

## IIM Controversy

### Analysis and Note of Caution

*What lies behind the human resource development ministry's direction to the IIMs on the subject of fees, and the argument sometimes put forward that the IIMs do not need the large corpuses that they have? A concern for the poor or a desire to reduce the financial strength of the institutions and make them dependent on the government? Does the government's reported inability to provide a written or oral undertaking on the subject of respecting the autonomy of the IIMs arise from technical or legal considerations, or is there in fact a definite intention to reduce the IIMs to the position of subordinate offices of the ministry?*

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#### I Introduction

Let us begin by recapitulating the sequence of events. The ministry of human resource development (HRD) wanted the IIMs to reduce their fees drastically (from about Rs 1.5 lakh to Rs 30,000 annually). The boards of the different IIMs are considering the matter, and seem to be taking divergent positions. The faculties of some of the IIMs are seriously concerned; so are some others who are interested in issues relating to education. Some persons filed a writ petition before the Supreme Court. The learned judges hearing the matter initially seemed inclined to approve the action of the ministry, but they also asked for an undertaking on the issue of the autonomy of the IIMs and non-interference by the government. The government of India has not found it possible to give any such undertaking or guarantee. The learned judges have reopened the entire matter, wanting to go into the question of whether and how the fee-cuts will affect the autonomy of the institutions, asking all concerned to file affidavits, raising questions about the locus standi of the petitioners, asking for the balance sheets of the IIMs, and posting the matter for further hearing.

Meanwhile the controversy continues to figure in the media. Much of the discussion seems wide of the mark. There are many

issues (and prejudices) involved in this debate and they need to be disentangled. The aim of this article is to do this carefully and fully, draw some conclusions, and end with a warning. This will entail a treatment of some length, and some statements of the obvious; the patience of the reader is requested.

#### I Common Arguments and Questions

At the outset, it may be useful to take note of the following encapsulation of some of the statements, views and questions that have been heard. This is a mere enumeration of divergent points without the intrusion of the author's own opinions at this stage.

– IIM fees are too high and make the institutions inaccessible to the less affluent. Why should the IIMs cater only to the elite? Why should they be elitist institutions?  
– Fees do not need to be reduced. The less affluent are not prevented from entering the IIMs. They can get loans and scholarships and they can easily repay their financial liabilities through the high salaries that await them as soon as they graduate.  
– In fact the student populations in the IIMs are not drawn predominantly from the rich.  
– The kind of education that IIMs provide does cost a good deal of money. Fees cannot be reduced without endangering the quality of the education. If the fees are reduced as proposed by the ministry, there

is a danger that IIMs will soon cease to be the 'world-class' institutions that they are.

– There is no such danger. What costs are the IIMs incurring in providing education? Does it warrant fees of the magnitude they are now charging? Why should they build up huge reserves and corpuses? Let us look at the accounts of the IIMs.

– In any case, the ministry of HRD is ready to provide grants to cover the deficits if any that may arise from the reduction of fees. Why then should there be any objection to the reduction?

– But why should the IIMs get grants from the government? Is this the kind of education that should be subsidised by the government?

– In any case, who should set the fees, and on what basis?

– Earlier, the government (in the person of the then finance minister) had told the IIMs that it could not and should not continue to fund them, and that they should become financially self-reliant. They had proceeded to follow that advice with some success. Now they are told by the present government (minister of HRD) that they should reduce their fees, that they do not need large corpuses, and that the government is prepared to provide grants to cover the deficit arising from the proposed fee-reduction. What is the reason for this volte face? Which of those two views is the correct one?

– If the IIMs become dependent on government funds, how can they maintain their independence? Should they lose that independence and become subservient to the ministry? How then will they remain centres of excellence that command the respect of the world?

– But IIMs were created and initially funded by the government, and they are bound to the government through clauses in their charters. How can they be independent of the government? The government is answerable for them in parliament. What about the accountability of the IIMs?  
– What is the meaning of 'autonomy'? Why is it important? What is the right relationship between 'autonomous institutions' and the government?

– What is the nature of the education provided by the IIMs? Is it important and socially relevant? Is it merely aimed at creating managers for the corporate sector,

domestic and international? Are the IIMs part of the privatisation/corporatisation/globalisation juggernaut?

– Is access to the IIMs a socially important issue? Do we need these institutions? Should they be actively (and financially) supported by the government? Should they be allowed to exist? Closed down?

– Over the years our universities (including once-prestigious ones) have been brought to a sorry pass, their powers have been eroded, they have become subservient to the state governments, they have ceased to command any respect for the quality of the education that they provide. Our intellectuals have watched this process in silence. Why then are they crying woe because the IIMs are being touched? Does this show an in-built bias in favour of the point of view of the world of business to which the IIMs cater?

– Some of the IIM boards themselves are passing resolutions accepting the ministry's directive. Why then should others enter the fray? What is the locus standi of the petitioners who have gone to the court?

– Finally, why are we wasting time and energy on this controversy? There are other more important issues before the country. Let us leave this matter to be resolved by the minister and N R Narayana Murthy.

