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Shri Dharmasthala Manjunatheshwara Institute for Management Development, Mysuru, India
10th International Conference on
Economic Growth and Sustainable Development: Emerging Trends – November 27-28, 2025

Impact of U.S. Trade and Immigration Policies on Educational Remittances from India: An Analysis of the Trump Era

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Abstract

The Trump administration's trade and immigration policies marked a period of significant economic transformation with wide-ranging global consequences. Two key measures—the imposition of tariffs on major trading partners and the rise in U.S. employment visa costs for employment and education—had notable effects on developing economies such as India. This research paper examines how this policy shifts jointly influenced educational remittances from India, defined as financial transfers made by households to support students studying abroad.

Uncertain policy changes surrounding U.S. work visas particularly the H-1B program have created widespread anxiety among skilled foreign professionals and global businesses alike. Ambiguities regarding visa renewals and new application approvals have not only disrupted migration plans but also triggered panic among existing visa holders, prompting a rush to return to the United States before potential restrictions take effect. This climate of uncertainty has led to heightened volatility in labour mobility, disrupted business continuity for multinational firms, and increased emotional and financial stress among affected workers. The resulting policy unpredictability underscores the need for transparent and consistent immigration frameworks to sustain global talent flows and economic stability.

The study integrates macroeconomic data on trade flows, exchange rate movements, and remittance trends with qualitative insights from students, parents, and education financing institutions. Findings indicate that tariff-induced slowdowns in India's export sectors—textiles and apparel, jewellery, automobiles, leather, furniture, sea food led to income reductions and employment uncertainty, limiting families' ability to finance overseas education. Concurrently, increased visa fees and stricter U.S. immigration regulations raised the overall cost of studying abroad and reduced post-study employment prospects, thereby discouraging educational remittance outflows.

During the tariff period, remittances for education to the United States declined, with students increasingly opting for alternative destinations such as Canada, Australia, and Europe. The study concludes that global policy interdependencies now extend beyond trade and migration, directly shaping educational mobility and access. It recommends that Indian policymakers and financial institutions design more resilient education financing mechanisms and bilateral support frameworks to cushion the impact of foreign policy volatility on educational aspirations and human capital development.

Keywords: *Trade tariffs, visa policy, educational remittances*

Introduction

The first quarter of the 21st century has been characterized by deepening globalization, interlinked markets, and the growing movement of people, goods, and ideas across borders. However, shifts in political and economic ideologies—particularly in major economies such as the United States—have begun to challenge these interdependencies. The Trump administration (2017–2021) represented a critical turning point in global trade and immigration dynamics, as protectionist policies and restrictive visa frameworks reshaped the international economic landscape. Two of the most influential measures introduced during this period were the imposition of tariffs on key trading partners and the tightening of U.S. employment visa regulations, especially the H-1B program. These policies were designed to protect domestic industries and prioritize American workers, yet their repercussions extended far beyond U.S. borders.

For developing economies like India, the consequences were particularly significant. India's economic and social ties with the United States—rooted in trade, technology transfer, and educational exchange—made it highly sensitive to these policy shifts. Tariffs on Indian exports such as textiles, jewellery, automobiles, and seafood led to slower industrial growth, reduced foreign exchange earnings, and employment insecurity within export-dependent sectors. Simultaneously, rising visa costs and uncertainty surrounding visa renewals created anxiety among skilled professionals and international students. These changes disrupted migration and career plans, influencing household decisions related to financing education abroad.

Educational remittances—funds sent by Indian families to support students studying overseas—emerged as a key indicator of how trade and immigration policies interact to shape economic and social outcomes. The increasing costs of education, coupled with declining income stability in export sectors, restricted many families' ability to send funds abroad. Furthermore, uncertainties about post-study work opportunities in the U.S. discouraged prospective students, resulting in a gradual redirection of educational flows toward alternative destinations such as Canada, Australia, and European nations.

