

‘It is harder to get into IIM-A than Wharton

ANNEXURE A

Business Standard

November 25, 2003

Securing an admission in the Indian Institute of Management, Ahmedabad, (IIM-A) is much harder than getting a seat in the Wharton School Of Business in the US, rated the best B-school in the world, feels Nikhil Chandra, a first year MBA student of the Wharton School Of Business. Chandra was a delegate at Confluence-2003, the four-day annual international business school meet of the IIM-A, which concluded on Sunday. Chandra said the main reason for this is that other reputed business schools prefer students who already have a work experience. “A student appearing for the IIM-A entrance test needs to study far more than a student seeking an entry into Wharton. The entrance exams here are for more complex, theory-based and cover a much wider scope of subjects,” the Wharton student felt. Over the past decade, the percentage of foreign students at Wharton has gone up manifold. Now, close to half of the total 1,600 students at Wharton are foreigners, Nikhil said “This is also a big difference between Wharton and IIM-A,” he said. Not many foreign students still come to study in Ahmedabad besides those students who come here as part of the student exchange programmes that IIM-A has signed with close to 30 B-schools across the world. The average age of Wharton Business School students is between 27 and 28 years, as almost all of them enter the B-school only after a few years of work experience, Nikhil said. “I worked for three years before getting into Wharton and I do not know of a single student in my batch who has not come without some work experience,” he said. While jobs in top corporates, specially in the manufacturing and information technology sectors, continue to be the most preferred choices of Indian MBAs, Chandra said students of Wharton prefer consultancy, private equity and banking sectors. “Top jobs in the banking sector are quite sought after by Wharton students,” said Chandra. Commenting on the course content, the Wharton student said the two-year course is divided into core classes in the first year and more specialised education in the second year. “It is in the second year that one decides the field he wants to work in, and our field studies are scheduled accordingly,” Nikhil said. Marvelling at the strength of the IIM-A alumni, Chandra said it is because of this that IIM-A has a dynamic nature. “I was thrilled to know that some of the top most bosses in corporates

here are former students of IIM-A. The quality of education being imparted here is excellent,” he said.

Wednesday, November 19, 2003

Ranked in top 50, IIM-A now wants to climb up B-school ladder

Express News Service

Ahmedabad, November 18: BUOYED by The Economist ranking it the 45th business school in the world, the Indian Institute of Management, Ahmedabad (IIM-A) now wants a step up the B-school ladder with a place in the top 20. The institute — the first Asian B-School to make it to the list of 50 premier business schools brought out by the October 20 issue of the Economist Intelligence Unit — will concentrating on some brand building.

Said IIM-A Director Bakul Dholakia, “Our aim is to attain a ranking among the top 20 B-Schools internationally. We have an undisputable lead in Asia but need to have more international components in the campus to make it to the top of the heap. We do get applications from foreign students but they do not match the quality we go for.”

“The GMAT exam is comparable with CAT in India and if the cut-off marks for Indian students are 99 percentile, I cannot allow students with only 75 percentile to join the institution only because they are from the US or UK. We aim to have quality foreign students in our full-time programmes and not only through exchange. For that, the institution needs to make itself more visible in foreign circuits,” he added.

One of the steps taken by IIM-A to ensure visibility is to work in collaboration with foreign universities like McGill, Stanford University and University of Columbia. “These collaborations cover subjects like telecom, power and energy and regional development. Besides collaborations, we are aiming for more publications in international journals,” said Dholakia.

All this will not only amount to a policy or focus change, but rather a change of mindset, he points out. While research and publication have been made a must for all professors, they have also been asked to present papers at international conferences so that the visibility of IIM-A increases.

Discussions are also on about how to do away with student interviews so that the admission procedure can be brought at par with international standards.

Moreover, the institute is also working towards having more foreign students through summer exchange programmes. “We have improved the summer exchange programme from just four to five students to almost 35 foreign students coming and staying with us for 14 weeks. Though this has given us a good reputation, we also want foreign students and faculty visiting us for executive programme as well. Confluence 2003 is a good start to which we have been able to attract 20 universities as compared to the 12 that came last year. But this is still not a regular phenomenon,” Dholakia said.

However with all the parameters like student exchange programmes and foreign university participation on an upward swing, Dholakia feels the target is achievable. “We have increased the intake of students from 180 to 250 now. We aim to make it 320 and are also looking at quality faculty recruitment. I believe we will be able to step up the ladder soon,” a confident IIM director said.

**MEMORANDUM OF
ASSOCIATION AND RULES**

IIM
AHMEDABAD

INDIAN INSTITUTE OF MANAGEMENT
AHMEDABAD

In the matter of Act XXI of 1860 for the Registration of literary, scientific and charitable societies, and

In the matter of Indian Institute of Management, Ahmedabad Society, hereinafter referred to as the Society.

MEMORANDUM OF ASSOCIATION

1. (i) The name of the Society is the Indian Institute of Management, Ahmedabad Society.
- (ii) The registered office of the Society shall be situated at Ahmedabad.
2. In this memorandum and the Rules made thereunder unless the context otherwise requires :
 - (a) “Institute” shall mean the Indian Institute of Management, Ahmedabad.
 - (b) “Society” shall mean the Indian Institute of Management, Ahmedabad Society.
 - (c) “Central Government” shall mean the Government of India.
 - (d) “State Government” shall mean the Government of Gujarat.
3. The objects for which the Society is established are :
 - (i) to establish and to carry on the administration and management of the Indian Institute of Management, Ahmedabad. The functions of the Society shall be :
 - (a) to provide for training in Management and related subjects for persons from industry, institutions and bodies and association connected with industry and commerce and individuals in such a way as to equip

them thoroughly to practise the art and profession of Management in which they have been trained or, in appropriate cases, to instruct others in the practice of Management;

- (b) to select and prepare outstanding and talented mature young persons for careers leading to management responsibility;
- (c) to award diplomas, certificates and other distinctions to candidates trained, and to prescribe standards of proficiency before the award of such diplomas, certificates and other distinctions;
- (d) to meet the needs of Indian Industry and Commerce in respect of upto date information on Management through research and publication of Indian Management literature with particular reference to administrative programmes to business enterprises in the country;
- (e) to assist, institute and carry out research into matters concerning the use of Management and allied techniques and methods conducive to the improvement of productivity;
- (f) to institute and award fellowships, scholarships, prizes and medals in accordance with the Rules and Bye-laws;
- (g) to confer honorary awards and other distinctions;
- (h) to fix and demand such fees and other charges as may be laid down in the Bye-laws made under the Rules of Society;

- (i) to establish, maintain and manage halls and hostels for the residence of students;
 - (j) to create administrative, technical and ministerial and other posts under the Society other than the post of Director of the Institute and to make appointments there to provided that the posts so created are in the cadre and scales of pay as approved by the Central Government from time to time. The appointment to the post of Director shall be made on such terms and conditions as may be decided by the Central Government in consultation with the State Government.
 - (k) to cooperate with educational or other institutions in any part of the world having objects wholly or partly similar to those of the Society by exchange of teachers, scholars and generally in such manner as may be conducive to their common objects ; and
 - (l) to create patronship, affiliation and other classes of professional or honorary or technical membership or office as the Society may consider necessary;
- (ii) to make Rules and Bye-laws for the conduct of the affairs of the Society and to add, to amend, vary or rescind them from time to time, with the approval of the Central and the State Governments;
 - (iii) to acquire and hold property, provided that the prior approval of the Central and the State Governments is obtained for the acquisition of immovable property;
 - (iv) to deal with any property belonging to or vested in the Society in such manner as the Society may deem fit for advancing its objects, provided that prior approval of the

Central and State Governments is obtained for transfer of any immovable property;

- (v) to maintain a Fund to which shall be credited :
 - (a) all moneys provided by the Central and the State Governments;
 - (b) all fees and other charges received by the Society;
 - (c) all moneys received by the Society by way of grants, gifts, donations, benefactions, bequests or transfers; and
 - (d) all moneys received by the Society in any other manner or from any other sources;
- (vi) to deposit all moneys credited to the Fund in such Banks or to invest them in such manner as the Society may, with the approval of the Central and the State Governments and also subject to the investment guidelines prescribed by the Department of Scientific & Industrial Research, Government of India, decide;
- (vii) to meet the expenses of the Society including expenses incurred in the exercise of its powers and discharge of its functions out of the Fund;
- (viii) to prepare and maintain accounts and other relevant records and to prepare an annual statement of accounts including the balance sheet of the Society in such form as may be prescribed by the Central Government in consultation with the Accountant General, Gujarat;
- (ix) to forward annually to the Central Government through the State Government the account of the Society as certified by the Auditor General of India or any other authority as may

be decided by the Central Government in consultation with the State Government;

- (x) to do all such things as may be necessary, incidental or conducive to the attainment of all or any of the objects of the Society;
 - (xi) to constitute such Committee or Committees as it may deem fit for the disposal of any business of the Institute or for tendering advice in any matter pertaining to the Institute;
 - (xii) to delegate any of its powers to the Board of Governors of the Institute or any of the Committee or Committees constituted by it.
4. (i) The Institute shall be open to the persons of either sex, and of whatever race, creed, caste or class, and no test or conditions shall be imposed as to religious belief or profession in admitting students or appointing members, teachers and other staff of the Institute.
- (ii) No benefaction shall be accepted by the Society which in its opinion, involves condition or obligations opposed to the spirit and object of this paragraph.
5. The Central Government in consultation with the State Government may at any time appoint one or more persons to review the work and progress of the Society or the Institute and to hold an enquiry into the affairs thereof and to report thereon, in such manner, as the Central Government may stipulate. Upon receipt of any such report, the Central Government in consultation with the State Government may take such action and issue such directions as it may consider necessary in respect of any of the matters dealt with in the report regarding the Society or the Institute, as the case may be, and the Society shall be bound to comply with such directions.

6. In case the Central Government is satisfied that the Society or the Institute is not functioning properly, the Central Government shall have the power to take over the administration and assets of the Institute in consultation with the State Government.
7. If, on winding up or dissolution of the Society, there shall remain, after satisfaction of all its debits and liabilities, any assets and property whatsoever the same shall not be paid to or distributed among the members of the Society or any of them but shall be dealt with in such manner as the Central Government in consultation with the State Government may determine.
8. The names, addresses and occupations of the first members of the Governing Body of the Society to which by the Rules and the Bye-laws of the Society, the management of its affairs is entrusted are :

NAME, ADDRESS AND OCCUPATION

- | | | | |
|---------|--|--|----------|
| 1. | The Chairman (appointed by the Central Government in consultation with the State Government) | Dr. Jivraj Mehta
Chief Minister, Gujarat
Ahmedabad | Chairman |
| 2. | Nominee of the Central Government to represent its Ministry of Scientific Research and Cultural Affairs. | Prof. M.S. Thacker
Secretary
Ministry of Scientific
Research & Cultural
Affairs
New Delhi | Member |
| 3. | Nominee of the Central Government to represent its Ministry of Finance | Mr. A. Venkateswaran
Joint Secretary
Ministry of Finance
New Delhi. | Member |
| 4. | Nominee of the Central Government to represent its Ministry of Commerce and Industry | Nomination awaited | |
| 5.
& | Nominees of the Government | Shri V. Isvaran
Chief Secretary | Member |

6.		Government of Gujarat Ahmedabad	
		Shri V.L. Gidwani Secretary Finance Department Government of Gujarat Ahmedabad	Member
7.	Representative of the All India Council for Technical Education	Shri N. Dandekar I.C.S. (Retd.) Southlands 177, Upper Colaba Bombay 5	Member
8.	Four person to be nominated by to the Central Government in	Dr. Vikram Sarabhai Shahibaug, Ahmedabad	Member
11.	consultation with the State Government to represent Commerce, Industry, labour and other interests	Shri Kasturbhai Lalbhai Pankore Naka, Ahmedabad	Member
		Shri D.S. Choksi Director, Tata Sons Pvt. Ltd. Bombay House Bruce Street, Fort Bombay 1	Member
		Shri Shanta Ram S. Tawde Secretary Engineering Mazdoor Sabha Nawab Tank Road Mazagaon Bombay 10	Member
12.	A representative to the National Management Association	Name awaited	
13.	A representative of the National Productive Council of India	Shri H.D. Shourie Executive Director National Productivity Council 38, Golf Links, New Delhi	Member
14.	Director of the Institute	Ex-officio	Member- Secretary

A copy of the rules of the Society, certified to be a correct copy by members of the Society is filed alongwith this Memorandum of Association.

We, the several persons whose names and addresses are given below, having associated ourselves for the purpose described in the memorandum of Association and set our several and respective hands hereunto and form ourselves into a Society under Act XXI of 1860 this Eleventh Day of December, 1961.

Sr. No.	Name, address and occupation of member	Signature of member	Name, address and occupation of witness	Signature of witness
1.	Dr. Jivraj Mehta, Chief Minister Gujarat, Ahmedabad	Sd/- J.N. Mehta		
2.	Prof. M.S. Thacker, Secretary Ministry of Scientific Research & Cultural Affairs New Delhi.	Sd/- M.S. Thacker		
3.	Shri N. Dandekar, I.C.S. (Retd.) Southlands 177 Upper Colaba Bombay-5.	Sd/- N. Dandekar		
4.	Dr. Vikram Sarabhai Shahibaug, Ahmedabad	Sd/- Vikram Sarabhai		
5.	Shri Kasturbhai Lalbhai Pankore Naka, Ahmedabad.	Sd/- Kasturbhai Lalbhai		
6.	Shri V. Isvaran, Chief Secretary Government of Gujarat Ahmedabad.	Sd/- V. Isvaran		
7.	Shri V.L. Gidwani, Secretary Finance Department Government of Gujarat Ahmedabad.	Sd/- V.L. Gidwani		
8.	Shri Shanta Ram S. Tawde Secretary Engineering Mazdoor Sabha Nawab Tank Road, Mazagaon Bombay-10.	Sd/- Shanta Ram S. Tawde		

INDIAN INSTITUTE OF MANAGEMENT
AHMEDABAD
(RULES)

1. The Registered Office of the Society shall be situated at Ahmedabad.
2. The Society shall for the time being consist of the following members:
 1. Chairman to be appointed by the Central Government in consultation with the State Government.
 - 2-5. Four representatives of the Central Government nominated by the Ministry of Education, Government of India.
 - 6-7. Two nominees of the State Government representing its concerned departments.
 8. A representative of the All India Council for Technical Education.
 - 9-12. Four persons to be nominated by the Central Government in consultation with the State Government to represent Commerce, Industry, Labour and other interests.
 13. A representative of the All India Management Association.
 14. A representative of the National Productivity Council of India.
 - 15-16. Two Professors of the Institute nominated by the Chairman.
 - 17-20. Not more than four members co-opted by the Board of Governors.
 21. Director of the Institute (ex-officio member).
 22. Any person contributing a sum of at least Rs.10 lacs.

