

Opportunities & Challenges for Management Education

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INTRODUCTION

Till a few decades ago India's higher education system stood out for its excellence, in comparison to developing countries but also some industrialized nations. The high economic growth that India has witnessed since 1994 has several causes; one of them is our good higher education. Unfortunately, this sector is now faltering. Several nations which trailed India on this score are now ahead of us. This is not because India has changed but because India has not changed while others have. If our nation's development is to be sustained and we want to be a progressive and enlightened nation, then it is imperative that we reform our system of higher education. The stumbling block for this objective is the huge power vested in the UGC and AICTE. There is need for these organizations to divest themselves of some of this power. Also, there should be a refocusing of their main function. It is the responsibility of the UGC to maintain the quality of our higher education and research. However, this must be achieved by nurturing excellence instead of spending a disproportionate amount of energy creating barriers to entry, and preventing new colleges and universities from coming into existence. The latter has led to the creation of what is effectively a licensing system in higher education. Just as India gave up on industrial licensing in the early nineties (and thereby unleashed growth), the reformed UGC and AICTE should give up on the licensing of higher education. At times we forget that the market with all its faults does perform certain functions reasonably well. Poorly-performing colleges and educational institutes, *if information about their performance is made easily available*, will be competed out of existence by the pressures of the market. (With reference to Prof. Kaushik Basu's dissent note to Yashpal Committee Report (Report of the Committee to Advise on Renovation and Rejuvenation of Higher Education in India) : July,6,2009)

For this reason, one principal activity of a revised UGC should be to rate universities and institutes of higher education. As we know from the modern industrial sector, good quality rating is vital for the economy and successful nations spend a lot to collate information and rate corporations. The UGC should, likewise, produce and publicize ratings of and information about all universities and institutes of higher education. This should be a detailed, annual exercise and be prominently available on a website.

Our main aim must be to nurture excellence instead of spending a disproportionate amount of energy trying to curb the lack of it. While the United States has arguably the world's greatest universities, it also has many sub-par ones. The existence of the latter does not harm the reputation of the US as a nation of academic excellence. If there was a perfect way for the state to efficiently weed out the bad, I would be for it. But as we learnt from our experience with industrial licensing, often the effort to weed out the bad by using bureaucratic control can do more harm than good.

What has to be punished is misinformation. Many private colleges levy charges midway through the course of study by when the student has no choice but to pay up; they advertise achievements of the college which are false; they promise to offer courses without any intention to actually do so. These need to be severely punished. Second, we have to recognize that it is not possible for any government, let alone the government of a developing nation, to run over three hundred universities with equal generosity. Such an agenda is bound to cause either a fiscal breakdown or doom the university system to mediocrity. It follows from this that we have to reconcile ourselves to the differential treatment of institutions and universities and also of individuals. This has to be based on a transparent system of objective evaluation, so that every individual and every university has the same *opportunity*. But to expect the *outcome* to be the same across

individuals and universities is to court failure. This takes us to the touchy topic of salaries and research support. The old system of a flat scale, where every professor was supported in the same way across all the over- 300 universities, was once an attractive idea. It is no longer feasible. On the one hand, most nations are switching over to the system of special salaries and research budgets for star researchers and professors. This began with the U.S.. Now other nations, including U.K. and even China, have switched to this. On the other hand, corporate salaries have gone through the roof. Given these facts (about which there is little that we can do), if we want to attract top talent to research and teaching, we have to allow for pay differentials. The exact modality of this will entail discussion and debate. Two ways of doing this are: first, designating, say, 20 universities, as centers of excellence and putting them on a higher funding scale. The list of top 20 should be evaluated and revised every three years so that all universities stand a chance of getting there. The second option is to select a small number of professors in each field from the entire nation and place them on a higher salary and research support. By higher salary I do not mean 5% or 10% higher but three or four times the regular professorial salary. This will create incentives for academics to work harder and also attract top minds that would have gone to the corporate sector to come into academics and research. If this system is properly managed, it can transform the quality of India's higher education. Further this can be achieved with no additional fiscal burden. The average salary of all professors all over India can be held constant and this achieved by simply creating a graded salary system.

