

15th October, 2007

Dear Mr. Prime Minister,

Management education has seen phenomenal growth in the past six years with the number of institutions providing undergraduate and post-graduate level courses rising to over 1700. Of these, more than 1000 were added after the year 2000. This has been possible largely due to the entrepreneurial initiative of promoters, taking advantage of the ever increasing demand for management graduates, hence management education. Unfortunately, this has also led to an exploitative and commercial environment with quality being compromised. Regulatory focus only on physical infrastructure rather than research, qualified faculty and relevance of courses has created a mismatch between supply and demand.

As a part of its consultative process, NKC constituted a Working Group of experts from academia and industry under the chairmanship of Mr. P. M. Sinha. The names of the members are listed in the annexe to this letter. Based on the Working Group's inputs and consultations with concerned stakeholders, NKC proposes the following set of initiatives:

1. **New Regulatory Framework:** NKC advocates good governance rather than the prevalent system of a priori control being exercised by AICTE in this sphere. The current regulatory regime focuses on punitive actions rather than on nurturing institutions. NKC proposes that an autonomous Standing Committee for Management Education be set up under the Independent Regulatory Authority for Higher Education. Its main role would be to exercise due diligence at the point it approves a license to grant degrees/diplomas. In doing so, it would assess the academic credibility and the financial viability of the proposed institution on the basis of information submitted in accordance with the stipulated criteria. It will apply exactly the same norms to public and private institutions, just as it will apply the same norms to domestic and international institutions. It would, in addition, license agencies to take care of accreditation. Other responsibilities of the Standing Committee will be to collate as well as communicate information on Management Educational Entities (MEEs)¹; set up an information exchange; conduct demand forecasting of managerial manpower and develop and maintain a low cost e-monitoring system.
2. **Grading Institutions:** The Standing Committee will stipulate grading norms and nominate independent rating agencies to assess and categorize MEEs. Mushrooming private MEEs necessitate a reliable rating system to help the market function better, enabling students and employers to compare different MEEs. Hence, a two stage rating process is recommended. In the first stage, rating covering infrastructure may

¹ In view of the variety of institutions delivering management education, MEE is used to cover all educational institutions; Institutes, Departments, Affiliated and Autonomous colleges, Departments in Deemed Universities, Private Business schools etc.

be mandated before an MEE can admit students. The second stage would consist of rating of quality (admission process, teaching, research and publications) which shall be conducted every three years to ensure accountability. Grading norms for each of these steps should be established in consultation with experts. CRISIL and ICRA were consulted in the process and they have agreed to undertake rating of MEEs. The Standing Committee shall decide on a fair and transparent mechanism to deal with conflicting points of view between a rating agency and an MEE.

3. **Accreditation:** For MEEs which wish to go beyond rating, the Standing Committee shall determine the criteria and the processes of accreditation in consultation with experts from academia and industry. Mentoring to help MEEs sustain quality standards should be an integral part of the process. Select international accreditations may also be recognized. Branding of accreditation, similar to international standards such as ISO9001, may be considered to encourage MEEs to pursue excellence.
4. **Improve access:** In addition to the framework of affirmative action already in place, we suggest improving access based on work experience and educational loans. NKC believes that management education can be made available to a much wider student community by adopting a two pronged approach. First, we suggest that more weightage be assigned to work experience in admissions. This would help in overcoming disadvantages faced by prospective students due to lack of proficiency in English. Secondly, steps may be taken to ensure easier access to educational loans through banks. Default concerns can be addressed if the respective MEE and the first employer cooperate with the banks. MEEs must also offer scholarships to socially disadvantaged students.
5. **Social context:** It is essential to widen the scope of management studies and enhance its relevance.
 - Sensitize management education to our unique socio-cultural situation by including India specific case studies in the curriculum, reflecting our diversity and incorporating traditional wisdom.
 - Integrate management with other knowledge sources and increase research funding for management and supporting disciplines. With globalization, the need for management education to pursue a wider scope and realise a more wholesome impact on society has increased. Management departments in universities should therefore draw upon knowledge sources in other departments.
 - Encourage MEEs to design and offer executive programs for government officials, NGOs and defence personnel. Short term courses for government officials will help them in their role as economic managers.
 - Revamp the existing Bachelor's degree in management, the Bachelors in Business Administration, to cater to the burgeoning need of management graduates. Compulsory apprenticeship in organizations and study of under managed sector areas should be included as part of the program. The current text bookish nature of the curriculum is not sufficient to prepare students for junior management levels.