An officer of the institute nominated by the Board of Governors will work as ex-officio Secretary of the Society.

3. If a member of the Society shall change his address, he may notify to the Secretary his new address; but if he fails to notify such address, his address as recorded on the rolls of the members shall be deemed to be his address.
4. The general superintendence, direction and control of the affairs of the Society and its income and property shall be vested in the governing Body of the Society, which shall be called the Board of Governors, Indian Institute of Management, Ahmedabad, hereinafter referred to as "The Board."
5. The Board shall be composed of the following members:
 1. Chairman to be appointed by the Central Government in consultation with the State Government.
 - 2-5. Four representative of the Central Government nominated by the Ministry of Education, Government of India.
 - 6-7. Two nominees of the State Government representing its concerned departments.
 8. A representative of the All India Council for Technical Education.
 - 9-12. Four members of the General Body of the Society to be elected for 2 years by the members of the Society contributed a sum of at least Rs.10 lacs each, from amongst themselves.
 - 13-16. Four persons to be nominated by the Central Government in consultation with the State Government to represent Commerce, Industry, Labour and other interests.
 17. A representative of the All India Management Association.
 18. A representative of the National Productivity Council of India.

- 19-20. Two Professors of the Institute to be nominated by the Chairman of the Board for 2 years.
- 21-24. Not more than 4 members co-opted by the Board of Governors as a whole.
- 25. Director of the Institute (ex-officio member).

An Officer of the Institute nominated by the Board of Governors will work as ex-officio Secretary of the Board.

- 6. (i) Where a member of the Society or the Board becomes such member by reason of the Office he holds, his membership shall be terminated when he ceases to hold that office.
- (ii) A member of the Society or the Board representing the Central or the State Government shall continue to be such member during the pleasure of the concerned Government.
- (iii) Every other member of the Society or the Board including its Chairman, but excluding the two Professors of the Institute nominated by the Chairman and four members of the General Body elected by the Society, shall cease to be such member on the expiry of five years from the date of his appointment or nomination, but shall be eligible for reappointment or re-nomination, as the case may be.
- (iv) The two Professors of the Institute nominated by the Chairman and the four members of the General Body elected by the Society shall each hold office for a period of two years from the date of nomination or election, but shall be eligible for re-nomination or reelection, as the case may be.
- (v) Should any member representing the Central or the State Government be prevented from attending a meeting of the Society or the Board, he shall be at liberty to appoint and authorise a representative to take his place at that meeting of the Society or the Board and such representative shall have all the rights and privileges of a member of the Society or the Board of that meeting.

7. A member of the Society or the Board shall cease to be such a member if he (a) dies or (b) resigns his membership or (c) becomes of unsound mind or (d) becomes insolvent or (e) is convicted of a criminal offence involving moral turpitude or (f) if he is removed by the Central Government in consultation with the State Government from the membership of the Society or (g) if except in the case of the Director of the institute, he accepts a fulltime appointment in the institute or (h) if he fails to attend three consecutive meetings of the Society or the Board without the leave of the Chairman.

8.
 - (i) The Chairman of the Society or the Board may resign his office by a letter addressed to the Central Government through the State Government and his resignation shall take effect from the date it is accepted by the Central Government.

 - (ii) A member of the Society or the Board (other than ex-officio member or a member representing the Central Government) may resign office by a letter addressed to the Chairman and such resignation shall take effect from the date it is accepted by the Chairman.

9. Any casual vacancy in the Society or the Board shall be filled by the appointment or nomination of a member by the appropriate authority entitled to make such appointment or nomination and the member appointed or nominated to fill such casual vacancy shall hold office for the remainder of the term, if any, of the member in whose place he has been appointed or nominated.

10. The Society or the Board shall function notwithstanding any vacancy therein and notwithstanding any defect in the appointment or nomination of any of its members, and no act or proceedings of the Society or the Board shall be called in question merely by reason of the existence of any vacancy therein or of any defect in the appointment or nomination of any of its members.

11.
 - (i) The Society shall meet whenever the Chairman thinks fit, provided that the Chairman shall call a meeting of the Society upon a written requisition of not less than four members.

 - (ii) For every meeting of the Society fifteen days notice shall be given to the members.

- (iii) Eight members including the Chairman shall constitute a quorum at any meeting of the Society.
- (iv) In case of a difference of opinion amongst the members, the opinion of the majority shall prevail.
- (v) Each member of the Society, including the Chairman, shall have one vote and if there be an equality of votes on any question to be determined by the Society, the Chairman shall in addition have and exercise a casting vote.
- (vi) Every meeting of the Society shall be presided over by the Chairman, and, in absence from any meeting by a member chosen from amongst themselves by the members present at the meeting.
- (vii) Any resolution except such as may be placed before the meetings of the Society may be adopted by circulation among all its members and any resolution so circulated and adopted by a majority of the members who have signified their approval or disapproval of such resolution shall be as effectual and binding as if such resolution had been adopted at a meeting of the Society; provided that in every such case at least seven members of the Society shall have recorded their approval of the resolution.

12. Power and Functions of the Board.

Subject to the provision of the Memorandum, the Board shall have the powers:

- (i) to prepare and execute detailed plans and programmes for the establishment of the institute and to carry on its administration and management after such establishment;
- (ii) to receive grants and contribution and to have custody of the funds of the institute.
- (iii) to prepare the budget estimates of the Society for each year, and to sanction the expenditure within the limits of the budget as approved by the Central and the State Governments;

- (iv) to prescribe and conduct courses of study, training and research in Management and allied subjects;
- (v) to prescribe rules and regulations for the admission of candidates to the various courses of study in conformity with the policy approved in this behalf by the Central and the State Governments;
- (vi) to lay down standard of proficiency to be demonstrated before the award of diplomas, certificates and other distinctions in respect of the courses offered by the Institute;
- (vii) to institute and award fellowships, scholarships, prizes and medals;
- (viii) to provide for and supervise the residence, health, discipline and the well-being of the students of the Institute;
- (ix) to create teaching, administrative, technical, ministerial and other posts under the Institute other than the post of Director and to make appointments thereto provided that the posts so created are in the cadres and scales of pay as approved by the Central Government in consultation with the State Government from time to time. The appointment to the post of Director shall be made with the approval of the Central Government on such terms and conditions as may be decided by the Central Government;
- (x) to cooperate with any other organization in the matter of education and training in Management and allied subjects;
- (xi) to enter into arrangements for and on behalf of the Institute;
- (xii) to sue and defend all legal proceedings on behalf of the Institute;
- (xiii) to appoint Committees for the disposal of any business of the Institute or for tendering advice in any matter pertaining to the Institute;

- (xiv) to delegate to such extent as it may deem necessary, any of its powers to any officer or Committee of the Board;
 - (xv) to consider and pass such resolution on the annual report, the annual accounts and the financial estimates of the Society or the Institute as it thinks fit, such annual report, annual accounts and financial accounts along with the resolutions passed thereon by the Board being submitted to the Central Government through the State Government;
 - (xvi) to make, adopt, amend, vary or rescind from time to time with the prior approval of the Central Government and the State Government. Bye-laws for the regulation of, and for any purposes connected with the management and administration of the affairs of the Institute and for the furtherance of its objects;
 - (xvii) to make, adopt, amend, vary or rescind from time to time Bye-laws (a) for the conduct of the business of the Board and the Committees to be appointed by it, (b) for delegation of its powers or (c) for fixing the quorum; and
 - (xviii) to perform such additional functions and to carry out such duties as may from time to time be assigned to it by the Central and the State Governments.
13. (i) The Board shall ordinarily meet once in every three months provided that the Chairman may, whenever, he thinks fit, on a written requisition of not less than seven members call for a special meeting. Not less than fifteen days notice shall be given for every meeting of the Board and a copy of the proceedings of every meeting shall be furnished to the Central Government as soon as practicable after the meeting.
- (ii) Eight members of the Board including the Chairman shall constitute a quorum for any meeting of the Board.
- (iii) In case of difference of opinion amongst the members the opinion of the majority shall prevail.

- (iv) Each member of the Board including the Chairman shall have one vote and if there shall be an equality of votes on any question to be determined by the Board, the Chairman shall in addition have and exercise a casting vote.
 - (v) Every meeting of the Board shall be presided over by the Chairman and, in his absence from any meeting, by a member chosen from amongst themselves by the members present at the meeting.
 - (vi) Any resolution except such as may be placed before the meeting of the Board may be adopted by circulation among all its members and any resolution so circulated and adopted by a majority of the members who have signified their approval or disapproval of such resolution shall be as effective and binding as if such resolution had been passed at a meeting of the Board, provided that in every such case at least seven members of the Board shall have recorded their approval of the resolution.
14. The Board shall by resolution delegate to the Chairman, Director, Secretary and other officers and staff of the Board such of its powers for the conduct of the affairs of the Board as it may consider necessary or desirable.
 15. Subject to the Rules and Regulations and to any orders of the Board the Director shall be responsible for the proper administration of the institute and for the conduct of the staff under the direction and guidance of the Board.
 16. The members of the Society, Board or of any Committee appointed by the Society or the Board shall not be entitled to any remuneration from the Society or the Board, but non-official members of the Society, the Board or any Committee appointed by either of them shall be paid by the Society such traveling and daily allowances as may be provided for in the Bye-laws to be made in this behalf in respect of any journeys undertaken by them for attending the meeting of the Society, the Board or the Committee or in connection with any other business of the Society, the Board or the Committee as the case may be. Travelling and daily allowances in respect of official members for the journeys undertaken by them for similar purpose, initially borne by the Central and the State Governments concerned shall be reimbursed by the Institute to the Central or State Government as the case may be.

17. The Chairman shall have the power to invite any person or persons, not being members of the Board, to attend the meeting of the Board, but such invitees shall not be entitled to vote at the meeting.
18. The annual Accounts of the Board shall be audited by the Auditor General of India or any other authority as may be decided by the Central Government in consultation with the State Government and any expenses incurred in connection therewith shall be payable by the Board.
19. (i) The Board shall submit, annually, within six months after closing of the previous financial year a report on the working of the institute during the previous year together with an Audit Report including an audited statement of accounts showing the receipts and payments during the previous year both in English and Hindi to the Government of India.

(ii) The Society shall submit to the Central Government through the State Government the budget estimates for every financial year by such date as may be fixed by the Central Government in consultation with the State Government in this behalf.
20. For the purpose of Section 6 of the Registration of Society Act, the person in whose name the Society may sue or be sued shall be the Secretary of the Society.

We, the following members of the Board of Governors, certify that the Rule of the Society given above are a correct copy thereof;

1. Sd/-
(Dr. Jivraj N. Mehta)
2. Sd/-
(Prof. M.S. Thacker)
3. Sd/-
(Dr. Vikram Sarabhai)

ANNEXURE D

REPORT

OF

THE REVIEW COMMITTEE

ON

INDIAN INSTITUTES OF MANAGEMENT

JULY 1992

Contents

- 1.0 Introduction
- 2.0 Terms of Reference
 - 2.1 Members
 - 2.2 Methodology
- 3.0 Historical Beginnings
- 4.0 Mission of IIMs
- 5.0 Review
 - 5.1 Overall
 - 5.2 Public Policy and Management Efforts
- 6.0 Future Directions
 - 6.1 Teaching Materials, Research and Consultancy
 - 6.2 Strengthening Public Policy and Public Management
 - 6.3 Governance
- 7.0 Finance
 - 7.1 Dependence of IIMs on Government Grants
 - 7.2 Measures to Limit Annual Maintenance Cost
 - 7.3 Steps for Augmenting internal Resources
 - 7.4 Educational Loans/Scholarship
 - 7.5 Towards Financial Self/reliance
 - 7.6 Government Grants for Priority Sectors
- 8.0 Recommendations
 - 8.1 Mission
 - 8.2 Teaching Materials, Research and Consultancy
 - 8.3 Public Policy and Management Systems
 - 8.4 Governance
 - 8.5 Finance

Appendix 1: Terms of reference and members of the First
Review Committee

Appendix 2: Major Recommendations of the Nanda
Committee Report

7.0 FINANCE

7.1 Dependence of IIMs on Government Grants

The IIMs have both non-plan and plan components in their annual budgets. The non-plan component of the funds is generally for maintenance of the normal activities of the Institutions. The non-plan budget includes revision for salary and allowances, scholarships to students, maintenance of buildings, travel and contingencies. The plan budget is largely for creation of additional infrastructural facilities such as classrooms, hostels and residential accommodation for faculty. Some portion of plan funds are also utilized for certain academic activities such as Specialised Centres, Seminars/Conferences, library books and journals etc.

Government provides the non-plan funds as annual grants after taking into account the internal Income of the Institutes. The plan funds are provided by Government on the basis of the Five Year Plan allocations for development of the IIMs.

There has been a steady increase in the level of annual maintenance grants provided by the Government to the Institutes. The grant of IIMs., Ahmedabad was about Rs. 167 lakhs in 1985-86 and by 1990-91, it was of the order of Rs. 310 lakhs. In the case of IIM Calcutta, the non-plan grant was increased from Rs. 143 lakhs in 1985-86 to Rs. 272 lakhs by 1990-91. The grant to IIM Bangalore during this period was increased from Rs. 147 lakhs to Rs. 210 lakhs. The IIM Lucknow did not have a Non-Plan component during the period 1985-86 to 1989-90 as it was in the development stage. However, in 1990-91 government provided a sum of Rs. 115 lakhs for the maintenance expenditure of this Institute. While IIM Ahmedabad could meet about 55% of its maintenance expenditure from internal revenues, the other two institutions at Calcutta and Bangalore could meet about one third of the expenditure from its own resources.