Third, we should allow private sector money to come into higher education. Surreptitious privatization is already a fact of life. It will be better to let this happen openly; there can then also be open monitoring. The purely-private colleges should of course not be subsidized by the state. They should be allowed to set college fees as high as they choose (as long as this is made transparent). It is true that such private colleges will end up teaching mainly commercially-viable

subjects and cater to relatively rich students. There is no harm in this and some advantages, since the state will now be able to allocate more money to the colleges and universities under its charge and provide good education to the remainder at a lower cost.

There is an additional question: Should we allow these private colleges to be profit making organizations, that is, allow the owners or the shareholders to openly keep the profit to themselves? A common presumption is that, if someone is interested in profit, that person will not be interested in providing good education. This is a fallacy. It is like assuming that, if Tata Motors is interested in making profit, it will not be interested in producing a good small car. However, in reality, its interest in producing a good small car could be *because* it is interested in making profits. Likewise, in education. If a profit-making company wants to start a university, there is no reason why we should not allow this. This is an idea that should at least be on the table.

There are not too many examples of such universities in the world. This can be a pioneering effort on the part of India and, if successful, can cause a huge infusion of funds into our higher education system. Finally, this is the time to consider steps to make India into the world's major hub for higher education. Given our historic (though eroding) advantage in higher education, our strength in the English language and our low cost-of-living, it is possible for India to position itself as a major destination for students from around the world, not just from poor countries, but rich, industrialized nations, such as Korea, U.K. and even the U.S.. One reason why an African student goes to the US to study is to then acquire the right to stay on there and work. Attracting such a student will not be easy. But consider an American student who anyway has the right to go back to the U.S. and work there. In the U.S. each year of education costs approximately, \$50,000 or Rs. 25 lakhs. If India can build some good universities with high quality residences

for students and advertise globally, India can give this market tough competition. If India charges tuition fees of Rs. 5 lakhs per annum from foreign students, then with all other overheads a student can get quality education for Rs. 8 lakhs per annum, which is one third the cost in the U.S. There is clearly a huge comparative advantage in this and the scheme can attract lots of students to India. This can bring in a large infusion of money, which can make it possible for the Indian government to subsidize the higher education of Indian students and vastly expand the number of Indian students

OPPORTUNITIES OF MANAGEMENT AND HIGHER EDUCATION IN INDIA

INCREASING DEMAND OF HIGHER EDUCATION IN INDIA (figs. Related to same given below)

☞ **Demand in India for higher Education: A very small % of applicants here get admission**

Programme	Seats	Applicants	Selection Ratio
IIT (15)	6000	398000	0.0150
IIM(7)	1400	242000	0.0058
LAW	3000	30000	0.1000
MEDICINE	2700	141000	0.0191
CA	2645	76026	0.0347

☞ **Limited Educational Infrastructure** (Big gap between demand and supply of Higher Edu.)

SCHOOLS			
	Primary	Upper Primary	Secondary and Senior
Count (lakhs)	7.7	2.9	1.6
Student (crores)	13.2	5.2	3.8

Diploma and Certificate courses		
	Teacher Training	Technical, Industrial, arts and crafts
Count	2021	5465
Student (lakhs)	1.61	7.5

Higher Education		
	Universities(Central, State, Deemed, Research centres and Institutes of National Importance)	Colleges (General, Engineering, Architecture, Medicine, Polytechnic, Law, IT, Agriculture et.al.)
Count	490	20769
Students (lakh)	143.236 (Total)	

INDIA IS EMERGING DESTINATION FOR HIGHER AND TECHNICAL

EDUCATION IN COMING FUTURE (Reasons supporting the views)

- Universalization of Primary Education throws up new demands and challenges for the management and structure of Higher Education in India - problems of access, equity, number, relevance, quality and resource crunch
- The report of the task force on meeting the human resource challenges for IT and IT enabled Services brought out by Department of Information Technology shows that by the end of 2009 there will be a gap of 0.5 million between the demand and supply of IT manpower. This will call for increasing the enrollment in the Colleges and opening of new Colleges.
- India's GDP growth over the next few years would continue to be driven by Services and international trade. Within Services, the key sectors that would spearhead growth are aviation, retail and commercial real estate, ITeS, telecom, insurance, and financial

services. This growth in Services is expected to further increase demand for hotel rooms of all categories across the country and hence demand for professionals in HMCT