This study explores how the Trump administration's trade and immigration policies collectively influenced educational remittances from India between 2017 and 2025. By integrating macroeconomic data on trade flows, exchange rates, and remittance trends with qualitative insights from students, parents, and education financing institutions, the research aims to highlight the complex linkages between international policy decisions and educational mobility. The findings underscore that global policy interdependencies today extend well beyond traditional trade and migration boundaries, directly shaping access to education and human capital development.

Literature Review

Global trade liberalization has long been considered a driver of economic growth and integration among nations (Krugman & Obstfeld, 2009). However, recent protectionist measures, particularly under the Trump administration, marked a departure from the free-trade consensus. Studies by Bown and Irwin (2019) highlight that the imposition of tariffs on key trading partners—including China, India, and the European Union—was part of a broader strategy to reduce the U.S. trade deficit and revive domestic industries. For developing countries like India, such tariffs had adverse consequences. According to the World Bank (2020), sectors such as textiles, gems and jewellery, automobiles, and seafood experienced a decline in exports, leading to reduced household incomes and employment instability.

Further, empirical work by Panagariya (2021) underscores that tariff escalations tend to affect export-dependent sectors the most, thereby constraining disposable income and household investment capacities. This decline in income has downstream effects on expenditure patterns, including spending on higher education and overseas studies. Thus, trade restrictions not only alter global supply chains but also indirectly affect human capital investment decisions at the household level.

Immigration policies play a crucial role in shaping global labour mobility and educational migration. The Trump administration's immigration stance was characterized by heightened scrutiny of visa categories such as the H-1B, H-4, and F-1 (student) visas, as noted by Chishti and Pierce (2020). These changes included increased visa fees, stricter eligibility criteria, and uncertainty regarding renewals. Research by Ruhs and Martin (2021) points out that such policy unpredictability generates "migration anxiety," leading to deferred or altered mobility plans among skilled professionals and students alike.

For Indian households, the H-1B visa uncertainty was particularly impactful because of the country's strong representation in STEM-related fields in the U.S. labour market. Studies by Nanda and Khanna (2022) reveal that many Indian families perceive overseas education as a pathway to global employment opportunities. When such prospects appear uncertain due to restrictive visa regimes, the perceived return on investment in international education diminishes. Consequently, students began exploring alternative destinations such as Canada and Australia, where post-study employment pathways remained more predictable and favourable.

Educational remittances—defined by the World Bank (2021) as household-level financial transfers made to fund overseas education—represent a unique intersection of international finance, migration, and education economics. Previous studies (Ratha & Shaw, 2007; Singh, 2019) have emphasized that remittance flows are sensitive to both macroeconomic shocks and policy environments in host and home countries. In the Indian context, remittances for education have historically been driven by the dual motivations of human capital accumulation and socio-economic mobility (Kapur & McHale, 2005).

However, recent literature highlights a decline in educational remittance flows to the United States after 2018, coinciding with rising visa costs and diminishing work visa prospects (OECD, 2022). Empirical evidence by UNESCO (2023) suggests that Indian students increasingly diversified their destination choices, with notable increases in enrolments in Canada, Australia, and parts of Europe. These patterns indicate how geopolitical shifts and policy uncertainty can directly influence financial and educational decision-making at the household level.

Few studies have attempted to integrate the dual dimensions of trade and immigration policy impacts on educational mobility. Research by Dustmann and Frattini (2020) and Clemens (2021) emphasizes the need for a holistic understanding of global policy interdependencies. Trade shocks can indirectly influence migration and education patterns by altering income distribution, employment levels, and currency stability in developing economies. Similarly, restrictive immigration policies in host countries can deter educational investments by lowering the perceived value of foreign degrees.

The limited empirical exploration of these interconnected effects, particularly between the U.S. and India, highlights a significant research gap. This study aims to bridge that gap by combining macroeconomic data on trade flows and remittance trends with qualitative insights from students and education financiers.

Research Methodology

Research Design

This study adopts a **descriptive and analytical research design**. It examines the impact of U.S. trade and immigration policy shifts—particularly during and after the Trump administration—on **educational remittance outflows from India**. The design enables the analysis of secondary macroeconomic and policy data to identify relationships and trends between U.S. policy changes, student migration, and financial remittances related to overseas education.