The existing practice is that the maintenance budget of a particular year seeks to accommodate a modest and reasonable increase on the budget of the previous financial year by taking into account the increase in salaries due to pay revision or hikes in allowances as per government orders and escalation of maintenance costs due to inflation. The annual non-plan budget is scrutinized mainly from the point of view of government orders on revision of salaries, increase in dearness and other allowances, pay fixation rule, medical reimbursement, creation of additional posts, replacement of

vehicles, etc. In such a situation a steady growth of maintenance expenditure every year is accepted as an inescapable fact.

During our discussion with IIM Directors and faculty members, we noticed their awareness of the need for containing the maintenance expenditure of the Institutes, for reducing their dependence on government funds and for greater cost effectiveness of their programmes. There is also an increasing realization that the cost of management education and training should not be so heavily subsidized as at present by the government and that the direct and indirect beneficiaries of the system should bear a sizeable portion of the cost.

7.2 Measures To Limit Annual Maintenance Cost

The IIMs are heavily over staffed. This not only raises their running cost but also makes their orderly management difficult. Staff problems, frustrated work force and inefficient administration must be avoided by the very institutions which were created to advise Industry on how to avoid such problems. The IIMs should try to reduce their work force specially at lower levels. In any case new recruitment should be stopped except a faculty levels with a view to bringing down the ratio faculty to non-faculty staff in the long run to the level of 1:3. The IIMs may also be helped to offer a voluntary retirement scheme to enable them to reduce their staff strength and with a view to lessen the burden of salary payments in the long run. Other measures the medical insurance of staff rather than reimbursement, loans from concerned financial agencies for building faculty and staff housing etc. could be resorted to if these are more economical and could lessen the burden on annual budget. We are of the view that the annual budget of the Institutes should be carefully scrutinized for each activity or function through an appropriate mechanism with a view to identify the scope for eliminating wasteful or non-productive or otherwise avoidable expenditure and continuously review measures for generating additional internal resources. Specific time targeted goals should be set for each IIM to plan and limit its annual non-plan budget and expenditure by the Financial Committee and the Board. The IIMs which adhere to and achieve such targets may be encouraged to retain the additional resources generated over and above government grants.

7.3 Steps For Augmenting Internal Resources

There is an urgent need for the IIMs to evolve and implement a package of measures for augmenting their internal income. The expectation that the Government

would or can support without limit the maintenance budget of the Institutes is untenable in the current context of financial stringency. The reported thinking of government to freeze the non-plan maintenance grant of the institutions at the level of 1991-92 during the period of 8th Plan has brought home the urgency for the IIMs to augment their own resources. The Committee does not wish to go into the general question of subsidisation of higher education by government. However, during discussions with IIM Directors and faculty members, the Committee believe that there is good scope for taking up a variety of measures by the Institutions for raising their internal revenues. Such measures may include upward revision of the fee structure; charging recruitment fee from client organizations for campus interviews and placement of IIM Graduates' recovery of full operational cost including a reasonable percentage to cover overheads of MDP and other organization-based programmes; adequate steps for augmenting research and consultancy revenue to the Institute; strong linkages with industry which may take the form of financial support to the IIMs particularly by contributing to the Corpus.

7.4 Educational Loans/Scholarships

In order to mitigate the impact of revising the fee structure on talented students coming from economically weaker sections, the Committee would recommended that the government should have a scheme of providing educational loans to the needy students through the banks. The existing system of merit-cum-means scholarships for weaker section students should continue to be financed by the government.

7.5 Towards Financial Self-Reliance

Functional autonomy is essential for the IIMs, if they are to retain and enhance their capacity for excellence. Such functional autonomy is not possible without financial independence. The present system of determination of government grants annually is not conducive to adoption of practices of sound financial management within the IIMs. In this context the present method of determining the annual grants on the basis of deficits and by a notional percentage income over the previous year should in our view give place to a system of Block Grants determined for a period of five years on the basis of a clear estimation. In case the government finally decides to freeze the non-plan maintenance grant of the IIMs at the 1991-92 level, it will be advisable that the funds for five years be given as a block grant with financial flexibility to the Institute to deploy the funds in the best productive manner and free from the shackles of rules, regulations and instructions of government.

The Committee is of the view that steps should be taken to build up a Corpus Fund for each institute during the period of the next five years. The goal should be to reach a Corpus Fund of such size that the interest proceeds thereof could be utilized to finance the gap between internal resources and annual maintenance expenditure of each Institute, without having to depend on government grants from the sixth year onwards. The Corpus should be made up of contributions by government, industry, both in the private sector and the public sector; contribution by Alumni, philanthropic and other organizations. Each institute may set up a Task Force under the Chairman with time target to realizing the Plan for a corpus fund. To begin with the government may consider releasing the Five Year Plan outlay to each Institute as its contribution to the Corpus. The Corpus when fully subscribed may be managed by an independent Trust of which the Chairman of the Board and the Director shall be ex-officio Chairman and Member-Secretary and other Members nominated by Chairman from those contributing Rs. one crore or more.

7.6 Future Government Grants Limited to Priority Sectors

After the Institute have become financially independent, through the package of measures recommended above, continuation of the grants-in-aid SUPPORT BY THE GOVERNMENT OF India can be directly linked and limited to the extent to which IIMs take up programmes and contribute to sectors considered high priority and of social relevance by the government or programmes which government may specifically ask the IIMs to execute including collaborative programmes with foreign governments, institutions and multi-lateral agencies. In respect of programmes in the area of public systems management or the lines discussed elsewhere in this Report, funding by government would seem to be unavoidable till an effective demand for well trained management personnel is generated in these sectors of the economy and the IIMs can then recover the full operational cost of the programmes from the beneficiaries.

RECOMMENDATION : 24

“Each IIM should work out a package of measures both for containing its annual maintenance expenditure on the basis of grants available from the Government of India and also for augmenting its internal income to be retained by the Institutes over and above the Government grants.”

RECOMMENDATION : 25

“The government should take a flexible view in providing financial support to the different IIMs and encourage the Institutes to pursue vigorously revenue generating, cost cutting and fund raising efforts. The non-plan maintenance grants may be provided as Block Grant for a period of five years”.

RECOMMENDATION : 26

“Step should be taken to build up a Corpus Fund for each Institute during the next five years. The Interest proceeds from the Corpus Fund shall be utilized to finance the gap between the annual maintenance expenditure and the internal revenues of the Institute without having to depend on government grants as and when the Corpus is fully subscribed.”

RECOMMENDATION : 27

“Government may initiate the creation of the Corpus Fund by releasing the 8th Plan outlay for each IIM as its contribution to the. Each Institute may set up a Task Force for realizing the Corpus Fund Plan.”

RECOMMENDATION : 28

“After the Institutes have become financially self/supporting with the creation of the Corpus Fund and the package of measures for augmenting its internal resources and cutting down cost, the government grants may be limited to programmes considered

high priority and of social relevance by government including in the area of public system management.”

Economic Times
February 8, 2004

ANNEXURE E

Rao adds grist to IIM row

RAGHU KRISHNAN

BANGALORE: Surprise! Surprise! While the Union HRD ministry is citing the UR Rao Report to justify the 80 per cent slashing of fees for the IIMs, the author of the report told ET here on Saturday that the terms of reference for his study pertained only to institutions coming under the purview of the All India Council of Technical Education (AICTE) and not the IITs and IIMs. The IIMs and IITs did not, he added, come under the purview of the AICTE and were directly funded by the Union HRD ministry. Dr Rao, a distinguished scientist, had retired as chairman of the Indian Space Research Organisation (Isro). Asked whether he felt another study of the functioning of the IITs and IIMs was desirable in view of the Union HRD ministry's focus on these institutes, Dr Rao said, "That is a decision for the Government to take."

His report, Dr Rao indicated, had focused on areas like the functioning of the institutions coming under the purview of the AICTE, how effective these institutions were in imparting technical education in an era of growing competition and the role of the AICTE in monitoring these institutions.

Their functioning, he indicated, left much to be desired. He estimated that, under the purview of the AICTE, there were over 900 institutions offering an MBA programme, and over 1,200 institutions teaching engineering. While some 70 per cent of these institutions were self-financed, what was shocking, he said, was that the staff-student ratio was as poor as 1:50, as compared to the required norm of 1:15.

Meanwhile, IIM Ahmedabad chairman and Infosys mentor N R Narayana Murthy told ET: "I'm totally unhappy with the decision taken by the ministry to slash tuition fees. I had discussions with the minister on Jan 14 and sent some more points on Jan 29. None of the points that I had raised have been taken into consideration by the ministry while taking the decision. It also doesn't make sense that the decision has been announced even before the Sunglu Committee which is looking into the finances of the IIMs has announced its report."

Government of India
Ministry of Human Resource Development
Department of Secondary & Higher Education
(Technical Section-V)
Shastri Bhawan, New Delhi-1

5th February, 2004.

O R D E R

Subject: Revision of fees in Indian Institutes of Management.

The six Indian Institutes of Management (IIMs) at Ahmedabad, Bangalore, Kolkata, Lucknow, Indore and Kozhikode have been set up by the Government of India with the prime objective of providing quality education, training and research in the field of Management. The maintenance and developmental expenditure of these institutes are borne by the Central Government.

2. The matter of revision in the IIMs has been engaging the attention of this Ministry for some time. Recently, the Hon'ble Supreme Court has observed while delivering a judgement in the T.M.A. Pai case, that an educational institution cannot charge such a fees as is not required for the purpose of furthering the object. A review Committee set up by the Government under the Chairmanship of Prof. U.R. Rao, Ex-Chairman, ISRO have also suggested in their report that it is unjust and even unwise to make technical education unaffordable to capable but poor students. The Committee also observed that commercialisation of education has adverse effect on the charter and attitudes of students and parents which is not desirable for the good of the society. The Committee, in their report, inter-alia, observed that, in order to encourage technical education and to make it affordable, fees should be pegged to 30% of India's per capita income, or Rs. 6000/- per year.

3. At present, the fees charges by the IIMs for their Post-graduate programmes (PGP) is around Rs. 1.50 lakh per year, which is exorbitant, keeping in view the fact these are fully funded Central Government technical Institutions and their financial requirements are met through the Central Government budget. In the light of the observations made by the Supreme Court the recommendations of the U.R. Rao Committee and the position obtaining in the higher education system, the matter of fixation of fees in IIMs has been examined in the Ministry.

4. After careful consideration of all aspects, it has been decided that the fees for the post-graduate programmes in the IIMs should be fixed at Rs. 30000/- per annum. No other charges/fees should be levied from the students in addition to the prescribed fees except for mess charges that would be payable by the students separately. The revised fee structure will take effect from the academic session 2004-05.

5. The compliance report in this regard be sent to the Ministry urgently.

(V.S. Pandey)
Joint Secretary

To

1. The Chairman,
Board of Governors of
Indian Institutes Management,
Ahmedabad, Bangalore, Kolkata, Lucknow,
Indore and Kozhikode.
2. The Directors,
Indian Institutes of Management
Ahmedabad, Bangalore, Kolkata, Lucknow,
Indore and Kozhikode.

Economic Times

ANNEXURE H (COLLY)

February 7, 2004

Narayana Murthy decries move to slash IIM fees

BANGALORE: Chairman of the Indian Institute of Management, Ahmedabad, and software icon N R Narayana Murthy on Saturday flayed the Government fiat for lowering fees in premier management institutions, describing the step as "retrograde" and "ill-advised". "I personally feel it's a retrograde step..ill-advised. It's not based on data and facts. It's not based on reason and logic," Murthy, who is Chief Mentor and Chairman of Infosys Technologies Limited, told reporters on the sidelines of a function here this evening.

He suggested that Union Minister of Human Resource Development, Dr Murli Manohar Joshi, may have been "misled" on the issue of slashing the annual fee of students from Rs 1.5 lakh to Rs 30,000.

"It is just that somebody has advised him (Joshi) wrongly," he said.

Murthy said it costs Rs 3 lakh per student per annum at IIM-A and "obviously Rs 3 lakh is not a pittance".

"If you want good quality education, you have to spend Rs 3 lakh," he said adding quality of education at IIMs was bound to suffer because of the move.

"If you want good facilities, create good infrastructure, upgrade technology and do good research, it costs money; it is very, very clear", he said.

He said the Government had taken the step without detailed consultation with stake-holders such as Chairmen of IIMs and its Directors.

Murthy said he did meet Joshi and gave him data. "But I don't think they have looked at it".

According to him, he met Joshi on January 14 and gave him all information. On January 29, he sent him a detailed letter explaining why there should not be reduction in fees and why there should be no subsidy for higher education.

"For some reason, these things have been ignored".

But Murthy expressed hope that Joshi would review the decision. "I am sure he will look at it again. My personal view is that he will come to a right conclusion".

When a reporter quoted some students as saying that "Joshi has a hidden agenda", Murthy disagreed. "I know Joshi very well. I have lot of respect for him. He is a very good man. I don't think he has any hidden agenda. It is just that somebody has advised him wrongly".

Financial Express

February 06, 2004

Fee Cuts To Destroy IIMs, Say Students

AHMEDABAD/KOLKATA/KOCHI, FEB 5: The human resource development ministry's decision to reduce the fees for the post-graduate programmes in the Indian Institutes of Managements (IIMs) to Rs 30,000 per annum from around Rs 1.50 lakh, has left the student community unenthused.

The entire exercise of making the IIMs global leaders will be destroyed by the government decision to cap the annual fees at Rs 30,000, students of IIM-Kolkata said on Thursday.

The broad consensus is that the fee cut is a race towards mediocrity, with the stress on quantity while quality takes a back seat. The students are also concerned that the brand equity of the institutes will be affected which could in turn have an adverse impact on the quality of campus recruitments and the companies that will now come to these institutes. Further, the students also feel that the loans that are now easily available make up for any financial needs that most students have.

Full Story

The decision to bring down the fees was taken after considering the recent Supreme Court order and the review committee which went into the issue, the ministry said in its order on Thursday. The revised fee structure would take effect from the next academic session.

The ministry observed that the fees charged by the IIMs in Ahmedabad, Bangalore, Kolkata, Lucknow, Indore and Kozhikode is "exorbitant" and that they are fully funded by Centre and their financial requirements are met through the Central budget.

Reacting with dismay, students at IIM, Kolkata said education loans are very easy to come by and paying the current fees is not a problem for any student.

On the flip side, the current fee structure helps the IIMs provide world-class infrastructure that not only attracts students but also corporates at the recruitment time.