- Approximately 7.2 per cent of adults in the 17-24 age group have the privilege of getting higher education. As compared to this, the figure for the US and Australia is 80 per cent, Canada 88 per cent, Finland 74 per cent and the UK 52 per cent. This figure for India has to be augmented — at least by a modest 25 per cent before 2020.
- In India, total enrolment in higher education institutions is 10.5 million, just 11% of the total relevant age group (17-23 years) in the population. On this count, India fares poorly compared to south east Asian countries like Philippines (31%), Thailand (19%), Malaysia (27%) and China (13%).
- Regarding public expenditure on higher education, India is among the lowest in the world, with public expenditure per student at \$406 compared to China (\$2,728), Brazil (\$3,986), Indonesia (\$666) and Malaysia (\$625).
- Thus, urgent need to enlarge the role and relevance of our universities and technical institutions to reach a larger community

INDIA-OPPORTUNITIES

- The Universalization of Primary Education would throw up new demands and challenges for the management and structure of Higher Education in India (Present problems of access, equity, number, relevance, quality and resource crunch).
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- India's key advantage in the global IT and ITES-BPO industry is the availability of an abundant, high quality and cost-effective pool of skilled knowledge workers. The Indian ICT workforce is characterized by 81% Software Professionals having a minimum graduate degree and 67% having bachelor degree in Engg. and 13% having M. Tech/MBA.
- Emerging growth segments that require relevantly skilled professionals include Product Data Management, Content Management, Enterprise Application Integration, Data Warehousing, contingency Planning and Disaster Recovery, e-Supply Chain Management (eSCM), Wireless Applications, Straight Through Processing (STP) Knowledge Management, Business Intelligence, Sales Force Automation (SFA), e-Learning, ePharma, Bioinformatics and Nanotechnology.
- India's GDP growth over the next few years would continue to be driven by Services and international trade. Within Services, the key sectors that would spearhead growth are aviation, retail and commercial real estate, ITeS, telecom, insurance, and financial services. This growth in Services is expected to further increase demand for hotel rooms of all categories across the country and hence demand for professionals in HMCT.
- Prospects for tourism in India, both inbound and domestic, are bright, with many opportunities. According to recent estimates of the World Travel & Tourism Council (as of early 2005), Indian tourism demand will grow at 8.8% over the next ten years, which would place India as the second most rapidly growing tourism market in the world after Montenegro and before China. This is expected to result in a growth of 7.1% in total travel and tourism GDP and an increase of 0.9% in travel and tourism employment.
- The demand for quality accommodation from all market segments, especially the commercial and extended-stay markets, continued to be higher than the additions to

supply resulting in acute demand-supply imbalance in certain cities, such as Bangalore, Mumbai and Delhi (NCR). Hence there is a growing need to have more number of institutions imparting education in the areas of Management and Hotel Management & Catering Technology.

- India must meet aspirations of its youth in 18-25 years (over 150 million) and canalize this vast energy.
- Though the government is committed to spend six per cent of the GNP on education during the Ninth Plan (1997-2002), it has spent only 3.7 per cent of the GNP on education and only about 0.5 per cent on higher education.
- Japan has 512 private universities out of a total of 684; the US, 1,752 out of 2364; and, more than 80 per cent of the universities in the Philippines are in the private sector. Japan with a population of 127 million has 684 universities; the US with a population of 276 million has 2,364 universities offering four-year and higher degree programmes; the UK with 598 million people has 104 universities and 231 degree-awarding autonomous institutions; and, Germany has 330 universities for its population of 82 million.

• Mr. Kapil Sibal, min. of H R D, G o I, has very ambitious plans to revamp the entire educational setup in India at all levels of education. . In one of the recent press release he says that "There is an allocation of Rs.85000 crore for education in the 11th Five-Year Plan. But this is not enough," and argues that government alone could not finance the educational needs of the country and private (both local as well as foreign) sector undoubtedly has to play a more prominent role. Kapil Sibal has proposed a Public Private Partnership programme to accelerate the capacity building and quality improving initiatives for education in India. Proposals have been floated in the Indian Parliament to allow more and more involvement of private players in the education sector.

