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India's B-schools: Growth in Quantity, Not Quality

By [PREMCHAND PALETY](#)

NEW DELHI -- This is the tenth consecutive year that I have been actively involved in ranking India's business schools. As part of the study, I have visited over 350 campuses so far; still I could not keep pace with their rapid proliferation. It started with the liberalization of India's economy in 1991, when there were about 50 B-schools in the country. Between 1991 and 2000, the number rose to about 700. Between 2001 and 2009, the number galloped to about 2,000. This proliferation is perhaps the major highlight of our B-school story.

Quantitatively, it is an impressive growth story. However, the quality of education delivered in most of them is the disturbing aspect of this positive narrative.

Since our ranking methodology is based primarily on objective data, I have had access to important facts and figures pertaining to the faculty, infrastructure, industry interface and pedagogy followed in many of our B-schools. Last year, I also was nominated to the management and technology committee of the National Board of Accreditation, which is the government's higher educational accreditation body. This gave me the opportunity to have access to the official records of many business schools that otherwise don't participate in our survey.

And here is the depressing conclusion: Not more than 30 B-schools in the country – about 1.5% of the total -- have systems and processes in place to deliver quality education. The vast majority are inefficient teaching colleges and function primarily as placement agencies.

If there has been proliferation of dubious B-schools, one important contributing factor has been the "license Raj" of the government's regulator, the All India Council for Technical Education or AICTE.

Under the council's rules, a newly-established business school can't admit more than 60 students in the first year and for subsequent incremental expansion, it needs a number of different permits. This rule, it seems, has been inspired by the philosophy of keeping capacity down to avert monopolies and to protect the small-scale entrepreneur.

With this constraint on student intake, institutes find it difficult to run a quality program without any aid. Yet government-aided autonomous B-schools like the Indian Institutes of Management, which don't have to seek AICTE approval for expansion, have been too complacent. Though they have expanded capacity somewhat in the past two years, they failed to do so for the better part of four decades.

Many shoddy B-schools quickly moved in to fill the space that the growing economy created. Some of them blatantly violated the law, luring students with misleading advertisements and admitting them without any approvals. Many of them routinely siphon off major parts of the financial surplus they generate to unrelated activities instead of cultivating faculty or using it for improvement of the institute's systems.

If competent B-schools were allowed to increase student intake, they would have substantially crowded out the substandard ones. But to get AICTE approval, a school must meet the AICTE's requirements such as a minimum number of permanent faculty, a minimum campus size, a minimum built-up area etc. Many AICTE-approved schools have adhered to these minimum requirements but have not gone beyond. AICTE approval has become a licence for them to become complacent and, of course, to make money.

One of the main objectives of the annual ranking that we do is to bring B-schools out of their shell of complacency and to promote healthy competition among them so that, in the process, the quality of education improves. We have been partially successful in our objective. Since ours is a transparent methodology, every year B-school directors who participate in the survey get to know their weak areas and work to improve their rank.

In year 2000, we found that more than 70% of B-schools that we surveyed didn't have a single faculty member who had authored a case or a research paper or a book. In this year's survey, 81% of the institutes had at least one faculty member who had authored a research paper that was published in a peer-reviewed journal.

We can also see an improvement in faculty strength, interaction with industry, infrastructure and international linkages in some of them. About a decade ago, only about 20 B-schools had their own journals. Now, over 270 have one. On the flip side, not more than 10 of them are of an international standard. Beyond the top 25 B-schools, faculty publication in peer-reviewed international journals is almost non-existent.

Entrepreneurship development continues to remain a neglected area. Of the 2,000 B-schools that we now have, not even 10 have an effective incubation centre to cultivate enterprise.

But the most important concern when we conducted the first survey was the shortage of competent faculty. Today, sadly, it remains the biggest problem.

[Premchand Palety is chief executive of the Centre for Forecasting & Research (C fore) in New Delhi. He has more than 15 years experience in market research, opinion research, election surveys and performance appraisal studies at a national level. For about a decade he has been writing on management education. In 2002, he authored a book on the best business schools in India, published by Penguin. He is a member

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