As Avik Barat, the secretary of the external relations cell of IIM-C, pointed out, the main point is that the students who make it into the IIMs do not need a subsidy.

Saikat Sengupta, student media coordinator, IIM-A added, “I personally feel the move will in no way benefit anyone. What the minister has done is that he has solved a problem where none existed. No student who’s got admitted into an IIM has ever faced any problems about either getting or repaying loans. But now with the government deciding to drop fees of the IIMs as well as curtail their funding, it will definitely make these institutions weaker. And once this is done, the government can easily step in and intervene in their functioning.”

Sumit Gupta, second year PGDM student, IIM-A said, “I think that while it may be a good move, it will increase the government’s intervention in the working of IIMs and therefore affect their autonomy. By becoming more dependent on the government for funds, the institutions will also become more amenable to manipulation by the government.”

However, Balpreet Singh, a first year student of IIM-Kozhikode, also has the same doubt whether IIMs could sustain themselves with a lower fee structure fees. “While I am happy that the fees have been brought down, it remains to be seen if the institution can be run with such meagre fees.”

Nikhil Gadgil, a first year student at IIM-Kozhikode, also is least enthused by the fee cut. Those willing to come and study in the institute are those willing to pay more taking into consideration the facilities and the standard there. So what could happen after a fee cut is not known, is all he has to say.

Barat of IIM-C added that the rewards that IIM students get when they pass out are two-three times the fees that they are currently paying. He said going by what the finance minister has proposed in the interim budget, the resources allocated to IIMs have actually gone down by around 24.6 per cent. “So this flies in the

face of what the HRD ministry has said - that, with the decrease in fees, the government is going to subsidise even more," he said.

The ministry release said no other charges or fees should be levied from the students in addition to the prescribed fees except for mess charges that would be payable by the students separately. The ministry also sought a compliance report from the IIMs.

Financial Express

February 7, 2004

Joshi's Assault

Autonomy, not fee, is the issue

Bureaucratism dressed as principle and populism is, in essence, Union human resources development minister Murli Manohar Joshi's policy towards institutes of excellence and higher education. In a democracy of free-loaders, where many are enamoured by subsidies without worrying about the price they pay for it, the idea of dramatically cutting fees has instant appeal. But no one should be fooled by the simplistic populism of Mr Joshi's instruction to the Indian Institutes of Management to reduce their annual fee from Rs 1.5 lakh to Rs 30,000. The issue at stake is not the level of the fee charged but the autonomy that is undermined when such institutions become excessively dependent on government funding. In fact, there is an even more basic principle at issue here. Should the government be subsidising the IIMs and IITs in a country where over 40 per cent of the population is illiterate, where school dropout rates are scandalously high and where public education is in deep crisis? Why does the HRD minister have to devote any attention to what goes on at IITs and IIMs when nothing much goes on in the schools that his ministry should be worried about? In the several hundred letters received by this newspaper from IIM alumni, one important point has come through. No student has ever felt deprived for lack of funds in securing admission to the IIMs. Given the assurance of jobs, everyone who passes the entrance test is able to get easily serviceable loans.

It is regretful that the chairpersons and directors of the IIMs, all people of great distinction, have opted to be brow-beaten into silent acquiescence by the HRD minister and his ministerial police. An en masse resignation by all of them with an open letter addressed to the Prime Minister against bureaucratic interference by the thought police of the HRD ministry would have had a telling impact. There are shades of the Emergency in this environment where heads of premier national institutions express concern about the malevolence of the HRD minister in private but shy away from public criticism. Surely, forward-looking and liberal-minded leaders of the ruling alliance like the Prime Minister, the finance minister and even the deputy Prime Minister can be stirred into action to bring an

end to Mr Joshi's Orwellian campaign of imposing mindless bureaucratic control over institutions of higher education.

Economic Times

February 6, 2004

HRD ministry is trying to solve a non-existent problem: Students

AHMEDABAD: The fee reduction in the IIMs announced by Union human resource development ministry today has invoked a sharp reaction from IIM Ahmedabad students who feel that “the Centre has tried to solve a problem that never existed” and the step would have an “adverse long-term impact on the institute’s fiscal health.”

The issue now has taken centre stage at IIM-A, where students, 90% of whom, are averse to any kind of reduction in the fees. “I believe that the quality of education at IIM merits much more than the fees and no student ever has had any difficulty in paying the amount. Banks offer IIM student loans at no collaterals”, opines Mahesh Bhardwaj, a second year student of PGDBM.

He alleged that the drastic reduction is the first step towards “interference in IIM’s autonomy by the Centre”. “Even the institute facilitates finances for someone facing difficulty in paying the fees. This step is nothing but trying to solve a problem which never existed,” he added.

Echoing similar views, Kunal Singh, specialising in finance, said, “There is absolutely no rationale behind fee reduction. No research has gone into it and students, who are the biggest stakeholders have not been consulted.”

Singh said about a month ago, a survey regarding reduction of fees had been carried out at IIM wherein 90% of students were opposed to it while 5% had opined that fees should be rather increased.

Singh added that in the long run, IIMs would face the problems of funds, the present sources of which are consultancy and management development programmes apart from the interest got on institute’s corpus funds.

Students also feel that the quality of education and facilities provided in the sprawling campus would take a beating with reduction in fees.

They are completely dismissive of the Centre's reported assurance of allotting more funds for the IIMs saying that even if it offers, it would make IIM's more dependent and thus interfere in the autonomy.

"We don't want the government or any other external entity to interfere with the institute's autonomy", says Anurag Kedia, a PG student specialising in marketing. Kedia dismissed as "untrue" the sentiment that IIMs are for "elitist of elite" class and said that there is mix bag of students from all kinds of background and several who have borrowed loans for the fees.

"Presently, we do not spend a single rupee on books. the institute can afford to place bulk orders and get huge discounts, which might not be possible if fees are reduced so drastically", he added. According to a report from Indore , students from the Indian Institute of Management (IIM) also criticised the Centre's decision, saying "the move would affect its financial autonomy and compromise on quality".

Shekhar Pakki, a final year student told PTI, that "the decision will definitely affect the autonomy of the institutes and there would be a compromise in the quality of education that the institution had enjoyed since its inception".

"The move would dilute the brand equity of the IIM and also the good infrasturcture the institute has over the years", Sushanto Dey, another final year student said. "It would also prune their independence to organise events for the benefit of the student community, as now the institute might face problems in getting funds to organise events needed for the career advancement of students", he said.

A first-year student, Suvidhasri also criticised the decision saying that it will have negative effect on the IIM's quality and would not make any significant difference.

The student community by and large is against the government intervention in the day-to-day affairs of the IIM, the students said unanimously, adding, these days getting loans and their repayment for higher studies is not at all a problem.

Financial Express

February 8, 2004

Pass-outs Lash Out At Joshi's 'Hidden Agenda'

MUMBAI/KOLKATA/NEW DELHI, FEB 7: The human resource development (HRD) ministry's decision to slash fees for courses at the Indian institutes of management (IIMs) has come in for stinging criticism now from alumni members of these institutes who are senior corporate managers. The rationale for slashing fees and increasing the number of seats does not hold water with corporate India, with both IIM alumni and others questioning the real motive behind the move. What has surprised the professionals is the need to slash fees in a scenario where educational loans and finance are easily available. They also feel that the standard and level of teaching could come down if the student-teacher ratio is increased. The general opinion is that the move by the ministry is actually a move to control affairs at the institutes.

All India Management Association (AIMA) president R Gopalakrishnan, who is also executive director, Tata Sons, says, "I don't think this is a favourable development. I cannot see the overpowering logic behind this decision. There are 953 management schools in India where more than 100 thousand seats are available. I am against this selective price control for the top few. I believe this is a retrograde step."

Blue Star Ltd executive director TVS Babu, who is a 1976 alumni of IIM Ahmedabad, feels, "the decision to cut fees to Rs 30,000 per annum sounds very foolish given the fact that, at present, the private management schools are charging Rs 4 to Rs 6 lakh for an MBA course and international MBA courses today cost 60,000 dollars which is about Rs 30 lakh." This makes the IIMs among the cheaper institutes. With lowering of fees the quality of faculty may suffer, he feels. Typically, the scenario is that salaries being paid to the faculty is low compared to the leading institutes abroad. Hence, if the fees are reduced by 80 per cent, IIM-Ahmedabad alumni will not be able to attract talent in proportion to the market price.

National Association of Software & Service Companies (Nasscom) president Kiran Karnik, a product of IIM-A, feels the issue is simply that of making the courses affordable to meritorious applicants. Today there are enough provisions of loans, grants, scholarships. The only kind of government 'interference' should be "to set up a fund to facilitate this," or "to put pressure on IIMs to use their corpus fund to do this. But, for the government to fix fees, is clearly a very direct interference, and is completely detrimental to their quality and well being," he feels.

Regarding new courses, he says, "I don't think the government is in a position to say what is relevant, whether it is vedic management or something else tomorrow."

Pass-outs Lash Out At Joshi's 'Hidden Agenda'

"Many people who have studied in IIMs have worked in government, public service or NGOs for many years, I don't think we need gratuitous inputs from the government about what is relevant and how IIM products work only with MNCs," Mr Karnik said.

Says Electrolux Kelvinator India CEO Rajeev Karwal, "the IIMs have always been the pride of the country and this will show us up in a poor light. While I would not like to comment on who is right or wrong, I feel the manner in which the issue is being dealt with leaves much to be desired. If one can't sit across the table and settle such sensitive issues amicably, it does not speak well of our politicians."

According to Lowe India chief operating officer (COO) Pranesh Misra, an alumni of IIM-A, "I do not think the fee cut will have any impact on the popularity of these management institutes. I do not see any justification in the move to slash fees. As these institutes offer a high quality of education, the students can get back their investments within a year."

According to Sanjay Mukhopadhyay, deputy commissioner (special branch), Kolkata Police, who is an IIM-C graduate, the HRD ministry's directive is a welcome move that will ensure more meritorious students get into the IIMs. "Although bank loans are readily available, the steep fees at the IIMs have driven

out the middle class IQ pool and in the Indian social structure the IQ pool is more in the middle-class than in the upper class.”

An alumni of IIM-A, Mr Nitin Bhagwat, CEO, Interface Communication says, “the motivation of the HRD Ministry seems to be to make the institute unviable so that they have to come to the HRD Ministry for money and grants. The entire attempt is to take control of well running institutes rather than any motive to make it accessible to the poor.”

Agrees C Sudhir, an IIM Lucknow pass out and presently working as project manager at GE Capital, “the government is actually testing the waters. It’s a direct case of the government trying to rein in the institutes. It is politically motivated.”

Sanjay Ahire, senior manager, marketing and business development, Percept Picture Company, who passed out from IIM Ahmedabad in 1999, questions the move by the ministry when the institutes have been given autonomy. “When the institutes arrive at a figure as fees, they take into account the various costs, which is reasonable, given the salaries which the IIM graduates earn after they pass out,” he says.

Mr Ishan Raina, managing director of Euro RSCG Advertising, an alumni of IIM, Calcutta, “I think it’s not about fees as much as ensuring that the IIMs continue to get the level of respect in the industry, country and overseas. Basically, if it’s the beginning of political interference, you can then destroy something that the government itself has created, then it would be a real shame.”

Abhishek Sharman, an ex-IITian (Delhi) and currently a post-graduate student at IIM-Calcutta, says that during his four years stint at IIT-Delhi (1999-2003), the general mood in the campus was that the fee structure was very steep. “We used to pay just under Rs 30,000 per annum which was pretty high since the grads who were in their fourth year were paying only Rs 2,000 a year. After joining IIM-Calcutta and seeing the quality of education that this institute provides, I feel one shouldn’t even think about reducing the fees. Many of my IIT batchmates have gone abroad to secure an MBA degree and when you compare the fees they are paying and what I’m paying here it is no match.”

The Hindu

February 07, 2004

IIMs baffled at fee-cut fiat

By Manas Dasgupta

AHMEDABAD, FEB. 6. The Indian Institutes of Management (IIMs) are baffled at the latest Central Government fiat for lowering fees in the premier management institutions in the country.

Speaking on behalf of the directors of all the six IIMs, Bakul Dholakia, the director of IIM, Ahmedabad, said: "It is a matter of grave concern for all of us."

Pointing out that the fee structure would be decided by the boards of governors of the IIMs, Prof. Dholakia said he was in touch with the directors of other IIMs as well as the chairman and other governing members of the IIM-A board.

The board of governors of the IIM-A was scheduled to meet in the first week of April, he said but declined to comment when he was asked about the possibility of advancing the meeting in view of the exigency created by the Union Human Resource Development Minister, Murli Manohar Joshi's letter about reduction in the fee structure.

He said the IIM-A received the circular about lowering of the fee structure late last evening and the board of governors would take a decision about it in the next meeting. But the IIM-A was baffled as to what in the opinion of the Union HRD Ministry constitute the "fees."

He said the IIM-A was charging an annual fee of Rs. 1.50 lakhs a student for the post graduate programme but it included in addition to the tuition fees a whole lot of expenses incurred on each student. This included reading materials for some 40 courses, the cost of maintaining the library with over 1.50 lakh titles added every year, some 650 journals subscribed by the institution for the benefit of the students, the hostel charges where each student was given single occupancy rooms fitted with telephones, Internet connections and other facilities, the Internet surfing charges and other expenses. Except for the food bill, the students were not required to pay any other charges in addition to Rs. 1.50 lakhs charged every year.

Apparently justifying the high fee structure, Prof. Dholakia estimated that each IIM was spending more than Rs. 3 lakhs a student every year and the students were meeting just about half the expenses through fees. The rest was met from institutional financing, donations and other means.

He declined to comment when asked whether the IIM-A could decide its own fee structure if it refused to receive grants from the Centre. The IIM-A board of governors at its last meeting in December had decided to reconsider accepting the government grants after it received some unpalatable queries about the institution's financial health.

While most of the students in the institution saw no justification in the government fiat, many faculty members also saw in it an attempt to interfere with the administration of the premier management institutions. They also expressed the apprehension that lowering the fee structure could bring down the standard of the world-class institutions as many of the reference facilities provided to the students would have to be given the go-by. They wondered why the IIMs were targeted for fee reduction when about 10 other educational institutions of higher learning in the country were charging fees higher than the IIMs but no attempt was made to lower their fee structures.