STATUS OF INDIAN TECHNICAL & HIGHER EDUCATION

- In India, technical education is imparted at various levels such as : craftsmanship, diploma, degree, post-graduate and research in specialized fields, catering to various aspects of technological development and economic progress.
- During the past six decades, there has been a phenomenal expansion of technical education sector in the country. Apart from the Government Sector, private and voluntary organizations were involved in setting up of Technical and Management Institutes in the expansion of the system.
- From 43 Diploma level Polytechnics with an intake of 3,400 students at the time of independence, the number has grown to about 1300 Polytechnics with the intake of 0.3 million students in 2006.
- Similarly, the number of Degree level engineering institutions and the corresponding intake figure rose from 46 and 2,940 in 1947 to 1559 and 0.6 million in 2006.
- Today, 1764 institutions conduct Post Graduate Programmes in Engineering and Technology with an annual intake capacity of 31,621 and 1147 Institutions impart PG Programmes in Management with an intake of 0.1 million, 953 Institutions in Computer Application with an intake of 67637. Facilities for doctoral studies in Engineering, Technology and Applied Sciences have also been created in a number of technical institutions.
- These efforts are supplemented by a number of recognized Professional Engineering Societies like: (i) the Institution of Engineers (India); (ii) the Institution of Chemical Engineering (India); (iii) the Institution of Electronics and Tele-Communication Engineers (India); (iv) the Indian Institute of Metals; (v) the Institution of Industrial Engineers (India); (vi) the Institute of Town Planners (India); (vii) the Indian Institute of

Architects, etc., who conduct Engineering/Technical Examinations at different levels for working professionals desirous of improving their technical qualifications

Strengths of Indian Technical Education System

- India is the seventh largest country in the world in terms of land area and is the second most populous nation next only to the Republic of China.
- The Country has demonstrated a capability of producing eminent and competent technocrats who have been responsible for many innovations not only in India but all over the world.
- Being the largest producer of scientific and professional manpower, India has already established its comparative advantage in the knowledge-led business
- Aspirations of our Youth to pursue Technical Education especially Engineering, Management and Hotel Management disciplines
- India has been the leading offshore destination during the last decade, and now accounts for 65 percent of the global industry in offshore IT and 46 percent of the global Business Process Off shoring (BPO) industry
- Private Sector initiatives complementing Government initiatives.

Coaching & supplementary education industry in India

- A recent Business World article says that apart from the mainstream education , the coaching or the supplementary education industry in India also is accounting for more than Rs. 10000 crores of turnover.
- On the other hand a whopping USD 4 billion is spent by around 1.6 lakh Indian students studying abroad in various degree courses both at graduate and post graduate levels. Also a large sum of money is spent by Indians in acquiring professional certifications from abroad.

More than 50 foreign universities and/or institutes from US, UK, France, and Australia have realized the potential of Indian Education sector and have started their programmes in India with local institutions, the phenomenon called as Twinning —part of the course in India, the remaining abroad—which is an accepted form of Education by the Indian education department. Some of the best universities in the world including many Ivy League ones and the likes of Oxford and Cambridge - are also waiting in the wings to set up shop in India.

CHALLENGES OF MANAGEMENT AND HIGHER EDUCATION IN INDIA

Regulations, challenges and entry barriers (Hurdles to be crossed)

- It should not be presumed that the entry of new Educational Institutions, that too from outside India is an easy task.
- There are a lot of regulatory rules and restrictions in this field. Indian education setup is very complex, with very many different types of institutions -central funded institutions, state institutions, city level institutions and institutes of national importance and so on, each having its own set of authorities and restrictions.

AICTE	• All India Council for Technical Education
DEC	• Distance Education Council
ICAR	• Indian Council of Agricultural Research
BCI	• Bar Council of India
NCTE	• National Council for Teacher Education
RCI	• Rehabilitation Council of India
MCI	• Medical Council of India
PCI	• Pharmacy Council of India
INC	• Indian Nursing Council
DCI	• Dental Council of India
CCH	• Central Council of Homoeopathy
CCIM	• Central Council of Indian Medicine
	• National Council for Rural Institutes
	• State Councils of Higher Education

These regulatory bodies for higher education in India are responsible for regulating the respective educational programs and apart from regulating Indian Institutes are also concerned at the unregulated growth of foreign educational institutions setting up campuses in India or offering twinning programmes in partnership with Indian institutions.

The statutory, apex body for higher education in India, the University Grants Commission, has proposed guidelines for recognition of programmes offered by Foreign Universities in India and these guidelines cover twinning programmes between Indian and foreign institutions.

The All India Council for Technical Education (AICTE), has to properly plan and coordinate development of the technical education system, to promote qualitative improvement of such education in relation to planned quantitative growth, and the regulation and proper maintenance of norms and standards in the technical education system.

