

65 MANAGEMENT SCHOOLS MAY SHUT AS BUSINESS DIPS

Trigger Question: Prof. Bholanath Dutta:

Please go to the link on the subject topic : <http://timesofindia.indiatimes.com/business/india-business/Business-dull-65-B-schools-across-India-to-shut-own/articleshow/11944271.cms>

Prof. Eabin Mathew

This is bound to happen. With the mushrooming of MBA and PGDM Institutions at every nook and corner quality has taken a severe beating. Add to this the opening up of opportunities for graduates.

There will be a major shakeup. I think more will follow and should follow.

Prof. Ramesh Vemuganti

Quality & Standards will triumph, eventually. It tantamount to filtration & rejection of those institutions who lack both. All stakeholders were treating an MBA or PGDM as a passport to a high paying job. They never understood the power & strength of a Management course. Why" It is akin to any professional course like law or medicine.

Prepare professionals first; offer them good quality inputs & ensure the faculty maintains excellent standards. It is better late than never. Not worry about a job, job, job, without proper career shaping, which would collapse.

Sri Virdendra Goel

Are we putting MBAs and PGDMs in the same category? I presume fellow members know that a number of states have put a control on fees charged by the MBA programs and they are also governed by the government control on admissions hence many a institutions have started the PGDM programs where they charge hefty fees and since there are no admission control, anybody and everybody who can afford to pay hefty fees get admissions. There are agents operating in every state to catch hold of gullible wealthy students from villages and small towns to get them admission in so called prestigious programs and make their living.

Prof. Dr. R. Gopal

I have been quite amused by all readers talking about market forces taking a call etc for the closure of 65 B schools In the arena of education, it would be a gross mistake to say that market forces are playing a part.

The automobile industry was opened to market forces in 1990; the telecom sector was opened to market forces in the nineties and the 2000s.

Can this be said of the education sector?

Can any one open a B School and run the same without AICTE permission? Who gives permission to open a B School? It is not the TATAs or Birlas or Ambanis. It is the AICTE/UGC/MHRD etc. Of course there are certain b schools like the IIPM who openly dare the government and say that they are not concerned with these statutory organizations. But how many schools are there of the IIPM daring?

Let us understand (before we come to such wrong repeat wrong conclusions of market forces) as to what were the forces which were operating at that time?

I still remember in the year 2004 / 2005, a study appeared which AICTE accepted and which said that INDIA NEEDS 100000 MBA graduates every year and more than 200000 engineers every year to maintain the growth plan. The logic given was again china, australia, usa etc Nobody including the committee members did a detailed study. The committee members were basically members from the Central and State Universities, retired Vice Chancellors, retired BARC Chairmen etc and all such high eminent persons.

Where is that the number of 100000 MBAs?

AICTE having accepted the figure immediately went on a spree of approving all unapproved institutions -- Of course at a price -- a price to be paid to certain members and the price was known to all the relevant personnel.

Who are the people who were entrusted with the task of ensuring that the basic minimum no of faculties (as per AICTE norms) infrastructure availability etc. These are the faculties from amongst us -- May be from some private colleges, central government colleges, state govt colleges-- mind you all faculty members or erstwhile faculty members or retired registrars etc. These were the people who turned a blind eye to some shortcomings or accepted the short comings on a quid pro relationship. Consequently b schools came up without any proper or sufficient faculties, infrastructure etc and then members of HEF, and other faculties lament about the quality of the students.

Even as recently as Nov / Dec, AICTE turned down the suggestion from certain state governments like Maharashtra and Karnataka not to increase the seats in these states for reasons best known to them.

Having got the approval through fair and unfair means, who cares about the quality.

In the first place, in the year 2004, no b school was paying 6th pay. some were paying even less than 5th pay. Good quality students consequently went to the corporate world. What was left was not the A or A + students but the B Students who opted for teaching. Net result quality of education suffered. Corporate started complaining. Added to this worry, came recession which meant many students did not get good quality jobs. The year 2009 , 2010 and 2011 was a watershed year when really students admissions came down, because the corporate did not take in the students in the large numbers as predicted or paid less and took students.

The IIMs also suffered because the situation was the same and with the more than 15 IIMs and IITs there are no good faculties, the intake at iim has also come down by around 15% -- albeit the drop is at a higher level.

