

REPORT

OF THE

**SYNERGY SUB-GROUP
ON INDIAN INSTITUTES OF
MANAGEMENT**

DECEMBER 1995



**GOVERNMENT OF INDIA
MINISTRY OF HUMAN RESOURCE DEVELOPMENT
DEPARTMENT OF EDUCATION**

R E P O R T

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S Y N E R G Y S U B - G R O U P

O N I N D I A N I N S T I T U T E S O F
M A N A G E M E N T .

D E C E M B E R 1995

GOVERNMENT OF INDIA
MINISTRY OF HUMAN RESOURCE DEVELOPMENT
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REPORT OF THE IIMs SYNERGY SUB-GROUP

I N T R O D U C T I O N

Management education in India is pre-dominantly a post-independence development. The first attempt to formalise management education and training in our educational system was made during the late fifties when a team of experts was sent by the Government of India to USA to visit some of the leading business schools and recommend measures to develop professional management in India on similar lines. Subsequently, in the light of recommendations, various management institutes were established in the country including two Indian Institutes of Management (IIMs) as 'centres of excellence', one each at Ahmedabad and Calcutta. In the initial stages, these institutes offered educational programmes in Executive Development. The two IIMs started the 2-year MBA Programme in 1964. In 1973, the third Indian Institute of Management was established at Bangalore followed by the IIM Lucknow in 1984. Recently, the Government of India has approved establishment of two more IIMs, one at Indore (Madhya Pradesh) and the other at Calicut (Kerala).

PRESENT STATUS :

As per the latest report of AICTE, presently, there are nearly 242 recognised management educational institutions in the country which offer a large number of courses and programmes in management (see Table-I). Approximately, 200 institutions amongst them offer regular full time programme

in management at the post-graduate level. The programmes cover not only Business Management & Administration, but other areas such as Health Care, Computer Applications, Labour Management, Financial Management, Rural Management, Public Enterprises Management etc., also.

TABLE - I

ALL INDIA PICTURE OF MANAGEMENT EDUCATION INSTITUTIONS APPROVED BY AICTE, 1994.

REGION	NO. OF INSTTS.	NO. OF COURSES	INTAKE NO.
East	24	34	2,255
West	98	164	14,600
North	43	68	6,070
South	66	76	2,605
South West	11	15	690
	242	357	25,220

EMERGING TRENDS :

There is no doubt that the management educational institutions in the country have played a pivotal role in spreading the message of modernisation of management not only in the organised sectors but also in other areas of economic activity including cooperative sector, educational sector, agriculture, government and public systems organisations.

More than ever before, there is an increasing realisation today that educated trained managers are the critical resource for organisational as well as economic growth of the country. More and more organisations realise that it is one of their management responsibilities to develop their managers through systematic education and training. Gradually, they have come to accept that employees with formal qualification in management are valuable assets for realising their organisational goals and achieving maximum productivity. However, with the liberalisation policies now being enunciated, management education has to take a lead role for implementation of these policies more effectively. Since inception, until the recent economic liberalisation, the IIMs have catered to the management of business and industry operating in closely regulated and sheltered marketplace. The prime need, therefore, is for the IIMs to reorient their teaching to be in line with the current and the emerging needs. Managers of the yesteryears functioned in a sheltered environment, with little need for quality improvement, high productivity and innovation. Today, there is intense competition, not only in the global, but also in the domestic market. Keeping this scenario in view, Hon'ble Minister of Human Resource Development formed a Synergy Sub-Group on education focussing on the activities of IIMs in particular and management education in the country in general.