- Distance learning has considerable potential in this domain. We therefore need to fully realise the potential of Online Management Programs to bridge the demand-supply gap.
6. **Faculty development:** Non availability of adequate proficient faculty is a major constraint for sustainable growth of quality management education in India. An autonomous, financially sound and academically credible institute with active support from the leading management institutes, industry and Government should be set up for faculty development. Standards for curriculum covering the entire spectrum need to be set. Active involvement of MEE faculty in training, conferences, industry engagement and curriculum revision should be encouraged. Given the current demand-supply gap, additional faculty would need to be attracted by appropriate incentives.
 7. **Mentoring:** To achieve excellence in the field of management, NKC recommends that all the leading Management Institutions adopt 3-4 MEEs for mentoring and upgradation of quality. Funding and other modalities can be mutually worked out between the institutions.
 8. **New institutions:** We need a new wave of management institutions which will focus on entrepreneurship, leadership and innovation. These institutions will enable to launch India in to the global arena, without the legacy associated with operating in a protected environment. These institutions should set new standards and become role models for MEEs that have the desire to become leaders in the global market place. Incentives need to be provided to Indian entrepreneurs/ corporates to setup institutions of excellence on their own or in collaboration with foreign universities. We could also consider allowing reputed foreign universities to enter this field, regulations for them being at par with private Institutions.
 9. **Autonomy:** All existing management institutes excluding management departments in universities should register with the Standing Committee of IRAHE and be accorded independent status. In the case of MEEs set up by Central and State governments, government should be treated as a promoter. Registered institutes will benefit from the Standing Committee's mentoring and better funding opportunities apart from other advantages associated with autonomy.
 10. **Governance:** We recommend a board of governors for all MEEs, consisting of 50 per cent independent members as there are independent directors under Company Law. The key focus of the governing board should be to continuously improve quality of education and research. For this purpose, they would have to maximise the resource/fund inflows and allocate/spend them purposively and efficiently. The Board should encourage faculty to publish in reputed journals and publications, obtain regular feedback from students on teaching-learning process, obtain recruiter feedback for improving quality, institutionalize faculty evaluation and management system and encourage faculty to write India based case studies. The appointment of Directors of public MEEs should be freed from direct or indirect interventions on part of the governments, for these should be based on search processes and peer judgement alone. Likewise, the appointment of directors of private MEEs should be based on a transparent selection process. This would of course be accompanied by

enhanced accountability based on performance indicators and independent external evaluation.

11. **Non traditional Management Education:** – The need for better management in education, health, local government, co-operatives, and civil society organizations and so on has often been felt. However, the experience of graduates of Institute of Rural Management and Institute of Forestry Management shows that a lack of advancement opportunities in the Government acts as a barrier to the success of such programmes. There is a need to establish career opportunities in public management, and systematize recruitment and retention policies. Structure of fees for these courses should be formulated in accordance with earning opportunities. We also need to encourage reputed MEEs to develop specialized courses for agri-business, rural banking, public utilities, regulatory agencies and services sector in the coming years as private players entering this space would create demand for the same. The Standing Committee should undertake a study in this field to institutionalize these programs.

In thinking about India in 2025, it is essential for us to transform the world of management education. We believe that the reforms suggested by us would be the first step in this endeavour.

Thank you and warm personal regards,

Sam Pitroda
Chairman
National Knowledge Commission

Copy to:

1. Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission
2. Sh. Arjun Singh, Minister for Human Resources Development

Annexure

Members of the Working Group on Management Education

The following are the **Members of the Working Group**:

1. **Mr. P.M. Sinha (Chairperson)**
Former CEO, Pepsi India
2. **Prof. Amitava Bose**
Former Director, IIM Calcutta
3. **Prof. Jahar Saha**
Former Director, IIM Ahmedabad
4. **Prof. K.R.S. Murthy**
Former Director, IIM Bangalore
5. **Dr. Nachiket Mor**
Dy. Managing Director, ICICI Bank, Mumbai
6. **Mr. R. Gopalkrishnan**
Executive Director, Tata Sons, Mumbai