Another issue which is worrying me, everybody seems to be happy and most interested in welcoming foreign institutions into India. Has anybody thought under these above circumstances will there be a good scope for foreign institutions and the higher fees that one has to pay. In the USA, UK, Australia, Europe Indians are not required. The Indians -- good quality Indians are looked down with disdain. The foreign institutions will come to India and charge exorbitant fees? Will this be sustainable and in sync with the pay scales?

Again are the conditions in India and the USA same? Today a lot of expatriates are coming to India only to get experience in the Indian method of working.

I do not have answers to many questions -- random questions and issues which I am throwing. But in my opinion, I think it is not

1. Market forces but manmade forces -- the statutory bodies which have created this mess with the high level of approval and which continue unabated.
2. Faculty availability is big issue -- good quality faculty -- faculties, who are interested in teaching, are good communicators and who have the necessary empathy / sympathy for the students
3. Visiting faculties are not answer to the good quality faculty because they have no loyalties or concerns with the colleges which they visit. Their knowledge is also limited to the industry in which they were working.
4. What is going to happen in my opinion is an era of consolidation-- mergers and acquisitions-- wherein many institutions will close down and they will be brought by others.
5. Allowing foreign institutions is not an answer to the problem of higher education.

A higher level discussion would be preferred rather than a cryptic remark market forces etc

Prof. Narayana Rao KVSS

In the initial days of a product, it is quality that attracts initial adopters. If the product is successful, then the growth phase starts and shortages arise. In this phase low quality resources are employed to satisfy the unprecedented demand for the product. Once the saturation level is reached and the demand from the people who badly want to use the product is satisfied, the remaining potential users once again demand quality, and therefore low quality resources have to go out of the business. But where do they go? They go into another product which is having shortages. Of course in this process, some low quality resources may learn or due to investments made, become better quality resources.

Thus there are absorption and retrenchment cycles in every product or service industry. It is the retrenchment phase in MBA education service. Will it be deep?

Prof. K Srinivasarao

I agree with you, but my point is good faculty (industrial) also not sought after by the colleges and universities myself victim of it. After my retirement as a Dy.Chief accounts officer I was asked to teach finance subjects in MBA, i agreed without any financial negotiations. After joining i observed many unethical ways and politics, merit has less recognized from management and students in bottom-line mba colleges, the purpose of mba course is defeated

Prof. Ashutosh Pandey

I think Right motives are diverted towards wrong path, same with AICTE, Educational Institutes, Govt. Policy, Professor, B School Passed out Teacher, Student or their Parents. But the question, Is the Situation Creates a Blame game?? If yes.. Who is to be blamed out

1. Educational Institution having Profit motive taking inferior intakes.
2. Professors who thinks a lot but do little interaction with students taking one or two lectures a day.
3. B school passed out teachers who thinks less but interacts a lot, taking four to five lectures a day.
4. Students with less percentage and background getting admission no where.
5. Parents Spending Lots of money on their Child Education.
6. Universities selling out the PHD degrees.
7. AICTE giving out the licence for Mushroom growth of Education sector.
8. Government trying to improve the situation by boosting Foreign Universities.
9. Or at last the Almighty Market forces of Economics.

We need to think about the Situation.

Prof. Rajesh Arora

India needs more of MBBS colleges, as large number of students appear for doctor exam's and most of them (say at least 40% of them are deemed qualified for the profession) can become good doctors. India needs AIIMS like Institutions spread across all over India and help in Providing good health care and good education across India.

Prof. Vijay Kumar

Couple of points for discussion in the same line of thinking:

- 1) With the entry of Foreign Institutions, would not the quality of academics increase ? Would not the pay package for our faculty members in these institutions increase ? Would they not pose a competition to our institutions?

2) If yes, to the above question: would we not raise our standards to compete against these foreign institutions? Would Indian managements not increase the pay package for retaining quality faculty members, so that they don't move to these foreign institutions? When we teach our students about competing in global markets, why don't we accept global players in our market?

Prof. Bholanath Dutta

There are other significant issues which require due attention in the ongoing discussion:

- (i) UG (BBM/BBA/B.COM) = MBA = Job Prospect.
- (ii) Sixth pay Commission has given a flip to the government Job where eligibility is only UG.
- (iii) Growing awareness about government job, Enhanced pay, safety, security and stability.
- (iv) Return of pay and respect in Govt. Jobs.
- (v) Many prefer MBA in distance mode and part time mode than regular.
- (vi) Regional disparity in the growth of B-School. Most of the B-schools are in Bangalore, Pune and Hyd and students represent a good number from North East and Bihar-Orissa-Jharkhand belt. Growth, good governance and enhanced opportunity in these areas has hit hard on the fortune of many B-schools.

