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Lights dim for B-schools

A large number of non-premium institutes are shutting down for lack of students or quality faculty

SAHIL MAKKAR & ABHISHEK WAGHMARE
 New Delhi, 12 May

About a year ago, Apollo Institute of Management in Durg, Chhatisgarh, was about to release newspaper advertisements announcing its management programme. But it had to shelve the plan. The mandatory cap on annual fees made it financially unviable to run the college.

"We needed to charge a fee of ₹80,000 per student per annum at least, but the state government capped it at ₹35,000," Manish Jain, director at the institute told *Business Standard*. It was impossible to have quality faculty and infrastructure under this regulation, he said. "We decided to shut it down."

This is not the only college to be shut down. A recent trend suggests that like engineering colleges, a number of management institutes (other than the top-rated schools such as Indian Institutes of Management or IIMs) are in the midst of closure for various reasons including lack of students, unavailability of quality faculty, use of artificial intelligence and current economic situation.



ON DECLINE



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Source: AICTE

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Lights dim for B-schools

Data from All India Council for Technical Education (AICTE), which regulates courses such as engineering, management, architecture, town planning and pharmacy, revealed that the number of management colleges has dropped from 3,609 in 2014-15 to 3,264 in 2017-18. This year alone, around 101 institutes requested the regulator to let them close their management courses.

Such closures have resulted in reduction of management seats in the country. The total student intake fell from 456,419 in 2014-15 to 394,835 in 2017-18. Teaching faculty also declined from 60,360 to 55,876 in the corresponding period.

"AICTE thoughtlessly approved a large number of requests for opening management institutions in the country between 2007 and 2012. This included permission to those who had no prior experience of running a college or an educational institute," said Harviash Chaturvedi, director of Birla Institute of Management and Technology. These institutions could not scale up and are now on the verge of closure or have already shut shop, pointed out Chaturvedi while citing the example of a B-school in Ghaziabad which got 20 students against the approved intake of 120 seats during the last admission season.

In fact, Chaturvedi said he had been receiving offers from some of the struggling institutes to either take over their management courses or purchase the land allotted to them for setting up colleges.

Structural changes such as demonetisation and GST have also played their part to hasten closures as many mid-size companies have cut down on recruitment, people in the know said. Larger companies are relying more on artificial intelligence and less on engineers and management graduates, he added.

A recent study from business chamber-- Assocham-- suggested that other than premium B-schools such as IIMs, most others were producing

"sub-par graduates" who were either unemployable or earned less than ₹10,000 a month. A management student on an average spends around ₹300,000 to ₹500,000 for a two-year MBA programme.

"Only 7 per cent of the pass-outs are actually employable in India except graduates from IIMs," the study said. Due to low education quality coupled with the economic slowdown, campus recruitments have gone down by as much as 45 per cent, it said.

Unavailability of quality faculty in tier-II and tier-III institutes due to low salaries has also contributed to the bleak scenario. "Around 95 per

cent universities in developed countries use digital infrastructure for knowledge management, sharing and assessment, whereas we barely have 1 to 1.5 per cent institutions using the same in India," said Bhupesh Daheria, CEO, Aegis School of Data Science, Business, Cyber Security & Telecommunications.

The closed institutes include those who merged their management courses into their parent university, or some who shut down redundant management institutes in the same city due to a decline in number of applicants: students, said trustees of some of the closed management institutes *Business Standard* contacted.