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# Problems and prospects of Management Education in India under WTO regime

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## ABSTRACT

*This paper tries to explore the lapses in the quality of higher education being given in India. The paper attempts to focus on issues about the number of Management institutes, their intake capacity, quality of faculty members and the methodology of teaching. It was found that of the 1,257 AICTE recognized B – Schools in India, only 132 have been rated as “average or better” by the All India Management Association (AIMA), producing around 20,000 graduates every year.*

**Keywords:** Higher Education, India

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## INTRODUCTION

The phenomenon of liberalization and globalization of Indian economy coupled with the revolution in Information Technology have brought new challenges to higher education. As India is emerging as a knowledge power, the youth of the 21st century are exploring their future prospects in Management Education. India has seen an epidemic increase in the number of professional institutes during the last two decades; due to the sudden and unprecedented demand of the professional managers. In the early 90's with rapid economic growth and global competition there was a demand for 32000 managers in India, but the Management Institutes could produce only 14000 managers. This inequality in demand and supply of the managers witnessed a mushrooming of the private management institutes in the country. India has a growing reputation for the quality of its management education. According to the Association of Indian Management Schools (AIMS), there are over 1500 business schools currently operating in the sub- continent and together they enroll in excess of 20,000 management students each year. Business education is a global business with more than 7000 business schools world wide. Attracting the top students, building relationship with corporate and, extending links with alumni have become priorities for every business school looking to grow its reputation. The strength of Indian economy, the growth of Indian multinational companies, an expanding middle class and, the central role of English suggests that more and more students from India will want to study business and management education in future.. The growth of Management Institutes has been impressive, but the quality of the management education provided by most of the B-schools is still at the back seat.

An attempt has been made in this paper to summarize India's current position in this regard, focusing on current status of Indian management education system, the “trade” in higher education, the possible repercussion of the foreign providers on the higher education system that could be taken to protect in the national interest. It was not until the 1960, that business education in India began to focus on modern management approaches. The formation of the first two IIMs in Ahmedabad and Kolkotta in 1961 with the support of US Ford Foundation – helped to prompt this development and set in train a process of ever accelerating expansion. Over the last three decades a further five IIMs have been established in Bangalore, Indore, Lucknow, Kozikode, and most recently in Shillong. These leading institutions have been accompanied by many other universities and private sector institutions.

A few Institutions in India enjoy “Brand Name” status. The Indian institutions like IIM's, IIT's, XLRI, NIT's, ISB, TISS – Mumbai and quite a few Central and State universities are examples which may be regarded as institutes of excellence. Quality movement initiated in the early 1990's has had a positive impact. Different statutory bodies in the professional disciplines and accrediting agencies monitor the quality of the education.. Hence the quality Universities and the research centers are necessary to meet the demand of the professionals of International repute. Only the three of the India's institutions rank in top 500 globally- the IIT's, IIM's and J.N.U. of India. If India aspires to be a major global economic power, it must have same position to aspire for the education of excellence with academic commitment. Since the demand of qualified managers far exceeds the annual notable capacity, Management Institutes are mushrooming which is evident from the Table – 1.

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**Table – 1**

<b>Year</b>	<b>No. of Management Institutes</b>	<b>No. of seats</b>
1962	06	200
1982	58	NA
1992	100	7000
1994	350	22,317
1995	563	32,787
1996	704	46,916
1997	793	52,396
1998	863	56,546
1999	939	60,381
2000	959	61,371
2001	1,035	65,000
2006	1,147	94,000
2007	1,257	
2009	1,500	

Source: Business Today, May 7, 1998, P82

Business Today, November 21, 2000, P88

Business India, November 2001

Times of India, New Delhi, February 3, 2007

CSR, April 2007, P. 18

An abrupt increase in the number of Management Institutes can be studied from the above table. There has been a rapid growth of the management schools in the last two decades. The private management colleges and the Institutes administer about 80% of the management programs in India. Today there are 1500 Management Institutes offering M.B.A / PGDM programs and admitting more than 94000 students. However the quality of the management education in the country is poor and this calls quality management system in the management schools in India.

