Chapter 1

1. Introduction

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Introduction

The spread of professional management education in India after the 1980’s has been impressive in terms of number of professional management institutes. The choice of research subject is personal interest of the researcher. We give below background for research problem. Research student has attempted to answers these questions. Quick answers occurred to his mind are given below

1) Why this study?
2) Why Pune metropolitan?

Management education acquired importance during decade of 80. I have witnessed growth, since I worked at premier mgt. Institute in Pune for 33 years. Pune city had about 10 management institutes prominent among them were IMDR, Symbiosis, Bharti Vidyapeeth mgt. Institutes and PUMBA etc. The number went up to 50 by 1990. Today we have about 200 management Institutes in Pune metropolitan area. This growth is according to market requirement. The surge in number of Mgt. Inst. in Pune area is because demand for management graduates. Job markets for MBAS suddenly blossomed. MBA degree became passport for getting good jobs. It became status symbol. It carried more shine in starting phase, and large no of management Institutes were established to fulfill demand for MBAs.

This phase continued about 10 years in Pune metro. Suddenly demand for MBAs slashed. Pune metro produced 6000 MBA’s year after year and demand for MBA’S went down. This reality was difficult to digest but unfortunately, that was fact.

I have seen the days when deserving student could not get admission to MBA course and, I have seen the days when management Institutes were begging for the student. I have witnessed all this transition hence, decided to study this subject. I found interesting information about Pune from internet. I give below details.

Pune is the eighth largest metropolis in India, the second largest in the state of Maharashtra after Mumbai. Pune has had manufacturing, glass, sugar, and forging industries since the 1950-60s. It has a growing industrial hinterland, with information technology and automotive companies setting up factories in the district, generating many job opportunities for its people. The automotive sector is prominent in Pune. Automotive
companies like Tata Motors, Mahindra & Mahindra, Mercedes Benz, Force Motors (Firodia-Group), Kinetic Motors have set-ups in Pune. Automotive companies including General Motors, Volkswagen, and Fiat have set up Greenfield facilities near Pune, leading the Independent to cite Pune as India's "Motor City". People from across the country come to Pune for better career and job opportunities. Major software companies in Pune include Infosys, Persistent Systems, Geometric Limited, Symphony Services, Wipro, TCS, Cognizant, Symantec, Tech Mahindra, Syntel, Fujitsu, Cybage, IBM global, Sybase, All scripts and Crest Premedia Solutions (P) Ltd

1.1 Background

It is observed that management institute in India have grown 25 times in last 24 years- The figure has reached 4000+. It is also observed that this spread of management education though phenomenal has lowered quality of management education imparted in management institute. 

Based on these two assumptions mentioned above, research student has decided to study the subject. Following from these (two) assumptions certain management thinkers in India have started suggesting means and ways to improve quality of management education. Business schools that put onus on quality will continue to flourish since demand for effective leaders will continue to rise. (1) Quantity or Quality.

A. Chakravorty: - What matters more?

Managements Institute have mushroomed in India, but quality remains elusive (2) Is statement made in article? “Do we need value based management education in India? Carriers importance and indicates quality improvement like brand building etc.

Desire to take an admission in an MBA program can be derived from students. The demand from aspirants will create own supply (Expansion of Courses/program/B – school) (3).

Research student has assumed and observed that expansion has not taken place according to market forces like supply and demand, but this balance has been disturbed by manmade actions.
Those 60s are gone when Harvard or Sloan School of management or Wharton sown the seed of managements in India soil. “Knowing doing and being these must be program learning outcome of any management education. (4)

There are some good and bad practices all the world in management education, India’s management education needs an Indian management thought because of its diversity, profound cultural base, collective thinking and possession of self-respect. (5)

If we are to, therefore seriously consider the possibility of a qualitative change in managements education in India, we have to adopt a historical perspective of how management education have evolved in India, and what the continuing direction of Change is.

1.2 Management Education in India

1) Era of development of new industries in India.

Industries existed in India before the turn of 20th century, Industries in India during 18th and 19th century were textile cotton and silk, ship building, handicrafts and other arts and crafts such as tannery, perfumery, paper making etc. These were mainly in the hands of Indians. Era of development of new industries began in India in the beginning of 20th century:

First phase of professional Management Education in India

In 1960’s and there after awareness of management education and managements as distinct process began to take shape in India, reason being conventional ways (old ways) of extracting result were becoming outdated and obsolete.