The composition of the group is as under :-

- | | | | |
|----|--|---|----------|
| 1. | Shri S.M. Datta
Chairman
Hindustan Lever Limited
BOMBAY. | - | Chairman |
| 2. | Shri R.K. Jain
Ex-Chairman, Railway Board
DELHI. | - | Member |
| 3. | Prof. S.K. Khanna
Chairman
All India Council for
Technical Education (AICTE)
DELHI. | - | Member |
| 4. | Dr. D. Swaminadhan
Member
Planning Commission
NEW DELHI. | - | Member |
| 5. | Dr. P.N. Khandwalla
Director
Indian Institute of Management
AHMEDABAD. | - | Member |
| 6. | Shri Mrityunjay B. Athreya
Managing Adviser
Athreya Management Systems
NEW DELHI. | - | Member |
| 7. | Shri Harish Bhargava
H-3/1 AB, PLUTO
Hindustan Estate,
Kalyani Nagar,
PUNE. | - | Member |
| 8. | Shri T.N. Ninan
Business Standard
NEW DELHI. | - | Member |
| 9. | Prof. D.P. Agrawal
Joint Educational Adviser (Tech.)
Department of Education
Ministry of Human Resource Development
NEW DELHI. | - | Member |

TERMS OF REFERENCE :

It was envisaged that the Synergy Sub-Group would focus on the immediate requirements of these institutes to reorient their direction for effective contribution to the society.

The terms of reference were kept open for the expert members so that within limited sphere, radical recommendations may be made, as appropriate, for initiating the process of change in tune with the latest requirements.

METHODOLOGY :

The Synergy Sub-Group decided that there should be open discussion keeping in view the background, present requirement, futuristic need of the manpower, the course curriculum, funds, fees, intake etc. Also, the point regarding expenditure on higher and technical institutions including management education vis-a-vis the dependency of these institutions on Government grant was taken as an item for deliberations.

GENERAL REVIEW AND RECOMMENDATIONS :

It was felt by the Synergy Sub-Group that IIMs have played a leadership role in promoting management education throughout the country. The Synergy Sub-Group held three meetings to deliberate upon various issues concerning Management Education in general and IIMs in particular. Their recommendations are summarised as under :-

1. SYNERGY AMONG IIMs - The Sub-Group felt that there should be some mechanism whereby close cooperation/coordination among IIMs could be facilitated, at least on policy matters and some strategic and important matters having repercussions on all the IIMs. Therefore, the need for a 'Council of IIMs' has been felt.

COUNCIL OF INDIAN INSTITUTES OF MANAGEMENT - The Synergy Sub-Group deliberated upon the concept of an enabling apex body which may meet periodically, as a cooperative forum, to consider policy matters and other issues which have repercussions on all IIMs. Such a body may be called "Council of IIMs." The Council will facilitate a close interaction and sharing among IIMs. The composition of the Council of IIMs may be as under :-

- i. Chairmen of all IIMs.
- ii. Directors of all IIMs.
- iii. Education Secretary.
- iv. Education Adviser (T) / JEA(T).
- v. Chairman, AICTE.

The Chairman of the Council of IIMs may be one of the Chairmen of IIMs by rotation for a period of 2 years. Accordingly, the Member-Secretary of the Council of IIMs may be the Directors of the Institute whose Chairman happens to be the Chairman of Council of IIMs. It has also been recommended that efforts may be made to constitute the Council of IIMs by 1.1.1996, and the first meeting held before 31st January, and thereafter at least half yearly.

2. SYNERGY WITH OTHER MANAGEMENT INSTITUTIONS / UNIVERSITY DEPARTMENTS - The Sub-Group felt that IIMs have played a leadership role in promoting management education throughout the country. Now, having achieved a high level of excellence, they are in a position to assist other management institutions and management

departments in the University system in the country, by upgrading their level. IIMs can act as a nucleus or role model for the development of management education in the University system and other management institutions. In particular, IIMs may be encouraged to perform the role of 'regional nucleus' for development of management education in the country. To begin with, we may have four regional clusters. When the two new IIMs are well established, they may play the role for the Central and South West regions.