#### **MANAGEMENT EDUCATION SCENARIO IN INDIA**

In 1947 there were only 500 colleges and 20 Universities located in different regions of the country with around a hundred thousands students in higher education with more than 400 universities and over 20,000 colleges. The students enrolment in India has crossed 12.9 million in 2007-2008. Also, participation of the private sector has increased with about 63% of the total higher education institutions in the country being private unaided institutions. Now India claims its position as one of the leading countries providing quality higher education to its people as well as students coming from the countries all over the world. During the

last two decades a large number of Universities and private Management Institutes have started different management courses including engineering programs and computer courses etc. Commercialization of the professional higher education in India is on the increase where the students are seen as customers. The year 1990 saw a major turn in the history of contemporary management education and other professional courses in India. Hence a majority of Management Institutes provide management education that is mediocre in quality and can be described as sub – viable and sub – standard. The changing perspective in management education needs to introduce a paradigm shift in the vision of the Institutes and the role and objectives for professional managers will continue to grow. Today management programs are the most preferred option after medicines and engineering for the future years. Management career has gained an unparallel popularity which was considered an exclusive domain of the medicines, and engineering during 1960's and 1970,s. India has rich market which requires that the management courses be designed in an appropriate pattern in order to meet the need of 21'st Century's business environment.

#### **WTO AND EDUCATIONAL SERVICES – CURRENT SCENARIO**

The Uruguay Round (on 15th December, 1993) agreement signed in Marakesh (Morocco) to establish World Trade Organization and it came in to force with effect from 1st January 1995 as successor to GATT. India is founder member of WTO and it comprises 149 member countries and accounts to 97% of world trade. The principle of WTO is to create an international environment for free flow of goods, services and ideas. Globalization of the business of educational services may open up a whole new vista by opportunities, but will retract when the desired results are not achieved.

A few institutional efforts have been put in India to strengthen its competitive edge. In the educational services. Eleven Open Universities have 104 Correspondence Courses which are now providing education through distance mode. IGNOU has taken the lead in providing flexibility in time, place and pace to the community. With 82 programs, IGNOU is now having its presence in Abu Dhabi, Doha, , Kuwait, Muscat, Bahrain, Sharjah, Saudi Arabia, Indonesia, Malaysia, Singapore, Nepal, Kyrgyz tan, Ethiopia, Maldives, Namibia, Sierra Leone, Myanmar, Mauritius, Seychelles, Liberia, , Madagascar and China. IGNOU has collaboration with open Universities in SAARC Region and National & International Organizations like, COL, WIPO, WHO, and World Bank. (IGNOU 2005).

Special grants are given apart from the normal assistance

to colleges which are granted autonomy, fiscal incentives in income tax savings to the donors (Tax exemption @125% of the contribution given to professional institutes and @ 100% of the contribution given to other educational institutes), gradual elevation of all the Regional Engineering Colleges (REC's) to the status of IIT's instead of establishing new IIT's, creation of 20% of seats for the students in higher education are all steps that have been taken by the Government in this direction.. "Quality in higher education "has been accorded – priority by both UGC and AICTE. The national Assessment Accreditation Council (NAAC), the National Board of Accreditation (NB), the National Council of teacher Education (NCTE), and the National University of Educational Planning and Administration (NUEPA) are now working to improve quality of education in India.

❖ The educational services are one of the twelve groups of services, which are to be negotiated under the GATS. GATS came into force in 1996 with the objective to create a credible and viable system of International trade rules to ensure fair and enviable trade in services. Education is a global business, estimated at over \$2 trillion and is second only to Health Care. The developed countries have taken the marketing move for their educational services. Several countries are seeing higher education as an engine of economic development. The United States has its Information Centers, the UK has the British Council, Australia has International Development Program (IDP) and Germany has Academic Exchange Service (DAAD) all specialized agencies entrusted by their respective Governments to promote paraphernalia – especially in the area of higher education, which happens to be most lucrative, to clientele across the Globe. It provides legal rights to trade in all services except that defense, which are provided entirely by the Government..

Educational Services as one of the twelve economic activities identified under GATS, have enjoyed state patronage in the developing and developed countries because of their social nature.. The magnitude of this trade and its potential is clear from the fact that in 2003 there were approximately 2.8 million students around the globe who opted to study outside their own country in 2007. At present the total number of Indian students in abroad is 500,000 in 55 countries. In the academic year 2008- 2009 there were 103,206 Indian students studying at various levels as compared to 94,563 students last year, that indicates an increase of 9%. The total number of international students in USA stands at 671,616 in the academic year 2008-09. Every year about 2 Lakh Indian families send their children overseas to study due to lack of sufficient number of quality institutes. They spend Rs. 13,500 crores on tuition and similar amount in living expenses. On the other hand only 7000 foreign students