Mr. Raghavan Ghosala

Mr. Rajesh is telling, India needs lots of MBBS doctors to give good health to public. With due respect to his words i want to comment on this subject: absolutely there is no connection/relation between MBBS and human health. The entire curriculums in MBBS are about human repairs and spares and not with human health. Which doctor knows about how to live a healthy life in this tenure?, the richest man of India, Dhirubai Ambani, died in his 65. No doctor is suggesting anything about health to anybody. Sorry.....

Mr. Stephen Narayanan

Following up on the thread of the spate of Closures of B-Schools. The recent article in reference is just an updation.....a few months back there was a similiar article which announced Closure of more than 200 B-Schools (Engineering, Dental, Mental, Management, Mis-Management etc.) in Andhra Pradesh alone....and the article also went on to surmise that in other states too the situation was similar with youngsters seeming to loose interest in Management Education. Man-Made Force or Market Force apart....it is the Quality, Quantum of Actual benefit derived from such Course and Of course the Reputation of the Institution which hold/appeals to the interest of an aspiring MBA applicant.

Youngsters these days are more enlightened with advanced search engines available at their fingertips, they check out the sites of prospective Institutes and before they pay for the prospectus they take a round of the Institute's premises checking out the infrastructure and finally they never fail to have a meeting with the CRC/Placement Cell to quiz them on the Corporates who have been to their Campus to offer Jobs and the package on Offer. The Focus it seems is on the package.....so the old theory of the Older the Wine...the better the taste is now out of the window....it is How much (Corporate) tie up....and What Offer.... which holds their interests. I

have come across many Candidates from reputed B-Schools who can't write an Official Letter without a dozen mistakes....a brief note of even 250 words is wound up in just about 150 words with umpteen repetitions..... Reading habits in youngsters these days seems to be on the wane....though they have Yahoo, Rediff & many other sites who offer Breaking News and Headlines in the sites, these are scarcely looked at by the youngsters who simply proceed to Log-In for Fun. And let me say that the tie-ups with Foreign Institutes hardly matter as in Corporates who seek a Management Trainee; it is the zeal, enthusiasm and the fire in the belly which matters.

My mind goes 2 years back to the AIMS (Association of Indian Management Schools) Annual Conference in 2010.... a 3 day seminar where a couple of esteemed Speakers

Prof .Dr.Srikant Datar, Arthur Lowes Dickinson Professor, Harvard Business School

Dr.Eileen Peacock, Vice President, AACSB International, Singapore

shared the concern at the new trend of students not too keen on pursuing Management Education in London and Singapore was conveyed. Dr. Datar informed that Many Management Schools in U.K. had closed down and the smarter one's managed to survive by tying up with some or the other Corporate offering Executive MBA PGDBM programs to the employees at a flexi timing/schedule on tie-ups whereby they got funding from these corporates. Singapore too was going the same way.

And hardly a couple of years down the line....we see that the phenomenon has come to the Indian shores as well.

Just as the ITI's which once flourished and offered skilling in different trades and then suddenly found no takers and lots of them were closed down....the cycle of Management B-Schools down-trend is now a stark reality.

Need of the Hour is Improvement of Standards and raising the bar of candidates who are paying through their noses literally....with education loans pressurizing them all the more. To Win...just as the need would be of a Leader - a Team Player....similarly the need in Management Schools survival is in winning the confidence of the students with improved quality enhancement.

Sri Virendra Goel

I would like to make a small correction about the facts mentioned in this thread of discussions: AICTE did not accept the findings of the committee about the need for engineers and managers in interest of welfare of people. They started the process because this was a source of substantial personal gains for the then late minister and the bureaucrats and they got an alibi that there was an urgent need to open more institutions. Though partly it is correct that there was need to create more institutions but if the same was done with proper system in place to ensure that the institutions were headed by educationists and that there was a proper adherence to the norms before any permission was granted and renewed, we could have avoided the mess. Perhaps initially infrastructure should also have been created to train and certify the faculty members

who could ensure quality education. I would like to reiterate what I have said time and again that cause of all problems this country is facing can be surmised in lack of three things i.e. TRANSPARENCY – ACCOUNTABILITY – QUICK DISPENSATION OF JUSTICE

Prof. Chandrashekar

At the outset I would like to thank all for the wonderful contribution on the Article. During the discussion and in the article one of the major point which stated that B School are closing because they are not able to provide good placement for the students. This raises a question that

Why are the students not able to secure placement in MBA.