Regulations, challenges and entry barriers.

**IMPLEMENTING WHAT IS MUTUALLY BENEFICIAL TO THE STAKE HOLDERS
AND**

IS CONDUCTIVE TO WORLD PEACE HAS TO BE DONE AT ALL COSTS.

Restrictions/Barriers

- **Quota**
- **Low Income**
- **Profit Repatriation**
- **Environmental mismatch**
- **Multilingualism**
- **Labour issues**
- **Land & Building**

Quota System :

- India has followed a policy of reservation and quota for certain classes of people for inclusive education and upliftment of socially backward classes.
- The FEPs(Foreign Education Provider) are not alien to such concepts and may not feel trouble in implementing this, and producing the kind of professionals they are known for.
- The Americans have accepted African-Americans, the British are experienced pluralists and the Australians cope with their aborigines, to shape an inclusive education system.

Low Incomes:

- The per capita income in India is still nowhere in comparison to the western world.
- In such a situation , we cannot expect a large part of our population to be able to afford the expense of education provided by the FEPs.
- Subsidies and scholarships may resolve the issue but it may not be possible for the FEPs to provide these facilities.
- Educational loans that can be guaranteed by parents /community/ mentors can help.

Multilingualism:

- There are about 20 recognized languages in India. Most of the elementary education in India is carried out in these languages. As per the Right to Education Act, elementary education is provided to children in their mother tongue.
- The motivation is due to the fact that the child would understand instructions easily in his / her mother tongue; the quality of education would be better.

- FEPs can train local teachers and also take help from Indian diaspora.

Profit repatriation:

- Most of the institutes and universities in India are setup by trusts, societies and charitable companies, where profits are not to be taken out and have to be reinvested.
- There could be serious issues as these FEPs can prove to be a major revenue earner and start taking back the profits to their native country.
- Participation in education overseas improves international understanding which is an intangible benefit for a developed country.
- Exchange of talented faculty, joint research projects and continuing interaction is more significant than just earning revenue.

Land and Building:

- Land acquisition is a major issue in India and for setting up any institute, land is a must.
- The capex costs of setting a campus in India will mean fee pretty close to those abroad, since endowment money cannot be used to offset costs.
- Sales of patents, research reports, publications need to be pursued vigorously to generate fund.
- Tuition fees in the public universities and colleges need to be re-structured with an upward revision.
- Regulations and laws for private endowments and investments to public/ semipublic institutes must be made transparent, relaxed, and less restrictive.

- Consultancy projects with industrial houses and fee based professional training courses or workshops should be given high priority.

Environment Mismatch:

- Going abroad is an education in and of itself.
- Young Indians prize the opportunity to do so.
- Indian students who go or wish to go abroad is because of the overall social and economical environment prevalent there, which is more conducive for a healthy living. This would be possible within India in future.
- This is a country, whose young scientists, technocrats, and business executives demonstrate highest level of excellence and commitment in diverse professional fields and command highest level of respect among peers and employers, all around the world.
- Government, lawmakers, politicians, industrial houses, social leaders have huge responsibility to empower these youth for selfsustainability.

Labour Issues:

- It would not be feasible to get all the staff from foreign.
- These FEPs would have to go for local people for most of the jobs. Even If Indian professors are hired, they will want the same salary as the expats for teaching the same course.
- Indian diaspora that are willing to help their country of origin may help. some secondary issues
- So, apart from these primary issues there can be some

Secondary issues like ;

- Follow the rule of land, India is nation with substantially different set of rules and regulations as compared to those countries in west.
- The FEPs need to mandatorily follow the rule of land and hence may feel uncomfortable.
- FDI Restrictions on the investment in the education sector in India.
- Moreover, there is no current legislation in place to promote international partnerships between Indian and foreign institutions.

Recent developments and positive scope

- More and more Indian students view quality education as a means for upward social mobility and economic security. There is huge gap between qualification and employability – to the extent that only 1 out of 4 Indian engineers is directly employable in the industry after education.
- This type of gap can be filled by the Activity Based learning systems prevalent in the western world. Indian students also are no more satisfied by “one size fits all” type of education and are in quest to go for more liberalized education with alternative models of education and streams of knowledge.

...in quest of models of Activity based learning

- U.S. / Oz institutions, known for preparing students for the job market both through coursework and career preparation services; can enhance the quality and relevance of education to contemporary India.
- These things are alien to Indian education system and hence a huge number of Indian students have to travel abroad in quest of these models of learning.

