees of the University of Delhi p.a. in INR Terms*
University of Oxford	BA Archeology and Anthropology	45,32,731	BSc Hons Anthropology	49,000
	Bachelors BioChem	57,17,435	BSc Hons Biochemistry	46,600
	BA Computer Science	65,30,748	BSc Hons Computer Science	51,300
	BA Economics and Management	45,32,732	BA Hons Economics	32,600
	BA Mathematics	49,46,000	BSc Hons Mathematics	32,000
University of Cambridge	BA H Economics	29,78,180	BA Hons Economics	32,600
	BA H English	29,78,180	BA Hons English	26,000
	BA H History	29,78,180	BA Hons History	26,000
	BA H Psychological and Behavioral sciences	45,32,070	BA Hons Psychology	30,600
	BA H Computer Science	45,32,070	BSc Hons Computer Science	51,300
University of Sydney	Bachelor of Economics	29,68,420	BA Hons Economics	32,600
	Bachelor of Commerce	29,68,420	B Com Hons	28,000
	BA Psychology	31,96,760	BA Hons Psychology	30,600

*There are slight variations in fee structure across various colleges of the University of Delhi. This is the average most common fee structure of the given course that exists in most of the colleges for UR (Unreserved category) for the year 2022

Source: Author's own compilation using various sources of foreign universities and of the University of Delhi Admission website

As can be seen, there is a minimum difference of 30 lakhs per annum for any course that a student pays for similar education in University of Delhi vis-à-vis any 'popular' foreign university. And this is only for the tuition fee part, that too for one year alone. For a three or four year under graduation course, this becomes commensurately higher. Coupled with the other indirect costs, earning an undergraduate degree from a foreign university becomes a highly costly affair, running into crores for the entire program duration.

Keeping this differential in mind, it is proposed that fee structure of such courses be fixed, most definitely on a self-sustaining/self-financing model, perhaps with some element of revenue generation too. Even on incorporating the latter, such fee would still be much lower than the corresponding fee a candidate would pay if (s)he chooses to pursue this course abroad. In fact, in recent times, it has even been observed that most of the Indian students who go for higher education abroad do not land up in the top ranking institutes of the host country, but have to settle for some of the lower ranked universities. This way, with such an introduction of SMART seats by the University of Delhi, the student so admitted would be confident of earning a quality education, that too in a much economical manner.

Implementing such a reservation system would enable students from affluent backgrounds to secure admission by paying additional fees. This strategic move would help retain financial resources within the country, positively impacting the economy and GDP, as also help the University's colleges to raise financial resources. Similar policies, with various nomenclatures like the 'Management Seats', 'Quota Seats', etc., are already in practice in various Private and Deemed Universities of the country, including highly reputed and technical ones too, but it isn't yet applicable to the government universities, like the University of Delhi. The private and deemed universities make use of this criteria which helps them to generate resources that are generally used in improvement of their infrastructure and facilities.

To implement such a policy of admission on the SMART Seats, we can have a separate portal for such applications, different from the usual CUET portal. Such candidates, who apply for SMART seats, like any other supernumerary seat, can also apply for the general seats, but on different portals. This way, the candidates stand a fair chance of securing a 'regular' seat too and by applying for the SMART seat, he/she will only face competition *with similar applicants alone*. It shall, in a nutshell, be a win-win situation for both, the students as well as the colleges, with the former saving substantially on their education expenditure while getting world-class quality education, and the latter can generate resources that can be used for infrastructural development or promoting research and providing better facilities in the institution.

Conclusion:

In conclusion, the proposal for introduction of SMART seats in the University of Delhi (and if successful, can be emulated by other central and state universities too), we aim to provide a strategic solution to encourage affluent Indian families to invest in domestic quality education. By doing so, we can curb the exodus of students seeking education abroad, fostering domestic economic growth and ensuring a well-rounded educational landscape within the country. This can contribute to creating self-sustaining models of educational institutions and be an instrument in achieving the newly announced dream of Modi's Viksit Bharat, by providing quality education, while simultaneously reducing the educational institutions' dependence on governmental grants.

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