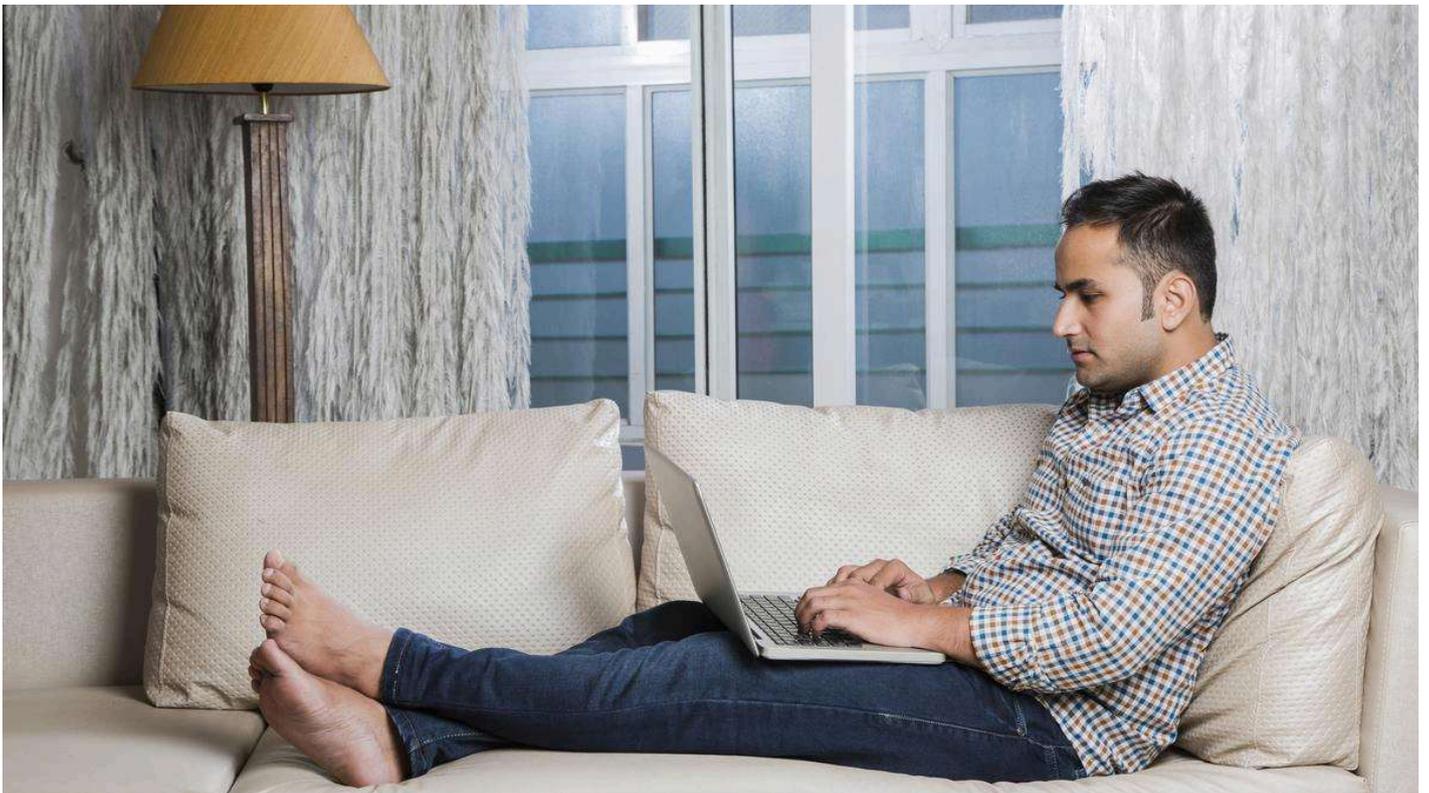# The rise of online higher education: Market trends, UGC regulations and future prospects

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Demand for online programs is expected to continue to grow at a CAGR of over 25% over the next five years. HEIs need to identify focus areas for online programs in emerging domains such as sustainability, Environmental, Social and Governance (ESG), cybersecurity, and responsible AI. | iStock/Getty Images

The COVID-19 pandemic played a pivotal role in transforming the education landscape by forcing a shift from traditional classroom settings to online platforms. Facilitated by the National Education Policy (NEP) 2020 and the UGC Regulations, and cultivated by Indian Higher Education Institutions (HEIs), the online mode of higher education is fast emerging as an attractive alternative to the traditional campus mode of college education in India and is poised to scale up significantly in the days to come. This article scans the landscape of Indian online higher education, market opportunities and challenges, and presents the outlook for the future.

Steep growth of online education post COVID-19

The online education market in India is estimated to have grown at a compounded annual growth rate (CAGR) of over 23% in the last five years to reach about $4.2 billion. While skill-oriented courses and competitive test preparation contribute about 65%, the share of revenues to HEIs has been growing at a faster CAGR of over 30% to reach an estimated $1.45 billion in 2025. The number of HEIs

offering online programs has practically doubled from 58 in 2021–22 to 113 in 2025–26, whereas the number of online programs has more than doubled from 345 in 2021–22 to 756 in 2025–26.

Online programs and disciplines in demand

MBA and Post Graduate Diploma in Business Administration (PGDBA) programs have shown the highest absolute growth in enrolments in the last three years, followed by undergraduate programs.

