

Tackle higher cost of foreign education with diligent planning

Choosing right country and college, part-time job can help bridge the gap caused by the rupee's fall

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The Indian rupee breached the 80 mark against the US dollar this month. The weakening rupee will impose an extra burden on parents who plan to send their children abroad this year, or whose children are already studying overseas. Experts, however, say this setback can be overcome with diligent planning.

The impact

The weakening of the rupee will exact a toll. "The relative cost of studying in foreign countries like the US is expected to go up even though colleges have not hiked their fees," says Amit Ganda, managing director and chief executive officer, Avanse Financial Services.

Experts say parents should be prepared for a 5-7 per cent annual increase in the cost of foreign education.

However, Indian students won't be as badly affected as those belonging to several developed economies, whose currencies have depreciated even more against the US dollar.

High inflation is another threat. "Inflation is at a multi-decade high in most of the countries that Indian students head to. This will impact the cost of living in these countries," says Amit Singh, founder, UniScholarz and UniCredits. Rising operational costs could force universities to hike their fees.

High inflation is also leading to increase in interest rates on education loans within India.

Choose destination based on budget

Rising costs have led students to hunt for lower-cost destinations. While doing so, however,

they must also take into account whether that country is suited for their field of study, and the quality and prestige of the ones.

Neeraj Khanna, co-founder and director of Bengaluru-based Spark Career Mentors, says, "If your child plans to go abroad and live there, or at least work there for a few years before she returns, then choose a country that allows students to stay back and work after completing their degrees."

The US is the most expensive destination. Within the US, however, state-owned universities are cheaper than private universities. Choosing a STEM (science, technology, engineering and mathematics) course in the US will allow students to stay back and work for three years, after which they will have to apply for an H1B visa, which again is a lottery.

Canada is a good alternative to the US. The standard of education is high while the fees are more reasonable. Those who plan to stay back and work, and ultimately get citizenship, are increasingly opting for Canada.

"The UK is making a comeback because it is now allowing students to stay back for two years after they have completed their education," says Mayank Batheja, co-founder, Credenc, a digital provider of education loans.

Ireland is another destination that is becoming popular.

Many parents and students are nowadays opting for Europe. Singh says, "European nations like Norway and Germany charge absolutely no tuition fee from either domestic or international students, making them prime destinations for studying engineering and science. Many parents and students also prefer Italy and



TIPS FOR THOSE OPTING FOR EDUCATION LOAN

■ **Students who can offer collateral** should try for a loan from a public sector bank

■ **They offer lower interest rates**, but tend to take more time in processing the application

■ **If you are short of time**, or don't have collateral to offer, try a private player

■ **Parent's credit score**

matters

■ **If parents have the capacity to repay**, loans are easily sanctioned

■ **If not, private lenders take into consideration student's academic track record**, nature of course, chances of getting a work permit, and likely salary after completing the course

Spain, which are significantly less expensive than, say, the US, but still offer a breadth of experiences and top-quality education."

Many students are also heading to Singapore, where one can get a Masters in a STEM course for ₹20-30 lakh.

"UAE became popular during the pandemic when parents wanted their children to be closer to home," says Batheja. It is possible to get an MBA degree in the UAE for ₹30-40 lakh.

Avoid deferring

Experts say students must consider the entire cost of going abroad, not just the tuition fee and accommodation cost.

It is not advisable to defer going abroad due to the rupee's depreciation, given that an international degree has such a life-altering impact. Says Nilanjan Chatteraj, director, InCred Financial Services: "Students thinking of deferring admissions to avoid a weak rupee must remember there is no guarantee next year will be better."

Some students are also worried about the possibility of the US and other developed economies witnessing a recession. Chatteraj says, "Most programmes such as STEM and business, especially at the Masters level, are highly specialised and niche, which makes them almost

recession-proof."

Cut costs, work part-time

With diligent planning, the setback caused by the rupee's depreciation can be overcome. Students must live on a strict budget when abroad and adopt cost-cutting measures wherever possible.

Prashant A Bhonsle, founder, Kuhoo Fintech, says, "Students should try to find on-campus work like teaching assistantship, research projects, and internships that universities offer."

They should also try to find online work, which they can execute while sitting in their dorm, thus eliminating the need to travel.

Bhonsle adds that besides cushioning the impact of a depreciating rupee, such work experience will also enhance their employability.

Students who are finding it hard to make ends meet should stay back during holidays (instead of coming to India) and work.

Even while the course is on, students must focus on the final goal, which is to find a job. Bhonsle says, "Students should start laying the groundwork to secure employment overseas after the completion of their degree, so that they can work and repay their student loans at the earliest."

Those planning to travel abroad soon should pre-book their tickets. Waiting till the last moment could raise costs further if the rupee weakens even more. Parents whose children are studying abroad, and who have the necessary cash, should also transfer the money right away into their child's account in the foreign country, instead of waiting till the last moment.