This is because of the quality of input to the colleges as student admission. Most of the colleges have to admit to the course who ever approaches the institution.

Today the MBA joiners with passion to take management programe is very low because now a days only those who are not able to get a job or placement in UG join MBA. How can a student who has low employability skill in UG level and not acquired additional skill or enhanced his employability skill can be placed in MBA.

Another reason which is mushroom growth of colleges and increasing the intake which has increased the demand but the supply from UG college has not increased proportionate to the demand

Sri Virendra Goel

A loud thinking. If the placement is so important, should we not insist on placement process taking place before the admissions and selected students by the employers given the knowledge and skills prescribed by the employer? This will eliminate all issues relating to MBAs not finding the placement and consequential problems.

Mr. Krishan

India does NOT need 4,000 MBA and 4,000 Engineering colleges but instead large number of VET institutions to train 60 million people of India in 1,500 different courses for employment generation and Nation Building.

India only has 9000 Vocational Centres.

We need 500,000 centres. China already has so many, Germany has 100,000.

Switzerland + Austria have 10,000 centres with a population of total 15 million. Less than the population of Delhi or Mumbai!

Sri Virendra Goel

I have a negative impression about the functioning of the existing vocational centers, if it is true we do not need any more vocational center because they also do the task of making unemployed skilled (so called) workforce.

Dr. Tejwant Chhatwal

If Mr. Goel would have understood the meaning of vocational centers he would have not been harsh with his comments. How many centers has he visited in India and where, that he has such a negative impression. I would be very happy to have a list of those centers and I would personally visit those places and assure such a thought process to change for good. But if Mr. Goel is talking about ITI institutes sponsored by state governments 10 to 15 years back, those have been transformed and the few left are changing.

Today the private and government sector has done tremendous job in terms of training and employment with the support of industry and academia in the following field:

1. Auto
2. Private Security
3. Media, Animation, Gaming and Films
4. IT/ITES
5. Retail
6. Gems and Jewelry
7. Handicrafts
8. Foundry

9. IT Hardware
10. Leather
11. Rubber
12. Construction & Real Estate
13. Agriculture
14. Textiles
15. Capital Goods
16. Pharma
17. Hospitality, Travel & Tourism
18. Domestic Workers
19. Beauty & Wellness
20. Food Processing
21. Telecom
22. Plumbing
23. Education and Skills
24. Manufacturing
25. Chemicals
26. Plastics
27. Sports

28. Mining

Being a scholar from Stanford University but I have taken a commitment with my fellow colleagues that there is no need to enhance academia skills amongst young India but impart foundation skills and fundamental skills which are essential for their vocation and ultimately leading to a successful life.

Further know let me talk about my most important aspect of my learning, that if there would have no negativity in our society, then there would have been no will to be positive either. It is such people or organizations who accept a negativity as challenge EXCEL.

Sri. Virendra Goel

If Mr. Chatwal will go through contents of my mail carefully, I had written about my impression and then I had also used the word 'if it is true' - I presume that Mr. Chatwal has very emotional attachment to the subject, which is good, hence he found even a simple expression with no accusation hard. Regarding his offer about ITI, I belong to Indore in Madhya Pradesh and there is an ITI in Indore as well as in Dewas, 30 kilometers away from Indore. In addition, there is a vocational training center being run at Nanda Nagar, Indore under the Central Government Scheme. Presently I am in USA till June 2012 hence I can play host to him but he is welcome to evaluate these centers and take appropriate action. I shall be happy to see these centers serving those who need jobs and those who need skilled associates. Regards Virendra Goel

My two cents to this..

Mr. Ganesh Natarajan

At CII we have been working with Govt to upgrade the quality of many ITIs - I would think there is still a long and hard road to travel before we see true transformation

Mr. Vipul Agarwal

Am not sure about Govt aided Vocational centers. However, as an example, one of my friends who is an HR Head in an Aurangabad based plant uses one such center for getting all machine operators for his organization. They have even tweaked the course a bit to add some areas of training that they needed. Vocational training centers are sorely needed to provide training on skills that the Industry is looking for. Infact, looking at the manner in which Banks and FI's hire juniors for Sales and for Data processing work there should be centers set up to give the basic training for such work. Perhaps there is a business opportunity here.

