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## Proliferating Indian B-Schools trail emerging nation peers

The seats on offer have quadrupled in the last seven years but the schools trail emerging nation peers in quality, says a national federation of education providers



The Education Promotion Society for India and MBA Universe, a management education think-tank, suggests a drastic cut in the number of schools in order to address issues of jobs and skills. Photo: Ramesh Patania /Mint

**New Delhi:** Indian business schools are proliferating rapidly—seats on offer have quadrupled in the last seven years—but trail emerging nation peers in quality, says a national federation of education providers, which suggests a drastic cut in the number of schools in order to address issues of jobs and skills.

“Indian management education is in crisis,” the Education Promotion Society for India and MBA Universe, a management education think-tank said in a white paper released at a management conclave on Friday.

It said India’s top tier B-schools are lagging behind not just western B-schools, but also late entrant China, where MBA education was first offered in 1991. Today, China beats India on all quality dimensions in management education, the report titled *Vision 2025* said.

“Our mid-tier B-schools are fighting for their survival. Five hundred PGDM B-schools (institutes offering post graduate diploma in management, or PGDM) have closed down during the last seven years. The bottom tier of management programmes, largely 3000+ low-cost MBAs offered by affiliated colleges of public universities, have little direction and relevance,” it said.

Indian B-Schools have mushroomed. Currently, there are some 3,900 management schools in India as against 1,082 in China, 240 in South Korea, 108 in Thailand and five in Singapore.

The total number seats in B-schools has increased by four fold in the last seven years— from 94,704 seats in 2006-07 to 385,008 in 2012-13, according to the All India Council for Technical Education, the apex technical education regulator.

However, the Indian schools lag behind in terms of research, ranking and accreditation, said the white paper. Of the total number of B-schools in India, just two are accredited by the The Association to Advance Collegiate Schools of Business, or AACSB, the best-known accrediting global agency, as against 16 in China. Only three Indian schools—Indian Institutes of Management in Ahmedabad and Bangalore and the Indian School of Business—feature in the *Financial Times* Top 100 B-School ranking. The best ranked India school was IIM-A ranked at 30.

“It is certainly an introspection on the challenges at hand and to develop a road map for the future,” said **Harivansh Chaturvedi**, alternate president of education promotion society of India and director of Birla Institute of Management and Technology.

The white paper suggests categorizing management education providers into three segments with specific roles to integrate their programmes with the skills development agenda of the government. “*Vision 2025* recommends a consolidation in the number of MBA programmes from 3,900 now to roughly 2,500. Of these, the top 50 should aspire to become global institutions, the next 500 as national B-schools and rest skill-focused B-schools. These three separate sets of B-schools need to be given incentives and the right policy framework to overcome their challenges,” said Amit Agnihotri, who co-wrote the paper.

**Anirban Sengupta**, dean, College of Management and Economic Studies at the Dehradun-based University of Petroleum and Energy Studies, said that skill-focused or industry need-focused education by a segment of schools will benefit both the institutes and students. “If you can give specific skills that industry requires it will solve the employability problem,” he said.

The report said slowing demand for management education can be gauged from the dwindling number of applicants for entrance tests like the IIM-conducted Common Admission Test (CAT)—from nearly 280,000 in 2008 to 195,000 in 2013.

It said that mid-tier management schools are “facing the brunt” of the unplanned expansion, and the tier-III schools have contributed to the commodification of the MBA degree, leading to credibility and employability issues.

“Our bottom-tier of MBA programmes have little direction and contribution. With the regulator being only approving authority and having little interference on academic quality pursued by the B-schools, the majority of B-schools have failed to impress industry with their MBA products,” said the white paper.

It said the consolidation that has already started in the management education space with the closure of many institutes in the last five years was set to continue. “A definitive framework is needed to help the consolidation of management education providers,” it suggested. To cope with collective challenges, there “can be possibilities of similar set of players merging together to form a larger entity”, it said. However, current policy framework doesn’t allow this.

**N.R. Parasuraman**, director at SDM Institute for Management Development at Mysore, said that India does not need so many institutes and consolidation is a requirement, but the issue is how to do it. He said the problem is that the requirement of industry is diverse and it would be tough to focus on specific skills in a B-school without assurances on placements from industries.

“The government, B-Schools and industries have to work in tandem to better the management landscape of the country, which is facing difficult questions at times,” said Chaturvedi, who is also a co-author of the paper.