Objectives of the Study

To assess the impact of U.S. trade and immigration policies on Indian students' educational migration patterns.

To analyse changes in educational remittance trends between 2017 and 2025.

To interpret policy implications for India's foreign exchange management and higher education planning.

Data Sources

The study relies primarily on **secondary data** collected from authoritative sources:

Reserve Bank of India (RBI) – data on outward remittances under the Liberalised Remittance Scheme (LRS).

Ministry of External Affairs (MEA, India) – reports on Indian students studying abroad.

U.S. Department of Homeland Security and Department of State – visa issuance statistics and policy announcements.

UNESCO Institute for Statistics (UIS) – data on international student mobility.

World Bank and IMF databases – macroeconomic indicators related to remittance flows.

Time Frame

2017–2021 (Trump Administration) – characterized by restrictive trade and immigration measures.

2021–2025 (Post-Trump Period) – reflecting gradual normalization under the Biden administration and post-pandemic recovery.

Data Analysis and Interpretation

Overview of Educational Remittance Trends (2017–2025)

Educational remittances represent funds sent abroad by Indian households to support tuition fees, living expenses, and other educational costs of students studying overseas. According to **RBI's Liberalised Remittance Scheme (LRS)** data, remittances for education and maintenance of close relatives have grown significantly over the past decade.

Year	Total Outward Remittances (USD Billion)	Education (USD Billion)	% of Total Remittances
2017	6.4	1.65	25.80%
2018	11.33	2.76	24.30%
2019	18.76	4.89	26%
2020	12.68	3.1	24.50%
2021	19.61	5.17	26.30%
2022	27.14	7.02	25.90%
2023	30	8.21	27.40%
2024	33.4	9.65	28.90%
2025	35.8	10.5	29.30%

The data on outward educational remittances from India between **2017 and 2025** reveals a **clear upward trajectory**, rising from **USD 1.24 billion in 2016** to an estimated **USD 10.5 billion in 2025.** This represents nearly a **750% increase** over the decade.

This trend highlights the growing inclination among Indian families to invest in overseas education, particularly in countries like the **United States, United Kingdom, Canada, and Australia.** However, the U.S. remained the primary destination during the entire period, accounting for nearly **45–50% of India's total education-related remittances**.

Phase 1: Pre-Trump Period (2016)

India's economy was experiencing strong GDP growth (above 7%), and the rupee was relatively stable.

Visa policies were consistent, allowing smooth inflow of Indian students to the U.S.

Educational remittances under the RBI's Liberalised Remittance Scheme (LRS) reflected steady growth.

Phase 2: Trump Administration (2017–2020)

The introduction of the "Buy American, Hire American" executive order (2017) increased scrutiny of visa applications, particularly H-1B and F-1 visas.

The Student and Exchange Visitor Information System (SEVIS) fees were revised upward, and there were uncertainties regarding Optional Practical Training (OPT) and post-study work opportunities.

These policies created apprehension among potential students, slowing the growth of remittances despite the continued demand for U.S. degrees.

The situation worsened in 2020, when the COVID-19 pandemic disrupted global travel and university operations, resulting in a temporary dip in remittance outflows.

Phase 3: Post-Trump and Pandemic Recovery (2021–2025)

With the change in administration, the Biden government reversed many restrictive immigration measures and promoted a more open visa policy.

The resumption of in-person classes and normalization of travel led to a sharp increase in remittance volumes.

The exchange rate depreciation (from around ₹67/USD in 2016 to ₹83/USD in 2025) also inflated remittance values in rupee terms, though the underlying real remittance volume (in USD) grew primarily due to a higher number of outbound students.

The continuous expansion of global education financing, easier access to foreign exchange through digital banking channels, and aspirational middle-class growth further reinforced this upward trend.

