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Why Indians Should Avoid Loans to Study Abroad

By: Ignatius Chithelen

Rising college fee costs mean a growing debt burden for Indian students in North America and the UK, and an excess supply of graduates mean it is much more difficult to get jobs after graduation.

In the 2022-2023 academic year, there were roughly 198,000 Indians studying in the US, including 165,000 graduate students. This is nearly three times the total number of Indians on student practical training (OPT) work visas in the country.

The imbalance implies that at best only one in four Indians who graduate from US universities may find jobs in the US. This is also likely to be the case for most Indians with advanced science, technology, engineering, and mathematics (STEM) degrees from the top US universities.

The job prospects will likely be much worse for Indians considering studying at US universities for the 2024-25 academic year and beyond. This is due to sharply rising supply of foreign graduates, quite apart from any cuts in hiring if there is a downturn in the US economy.

US universities, from state institutions to Ivy League schools, are dealing with budget cuts and rising costs, especially for faculty and staff. Instead of cutting costs, they seek to boost their tuition fee revenues. So, they create and offer dozens of new programs, mainly masters' degrees, many of which are of questionable quality and offer few job prospects.

Worse, many US universities are also recruiting far more students, if needed by lowering their admission standards. Some big-name universities have tripled and quadrupled the class sizes for their masters' degrees in computer science, data analytics and other popular STEM and business programs; in some cases, with classes of up to 1,000 students.

Foreign students find STEM degrees more attractive since it qualifies them for a three-year practical training work visa, compared to two years for non-STEM graduates. Indians pursuing MBAs and social science degrees take on a far greater risk of being unable to pay back their educational loans and risk losing their family homes to the banks. This is because even if they get a practical training job, their visa is valid for only one year.

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Most Indians graduating from US universities need to find well-paying jobs, in the US or elsewhere, just to be able to repay their education debts. They typically take on bank loans, ranging from \$100,000 to more than \$200,000, to pay the fees and living expenses for their US degrees. Often, the family home in India is put up as collateral for the loans, which carry annual interest rates of more than 13%.

Many US universities offer teaser 'scholarships' that cover only 10% to 20% of the total costs. Apparently, they expect Indians – as well as other admitted students - will take the bait and secure loans to pay for the rest of their expenses. Several US universities pay fees to recruiters in India for referring and recruiting students.

Even assuming an Indian can find work in the US upon graduation, the job may not last long. In 2022 and 2023, an estimated 150,000 Indians on temporary work visas in the US - many of them waiting in line for permanent residency or green cards - were laid off.

The total number of Indian professionals in the US who effectively lose their jobs each year is much higher. There are several thousand Indians on practical training visas who are not re-hired on professional or H-1B work visas. Also, there are thousands on H-1B visas who are not sponsored for a green card. Their employment ends after two or three years, for those on practical training visas, or six years, for those on H-1B visas. Such job cuts are typically not disclosed by employers on technical grounds that an employee's work visa had expired.

Executives at major US tech companies and their lobbyists issue periodic statements asking the US administration to issue more work visas and green cards. Yet, despite their massive financial and political clout, the tech companies have not gotten an increase in green

cards over the [past 32 years](#).

It appears that companies in the US manage their supply of entry level engineers, and other skilled professionals, by using [the swing labor capacity](#) provided by foreigners, mainly Indians, and the system of temporary work visas.

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The [hiring and firing](#) of foreigners on temporary work visas effectively provides a swing capacity of skilled labor for US companies and organizations. In 2022, for instance, the top 30 H-1B employers hired more than 34,000 new H-1B workers, according to a report by the Economic Policy Institute. In 2022, and the first quarter of 2023, the top 30 H-1B employers also laid off at least [85,000 H-1B workers](#).

The job prospects and education loan burden of Indian students in the United Kingdom are similar to those for Indian students in the US. Foreign graduates of UK universities have one advantage. Unlike in the US, they are allowed to stay and work in the country for up to two years. But, as in the US, universities in the UK also face budget cuts. So, they too are creating dozens of advanced degrees, many of little job value, as well as vastly expanding the class size of popular STEM and business programs.

In fact, quite apart from the weak UK economy, the job prospects for foreign STEM graduates of UK universities are far worse. They also compete for jobs with foreign graduates of the top US universities who qualify for temporary UK work visas. Known as High Potential Individual visas, they are offered to foreign STEM graduates of the top 37 non-UK based universities in the world – 20 of them in the US – even if the graduates have no job offers in the UK.

Till last year, Canada was a relatively good option for Indian students pursuing foreign advanced degrees and jobs, compared to the US and UK. This is because in Canada the tuition fees and costs are lower; foreign students can work up to 20 hours a week and during school breaks without a work permit; the chances of getting a work visa after graduation are very high; most graduates [get permanent residency within five years](#); and STEM graduates with advanced skills can get a permanent resident visa in about three months.

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Not surprisingly, in 2023, there were roughly [320,000 Indians studying](#) in Canada, up 47% from 2018.

But, for the upcoming 2024-25 academic year, Canadian visas issued to Indian students have [fallen by more than half](#). This is in part due to a processing backlog since 41 Canadian officials – two thirds of the embassy staff - had to leave India last year. Relations between India and Canada soured after the Canadian government alleged that [agents of the government of India](#) killed a Canadian citizen, Hardeep Singh Nijjar, in British Columbia, Canada, last June.

Skilled Indians should follow the path pursued by many of the top graduates of the world-renowned Indian Institutes of Technology. They take up well-paying jobs at Google, Microsoft, or other global companies in India. Some of them get transferred to higher paying postings in Singapore, the Middle East, Western Europe, and the US. This path allows Indian professionals, who work in India, to earn a good income, while avoiding up to \$200,000 in debt to pursue advanced degrees in the US, in the hope of finding a job and ultimately a permanent residency or green card.

According to a study by the Cato Institute, a policy organization based in Washington DC, “New applicants from India will face a lifetime wait, and more than 400,000 [will die](#) before they receive a green card.”

Ignatius Chithelen is the author of 'Passage from India to America' and 'Six Degrees of Education'.

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