The IIMs are shocked at the frequent change in the government policy on the management institutions. It was because of the Central Government's directive in 1995 asking the IIMs to become "self-sufficient" that the fee structure was revised upward. "But now it is asking the institutions to lower the fees and become dependent on the government for funds," a senior faculty member said.

Most of the students in the IIM-A also felt that there was no need for a cut in the fee structure. Besides that educational loans were easily available if a student gets admission in the IIMs and the amount could comfortably be repaid considering the hefty salary offered to the successful students. The institutions were also providing a lot of financial support to the needy students through scholarships.

Prof. Dholakia also said, "we have not heard of any student not seeking admission in the IIMs just because of the high fee structure.

Economic Times

February 7, 2004

Campus mood: cynical contempt

Thank you, Mr Joshi, but no, thank you! The HRD minister's decision to slash fees for the post-grad programme at the Indian Institutes of Management to Rs 30,000 is being seen for what it is: an election-eve gimmick to pander to the electorate. To those it should really matter, Mr Joshi's largesse is being met with a, you guessed it, cynical contempt.

Faculty and students at the big three IIMs — Ahmedabad, Bangalore and Kolkata — say Mr Joshi could have actually helped better had he extended scholarships to a percentage of students, rather than gone for a drastic fee-cut. At IIM-A, the mood was perceptibly bitter. Ditto for Bangalore and Kolkata.

ET reached out to a cross-section of students and academics at the three centres within 24 hours of the announcement to suss out their reactions. Their unequivocal response: quality comes at a price, and irrespective of the field, the cost is not the determining factor.

What's worse, there is a distinct fear among the brighter 'uns that having tampered with the fee structure, the ministry could now seek a possible dilution in the entry norms. Entry for the prestigious PGP involves the CAT, group discussion and personal interview. Though close to 1.5 lakh students take the CAT every year, only about one per cent eventually make it through the institutes' portals, given the stringent entry standards.

Senior faculty at IIM-A Anil Gupta, who was awarded Padmashri earlier this year, says the decision would lead to an imbalance of a kind. "We would like to defy it as it is a step to subsidise professional education at other costs." Mr Gupta suggested that if the government wanted IIM students to be more accountable to society, they could make it mandatory for them to work for the developmental sector or NGOs for a fixed timeframe. Another faculty member Abraham Koshy fears the decision would weaken the foundations of the flagship institutes of the global knowledge economy. "It is not in the larger interest of the country," he says.

Others agree that the institutes' educational infrastructure and quality may be severely dented if the government fails to come up with matching grants as this would lead to a gradual erosion of the institutes' corpus. At IIM-C, while students feel that an expansion of the admission seats would hit the exclusivity of the IIM brand, professors feel that any increase in the number of seats should be backed by a step-up in faculty numbers.

Says Sudhakar Balakrishnan, COO of Bangalore-based head-hunting firm PeopleOne Consulting: "IIM PGPs are in demand for their training and skills. This is driven by a number of factors, including the fact that the entry test (CAT) is very tough."

Still others believe that price should not be a factor in quality education. Second year engineering student Archana Inamdar echoes the view that IIM education is not elitist. "One doesn't mind a price for quality education. A decision to join the IIM is based on one's ability to do well in the entrance tests," she says.

IIM-B alumni and CEO Career Plan Mr Prahlad agrees: "The move to reduce fees is not likely to impact the IIMs as the quality of students who would enter the institutes would not change. Money was not and will not be a factor influencing one's decision to enter the IIMs as this based on a student's ability and not how much he is willing to pay."

Mr Prahalad pooh-poohs the idea that IIM equals elitist education. "Even when I studied, fees was not an issue. One always had bank loans for this purpose and this was not a financial burden," he adds. Saikat Sengupta, a second year student at IIM-A says everybody at the campus is unhappy with the issues raised by Mr Joshi. "It's simply a political gimmick which is not going to benefit anybody."

Bhaskar Bhatt, managing director, Titan Industries and an IIM-A alumni termed the move as unwarranted. He said the purpose of the decision was difficult to comprehend. "Neither the takers of the service nor the people involved with it have any problems," he said. An official from the IIM-A staff said that the everybody in the institute was feeling demoralised and let down by the attitude of

the government. “Although, we are not directly linked with any such step, the directive has disturbed the faculty and students at the institute,” he said.

Shortfall of funds under three scenarios as estimated by the Petitioners

Current position

Inflow of funds from fees and government grant

Description	Calculation	Amount
Fees	1.75 lakh X 610 students	10.7 Crores
Government Grant		10 Crores

Outflow of funds for full time programmes

Description	Calculation	Amount
Estimated expenses	3 - 4 lakh X 610 students	18 – 24.4 Crores

Current Shortfall = 0 to 3.7 Crores.

Position post interim budget (not considering the impugned order)

Inflow of funds from fees and government grant

Description	Calculation	Amount
Fees	1.75 lakh X 610 students	10.7 Crores
Government Grant	30% cut in grant proposed by the Hon'ble Finance minister vide interim budget	7 Crores

Outflow of funds for full time programmes

Description	Calculation	Amount
Estimated expenses	3 - 4 lakh X 610 students	18 – 24.4 Crores

Shortfall = 0.3 to 6.7 Crores.

Position post interim budget considering the impugned order

Inflow of funds from fees and government grant

Description	Calculation	Amount
Fees	30,000 X 610 students	1.8 Crores

Government Grant	30% cut in grant proposed by the Hon'ble Finance minister vide interim budget	7 Crores
------------------	---	----------

Outflow of funds for full time programmes

Description	Calculation	Amount
Estimated expenses	3 - 4 lakh X 700 students	18 – 24.4 Crores

Shortfall = 9.2 to 15.6 Crores.

Note: Approximate figures from IIM, Ahmedabad's full time class size. The class size includes students in the following programmes: Post Graduate Programme in Management (510), Agri Business Management (50), Fellow Programme in Management (35) and Faculty development programme (15). The amounts may vary for other institutes because there may be fewer students and lower grants.

The Economic Times

ANNEXURE J

February 7, 2004

'Affordable education is my brief'

THE MURLI MANOHAR JOSHI INTERVIEW / URMI A GOSWAMI

HRD Minister Murli Manohar Joshi has sparked off a controversy by slashing IIM student fees. He has been accused of curtailing IIM autonomy; indeed, of playing petty politics with these centres of academic excellence. The Economic Times caught up with the minister for his views. Excerpts:

ET: Isn't the cut in IIM fees so close to the election a political gimmick?

MMJ: I have worked through my time as HRD minister to increase opportunities in education. To make it accessible and affordable. Not merely in the higher education but also in primary level through the Sarva Shiksha Abhiyan.

As minister it is my brief to keep the interests of common people ahead of the interests of few. I have started other programmes like the education satellite, the modernisation of madrassas, doubling the intake in IITs, all of which are geared to increasing opportunities in education.

However, I am not a hypocrite. To say that all actions of the government is not related to votes is a poor simplification. What is wrong if a party in power wants to approach the people with policies that are favourable to the people?

The fee cut is expected to dent the financial health of the IIMs. While you have assured that funds would never be a problem, constitutionally mandated programmes like the Sarva Shiksha Abhiyan have found it difficult to get requisite funds from the Finance Ministry. From where will you find money for the IIMs?

There should be no cause for fear; if someone is raising this issue, then it is foolish. I have already appointed a committee to determine the kind of funding that will be required from the government.

Money is not a problem. If they need extra funds from the government then that, too, is not a problem. For a requirement that would be in the neighbourhood of say Rs 50 crore, I don't need to go to the FM.

I can rework our own budget. I have funded 100 Kendriya Vidyalayas, upgraded 18 regional engineering colleges with no extra money from the Budget. Like a good housewife manages her household expenses, I have managed the expenses of the ministry.

During my tenure, no programme or scheme has stopped because of lack of funds, and it won't in the future either.

There is a fear that the IIMs will have less money for expansion in Asian countries like the IITs are doing. If so, we will lose out on an opportunity to export educational services and training. Hasn't the fee cut been a bad decision in the long run?

This fear of no money being made available to the IIMs is baseless. First, these institutes have corpus funds which are upwards of Rs 85 crore. Institutes like the IIMs are not supposed to have such huge reserve funds.

They get money every year from the government for maintenance and development expenses. I have suggested that they keep Rs 25 crore as reserve and then utilise the rest. As I said, the IIMs will never starve for funds.

What accounts for the lower budgetary allocation for the IIMs for the fiscal year 2004-05? It is almost 25 per cent less than the revised estimates for this year and 40% less than the budget estimates? The impression is that the IIMs were being forced to deplete their reserves.

The fact is that last year IIMs refused to sign the memorandum of understanding. As a result, their funds were frozen. The full allocated amount was not released.

That explains the marked difference between the budget estimate and the revised estimate for the current year. Now, the demand for grants is made on the basis of

funds utilised in the current fiscal. Therefore, the much lower figure for the Budget estimates for the next fiscal.

But the IIMs have signed the MoUs now and the entire allocation will be released. As for budget allocation, this will be revised when the final budget is presented later.

The UR Rao Committee which you appointed clearly mentions in its report that even at an eight per cent growth rate, the country can only absorb 3-4 per cent increase in technical manpower, the current rate is anywhere between 15 per cent and 20 per cent. Isn't there a need then to have better utilisation of management manpower rather than making management education "accessible and affordable" so that the employment market experiences a further glut?

The UR Rao Committee has not considered the needs for managers beyond the conventional corporate mould. It has not considered the needs for management in areas like co-operatives, traffic and transport, local self government institutions, sports.

These are some of the areas in which the country needs highly qualified managers. The expansion of the bank of highly qualified managers is needed now for areas other than conventional corporate.

India is expanding and with it its needs, and then I am not against their going abroad as well. After all there is the global market to consider. Besides an increase in student base would also mean an increase in the numbers who join the teaching and research stream. This would benefit institutes other than the IIM as well. The fact that IIM should only provide for high salaried jobs means that that IIM resources are being under-utilised.

Indian Express

ANNEXURE K

February 5, 2004

RS votes out Joshi's Bill over timing

Why Allahabad University Bill took 4 yrs, asks Opp

NEW DELHI, FEBRUARY 4: Union HRD Minister Murli Manohar Joshi's University of Allahabad Bill, 2004, created history in the Rajya Sabha as it was the first time that the ruling party lost a motion to move a Bill in the Upper House.

The Opposition, which was not against the Bill, stalled it over the propriety of tabling it in the fag-end of the session when the Lok Sabha is about to be dissolved.

Rajya Sabha Chairman Bhairon Singh Shekhawat put the matter to vote, following which Joshi's move for leave to introduce the Bill was defeated with 69 votes against and 52 in favour. Three members were absent. Terming it an "election stunt", Congress chief whip in the RS Pranab Mukherjee objected to the manner in which the Bill was being moved. He said nobody had a quarrel with the Bill but questioned its timing.

Mukherjee wanted to know why the government had chosen this time for introducing the Bill and said "this is nothing but to take advantage" of the measure since it cannot be moved in the Lok Sabha and be made into an act.

Senior Congress member Arjun Singh joined in to say that he too welcomed the Bill, but the timing was not right. When the Opposition wondered why it took Joshi four years to move the Bill, the Minister said that it was delayed as the Cabinet decision had come in November and due to procedural reasons could be tabled during the Winter Session.

His argument that he was unaware that the Bill was to be moved in this short session, CPI(M)'s Nilotpal Basu wondered how can a Minister not know when a Bill concerning his ministry is to be moved.

RJD's Saroj Dubey and SP's Janeshwar Mishra, former students of Allahabad University, said they welcomed the Bill but for the timing. As it harangued "what was the hurry?" the Opposition tasted a last victory over the NDA.

Economic Times

ANNEXURE L

January 9, 2004

FACE-OFF

Should IIT-IIM fees be regulated?

Over-regulation will ruin these institutions

Kiran Karnik, President , Nasscom

One doesn't have to be a cold-blooded capitalist to oppose the proposed drastic reduction in fees for IITs and IIMs. A red-blooded communist would oppose this even more vigorously, since higher education is not a merit good in India; generally, it is only for the relatively rich.

Ideology apart, with inadequate resources for basic literacy, for mid-day meals for all school-children, and for more teachers, how can we afford massive subsidies for higher education? Charging Rs 6,000 for an education that costs over Rs 1 lakh and fetches a salary of around Rs 8 lakh is a steep subsidy.

Instead of a percentage of per capita income (the reported basis for arriving at the fee of Rs 6,000 at IIMs), the more appropriate index would be percentage of the expected salary. US business school fees are over 25% of expected salaries.

Alternatively, we should use cost as the basis of fees. The institutes and the government need to ensure that no meritorious student is excluded because she lacks resources.

However, rather than low fees, the answer lies in a big programme of low-interest student loans and a fund for full scholarships to deserving students. The corporate sector, as a major beneficiary from the education system, the IIMs/IITs and government must contribute towards this goal. Government funds for education must be increased, and used to upgrade equipment and facilities and to set up new institutions.

The IIMs have created a large corpus; this must be used for improvement of facilities, faculty training, expansion, and for financing needy students.

India's recent economic success, especially in sectors like software, is the result of a cooperative relationship between government and industry.

There are lessons here for the ministry of HRD, which seems to be on a path of control and confrontation. Research and education thrives when institutions are autonomous. The intrusive hand of the politician and the dead hand of the bureaucracy are anathema to knowledge institutions. Accountability and affordability can be achieved through non-intrusive methods.

The reputation of the IITs/IIMs has been painstakingly built over the years, undoubtedly with government support. Let us not destroy them.

Should IIT-IIM fees be regulated?

IIT-IIMs are not meant for the elite only

Dinesh Abrol, Scientist, NISTADS

It is good news if the HRD ministry wants to regulate the fees of IIMs and IITs. Didn't the whole country welcome the Supreme Court's intervention in regulating fees of private medical colleges?

It would be a big mistake if India fails to recognise the role of higher education and treats it as any other business. Higher education is a public good and its value has increased for the country. If India wants to compete in the new knowledge economy, we should stop treating higher education as a privilege for the elite.

Many assume higher education to be a non-merit good. They quote the US model of higher education as an example to be emulated. But it was in the US first where college education was transformed from a privilege for the upper classes to a democratic right for all. Immediately after WW II the US government enacted a Bill of Veteran Rights giving returning soldiers education on attractive terms.