- In such a situation, Foreign Education Providers (FEPs), providing the western learning in India can go a long way in the development of India.
- Indian government has realised that it is impossible to provide for the facilities of quality education at the pace at which its demand is increasing.
- So, there have been a lot of constructive and reformist steps towards this area. Foreign Education Provider bill is one such step towards formalising the foreign education in India and providing a conducive atmosphere to make this a win-win situation for Indian students as well as FEPs. Build overseas campus near Indian metropolitan cities
- According to a Business Standard report Government of Maharashtra has already approved proposals by Stanford and Georgia Institute of Technology to build their overseas campus near Mumbai.
- U.S. educational institutions are increasingly interested in India as a nation which is, and will continue to be, an important world force in the coming decades.

Indian government is ready to freely allow FEPs , if :

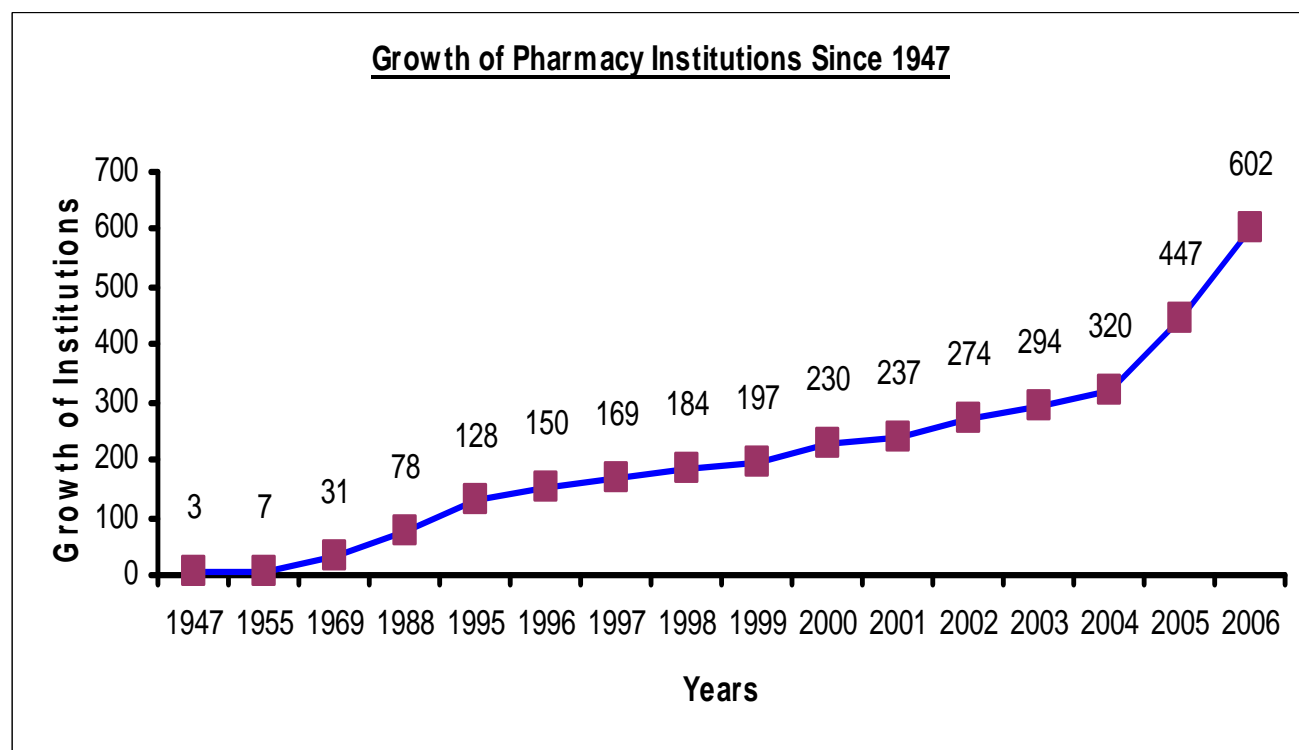
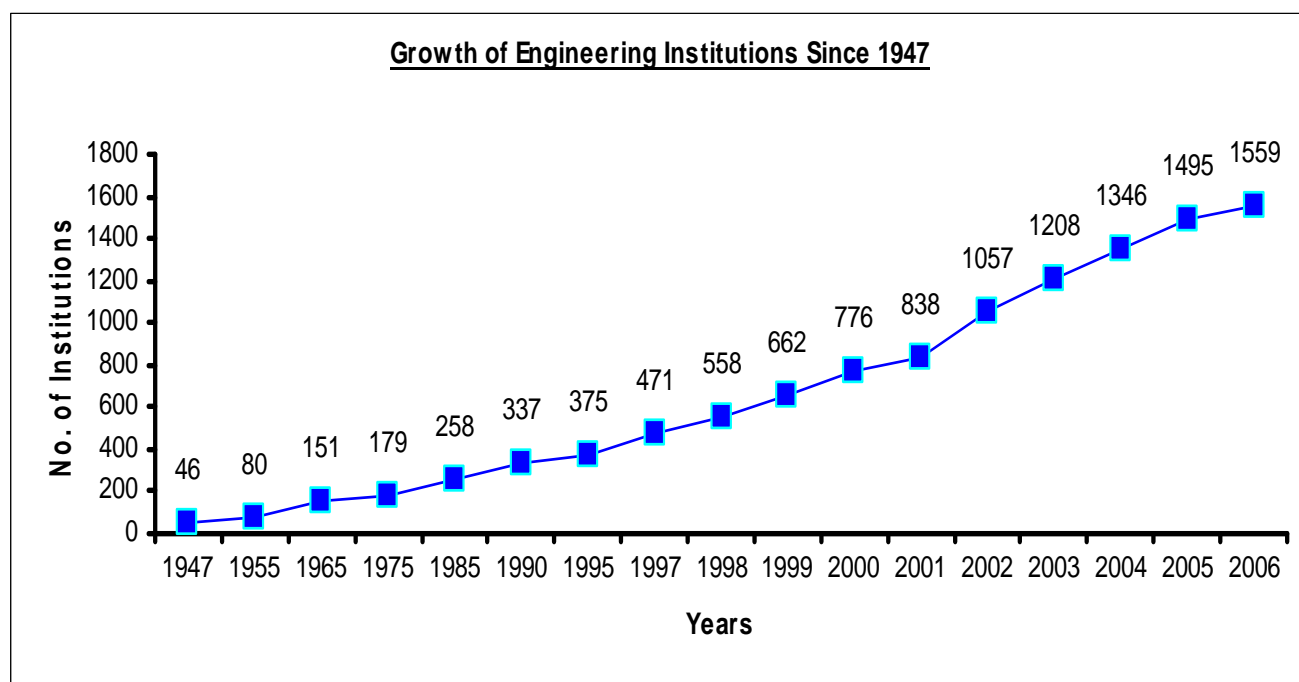
- They are able to create a healthy competition stimulating the Indian institutions to revamp themselves.
- FEPs are ready for long term investment and lend hand in bridging the gap between the demand of quality education and supply form government's side.
- FEPs bring with them students from other parts of the world as well, making India more prominent in the world education map.
- FEPs help in making India a regional and gradually an international hub of modern education.