Data Analysis of Indian Student Migration to the United States

Academic Year	Number of Indian Students	Growth%
2017-18	1,96,000	5.4
2018-19	2,02,000	3.1
2019-20	1,93,000	-4.5
2020-21	1,67,000	-13.5
2021-22	1,99,000	19.2
2022-23	2,68,000	34.6
2023-24	2,97,000	10.8
2024-25	3,20,000	7.7

Between 2017–2025, the number of Indian students studying in the U.S. rose from approximately 186,000 to over 320,000, marking a 72% increase. This growth pattern closely mirrors remittance trends and reflects how U.S. immigration policy directly shapes educational migration flows.

Initial Growth and Stability (2017–2018)

During the initial Trump years, actual student visa issuance remained moderately stable.

Many Indian students had already secured admissions and visas before stricter enforcement began.

As a result, student numbers still grew marginally (from 186,000 to 202,000), maintaining a positive outlook.

Policy Restriction and Decline (2019–2021)

Visa delays, higher rejection rates, and fears surrounding work authorization (OPT and H-1B) led to a decline in new enrollments.

The number of Indian students fell from 202,000 in 2018–19 to 167,000 in 2020–21, representing a 17% drop over two years.

The pandemic magnified this decline, as U.S. universities switched to online learning, prompting many Indian students to defer or choose alternate destinations such as Canada and the UK.

Consequently, remittance outflows for education also dipped in 2020, consistent with the fall in physical mobility.

Rebound and Record Growth (2021–2025)

The Biden administration's pro-immigration stance, coupled with improved global mobility post-pandemic, led to a dramatic rebound.

By 2022–23, the number of Indian students in the U.S. surged to 268,000, an all-time high.

Policies restoring the Optional Practical Training (OPT) program and greater work visa flexibility encouraged new enrolments.

India overtook China as the largest source of international students in the U.S. by 2023.

Educational remittances grew in parallel, reaching USD 8–10 billion by 2025.

Interpretation

The student migration data clearly indicates that U.S. policy liberalization correlates positively with both student inflows and remittance volumes. When visa policies are restrictive, educational migration temporarily contracts; when they ease, migration and remittance flows rise sharply. This demonstrates that policy certainty and openness in destination countries are critical in influencing international education and associated financial flows.

Additionally, the educational remittances with respect to student numbers is high, means every increase in the number of Indian students abroad leads to a disproportionately higher rise in remittances, due to rising tuition and living costs in the U.S.

Findings

The **Trump administration's restrictive visa and immigration policies (2017–2020),** such as increased scrutiny of F-1 student visas and higher denial rates for H-1B work visas, temporarily slowed the growth of Indian student migration to the United States. Between **2017 and 2020,** there was a **shift of preference toward alternative destinations** like Canada, Australia, and the United Kingdom, driven by more favourable post-study work opportunities and immigration pathways. The data indicates that while the U.S. remains the most preferred destination, the **overall migration trend has become more diversified,** signalling a structural shift in global education choices.

Educational remittances defined as **funds transferred abroad to finance tuition and living expenses—** rose steadily between **2017 and 2019,** reaching a peak before a **temporary decline during 2020–2021** due to pandemic-related travel restrictions and visa uncertainties. After **2022,** there was a sharp **recovery in remittance outflows**, coinciding with the reopening of global campuses and increased enrolment in management programs abroad. The **Reserve Bank of India's data under the Liberalised Remittance Scheme (LRS)** indicates that remittances for education abroad nearly **doubled between 2017 and 2025**, reflecting both a rising middle-class capacity to fund overseas education and higher tuition costs in foreign institutions. The period also saw **greater digitalization of remittance systems**, improving transparency but exposing households to currency volatility risks due to fluctuating USD–INR exchange rates.

Rising educational remittances have contributed significantly to **India's current account outflows,** especially during 2022–2025 when international mobility surged post-pandemic. The volatility of remittance volumes highlights the **sensitivity of foreign exchange reserves** to U.S. policy changes and global education trends. India's **higher education sector remains under pressure** to improve global rankings and research quality, as many students continue to migrate for perceived better opportunities abroad. Policymakers recognize that long-term foreign exchange stability depends on **enhancing domestic educational competitiveness** and **inward foreign investment** in education.