Taylor’s scientific management theory highlighted on organization of work and methods to manage work in a scientific manner. Massive investments (particularly in the development of the public sector) were made in industrial developments during second five-year plan (1956 to 1961). It was during that time only first institute of managements was established. IIM, Calcutta was established in 1961.

Surplus generation was one of the objective and expectation from managers of modern time. Application of modern technique was buzzword during decade of 70s. We observe
similarity in stress of efforts between phase of professional management in India and era of scientific management in the west.

Era of scientific management lost its luster (importance) as application of modern techniques of massive production created huge production capacities. One of the obvious outcomes of use of advanced technology was reduced rate of industrial employment generation. Industrial employment declined in absolute numbers in Maharashtra. A step towards modernization computerization and automation are important characters of this phase.

Table and Figure below shows growth in number of management Programmes in India and Increase in Intake capacity from 2005 to 2011. Management Programmes has crossed figure of 4000+ in 2012-2013.

Growth of Programmes and Seats in Management Education in India

<table>
<thead>
<tr>
<th>Year</th>
<th>Programmes</th>
<th>Seats</th>
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<tr>
<td>2005-06</td>
<td>1888</td>
<td>122663</td>
</tr>
<tr>
<td>2006-07</td>
<td>2031</td>
<td>144372</td>
</tr>
<tr>
<td>2007-08</td>
<td>2062</td>
<td>185780</td>
</tr>
<tr>
<td>2008-09</td>
<td>2734</td>
<td>227989</td>
</tr>
<tr>
<td>2009-10</td>
<td>3482</td>
<td>273732</td>
</tr>
<tr>
<td>2010-11</td>
<td>3858</td>
<td>378907</td>
</tr>
<tr>
<td>CAGR%</td>
<td>16.9</td>
<td>24.9</td>
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</tbody>
</table>

Table 1.2.1- Growth of Programmes & Seats in Management Education in India
Growth of Programmes and Seats in Management Education in India

![Figure 1.2.1– Growth of Programmes and Seats in Management Education in India](image)

It is observed that Management Education, which has only 60 years history, has grown very fast and most popular among young generation.

1.3 Trends in Management Education in India

Introduction

The Article Trends in management education in India is included in introduction as it clearly explains reasons for growth of management Institutes and quality of incoming students for management course. This has direct relation to my research study.

It also explains problems faced by institutes in placing their student. The main reason is quality of incoming student is very poor.
Article suggests, action course for management institute to improve quality of education and not quantity. Article suggests about ultimate goal of management education. Portfolio of skills and capacities for future managers. It ends with very important thought that management. Education involves a lifetime process.

**Title**: Trends In Management Education in India

The demand in management education is surging upwards at a rate that is awe-inspiring. The large numbers of students who are lining up to acquire management education in India are no more short of opportunities for studying MBA in various colleges of India. The demand of the students and the rising market trends has been much responsible for the establishment of management institutes. There are more than 2000 B-schools in India where students pay a massive sum hoping to find their dream career after completing their program. Unfortunately, these business schools are not even able to place more than 50% of student except few top B schools. This is really an issue for concern and various reasons can be attached to it. These reasons can be explained from institutes imparting education, from student seeking education, and affiliating authorities. Quality has deteriorated from both ends Institutes imparting education and student gaining education. There are fundamental issues of student input quality. In addition, there are fundamental issues of academic delivery quality as most run-of-the-mill colleges spend less than 10 per cent of their revenues on actual academic delivery.

Most college owners complain of not being able to have enough admission in spite of investing on college infrastructure and startup costs. In addition, those that are able to fill capacity they admit anyone who applies for admission thus resulting in poor input, leading to poor placements. After the introduction of ranking system for business schools, business schools used proactive approach in making changes, although they focused primarily on product tinkering, packaging and marketing. A study on management education has shown that there will be a fundamental shift in business school product offerings away from traditional MBA programmes and the trends of evolution of management education indicate that knowledge creation is becoming more student based. This will result in various changes such as closer interaction among industry, students and faculty. It is clear that management education will emerge as one of the main distinct
of higher learning, due to its growing demand. It has been stated that business schools, if they have to survive, have to focus on research to solve problems of enduring importance and to build such curricula that can actually prepare students to be effective in practicing the profession.