Prof. Bholanath Dutta

I have the following submissions based on many threads in support of vocational centers, issues and present scenario:

-- Government needs to play a crucial role (welfare scheme) in developmental of such centers in rural/backward areas to generate employment/self-employment.

--- Rural (interior) economy is in a very bad shape. Such centers may address the problem to such extent.

--- Vocational Centers as an alternative to higher education: May not be fruitful. In this regard, I would like to mention a fact: In West Bengal, English subject was removed till eighth standard by then Chief Minister , Late Mr. Jyoti Basu stating that local language must be given due weightage. As reported by many news papers that during that time his grand children were studying in top English Medium School in Kolkata. I am the first victim of that policy.

--- We need to target such programmes to economically backward section who can not afford to higher education, rural people and of course the people interested to take up such course.

--- Vocational courses for women needs to be encouraged.

--- Pure business model may not serve the purpose to that extent.

-- Political willingness is very much required.

These are some of the random thoughts.

Sri Virendra Goel

While I do not deny the need for widespread vocational training centers (In fact I would not hesitate to call them undergraduate engineering schools) and whereas I appreciate the emotions and efforts on part of Mr. Chatwal, we have to accept the fact that any process working in the government run programs would not give any result because of widespread corruption and absence of transparency, accountability and quick dispensation of justice (its absence denies the benefit of motivation out of fear). Having been part of both school and higher education system, I have always advocated that +2 program should exclusively focus on vocational training for every student. Initially, if that is not possible, all those students who would not like to pursue higher education after 12th should be admitted to vocational training schools after 10th.

Mr. Krishan

With all due respect to my fellow members, in the EU and countries like China, Vocational classes start from class 1. Similarly also for Enterprise Skills Education.

In the last 65 years, since independence, the World has moved ahead.

Mr. Stephen Narayanan

Vocational Training Centers are on a revival mode as Industry & Corporate world are looking for specific skill sets which would dispense with the need for skilling fresh hires by putting them through a training module. In Delhi Bharti Group ventured into Skilling....so also another Organization by the name of National Skill Training Institute who were running specific courses on chargeable basis with assurances from Corporate's that they would pick up candidates trained by them and give them first preference in Interviews. But then again the credibility of Placement is still in doubt as it is the candidate's performance in the Interview which ensures him a job. ITI's earlier which flourished in the 70's and 80's never gave Placement Help....but the skills and the certificates ensured candidates selection in corporates.

The Life Cycle then turned and ITI training became obsolete....because advanced technologies came into play and the ITI's persisted with outdated technologies and curriculum not in sync with the fast changing scenario which shifted gears from manual to automated production system in all areas : Manufacturing, Constructions, R & D....everywhere the new and latest machinery was in use. If you see the Catterpillar machines...the driver is supposed to have the knowledge of operating different levers for digging, shovelling, drilling, suction....all in buttons and keys on the dash-board....besides ofcourse driving the machines to the sites. Ditto for Aviation sector too.....the new age Boeings and Jumbo's needed experience and skills in take-offs and touch downs.... our flying clubs persisted with Old machines and outdated simulators....so we had Foreign Pilots taking over our entire Aviation Sectors with most operators opting for these pilots whose salary demands were ever so high.....Capt.Gopinath sold his Air-Deccan and Naresh had his own problems in containing the employees uprising in Jet....and now King of Good Times is having sleepless nights... and Air India's future is hanging in the Air. The problem is the Government machinery grinds very very slowly and they adopt an Ostrich approach....bury the head inside the sand when faced with a problem thinking that things would blow away.... if something is opened to Corporate sector...still the monitoring and remote is in the hands of corrupt political class....

A former CJI - Anil Kakodkar has lambasted the Indian Railways Management stating that people travelling on train are at high risk....with 15,000 getting killed in accidents every year....rails are metal pieces plying with humans...bereft of safety mechanism....and we all know that the mayhem started when a Railway Minister who was more keen on becoming a Chief Minister neglected it leaving it to a junior minister who had no idea or knowledge and a profit making Organization was Sunk into the Red.

Coming back on track....we need a Vocational Training which is in sync with needs of the Industry rather than a money making teaching center giving half baked knowledge.