Working professionals with work experience ranging from 3 to 10 years constitute over 60%–65% of admissions in MBA/PGDBA programs, as these are viewed as mid-career accelerators. As per some surveys, about 35% of these learners are from the IT/ITES sector, followed by 20% from Banking, Financial Services and Insurance (BFSI) and 15% from manufacturing. The drivers include AI-related disruptions in job markets in the IT/ITES sector, whereas in other sectors the motivation is professional growth into managerial careers.

In the case of the online UG market, over 50% of admissions are by fresh students, driven by affordability and the ability to pursue skill certifications simultaneously. It is estimated that during 2024–25, international student enrolments have seen a marginal improvement, particularly from Southeast Asia and Africa, contributing about 5%–6% of total enrolments in Indian online programs.

Discipline-wise, the lion's share of about 45% of enrolments during 2024–25 is estimated to be in management (BBA and MBA), followed by Computer Science/AI/Data Sciences at 35%, reflecting job market opportunities.

Demand for online Ph.D programs

Curiously, growth in demand for online PhD/Executive PhD/Doctorate in Business Administration (DBA) programs during 2025 was reported to be the highest by some education portals. As per UGC regulations, PhD programs can be offered by Indian HEIs in part-time mode but not in online mode. Further, Executive PhD and DBA are not approved degrees under the UGC Act.

Online DBAs offered by foreign universities are "professional doctorates," though they do not qualify for teaching roles in HEIs in India. In addition, online programs offered by foreign universities are not recognised by the UGC for academic purposes such as pursuing higher education or faculty appointments in Indian HEIs.

Facilitating regulations by the UGC

The UGC has played a vital role in formulating a regulatory framework to assure quality education while facilitating the growth of online programs by HEIs. The UGC Regulations, 2020, and subsequent amendments in 2024 defined eligibility for universities to offer online degrees based on NAAC scores and NIRF rankings. HEIs cannot offer programs through franchise arrangements and must own both content and delivery.

The government has introduced several measures to boost professional education, particularly for working professionals. The UGC regulations allow multiple-entry and multiple-exit options for students—a certificate after one year, a diploma after two years, and a degree after completion of the program—so that credits earned can be stored in the Academic Bank of Credits. Also, up to 40% of credits can now be earned through MOOCs and transferred to a regular or online degree.

The UGC has fully institutionalised the ability to pursue two degrees simultaneously. A professional can pursue one regular degree (perhaps sponsored by an employer) and one online/ODL degree concurrently, or two online degrees at once. As per a recent study, about 65% of online degree students simultaneously pursue traditional campus degrees.

Global success story of IIT Madras online B.S. program

Launched in 2020, the BS in Data Sciences and Applications is a four-year online degree program from IIT Madras and is India's most successful online program, with multiple-entry and multiple-exit options. Out of over 25,000 applications received, about 8,000 students were enrolled in 2020–21, and over 3,000 students have graduated. Of these, 1,400 received placements and 850 secured admissions to Ivy League and other prestigious global institutions such as Harvard, Cornell, and Georgia Tech.

The average annual intake for this program over the last four years has been over 9,000 students. This is a strong example of how a premier institution has designed a market-oriented program and leveraged quality delivery for mass education through the online mode.

Work-integrated learning programs

BITS Pilani pioneered Work-Integrated Learning Programs (WILP) for engineering (M.Tech/B.Tech), approved by the UGC due to its "Institution of Eminence" (IoE) status. This industry-integrated model has since been successfully adapted for MBA programs. These programs are corporate-sponsored or employer-linked, with curricula co-designed with industry partners to solve real-time business problems.

Popular perception on quality of online programs

A significant hurdle in the online higher education market is the "perception gap" between online and on-campus programs with regard to quality, particularly in terms of employment outcomes, even though UGC regulations do not differentiate between them. A market survey conducted by HireTrain indicated that 68% of HR managers in India view online degrees from Tier-1 premier HEIs as equivalent to campus programs. Students value the flexibility of online programs but express concerns regarding limited peer-to-peer networking and the absence of campus life experiences.

As per various international studies, completion rates of MOOC courses range from 5% to 8%. However, in the case of Indian HEIs, completion rates are reported to have progressively increased to over 50% in 2024–25.

Challenges for growth of online programs

While industry acceptance is rising, a "prestige gap" still exists among fresh students compared to on-campus degrees, though this is expected to narrow over time. Lack of high-speed internet access in Tier-2 and Tier-3 locations continues to be a challenge.

Complying with stringent faculty–student ratios for online programs, as per regulations, becomes difficult as enrolments scale up. Mandatory AI-proctored examinations or conducting examinations at physical centres also pose challenges.

Currently, the eligibility of HEIs to offer online programs is restricted. Some HEIs question the rationale for not allowing all approved universities that conduct regular programs to offer online programs as well. Obtaining regulatory approvals, even for eligible HEIs, remains cumbersome.

Future outlook

Demand for online programs is expected to continue to grow at a CAGR of over 25% over the next five years. However, HEIs need to identify focus areas for online programs in emerging domains such as sustainability, Environmental, Social and Governance (ESG), cybersecurity, and responsible AI. Programs must also be designed to engage learners more effectively through AR/VR and adopt AI-based adaptive learning methodologies to enhance personalised learning.

Online programs can enhance the capacity of HEIs to scale up enrolments without expanding expensive physical infrastructure and reach new learner segments such as working professionals and students in underserved locations. They can be a powerful driver in increasing the Gross Enrolment Ratio with relatively lower investments.

(Prof. O. R. S. Rao is Chancellor, ICFAI University, Sikkim. Views are personal)

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