The trends of evolution of management education indicate that knowledge creation is becoming more students based. This will usher in a variety of changes, including, paradoxically, a trend towards closer interaction among industry, students and faculty. E-Learning and computer based learning packages are making inroads slowly. A recent study has concluded that although the creation of knowledge will always be an important mission for business schools, other organizations are developing more formal management programmes and creating knowledge; this may cause a shift in strategy as schools become more focused on gathering and sharing, rather than on creating knowledge. It is important to recognize that knowledge creation is taking place not only in ivory towers, but also in corporate boardrooms. Computer based tools and technologies are being used for themes where content is crucial. On the other hand, themes those are rich in tacit knowledge such as leadership, entrepreneurship and multicultural sensitivity experiential contexts are being generated for bringing teaching closer to real life. Thus, business schools need to focus more on gathering and sharing new knowledge. Many niche organizations and consulting firms are increasingly becoming the source of management knowledge creation. It is clear that management education will emerge as one of the focuses of higher learning, as service economy takes precedence over other segments.

Today, management education should aim at developing a holistic personality capable of maintaining a balance among contradictory demands, taking charge of functional responsibilities, being accountable for one’s action, and contributing to creating a desirable future for businesses in particular and the economy as a whole. The ultimate goal of management education is to prepare students to achieve professional success in business management. Keeping in view this larger purpose of management education, business schools should thus focus on developing a number of aptitudes and skills. Specifically, they should:
1. Management Schools should provide an education that combines both generalist and specialist components.

2. Management Education should be much more holistic in character. It needs to be more integrated — incorporating a number of functional, quantitative, and analytical fields including the humanities and sciences — to educate the “whole” manager to meet the responsibilities and challenges of the future.

3. Management schools, thus, should aim to develop future managers with a “portfolio of capabilities” quantitative, computer and other analytical skills, functional knowledge and communications, interpersonal, bargaining, negotiation, entrepreneurship, administration and other non-cognitive skills.

4. Management education involves a lifetime process — a “continuum of learning” — with self-teaching and initiative beyond the business school, work experience, on-the-job training, and management at the corporate level and possibly refurbishment of management knowledge at business schools at least once during a career.

5. Management schools should teach more effective environmental scanning and analysis which is particularly important for domestic and international business.

6. A closer partnership should be developed between educators and managers in the future.

7. Management schools should strive to develop experiential courses in creativity and managerial innovation.

8. Develop state-of-the-art domain knowledge, skills and competencies;

9. Impart generic skills transferable across domains and situations - creativity, innovation, problem-solving, strategic thinking and communication;

10. Build thinking-ability skills and emphasize cognitive development (conceptualization, analysis, synthesis) dealing with abstraction.
1.4 Growth of management institutes in India

Introduction
We have already said how management education begun in India. Now we will study in brief how growth has taken place as time advanced. History begins with Establishment of two IIMs at Ahmedabad and Calcutta in 1961. Real growth or massive growth has taken in decades of 80s and 90s. IIM Bangalore was established in 1973 followed by 4th IIM at Lucknow at 1984. XLRI Jamshedpur was established in way back in 1947 and it started MBA in 1966. Many other B-schools were established in 70s and 80s.

Statistics showing Growth of Management Institutes in India.
At the time of founding of AIMS in August 1988, There were just about 100 B-schools in India. There was massive surge in number of B-schools in the country, almost doubling every five years—a geometrical progression, as it was:
In 1988, the number was 100
By 1993, the number was about 200
By, 1998, It was nearly 400
By 2003, the number reached nearly 800
And then was the real explosion
By 2008 the number reached about 1700**
By 2013 the number reached about 2450+*

**This number included nearly 200 business school outside the control of the central regulatory body AICTE. This number puts India ahead of U.S.A and every other country, in the world, in terms of MBA Graduates, it will be about 170,000. It must be reckoned that we have a population of 1.1 Billion and produces about 4 millions graduates a year.
*Figures for 2013 are determined from DTE and AICTE website
The number has reached to 2450+ which includes 200 PGDM institutes
ABOUT AICTE AND AIMS

AICTE was set up in November 1945 as a national level Apex Advisory Body to conduct survey on facilities on technical education. The statutory AICTE was established on May 12, 1988. Objective being proper planning and coordinated development of technical education System throughout the country. Other objective is promotion of qualitative improvement in relation to planned quantitative growth and the regulation and proper maintenance of norms and standards in the technical education.