3. Under the scheme of training of teachers, IIMs can help by deputing senior faculty to other management institutions as well as training their faculty in the IIM. By doing so, IIMs will serve as 'resource centre' for other management institutions and assist in upgrading the level of these institutions.
4. It has been felt that IIMs can contribute for staff development under Quality Improvement Programme and also can coordinate the Executive Development Programme at various centres, in addition to their own programme in Post-Graduate Diploma. It is also felt that these institutes may work on a scheme of formal linkages with the industry by adopting experienced faculty as Adjunct Professor on short term deputation from the industry. The faculty drawn from the Industry must comprise practising professional manager from different disciplines with proven track record. The centres may pay the normal faculty compensation, and the company may tap up the difference.
5. The Sub-Group noted the generation of internal resources by the IIMs and their expenditure. However, it is felt that there is further scope of making efforts in this direction for making IIMs self-reliant in the long run.

The Sub-Group noted that the funding of each IIM is to the tune of Rs.4-5 crore annually. It is felt that once these institutes identify the areas of cooperation in which the industry will participate and the benefits are known to the industry, this funding, in whole or substantially, may be forthcoming from the industries.

6. VOLUNTARY RETIREMENT SCHEME The Directors of IIMs, Ahmedabad, Calcutta, Bangalore felt that there is an urgent need of some scheme which could motivate the non-academic staff employees to go in for voluntary retirement. This concept would help reduce the revenue expenditure of the Institute. The broad details of the Voluntary Retirement Scheme may have to be worked out in consultation with IIMs. This is all the more required for successful implementation of the Revised Pattern of Funding Scheme which is essentially based on minimising the expenditure and generation of more and more internal resources.

7. The Sub-Group considered the present status of awarding diplomas by IIMs. The Sub-Group is of the view that necessary initiative may be taken for awarding degrees by IIMs which will enhance the universal acceptability of degrees being awarded and thereby, the IIMs can attract fee paying foreign students, given India's competitive advantage in management education. Accordingly, the Sub-Group deliberated upon the idea of declaring IIMs either as "Institutes of National Importance" or "Deemed Universities." However, the Sub-Group is of the view that the model of Indian Institute of Science, Bangalore, which is a Deemed University and directly under the funding of Ministry of Human Resource Development may be looked into. The detail may be worked out in consultation with Directors of IIMs. If necessary, a Committee consisting of officers of the Ministry, AICTE, and Directors of IIMs may be constituted. The recommendations of the Committee may be taken to the IIMs Council, and further on to the Government.

While exploring the possibility of awarding degrees by IIMs, it has to be ensured that the autonomy and flexibility now being enjoyed by IIMs are safeguarded.

8. The Sub-Group felt the need for proper chalking out of programme, keeping in view thrust areas in terms of futuristic requirements. Some of the areas are as under:-
 - I. Transitional Management.
 - II. Entrepreneurial Management.
 - III. Information Technology.
 - IV. Infrastructural Management.
 - V. International Business.
 - VI. Public Systems Management.
 - VII. Corporate Management including Competitiveness and Mergers & Acquisition.
 - VIII. Risk evaluation and management.
 - IX. Technology Management including Total Quality Management and Productivity Upgradation.
9. In view of the globalisation and liberalisation policies of the Government, it is felt that IIMs may interact with the industry to acquaint themselves with the quantum change in the requirements of the industries so as to re-orient their course curricula and other activities conducive to the future growth of industry and business.
10. The Sub-Group noted the shortage of faculty in key areas and emphasised that serious efforts may be made to recruit and develop competent faculty.
11. With regard to hike in fee, the Sub-Group felt the need of a scheme which provides necessary help to the

meritorious students coming from poor economic background.

12. The Sub-Group felt that the Directors of any IIM should not be burdened with the day-to-day administrative problems of the Institute. It has been observed that he should have adequate time to devote to academic activities. He should create the necessary academic and administrative structures and processes, delegate and free up his time.
13. It has been felt that the future IIMs, whenever established, may be on the "non-residential" pattern (Non-residential in respect of supporting staff bulk of which is normally recruited locally). However, the faculty, students and core non-academic staff may be accommodated on the campus.

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