In the late 1960s affirmative action democratised education even more. And even today the administration of private institutions take care to ensure that students who qualify entry norms can study even if they cannot pay. All top institutions have accumulated huge endowments and their administrations can subsidise deserving students.

The IITs and IIMs have neither huge endowments nor the support of contract research and consultancy. Their capacity to offer lower fees to students on their own is quite limited. Further, let us not forget that IITs and IIMs are apex institutions in the fields of engineering and management education and have to serve the country in the areas of post-graduate education and research too. The contribution of these institutions to technology development could have been higher if Indian industry was interested in investing in the faculty and students for their own profit.

Let us not destroy the acclaimed model of graduate engineering and management education with a short sighted approach of treating access to education in IITs and IIMs as a privilege. The government must support these institutions liberally so they can function as public institutions.

(National Institute of Science, Technology and Development Studies)

16 January 2004

Students slam move to cut IIM fees

Students of the Indian Institute of Management (IIM), Kolkata, today released a poll in which respondents have condemned a move by the ministry of human resources development to reduce the institute's fees. Student spokesman Sumeet Arora said the students would also discuss how to respond to the stand taken by Infosys chief N R Narayana Murthy — he has suggested the IIMs have no issue with the government on autonomy — but added that students would oppose any intervention.

The results were released a day ahead of the visit of Human Resources Development Minister Murli Manohar Joshi to the city on Friday. Close to 400 students participated in the poll. The poll was also conducted just ahead of the institute's annual business plan competition on Sunday. The event has received close to 400 entries from colleges and corporate houses in India.

The poll said the portrayal of IIMs as institutions for the rich was a misrepresentation. As most students are engineers with working experience, they have savings to fund their education. Available educational loans were adequate to see them through school, the students said.

Students reasoned if fees were reduced with the selection procedure left untouched it would lead to selection of the same candidates. “Essentially, the ministry is trying to solve a fictitious problem,” a student said.

Meanwhile, the view at IIM Ahmedabad on the issue of receiving grants from the Centre is that it can well do without them, but it will not reject any. IIM Ahmedabad receives a Rs 10 crore grant every year from the human resources development ministry.

“Our income from fees, executive programmes and consultancy is higher than our expenses. What we were telling the ministry is that we can manage without grants. That in no way is suggesting that we are rejecting the grants altogether,” an IIM, Ahmedabad, official said.

January 7, 2004

Is the IIM brand losing sheen?

Devi Yesodharan

It's one of India's most prized jewels — an MBA from the IIMs. Brand IIM is second only to Brand IIT in terms of recognition and imagery when it comes to educational institutions, and is an internationally recognised brand. It consists of six stellar institutes — two of them, IIM Indore and IIM Kozhikode, although recently founded, are already making a name for themselves. IIM Ahmedabad, Bangalore, Kolkata and Lucknow have been viewed as Centres of Excellence, and in fact, IIMA was ranked by The Wall Street Journal as among the world's toughest business schools to get into. However Brand IIM is facing troubled times and all those associated with it are extremely concerned.

IIMA alumni have recently submitted a petition to the President of India, the Prime Minister and the HRD Minister, protesting against what's seen as an encroachment on the autonomy of the IIMs by the HRD Ministry. The petition highlights the concerns of students, faculty and alumni at what they see as a direct threat to the IIM brand. So what goes into the making of the IIM brand? "The IIM brand encompasses the quality of students, a focus on diverse areas of training, and the contemporary nature of the faculty. The alumni also play a big part as brand ambassadors. Finally to excel as a brand, an international image is crucial and institutes have to cultivate a global image through interfacing with alumni globally and offering students international exposure," says Bakul Dholakia, director, IIM Ahmedabad.

The reputation of the IIMs has ensured that they get first pickings of the cream of students aspiring to an MBA in India. The entrance examination for the IIM — CAT — is believed to be the toughest management entrance exam in the world, which has ensured that only the best and the brightest get into an IIM. Says Suresh Mahajan, IIMA batch of 1967, who has worked with the World Bank, "More than anything else, the IIM brand was built from the students they trained over the years. And their reputation ensured that the best students kept the IIMs their first choice." Concur Venkat Krishnan, IIM alumnus and director of the

Give Foundation, “The students are crucial — the IIM brand has been built through performance, rather than through promotion.”

CAT, as a result, has been central to the brand, “CAT ensures that the best set of students is available to the IIMs to choose from,” says Professor KG Sahadevan of IIM Lucknow. The star value of the IIM brand can perhaps be verified by the increasing number of students that take the CAT exam every year, with over one lakh students taking it this year. But the infallibility of the CAT is under threat with the news that the latest CAT paper was available for a few lakh days before the actual examination itself.

The HRD ministry too has been quick to seize the paper leakage to try and strengthen its case for limiting the autonomy of the IIMs. Moves that the HRD Ministry would like to make include plans to put in place a single management test — which would result in the end of CAT, as well as the group discussion and interview process that the institutes regard as crucial. It also wants the IIMs to cut down their cash reserves to Rs 25 crore, failing which they would cease to receive government funding. IIM Ahmedabad, Bangalore and Calcutta have refused to sign off this move. In fact the IIM Ahmedabad board which includes corporate leaders like MS Banga, chairman, HLL, NR Narayana Murthy of Infosys, AM Naik, CMD, Larsen & Toubro, and KV Kamath, CEO, ICICI Bank, recently decided to reject government grants for the institute.

The ministry also wants to have a say in faculty appointments, curriculum, student fees and student intake. This is being fiercely resisted by the IIMs on grounds that autonomy is critical to the brand. Says the director of IIM Calcutta, Shekhar Chaudhuri, “Organisations/ institutions that are professionally managed tend to perform at a high level when they are given the freedom to make choices within the ambit of the ‘laws of the land’. In that sense institutional autonomy is very critical to the IIM brand.” A sentiment that is echoed by his Bangalore counterpart, PG Apte who says, “Rigorous student selection, an excellent learning environment, wide choice in the learning process, flow back of experiences into syllabus and pedagogy, top quality academic and physical infrastructure” are among the factors responsible for creating the brand that the IIMs represent.

Alumni, faculty and students are voluble in defence of the autonomy of the institute in funding and decision-making, which they believe has been instrumental in creating a strong educational brand. IIMA alumnus Vinoo Titus says, “In the early 1990s when the government limited its level of funding to the IIMs, they went about successfully creating more streams of funding. Why try to reverse that now?” Adds Vikram Sampat, an assistant director at Reliance Industries and an IIMA alumnus, “The brand success can only be attributed to an excellent system of education and the ability to consistently select the top students of the country.” For the faculty the scenario is particularly worrying, as an IIMB faculty member puts it, “It would be disastrous for the IIM brand if they agree to the HRD Ministry’s demands in funding and fees. We would lose our best teachers, and infrastructure and research would be severely compromised.”

The brand equity of these institutes has been rarely questioned in the past. They’ve nurtured their exclusivity, resisting efforts to increase seats, and the fees have been maintained at a high level to fund development plans and attract highly qualified faculty. They also believe that the CAT leak is a blip on the screen that can be fixed. As one IIMC alumnus from HLL, who did his BTech from IIT Kharagpur, Pawan Marella, puts it, “When the JEE was leaked, the institutes were left to sort out the problem. And I think they fixed it quite well. I think the IIMs should be allowed to do the same thing.”

Most believe that the core of the IIM brand and its chances of becoming a management school of global repute are at risk. Says Aravind Sadaippan, an IIM Kozhikode alumnus, “The simple truth behind successful brands is that they inspire trust, and they deliver value. The IIMs have done this for the past 30 years.”

January, 08, 2004

IIM-A students chide tuition fee cut move

While the Union ministry of human resource development (HRD) is working on a plan to reduce the tuition fee at the Indian Institute of Managements (IIM), students at the institute here ridicule such a move. Some of them also expressed apprehension that a cut in fee may affect IIMs' reputation.

According to students at IIM-Ahmedabad, though the government expects IIMs to compete with the Havard Business School whose corpus fund is \$1 billion, it is trying to reduce the corpus fund of IIMs from Rs 100 crore to Rs 20 crore.

“The fee structure at IIMs should be fixed in proportion to the starting salary of a student of the institute. A Harvard Business School student receive an average salary offer of \$50,000, while the fee charged there is around \$1 lakh. In India the average starting salary of an IIM student is Rs 7 lakh, while the fee charged is only Rs 1.5 lakh,” said a student of a post-graduate programme (PGP) at IIM-A. At the Havard Business School, the ratio between the average salary offered and the fee is 2:1, while the ratio here is 7:1.5, which is much higher.

“As a matter of policy, IIMs do not deny admission to any of the students who has cleared the entry procedure for lack of money. In many cases the institute has helped students to get educational loans or provided scholarships. Students at IIMs do not feel that the fees are high. In fact, we are provided more than what we pay here,” said Raghav Mittal, 2nd year PGP student, IIM-A.

“Most of the banks are eager to provide educational loans to IIM students because they know that a student here can repay the loan within the first year of his placement. If the government is going to cut the fee, it is going to affect the infrastructure of the institution and not going to help students in any way,” Mittal added.

While Kunal Singh, 2nd year PGP student, IIM-A, said, “I do not agree with the government’s decision to reduce fees at IIMs. In fact, the fee structure at the institute should be increased because of the infrastructure it provides.”

“If the government plans to reduce the fee to Rs 20,000, it is going to affect the institute drastically. In case of such a move, IIMs will become just like any other government-run college. It is unrealistic as Rs 20,000 is not enough to meet even our mess bill,” Singh added.

Prateek Mehta, 2nd year, PGP student, IIM-A, said, “The rationale given by the government for the fee cut is not at all justified. The socio-economic condition of the US is strong as compared to our country. More over our per capita income is far below as compared to the US. The ratio of the fund required to run an institute like IIM and the per capita income does not match any where.”

“IIMs should have full autonomy to raise and utilise their funds in their own way, and the government should not have any say in the functioning of IIMs,” Mehta added. Prashant Kumar, 1st year PGP student, said “There is no problem with the fees charged at IIMs. Its very reasonable as compared to the facilities provided to us. Moreover, nationalised banks provide educational loans without any security.

Most of the banks come to the campus to advertise their loans. That apart, many scholarships are available to take care of the meritorious and financially weak students. The fees at IIMs are well-justified.”

“The fee reduction will only help to spoil the academic standard of the institute, which has been built over decades by the students. In a country where less than 50 per cent of the people receive primary education, it does not make any sense to subsidise management programmes at such distinguished institutions,” said Vijaysimha Reddy, another 1st year PGP student.

January 13, 2004

Dr Joshi's ideas

If Murli Manohar Joshi has his way, he will give away a whopping Rs 4,000 crore a year through concessions on education fees.

In the process, Dr Joshi will also get control of premier institutions like the institutes of technology and management, which have so far functioned with some degree of autonomy, and what he will then do with them can be easily assumed on the basis of his other actions.

After tightening its grip on the IIM's after the leak of the CAT exam paper, Dr Joshi's ministry has asked Delhi University's Faculty of Management Sciences (FMS) to cancel its February entrance examinations, and a fierce battle is under way, with the university refusing to oblige.

Sundry threats are being held out through the University Grants Commission, which also wants to slash the size of Delhi University's most sought-after colleges!

The IIMs meanwhile have been advised to reduce their fees from around Rs 1.5 lakh per annum to Rs 20,000, and the IITs to no more than Rs 6,000 — measures that will make these centres of excellence dependent entirely on the ministry's hand-outs, which is what Dr Joshi wants.

Already, babus in the ministry sit in judgement on whether IIM directors should travel to a seminar or conference, and one of them famously questioned the decision on a few thousand rupees taken by an IIM board chaired by the Infosys chairman, N R Narayana Murthy.

Dr Joshi's proposals on the fees have been justified on the ground that lower fees are supposedly a recommendation of the U.R. Rao committee. But P.V. Indiresan, a former director of IIT, Madras, and a member of the Rao committee, has debunked Dr Joshi's thesis in a newspaper article.

Teaching a student at an IIT costs Rs 2 lakh annually, says Dr Indiresan, while smaller colleges manage to keep this down to Rs 50,000, given that they have lesser facilities and smaller faculty.

If you assume Rs 100,000 as the average annual cost of an engineering degree, and don't allow any college to charge more than Rs 6,000, that's an annual shortfall of over Rs 3,500 crore, given that around 380,000 students enrol for engineering degrees each year. If the government is to make up this shortfall, then it is a huge hole in the Budget.

Another Rs 500 crore can be added on account of the proposals on management schools. For, on average, the fees are Rs 60,000 a year (the IIMs charge Rs 1.5 lakh, which Dr Joshi wants reduced to Rs 20,000). India produces nearly a lakh MBAs each year, and so the shortfall that will have to be made up by the government is around Rs 400-500 crore.

While Dr Joshi's objective, presumably, is the laudable one of making top class education accessible to those who cannot afford it, there are cheaper ways to do this. One is a scholarship for economically weak students who qualify through the merit-tests at the IIMs/IITs, instead of giving a huge subsidy to everyone. But then these institutes would remain as autonomous as they are today!.

As it happens, Rs 4,000 crore a year towards the 'control-IIM/IIT' programme is just a fourth lower than the central budget for elementary education and literacy (Rs 4,904 crore), or the one for secondary and higher education (of the Rs 4,956 crore allocation, just Rs 664 crore are for IITs/IIMs currently).

Economic Times

ANNEXURE Q

January 10, 2004

Indian polytechnics of management?

GUEST COLUMN / V RAGHUNATHAN

Going by newspaper reports, the government seems to be picking a quarrel a day against IIMs, much like the villainous mother-in-law picking on the daughter-in-law in Bollywood movies! The latest in the series is the intention to slash the tuition fee for IIMs by 80% followed by misplaced concerns on the faculty-student ratio!

Apparently, the decision on fee cut is linked to the per capita income (PCI) of the country (Rs 20,000) — the PCI of a country, if you please, where some 400 million people live below the poverty line drawn somewhere under the belly-button of a worm! The justification, one understands, is that even in the US and France, the fee charged by public institutions is only a fraction of their per capita income! If so, shouldn't the government be using that knowledge for increasing the country's abysmally low PCI? Do we have here an example of statistics in its grossest form of abuse?