came to India to study. USA is the largest provider of education services in the world. It hosted 5,86,323 overseas students in 2003 and earned about US \$ 12.9 billion, turning higher education the fifth largest service exports. About 55% of the total foreign students in USA are from Asia. The flow of the international students in USA is from leading Asian countries that include China, Taiwan, South Korea and Japan. USA accounts for one half of the total Indian students going abroad. The number of Indian students who studied in USA was 32,534 in 1992 that increased to 74,603 in 2003, showing an impressive increase of 12.7% of the total international students. China followed with 62,581 students. Korea, Japan and Canada made up the top 5. About 81,184 went to Australia in 2005 – 06, almost 20,000 went to USA, Australia and Europe are the other favorite destinations for Indian students. While welcoming students from various countries, USA also sends its own students to other countries. During 2001- 2002 US students have gone to various countries like 32,000 in UK, 17,176 in Spain, 17,169 in Italy, 12,274 in France, 9,456 in Australia etc. Only 160,920 students came to India during that last year. India is now 20th leading destination for American students, up 53% this year alone to 1,767, the largest increase. The UK tops the list with 32,000 American admissions followed by Italy, Spain, France, Australia, Mexico and Germany. China is at 7th place with 6,389 admissions up 35% over 2005. Overall US study abroad had more than doubled in the last decade, up from only 84,403 in 1994 – 95 to 2,05,983 this year, an increase of 8% over last year. The number of the foreign students coming to India is low. In fact the number of the foreign students in India dropped from 14,710 in 1980, 13,707 in 1993-94 to 5,323 in 1998 –99 before again picking up as a result of promotional activities to 8,145 in 2001-02. India hardly constitutes 0.07% of the total enrolment in higher Education. The foreign students in India are from 100 countries but they are mainly from the developing countries. During the year, five countries Nepal, Mauritius, Kenya, Bangladesh and Srilanka sent more than 50 students with the maximum being from Nepal i.e. 873

A study conducted by International Development Program, Australia (Bohm et al, 2002) estimated that the International demand for higher education would grow to 7.2 million students by 2025 representing 5.8% compound growth rate between 2000-25. According to such an estimate, over 70% demand for the international higher education will come from China, India and other East – Asian and South – Asian countries, the demand from USA and European countries will be slowed down in the forthcoming decades.

Multiplicities of new teaching methods have replaced traditional ways of learning and wide spectrum of educational opportunities beckon the youth today ever



than before. Reactions from educational institutions have come in the form of frequent review of syllabuses, and introduction of good teaching methodology. Evening classes, part time courses, distance learning programs, on line courses and franchising arrangements are new trends that have revolutionized the education sector.

### **OPPORTUNITIES TO INDIA UNDER WTO**

The impact of WTO control over higher education is occurring in India. Majority of the members of WTO are the importers of educational services except UK, USA, Canada, France, New Zealand and Australia. India should avail this opportunity to export qualitative education services and compete the global counterparts. Our reputed universities, IIT's, IIM's and a number of private professional institutes and universities are attracting the foreign students to India to promote export of educational services to the member countries of the WTO. WTO in fact has changed the ground realities and the management institutions and engineering colleges and other professional institutions have now realized the need for equipping their managers and other employees with knowledge with international standards. There are tremendous pressures for producing top quality professional managers with international exposures. The post 1990's institutions, majority of which are privately owned have a better chance of survival and sustained growth, than the more matured Government or University led students of greater vintage. In everything from admission to pedagogy and placements, the institutions have freedom to innovate. India is surely on the map putting the students at par with global students. The Higher Education Institutions have to prepare their students to face the globalized world. Apart from India, China, Singapore, Taiwan, and South Korea are investing more in large and differentiated education system. The recent London Times Higher Education Supplement ranking of the world top 200 Universities included 3 in China, 3 in Hong Kong, 3 in South Korea, 1 in Taiwan and 1 in India (an IIT at number 41). These countries are positioning themselves for Leadership in the Knowledge Based Economies of the 21st Century. As India strives to compete in a globalized economy in areas that requires highly trained professionals, the quality of the higher education becomes increasingly important. China and other Asian countries are upgrading their educational programs with the aim of building world class educational institutions. Likewise India must take some drastic measures with a view to make its educational programs of the global standards.