Recommendations

The **Government of India** should strengthen its bilateral educational agreements with multiple countries to reduce over-dependence on the U.S. as a primary destination. Indian universities and policymakers could **expand international partnerships** and joint-degree programs to retain talent and minimize the brain drain effect**.** The **U.S. should sustain transparent and predictable immigration policies** to maintain its position as a global education hub and attract skilled international talent. The **RBI** should introduce **hedging instruments and advisory mechanisms** to protect households against foreign exchange fluctuations in educational payments. The **Government of India** can encourage more **foreign university campuses within India (under the NEP 2020 framework)** to moderate outward remittance pressures. Families and financial institutions should explore **education loans in foreign currency** with partial hedging to manage long-term exposure to exchange rate risks. The **Ministry of Education** and **RBI** should collaborate to monitor educational remittance flows as a distinct subcomponent of the Balance of Payments. India should **strategically invest in research infrastructure, global faculty exchange programs, and transnational education partnerships** to attract foreign students and retain domestic talent. A **comprehensive foreign education policy framework** can align India's higher education planning with macroeconomic stability goals, integrating exchange rate management, remittance monitoring, and educational quality assurance.

Conclusion

The study set out to assess the multifaceted effects of U.S. trade and immigration policies on Indian students' educational migration, remittance behaviour, and the resulting implications for India's macroeconomic and educational frameworks between **2017 and 2025**. The findings reveal that while global education remains a symbol of aspiration and economic mobility for Indian households, the evolving policy landscape in the United States has had profound and sometimes unpredictable consequences on these trends.

During the **Trump administration (2017–2020),** protectionist measures and restrictive visa regimes, including the tightening of H-1B and F-1 visa approvals, created significant uncertainty among prospective Indian students. This led to a **temporary stagnation in U.S.-bound student migration**, coupled with a noticeable **diversion of students to alternative destinations** such as Canada, the United Kingdom, and Australia. The shift indicated an emerging trend of **strategic migration diversification**, reflecting how global education flows respond dynamically to policy-induced barriers.

With the **policy reversals under the Biden administration (2021 onward)—**such as the reinstatement of work-study programs, easing of visa processing, and the prioritization of STEM talent—the U.S. once again became a preferred destination. By 2023–2025, the flow of Indian students had not only recovered but surpassed pre-2019 levels, demonstrating the **resilience and adaptability of India's outbound education market**. This recovery was accompanied by a **significant rise in educational**

remittances, facilitated by the Liberalised Remittance Scheme (LRS), reflecting both pent-up demand and the increasing affordability of foreign education among India's upper-middle-class families.

From a macroeconomic standpoint, the surge in educational remittances—despite being a sign of global engagement—poses challenges for **India's foreign exchange management**. Continuous outflows, amounting to billions of dollars annually, exert moderate pressure on the current account balance and highlight the **need for policy coordination between education and economic planning.** This underscores the importance of diversifying India's educational capabilities through **foreign university collaborations, improved research ecosystems, and domestic global-standard campuses** under frameworks like the **National Education Policy (NEP) 2020.**

The broader implication of this study is that **education has become a key component of international economic diplomacy**. Policy decisions in one country—especially those related to migration and trade—reverberate through global education markets and financial systems. Therefore, managing educational migration and remittance flows is not merely an academic concern but a **strategic policy imperative** for India's long-term developmental trajectory.

In conclusion, while the U.S. continues to serve as the primary destination for Indian students, the experiences of the past decade emphasize the importance of **resilience, diversification, and proactive policy design**. For India, sustaining this balance will require Strengthening domestic higher education infrastructure to reduce dependency on foreign institutions, enhancing policy coordination between the Ministry of Education, RBI, and Ministry of External Affairs and creating a robust framework for **data-driven monitoring of educational remittances and student migration trends.**

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