Surely, the government isn't under the notion that graduates from IIMs earn the mere equivalent of our PCI? No Sir. At an average of Rs 8 lakh per annum, they earn around 40 times the country's PCI in their very first year of employment!

So why should they not borrow against their future income, and pay when they begin earning, particularly when loans are easily accessible at relatively low rates? One would have understood better the government's concern on fees had it pertained to ITIs and polytechnics — institutions catering to the per capita income earners. But IIMs??

Besides, contrary to popular belief, IIMs are not all that corpus-rich. I have lived long enough on IIM Ahmedabad's campus to know, for instance, that practically each one of its decades-old houses on the campus is falling apart. If these houses were to be rebuilt today, much of their corpus will evaporate. Thanks to

government's cash based accounting system, these campuses have been built at the cost of maintenance of the campuses.

Further, over the years IIMs have lost upper end consulting assignments to international consulting companies, and increasingly make do with public sector or sponsored research from various agencies that entail much lower income. Yes, the fees have surely been a significant source of revenue accretion. But should we be shedding copious tears when it is a demonstratable fact (provided one is keen on ascertaining the facts) that not one student in the history of IIMs has had to forego education for want of financial assistance?

If fiscal accountability of these institutions is an issue, what are all the numerous government auditors and the government sponsored boards doing?

One also hears some rumbling (ToI, January 7) that the HRD minister is unhappy with the faculty recruitment processes at IIMs. Clearly, the idea seems to be to take IIMs towards the Indian universities model — a model that has a demonstrated record of mediocrity — rather than working the other way round! One is tempted to ask the minister, if IIMs' international reputation is not proof enough of well run institutions, then pray what is? It is not my case that all is perfectly well with IIMs.

There is, of course, room for improvement on several fronts. But what the government is trying to “fix” is not what is “broke” at IIMs.

Even if one concedes that the government has its heart in the right place, the potential brownie points from the middle classes on account of the fee reduction in an election year notwithstanding, those very middle classes need to exercise caution before they rejoice. True, lower fees will feel good if your kid is going to IIM this year or the next. But if your kid is going to an IIM ten years from now, you may rest assured that the IIMs then are not going to be a shadow of what they are today. They are increasingly going to find it difficult to get world-class faculty, as infrastructure worsens and response time to a dynamic environment slows down.

Competent academic administrators will shy away from directorships as their jobs are reduced to queuing up before the Section Officers in Delhi every month for their paychecks and permission for foreign travel. Add to this the imminent loss in the autonomy of selection of students in the IIMs, it is only a matter of time before merit will yield to other considerations. And amidst all this, if you think your child will be going to a world-class business school, think again!

In the meanwhile, if only in a childish pique, one is tempted to ask our politicians and bureaucrats, why their own salaries shouldn't be linked to the country's PCI for starters! After all why should they earn any more than what they cause the country as a whole to earn?

(The author is President, ING Vysya Bank. Views are personal)

1.1.2004

IIM Ahmedabad turns self-sufficient

AHMEDABAD Dec. 31. The prime management institution, the Indian Institute of Management, Ahmedabad, has turned self-sufficient and has planned to do without the Central Government grant from the next academic year. At a meeting of the Board of Governors of the IIMA on Saturday, it passed the budget for the next year "assuming" that the Central Government grant "will no longer be available."

The Union Human Resources Development Ministry recently asked the IIMA director, Bakul Dholakia, as to why the institution should continue to receive the government grant since it had become self-sufficient and had generated surplus funds. But the IIMA Dean, Indira Parikh, who is next to the director, disagreed that the Board of Governors' decision had anything to do with the alleged "interference" by the Union HRD Ministry in the administration of the institution.

She claimed that it was no recent development but the Union HRD Ministry had told the IIMA about six years ago that it should try to become self-sufficient so that it could stop the grant and divert the fund to some other institutions needing governmental assistance. "It was not a sudden decision but because of the direction from the Centre some six years ago the IIMA started generating corpus fund and has now not only become self-sufficient but also has surplus funds," she said.

The Union HRD Ministry provides a grant of Rs. 10 crores per annum to the IIMA as part of its administrative expenditure. "Because we have a surplus of about Rs. three crores, we assume that the Central Government grant will not be there any more and planned our budget for the next academic year accordingly," she said.

"How can we reject the Central grant?" she asked, virtually denying a report in a section of the press. The IIMA would know only by March whether the grant

was coming but would intimate the HRD Ministry soon that it would not require the governmental assistance which could be diverted to some other new and upcoming institutions like the IIM, Khozikode, and others, she said. She said the IIMA's relations with the Union HRD Ministry goes back more than 40 years and it "still continues to be very cordial." The Centre, she said, should be "pleased that it helped create a fine institution like the IIMA," and there was no question of having any strained relations. As far as the autonomy of the institution was concerned, "we are having a dialogue with the HRD Ministry," but it was independent of the government grant or the alleged controversy created over the recent leakage of the CAT question paper.

November 18, 2003

3 IIMs refuse to toe HR ministry line

Three of the IIMs – Kolkata, Bangalore and Ahmedabad – have refused to sign the Human Resource Ministry’s memorandum of understanding, which demands that the institutes reduce their reserves to Rs 25 crore, according to sources.

A refusal to sign the MoU could put a stop to fresh government funding, but with money coming in through research and foreign funds, the IIMs are not financially dependent on the government. Signing of the MoU would have resulted in increased government control over faculty and courses, as well as higher student intake. (Do you think that the IIMs are right in refusing to toe the HR Ministry’s line?)

Three other IIMs — Lucknow, Indore and Kozhikode — on the other hand, have agreed to sign the MoU sent by the government. While IIMA, IIMB and IIMC, which have been around for over 30 years, have substantial reserves and can therefore face the possible withdrawal of government funds, the other three IIMs don’t have an option. Says a source at IIM Kozhikode, “IIM-A, B and C are powerful enough to reject the MoU. But we are smaller and relatively new, with limited funds. Hence, we don’t really have an option other than signing, whatever be the terms.”

IIM Lucknow was established in 1986, IIM Kozhikode in 1996 and IIM Indore in 1997. Adds an IIM source, “What we are also worried about are the other things on the cards, the risk of CAT (common admission test) being scrapped, for example.” According to a recent circular, the government wants the IIMs to adhere to an all-India management test in the place of CAT.

This might lead to elimination of the interview and the group discussion process that the IIMs follow for admissions. The elimination of CAT will also cut off a major source of revenue for the IIMs. A record 1,03,000 students appeared for CAT last year, and a CAT application form costs over Rs 1,000.

The IIMs are apprehensive of having to compromise on quality in admissions. “The CAT is something sacrosanct, but it isn’t seen that way by the government,” a source said.

Economic Times

December 1, 2003

Save the educational 'navaratnas'

RAMA BIJAPURKAR & ASHOKE BIJAPURKAR

It is ironic that in the 1960s, at the height of our socialist ideology, with the government controlling most things, IIM Ahmedabad and Calcutta were set up as autonomous institutions, supported but not controlled by the government, (and with foreign collaboration to boot!). Yet, in the 2000s, when the whole country is embracing reforms, liberalisation, and strengthening of institutions for self-reliance, and when we are telling the world "we have intellectual capital to offer, and that's what makes India so special", the HRD ministry is seeking greater control of these same institutions.

The government did a great job in setting up and nurturing these institutions, and has been a wonderful value adding partner. Now it is time to give them greater freedom and the flexibility and encourage them to become formidable global institutions. If the government is convinced, as it says it is, that the PSU 'navaratnas' must now have progressive reduction of government control for them to prosper and achieve their fullest potential, why can it not extend the same conviction to the IIMs and the IITs, which are the 'navaratnas' of education?

A TOI editorial (21 November 03) warns that "Sarkari interference will ruin centres of excellence." Another, in the same paper, talks of how IIMs can expect government support only if they fulfil their social obligations. So, what did the government want the IIMs to accomplish? Have they delivered on that? What is the role of the government in the governance of IIMs?

The government established the first two IIMs based on the recommendations of George W Robbins, Associate Dean Graduate School of Business Administration University of California, Los Angeles. Robbins was categorical that "It (Institute of Management) must be regarded as a high-priority national asset, indispensable in the development of the resources of management, i. e., the manpower to translate natural resources, technology, and human talent into effective

organisations to produce wealth. (Emphasis added). Accordingly, it must receive financial support from industry and government adequate for its needs in a planned, phased development.

Also "The Institute should be inaugurated as an autonomous, independent organisation with a broad but specific charter and with a governing body representative of the highest ranks of business, government, and scholarship. (Emphasis added) The governing body should function to approve basic educational policy and budget, and to provide financial and other support."

Have the institutes' educational programmes created manpower to translate natural resources, technology, and human talent into effective organisations to produce wealth? A survey of IIM alumni over the years will prove that they have indeed done so, both in the public and the private sector.

Take the issue of financial support. In line with the thinking of the '60s and '70s, on the relative roles and obligations of industry and government in education, the central government made the largest financial contribution for setting up the IIMs and stipulated everything from fees to faculty salaries, and even the rates they should charge for consulting. The director's appointment was (and still is) a government decision. In 1992 the government declared that it would provide only limited funding, and the IIMs must fund their own growth. The top three IIMs managed to do just that in the last ten years. There is now a proposal to restrict the size of their corpus fund. This would reduce their capacity to spend money on material development and faculty, both of which are essential for competing with the best in the world. The institutes will have to depend on government funding, which may not come easily in future, and worse, might be contingent on 'compliant behaviour'.

The Robbins report unambiguously articulated that the government, through representation on the governing body of the institutes, should play a role in the governance of the institute. In the institutes' charter, many control mechanisms have been there since their inception, but so far, they have been used judiciously. The result is that despite government-stipulated salary scales of faculty and staff, which are much lower than what industry offers, the IIMs have

been able to attract quality faculty thus far, and outstanding chairmen, because of the autonomy they enjoy. If that too is taken away, the seeds of rapid decline will be sown. It is in this context that the recent changes in the process of selecting the heads of IIMs are a reason for concern. The core strength of any academic institution - I am sure the HRD minister, an academic himself will agree - is the quality and commitment of its faculty.

If the HRD ministry manages to get its way, here's a sample of what could happen. Any large capital expenditure will require government approval (not merely the governing board's approval), even if the institute could raise its own resources for this, seriously affecting the institutes' growth and development. The institutes would need government's approval in a host of areas that are purely academic and the quality of education imparted would suffer as a consequence. The ministry says the institutes can still enjoy 'academic freedom'. But can academic freedom to pursue academic excellence thrive in such an environment?

As for social obligations, no deserving student has been denied admission because of lack of funds. SC/ST quotas are adhered to. No capitation fees are charged.

The recent leak of the CAT paper was unfortunate. After an unblemished record of 25 years (and a continuous resistance to any pressure from the powerful and the influential), there was one failure. The processes to protect the integrity of the system are phenomenal - transparent for anyone who cares to check. Will a takeover by the government increase CAT's credibility in the eyes of the nation? Can we do an opinion poll among CAT 'customers' to check this?

In conclusion, we urge alumni who have benefited enormously from the IIMs, the governing boards comprising people of outstanding credentials, and, indeed, all concerned citizens, to come together and speak with one voice, against regressive policies concerning institutions of educational excellence. Is there a third option, better than confrontation or giving in?

(Rama Bijapurkar is an alumna and visiting faculty at IIMA Dr Ashoke Bijapurkar is a Fellow of IIMA)

Times of India

December, 4, 2003

IIM Imbroglio: Less Autonomy will Erode Quality

It's a Rs 200-crore issue. The three older Indian Institutes of Management (IIM) at Ahmedabad, Bangalore and Calcutta have between them a corpus of over Rs 200 crore and HRD minister Murli Manohar Joshi would like access to it. Not for personal gain, but for furthering the cause of education by deploying productively the idle funds.

The only problem is that nobody thinks that anything of that sort will actually happen if a large part of the corpus is placed in government hands. To get at the corpus, the minister must control the IIMs and this is probably what the HRD ministry is working on.

For starters, the ministry wants the IIMs to have less autonomy, though it will not say so explicitly. Thus the admission process must be in government hands not because it seeks to deprive the IIMs of the right to choose its own students but since such a move would help students.

They would not have to sit for various MBA entrance exams across the country and shell out thousands of rupees in the process.

Admissions could be on the basis of the results of a written test without any group discussion and interview. This would eliminate subjectivity in the process. Nobody, of course, believes that if the administration of the common admissions test (CAT) is vested in government hands, it will be any better or any guarantee that question papers will not be leaked.

And why not extend the CAT to all MBA institutions across the country, letting its administration be in the hands of the IIMs. The HRD ministry also wants each of the IIMs to sign an annual memorandum of understanding (MoU) with it, detailing the institutes' development plans.

This will allow the government to keep a tab on the activities of the IIMs and control many things like the number of professors recruited. The top IIMs are resisting signing the MoU. Earlier this year, when directors for two IIMs had to be decided upon, the ministry modified the constitution of the selection committee in favour of government nominees.

The IIM dons fear that the minister's moves might ultimately hit the system of faculty administration which is at the core of the IIMs' management and ensures their independence. By this all professors at the IIMs (around 80 each in the three top IIMs) report directly to the director.

Each faculty (one for each discipline like economics, marketing, finance etc) is headed by a chairperson who is appointed by rotation for a fixed period and not necessarily decided on the basis of seniority. Appointments for teaching positions are made by consensus by the faculty and even the director has no role in this, much less any government representative.

Apprehensions have especially arisen because the HRD ministry is perceived as having a penchant for pushing through the appointments of those with a particular ideology. Which the dons feel is the ministry's actual agenda.

However, fears have also been expressed within the IIMs about the circumstances which have propelled the institutes to the forefront. The website of IIM-A says: "If IIM-A is widely considered a premier academic institution, credit goes mainly to its faculty and the institutions the faculty has built with a high sense of purpose".

But a common joke among the professors is that most of them would fail to clear the CAT if they sat for it. "Though most of us are well-qualified, we are what we are also because of our students," says an IIM professor.

The three older IIMs have sky high equity because their students are able to land top-class high-paying jobs globally. And this not only because of what is taught to them, but as prospective employers believe they are the best.

Such a belief is fostered by the CAT: If 1,500 students are chosen by a fair process from over 1.25 lakh, they have to be the best. The fact that many ex-students have risen to the top echelons of corporate India adds to the lustre.

