

Let IIMs Run, IIMs, Run



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When IIM-A decided to award diplomas to students instead of opting for a degree-granting status, it was to distance itself from UGC and its bizarre rules. 'Let the market accept our students,' declared Ravi John Mathai, the institute's first full-time director, boldly. The rest is history. PGDM became a brand far superior to an MBA, a degree course offered by universities and colleges affiliated with universities. That was autonomy without any Act. The three other older IIMs took the same route.

According to the earlier UGC rules, a PhD degree was necessary to apply for the post of assistant professor in universities and colleges. This rule, which has now been scrapped, would have stopped IIMs from hiring the best in the business. For example, the top accounting brains opt for CA, but UGC rules would not allow hiring them since they did not have PhDs. Since IIMs were not bound by UGC rules, they could employ CAs for accounting courses and MBAs for marketing courses. But, later, IIMs gave up that autonomy and asked their CA faculty to get PhDs.

In 2017, the HRD ministry (now ministry of education, MoE) brought the IIM Act without the institutes asking for it. It was implemented on January 31, 2018, declaring the 20 IIMs as 'institutions of national importance' and conferring them greater autonomy in both administration and academic functioning. According to the Act, the IIM board, not GoI, would choose the chairman and director. Since the passage of the 2017 Act, all IIMs started offering MBA course. Before that, they offered diplomas.

But, in the last session of Parliament,

the Centre introduced the IIM (Amendment) Bill 2023, seeking to take over the power of appointing chairpersons and directors of IIMs, stoking fears of dilution of autonomy and interference in their day-to-day affairs.

After the IIMs became autonomous from GoI, many of them converted their one-year executive diploma into a degree. MoE raised objections because a one-year degree is not valid in India under UGC rules. According to its July 2020 communication, MoE said the IIMs are not 'acting in conformity with the UGC Act 1956' while granting a one-year degree.

There are three dimensions to IIM autonomy:

- ▶ Operational (syllabus-setting, number of faculty members and courses).
- ▶ Financial.
- ▶ Administrative (who will choose the chairman and directors of IIMs).

Unlike IITs, the older IIMs are financially self-reliant. During Prime Minister Manmohan Singh's tenure, GoI encouraged IIMs to establish their own corpus by offering to match rupee-for-rupee. But once their corpus was ready, GoI forgot all about it. But IIMs never looked back. Though they are not as rich as the older IITs, which aim at ₹1,000 crore corpus, the older IIMs have a few hundred crores as corpus.

The one-year MBA and other short-

duration management programmes contributed to this surplus. They also enriched the faculty's knowledge because many of the students had industry experience. Financially, older IIMs can do without the one-year executive MBA (as the government wants) if they open one more section of the two-year MBA. The demand for a spot in IIMs is high, so much so that even in a Covid year, IIM-B raised its fees to ₹23 lakh to match those of IIM-A and IIM-C.

But for newer IIMs, GoI provides the capital and operating budget and, therefore, asks questions about the number of doctoral students and programmes. Fulfilling these metrics takes a toll on quality, like starting doctoral programmes with a thin faculty base.

India must learn from Singapore and China. Both have built excellent educational institutions by providing funds on a no-questions-asked basis. The mandate is clear: the institutions must perform creditably in global rankings within a stipulated period. If results are not achieved, the head will be replaced. Thanks to this process, universities such as Tsinghua in China, the National University of Singapore and Singapore Management University are progressing fast. In India, MoE creates excellence just by renaming institutions.

Decades ago, when Gordon Brown was chancellor of Britain's exchequer, The Sunday Times ran a front-page story, 'Oxford University degrees for sale'. It had conducted a sting operation where a person's son was promised admission for a donation. It was a big embarrassment for Oxford.

Later, the newspaper explained why it did it. Wealthy US universities like Harvard and Stanford poach faculty from Oxford and Cambridge, thanks to their large endowments. The moral of the story: government control through subsidy leads to a lack of autonomy, leading to mediocrity in institutions.



Onward and upward

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