Key References

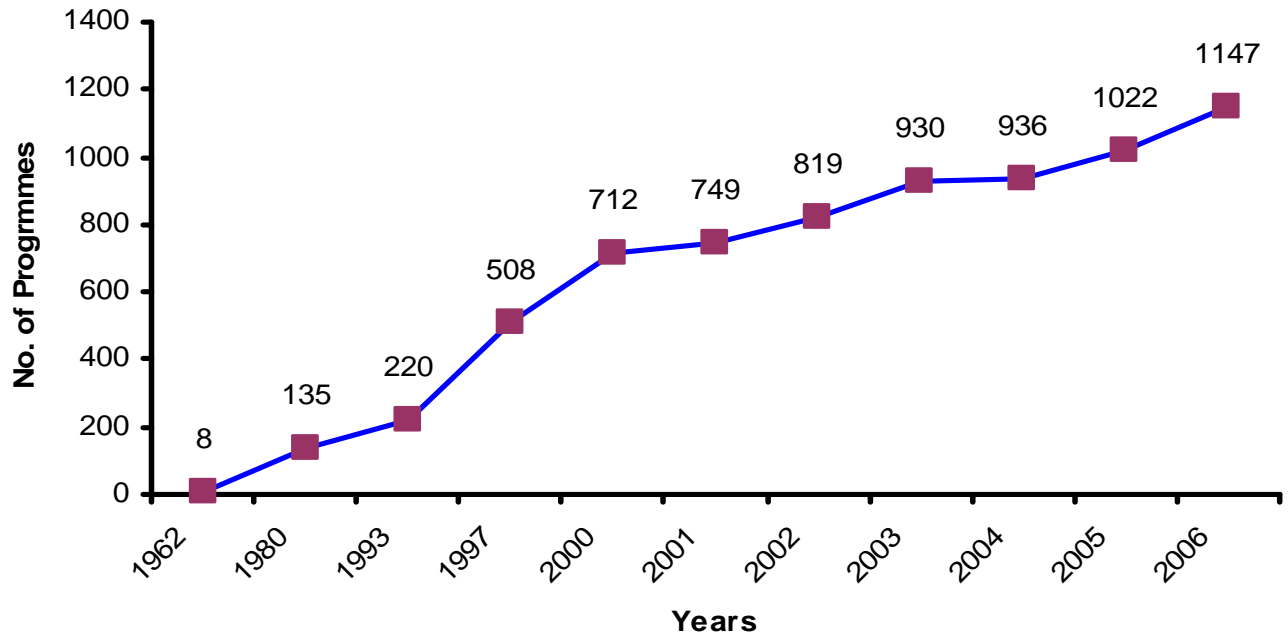
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Annexure

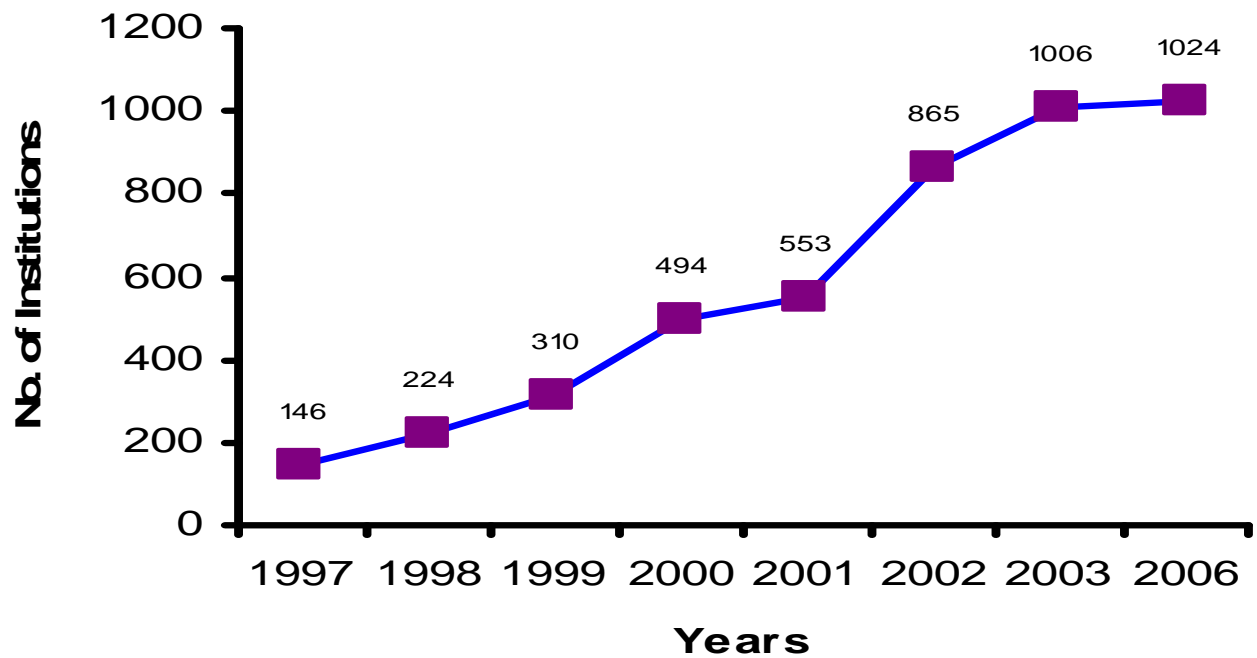
GROWTH OF TECHNICAL AND MANAGEMENT EDUCATION SINCE 1947



Growth of Management Programmes Since 1962



Growth of MCA Programmes Since 1997



Growth of HMCT Institutions Since 1995