The spin-off effect of this accrues to the IIMs and their professors. Top corporates believe that if their alumni is so good, the institutes have to be fantastic. The net result: Corporates pay lakhs and send their managers for various short-term management development programmes (MDPs) run by the IIMs.

Also this branding leads to a considerable amount of consultancy work coming the institutes' way. This rakes in high incomes for faculty members because 50 per cent of the profits go to the professors handling the specific project.

In fact a major part of the IIMs' revenues are driven by consultancy work and the MDPs. The post-graduate diploma programme (which is what the IIMs call their MBA programme) is, in fact, subsidised — even though at IIM Ahmedabad, a student would pay Rs 1.75 lakh fees annually for the course.

The dons fear that the HRD ministry might use this argument — that the brand equity of the IIMs is student-led — to interfere in matters relating to academic affairs and faculty appointments, thereby unleashing a process that would ultimately lead to the destruction of institutions that have been so painstakingly built.

Times of India
JANUARY 07, 2004

ANNEXURE "U" (COLLY)

Joshi asks IIMs to cut flab

NEW DELHI: The Union HRD ministry headed by BJP leader Murli Manohar Joshi, in its continued effort to exercise control over the Indian Institutes of Management, has accused them of "overstaffing". The IIMs have been given an ultimatum: downsize faculty or increase student intake.

According to the ministry, there is one teacher for every five students at IIM Ahmedabad. At IIM Bangalore, the faculty-student ratio is 1:4.

IIMs at Kolkata and Lucknow have one teacher for every seven students and IIM Kozhikode has one for six.

The ministry seems to ignore the ratio at the world's top business schools. The London and Chicago business schools, among the top 20, have one teacher for every three management students. At Stanford and Yale business schools (among the top five), the ratio is 1:4. Carnegie Mellon has a teacher for two students.

IIM-A was recently rated 45th in the Economist Intelligence Unit's list of the world's 100 best full-time programmes. A healthy teacher-student ratio was one of the criteria for the ranking, besides personal development and employment opportunities.

However, the ministry does not seem to agree with these international standards. "With such a large faculty, the IIMs should increase the number of seats. There is a huge demand for MBAs, but these institutes have simply shut the door on thousands of students," said a ministry source.

The HRD ministry also insists that teaching hours be increased. "In Germany, the student-teacher ratio is 30:1 and the minimum teaching hours are 18 a week. But in India, we don't seem to be following these standards," an official said.

With the pressure building to augment student intake, IIM-A has decided to increase its current 192 MBA seats to 600 by 2006.

"The IIMs don't lack funds or facilities. The bigger IIMs have cash reserves of almost Rs 100 crore each. Every year, they receive a grant of Rs 10 crore and more. They can easily afford to increase seats," said an official.

Experts say that though it is not correct to say the IIMs are overstaffed, it is possible to increase student intake. M K Chaudhuri, founder-director of Indian Institute of Planning and Management and a former professor of IIM Bangalore, said the student-faculty ratio at the IIMs was perfect.

"The present size of IIM faculty can do justice to the increased number of students. They have excellent infrastructure. Even if the number of faculty members is increased because of the extra intake, the IIMs can afford it. This is if one takes into consideration the total budget of the IIMs and the surplus they have from the income," he said.

However, the top IIMs are under pressure from the HRD ministry to limit their cash reserve to Rs. 25 crore and share the rest with the 'poorer' IIMs.

Economic Times

January 8, 2004

IIM Prof an endangered species

SATYENDRA SHRIVASTAVA

AHMEDABAD: Surviving seems to be getting difficult by the day for the Indian Institutes of Management (IIMs) . With the Ministry of Human Resource Development (MHRD) wishing to regulate the intake of faculty by these institutes, IIMs' ambitious faculty recruitment drives may be on the immediate casualty list.

To begin with, IIM Ahmedabad (IIM-A) , that embarked on a major expansion programme last year, is planning to raise the number of faculty from existing 75 to 120 by the beginning of the next academic year. Similarly, IIM Calcutta and IIM Kozhikode are also looking at adding more numbers to planning thier respective faculty baskets.

As the MHRD questions the current faculty-to-students ratio in these institutes, the further appointment of new teaching staff is all set to hit a roadblock. Importantly, all the IIMs in the country have a faculty to student ratio of more than 1:8, which is far below the globally accepted standards. (Is the MHRD right in trying to regulate the intake of faculty by IIMs?)

"The student-to-faculty ratio in the best of B-schools in US and Europe does not exceed 1:5," a senior IIM-B official said.

Moreover, all IIMs insist that while computing the faculty student ratio, all other programmes like executive development programmes, faculty development programmes and the distance education programmes offered by these institutes must also be accounted for along with the flagship post-graduate programmes.

"It is too simplistic a criterion for IIMs that undertake diverse academic activities," an IIM-A faculty said.

Chairman of the PGP programme SK Barua said that by the coming academic year, IIM-A will have over 650 students enrolled for long duration programmes. The student intake was increased last year from 185 to 300 and a high profile faculty recruitment programme is already under way. However, IIM-A is having a tough time finding suitable candidates for the jobs.

"Knowledge disciplines like business policy, accounting and finance are the areas where the institute is finding it difficult to find the right kind of candidates," a senior IIMA official said.

Even IIM Kozhikode(IIM-K) is planning to double its faculty strength in the next two years.

A Kalro, director, IIM-K, said that the institute has the sanction to double its faculty count to 45 as the present situation was tight.

IIM Calcutta (IIM-C) with a faculty staff of around 70 will shortly be adding around 17-20 new faculty members in some specific areas. However, all these recruitment drives would now come under the MHRD scanner.

A senior economist pointed out, that like other sectors, it is important to look at the oft referred Chinese model in management education as well. "The management schools in China charge a fee which is five times that of their per capita income," he said.

"The calculation of the per capita income by the MHRD has been inaptly done on the basis of current prices."

The Economic Times
November 26, 2003

ANNEXURE “V”

Spare the golden geese

V RAGHUNATHAN

While the unfortunate leakage of Common Admission Test (CAT) of IIMs coming on the heels of the much reported attempt by the government to wrest control of IIMs in general and their entrance exams in particular may be a coincidence that might dampen the spirit of the big three IIMs to oppose the government's move, the development does beg certain questions. Should the government further increase its control on the IIMs? Should it be actively working towards curbing their corpus size? Should IIMs be charging a lower fee from their students? As one who spent the best part of two decades at IIMA, including a stint as the chairman of its Post Graduate Programme, I feel qualified to answer some of these questions, particularly now that I am a disinterested outsider.

Last year I wrote (ET, July 13, 02), “If IITs and IIMs stand tall in the world of academia today, the credit in no small measure goes to the foresight of the government of India” But the credit needs to be put in perspective. The government or the era that spawned the original IITs and early IIMs was Nehruvian, at a time when state sponsoring of higher education was the underlying philosophy. Even at that time, the approach to running these institutions was to be involved in the creation of management structures, but allowing for total autonomy in their management. Today, when the government's stated philosophy is to let the higher education pay for itself as the government concentrates on primary education, its preoccupation with excessive control over these institutions is inexplicable.

Only last year, in a bid for a greater say in the selection of IIM directors than their own boards, the government changed the composition of the Search Committees in favour of its own nominees, even though all directorial appointments have always had to be ratified by none other than the Cabinet Committee! Next came the diktat to route private donations through the government Shiksha Kosh. And going by press reports, presently the government

is engaged in a fracas with IIMs, trying to restrict their corpus size and gain control of their admission process, while accusing them of charging “high” fees.

Even today, the government significantly controls the IIMs. Their boards, chairmen and directors are all government appointed. Government continues to fund these institutions primarily to retain some financial control. The pay scales, including the consulting income of the faculty, are also government controlled, impairing their ability to attract best international talent. Today, an IIM director cannot travel abroad without express written permission from the ministry of education! Clearly, the board of governors, headed by such stalwarts as Narayana Murthy, SM Dutta, and MS Banga, cannot be trusted with such empowerment!

The government is trying to restrict the corpus of IIMs to Rs 25 crore or about \$5 million. The Harvard Business School has a corpus upwards of \$ 2 billion! Can IIMs take on such international competition with such restrictions? In this day and age of free market, is it wrong to have the faculty of IIMs earn money through consulting when 50% of such income accrues directly to the institutions’ corpus and the remaining 50% of the income fully taxed at the hands of the faculty? Why make these institutions queue up before a babu every month when they can easily earn their keep? That it is control over IIMs and not their financial profligacy, if any, that motivates the government to restrict IIMs’ corpus is obvious from the fact that the latter concern is easily addressed through a sound audit mechanism, of which IIMs do have aplenty. The fact is IIMs are far from being financially extravagant! If any thing, they could do with some ramping up of expenditure over their upkeep!

Another of the government’s stance is that IIMs are charging very high fees (hence getting less dependent on government grants), even though these fees have been levied over time under the full glare of the government controlled boards. IIMs charge around Rs 1.50 lakh a year, compared to about Rs 25 lakh in the developed countries and around Rs 10 lakh by even a school like the Indian School of Business in Hyderabad ! There are any number of government approved two-room management teaching shops charging a fee higher than IIMs. Moreover, no student who gets admission into an IIM has ever to forego the course for want of finances. IIMs invariably find the scholarships to fund such

students. What is more, IIM graduates begin with starting salaries of about Rs 7 to 8 lakh per annum, and there are banks queuing up to give them educational loans at competitive interest rates.

It would be a pity if the government were to use the first-time leak of CAT as a convenient stick to beat down IIMs with, with a view to wresting away the control of their entrance test. While the elements responsible for the leak should be dealt with suitably, and IIMs must review their system for being tamper-proof, it is not as if the systems under the government control have never tripped.

That the governments in the last three or four decades have done very little for the higher education in the country is clear from the fact that in 1959, there were five IITs, and today there are seven, including one in Assam and another at Roorkee, that was an institution of excellence even without the designated IIT status earlier this year! As for IIMs, IIMC, IIMA, IIMB and IIML were started respectively in 1961, 1962, and 1973 and 1984. The only post liberalisation IIMs are those in Kozhikode and Indore that came up about four years ago. Clearly, the government has found it difficult to spawn more number of institutions of higher learning. Under the circumstances, wouldn't it be better for the government to restrict its role to helping these institutions at their start up stage and letting them find their own feet as they grow? Is the country's government so free from other concerns of nation-building that it has to go about fixing what is not only not broke, but functioning fairly well?

If the government is not careful, we shall have the killing of the golden goose, nay, geese, being enacted right out there!

(The author is president, ING Vysya Bank. Views are personal)

The Economic Times
February 8, 2004
Topsy turvy
BY INVITATION / SANDEEP PAREKH

ANNEXURE “Y”

Our Hon’ble minister for human resources development, Mr Murli Manohar Joshi, may have passed an ‘order’ mandating lower fees. However, the order suffers from such fatal flaws that there is no necessity of following it. Not only is there no necessity of following it, there is a necessity of not following it.

Let us see why. Firstly, the order states that the IIMs were created by a largesse of the Central government. Not true. Not all IIMs are creations of the Central government alone. In fact, only two are -- those at Kozhikode and Indore. IIM, Ahmedabad, for instance, is set up by the Central government, state government and the industry. A brief look at the Articles of Association would make the position amply clear. Article 5 of the Articles of IIMA states “the Central government in consultation with the state government may take such action and issue such directions as it may consider necessary in respect of any of the matters dealt with in the report regarding the society or the institute...”

Which means that the Central government does not have the power to act without consulting the state government. The same is true of the UR Rao Committee which also had no participation of the state government. So the order simply fails on the ground of non compliance with the Articles of Association which is the source of the power for the minister.

Secondly, the minister derives powers from Articles 74 and 75 of the Constitution, and the Constitution does not give powers to individual ministers but to the Cabinet. Thus, a minister must take Cabinet approval before any major decision is taken. This is accentuated by the need to take permission of other ministries which are impacted by the order. In the present order, not only is no Cabinet approval taken, but the order, in fact, contradicts the order of the finance minister reducing the budgetary allocation to the IIMs in the interim budget. The allocation for IIMs, in fact, saw a sharp 25 per cent drop in government support from Rs 59.73 crore in the revised estimates for the current fiscal to Rs 45 crore for 2004-05.

Therefore, the order should have been cleared by the finance and law ministries (which are the other ministries affected by the order) and then by the Cabinet. No such approval has been taken. The order thus violates the checks and balances mandated by the Constitution. The minister is duty bound to follow the power distribution mandated by the Constitution and cannot be a law unto himself. To quote from the constitutional oath which was taken by the minister“...that I will bear true faith and allegiance to the Constitution of India as by law established...”

The conflict is nowhere more clear than from the speech of the venerated President of our country who stated in his Republic day speech. “Protecting the brand image of higher education: The nation’s vision of developed India requires greater thrust to scientific and technological advancements. All our IITs, IIMs have graduated as world class brand institutions in addition to the century old premier institution – Indian Institute of Science, Bangalore. These characteristics must be preserved and nurtured.”

Thirdly, executive action must be taken for the good of the country. The apparent motive of the minister seems to be with an eye to the election and not for any good of the country. The same motive of the same minister led to the fall of the Allahabad Bill 2004 on the 4th of February -- the first time in the history of free India that a motion to move a Bill in the Rajya Sabha by the ruling party has fallen. The Congress party whip called the Bill an “election stunt”.

Fourthly, the order erroneously relies on the Supreme Court order in TMA Pai. The court there had held that fees charged should be reasonable. Reasonable implies that they should be connected to the cost of education and to the capacity of the students to bear the cost. The factual position is that the fee reduction subsidises a class of students who are expected to command some of the highest salaries, not in India, but in the world. The highest paid students from the IIMs earn up to 25 lakh rupees a year and the average earns over 7 lakh on graduation.

Finally, the interim Cabinet is only a caretaker government and since Parliament was dissolved yesterday, the caretaker government cannot take major policy

decisions. A policy decision which is contrary to nearly all rational opinions and other parts of the executive and which will impact not just a few educational institutions but the entire landscape of management cannot be taken by the ministry after Parliament is dissolved.

The order, therefore, suffers from such insurmountable problems as to be completely incapable of execution. The IIMs should not become parties to such illegal executive actions by implementing them and should ignore the order in its entirety.

The author is an advocate with P H Parekh & Co.