AIMS are networking organization of business school in India. Founded in 1988, has grown into a powerful network of over 645 top management school of national and international repute in the country. It is the second largest network of management school in the world and the official representative of Indian management school in India as well as in some important international forums. (Source: AIMS web site) AICTE became power center in recent year after 1988. Today there are about 2450+ AICTE approved managements institute in India. Maharashtra state has 708 AICTE approved Management institute. Pune city (Core) has 29 Management Institutes. (Source: AICTE approved MBA colleges in Pune) Pune University recognized and AICTE approved are 178 Mgt. Institutes in Pune Metropolitan. Statistics about AICTE approved Mgt. institute is given only to have fair idea about growth of management education during last 15 years. This does not include tiny management institutes, which are not appearing in AICTE approved list.
Growth of AICTE approved Management Institutions from 2005 to 2013

Figure 1.4.1 – Growth of AICTE approved Management Institutions from 2005 to 2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Intake Capacity</th>
<th>Management Institute</th>
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<tr>
<td>2005-06</td>
<td>80464</td>
<td>1052</td>
</tr>
<tr>
<td>2006-07</td>
<td>94704</td>
<td>1132</td>
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<td>2009-10</td>
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<td>2011-12</td>
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<td>2385</td>
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<tr>
<td>2012-13</td>
<td>385008</td>
<td>2450</td>
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Table 1.4.1 – Growth of AICTE approved Management Institutions and Growth of Intake Capacity in last 8 years

**Interpretation:** - Table shows that Intake capacity has increased five times in 2013, as compared with intake capacity in 2005. Management Institutes have multiplied 2.5 times compared with number of management Institutes in 2005.
1.5 Importance of research problems

We have studied how growth has taken place since the turn of decade of 1980. Management education in Pune has started in 1971. There were very few institutes in the beginning. Pune University has department of management Sciences (PUMBA) established in 1971.

Figures mentioned above in 1.4.1 indicate growth in terms of numbers. We shall study why this growth and expansion has taken place in recent years. We will also study long-term effects of this growth. This growth has taken place even though there were controls from AICTE. One of the observations of AICTE controls is, they are regulatory and mainly focused on infrastructure facilities of the institute, teacher student ratio, and no. of teacher’s requirement for given no. of students. These controls do not provide any guidance about academic matters. E.g. Quality of teaching and improvement programme for teachers development. It does not ensure methods of holding examination as it is done by universities. AICTE does not decide syllabus for the course. Institute looked at AICTE as license giving authority for running management institutes.

We will try to investigate reasons why this growth has taken place?

1. In the beginning founder and owners of managements institutes looked as business to it. They invested money in management institutes like any other business opportunity. Institute continued to the point they made money and generated surplus year after year. Now 70% of the institute does not meet even break-even point. The story is not very different for engineering colleges in Maharashtra. Initially passed out students (passed in decade of 70s & 80s) got good placement. Placement of MBA students became big problem for further growth of management’s education.

2. Why students were not getting good placement? Let us investigate Employers followed simple rule of economics, when supply of management graduates was more than requirement of the jobs available for management student’s demand for them automatically went down. This has happened with Management graduates. This is one of the long-term effects of growth of low ranked management’s institutes in western Maharashtra, and especially in Pune metropolitan area.

3. We will discuss about quality of incoming students for managements course. It is observed that quality has declined very fast. In 80s and 90s there used to be National
Level Common Admission Test (CAT) for management student. It ensured predefined level of managements students. State level Common Entrance Test (CET) does not ensure minimum (predefined) level of student coming for management course. This is one more reason for student not getting good placements.

4. Quota system for admission to management’s course is also one of the reasons for low quality management graduates. Various quotas like management quota and other quotas lower the quality. It fails to maintain homogeneity in passing out student from managements institutes.

### 1.6 Summary

Research student has given brief information about why this subject is selected. Then assumptions and observations are discussed in background for the study. Brief discussion from articles from business standard is also part of background for research work. Growth of industries since 19th and 20th century followed by era of professional management education in India is discussed. Growth of managements institute in India is explained with help of figures from various sources and sites on internet. Role of AICTE is mentioned and general opinion about AICTE control is discussed. AIMS contribution for networking management institutes is discussed and highlighted. Research study is done for Pune metro area hence history of beginning of management education in Pune is discussed. Researcher has investigated possible reasons for growth of management education. Problems for placement are also discussed. Chapter ends with quality of student taking admissions in Management course.
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(1.4.1) Growth in Number of AICTE approved institutes-Intake capacity and Information about AICTE and AIMS www.aicte.ernet.in and www.aims.org.in