### **PROBLEMS**

The syllabi is not meeting the requirement of the Industry. Another problem is, Indian Universities and other educational institutions have a poor infrastructure and

incompetent faculty members, which contribute their inability except few IIT's and IIM's to compete with the international educational institutions. Poor hospitality is also a vital factor that does not allow attracting the foreign students to India. The Indian Educational Institutions have hostels, but these are not up to global standards. There is a need for a change in the mindset of the higher educational institutions, which do not think beyond awarding Degrees to those who are able to pay high fees.

Shortage of the core faculty is one of the serious problems of Management education in India. Majority of the private professional courses institutes and even University departments are operating with a staff of four to five faculty members. While rest faculty is visiting, guest or on contractual basis who lack aptitude to commit needs of the students. In order to achieve excellence, Institutes must attract high quality faculty members, engaged in teaching and research. In Indian Educational Institutions, there is large student to faculty ratio when compared to global standard. Large students to faculty ratio make it difficult for the students to have individual attention and discuss their problems with teachers at one – to – one level.

### **SUGGESTIONS**

In the era of Internationalization, Indian Universities, Departments and Institutes of Learning have more challenging opportunities. They should strive to grab opportunities by overcoming their problems with a view to make them competitive globally. In order to attract global students the need of the hour is to simplify the existing legal framework complex procedures relating to registration, issue and extension of Visa, issue of No Objection Certificate. The Government should grant more autonomy to the Universities and other Institutions in processing admissions of foreign students. Indian Institutes should also enter into collaboration with Foreign Institutes. Our Embassies and High Commissions do not promote Indian Higher education abroad. Hence, Government should direct Embassies and High Commissions abroad to provide prompt information about higher education system in India and help in organizing education fairs and conducting admission tests through their own counseling units. The Indian Institutes should improve their infrastructure such as Libraries with adequate number of books, good lecture halls, facilities for recreation, sports, good computer lab with adequate number of computers, good hostel facilities and qualified teachers with Ph.D. Degrees. With a view to reduce students to faculty ratio the educational institutions must recruit qualified and talented faculty members with academic aptitude, and the practice of recruiting visiting guest should be stopped. Much Industry Students interface should take place. The Government should reserve 25% of the seats for the foreign students in the

Institutions of higher learning with a view to encourage them to study in India. The institutions today in India must be of international standard since we are no more tucked away on an Island – post globalization. The Indian institutions must offer a module in inter – cultural activity. The Professional Education in India particularly management education must be made industry friendly with good opportunities of placement of the students not only in Indian Industries but also in the Industries of the Foreign Countries. Besides regular teaching the professional institutions of higher learning specially the Management Institutes, Engineering Colleges and Computer Education Institutes should also arrange industry visits, extension lectures, seminars, conferences, workshops, management games case studies, role play, in – basket exercises, projects and assignments, panel discussions, group discussions, business knowledge tests and also invite the renowned academicians to interact with the students. The exorbitant fees, lack of educational infrastructure and tall claims of foreign collaboration and affiliation by fly – by night professional of higher learning institutes and other professional institutions should become a thing of past from the current academic session. Continuing with its discipline drive, the AICTE has issued detailed guidelines which these institutions would have to include in their information brochure and display on their Web sites. Though in the realm of self regulation, non – adherence to the guidelines would result in the cancellation of approval by AICTE.

In most of the B-schools teaching is book based although books should be used to make the concepts clear. Teaching should be research based. Every Management Institute should have Research and consultancy centre which should be headed by Director where student and teacher should work together and that is also a source of revenue.

## **CONCLUSION**

Now India has recognized that education in the service sector has an important role to play in bringing greater foreign exchange to the country, which would help the institutions to promote the quality of services. India must develop an institutional framework to encourage global students coming to India in large number. The Government

should spell out the policy framework in this regard and a business plan for the education sector should be framed. In the 21st Century, a country's success will be judged not by its political and military power or even rate of economic growth, but by the advances it makes in the field of modern knowledge. The teachers of professional education should apply the knowledge for solving practical problems; help the students in developing imaginative and innovative solutions to deal with real life situations. It is believed that India with its better established Universities, IIT's, IIM's and other center of study and research and with broader base intellectual capital has the advantage over China. Institutes and Universities should have their own Research and Consultancy Cells in which students and teachers can work together on a particular Industrial Projects, this will definitely be helpful for the students in getting better placement opportunities and can also be a source of revenue for the institutions. Therefore the need of the hour is to create an independent agency for the regulation of higher education, promoting institutional autonomy and addressing structural shortcoming that could help the Indian Higher Education System reach a holistic solution.

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