### III A Thematic Discussion

The foregoing enumeration of points and arguments heard in newspaper reports, TV debates and private discussions can be broadly grouped into clusters of related questions on certain themes or aspects. The following is a thematic discussion which (the author hopes) will be found to cover the various points listed above.

*Locus standi*: The government counsel has been questioning the locus standi of those who have petitioned the Supreme Court, particularly in the context of the fact that the boards of some IIMs have passed resolutions accepting the ministry's directive on a reduction in the fees. The boards of IIMs are in a very difficult situation. It is not easy for them to resist a directive from the ministry. Confrontation with the government is never an easy course, and it is particularly difficult when the minister is as strong a personality as Murli Manohar Joshi. Some boards are holding out, others are giving in; we must wait for this entire drama to be played out. Meanwhile, many in this country are deeply concerned over what is going on, and some of them have

filed the writ petition. That concern is in no way nullified by the reluctance of some boards to take on the ministry. Even the IIM-C board has not exactly welcomed the ministry's directive; it has merely found it impossible to refuse to comply with the directive; and it is facing a revolt by the faculty. As for locus standi, it was only by relaxing this requirement in the past that the Supreme Court made it possible for public interest litigation to develop in this country. If locus standi is strictly insisted on, there can be no public interest litigation. However, the court will decide this question in the present case.

*Elitism*: It is a great pity that the term 'elitism' has acquired a pejorative connotation. Certainly, we do not need caste or class or money elites, but all societies do need scholars, intellectuals, specialists of various kinds, professionals, and so on; and undoubtedly these are elites. They have roles to play in society, and they may even influence public opinion and public policy in varying degrees. What is important is that theirs should not become a 'power' role. Subject to that caveat, the role of elites can be accepted and the term need not be one of abuse. In this sense, are the IIMs elitist institutions? Of course they are. So are all institutions of higher or specialised education, and all institutions of advanced research – in the natural sciences, mathematics, social sciences, humanities, advanced medicine or surgery, the newly blossoming area of IT, management, and so on. Nalanda, the Athenian academy, the Sangams in Tamil literary history, Alexandria, Sorbonne, Oxford, Cambridge, the London School of Economics, Harvard, Yale, our own universities, and so on, were and are all elitist institutions. Insofar as the IIMs are concerned, the intake of students should be made broad-based and non-elitist, but it is quite clear that the outcome will be an elite.

*Three prejudices*: Three kinds of prejudices against the IIMs tend to colour the debate and must be taken note of. The first is a lingering (not widely prevalent) old-fashioned academic prejudice against 'Management' as a course worthy of being called 'education'; the second is a left-wing prejudice against a system that produces higher-level managers for the capitalist world; and the third is a conservative or traditionalist prejudice against the opulent, internationalised lifestyles of these people. We need not tarry over such questions. This article will take it for granted that the IIMs are institutions of higher education. It will also take it for granted that we are not living in an egalitarian or socialist world, but in a world of resurgent, strident capitalism. Perhaps this will change in the future, but there are no signs of that now. The IIMs exist; young people want to enter them; their graduates find immediate placements at high salaries; and so far as one knows, no one is suggesting that the IIMs should be closed down. (Similarly, no one seems to be suggesting that the expensive, state-of-the-art corporate hospitals that cater to the rich should be closed down; what is generally urged is that they should provide free or subsidised treatment to the poor to a prescribed extent.)

*Social relevance*: The social relevance of the education provided by the IIMs is a matter for separate debate. It has nothing to do with fee-cuts or with the issue of relationship with the government. 'Management' is needed not merely in the world of business but also in public systems, in government (including local government), in the utilities, in hospitals, in voluntary agencies, NGOs, and so on; and the boards of IIMs can be legitimately expected to take those needs into account. Indeed, some of them have been trying to do so. However, so long as high salaries are available in the corporate sector within the country or abroad, public systems, NGOs, and so

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on will not find it easy to secure the services of the bright young people emerging from the portals of the IIMs. The answer does not lie in reducing fees or making the IIMs subservient to the government. (Perhaps it could be argued that through these means the quality of IIM education should be deliberately reduced and rendered unattractive to the corporate world, forcing the graduates to seek jobs in government, public systems or NGOs; but one has not so far heard that perverse argument.)

*Plight of universities:* The question “Where were you all when the universities were being destroyed? Why are you shouting now only because the IIMs are threatened?” needs to be answered. So far as one knows, people did express concern from time to time as the universities were being eroded and undermined, but were unable to prevent the process. That does not mean that we should sit by and watch as the IIMs are (or think they are) in imminent danger. (Besides, as will be argued later, this is not merely an issue relating to the IIMs; it has larger implications. Those who say that there are more important things for the country to worry about than the IIM controversy are making a serious mistake.)

*Fees, costs, corpus:* It is not quite clear why costs alone should determine the fees. Can the right fees be derived from a perusal of the balance sheets and income-and-expenditure accounts? Costs should of course be covered (that should definitely include capital-related costs), but there should be a generation of a surplus: how else can the future needs of the institutions, including capital needs, be provided for? Moreover, if the IIMs are providing an education that ensures prompt placements at high salaries, why should they not claim a small share of that future income? High fees may also enable them to expand the scope and coverage of loan and scholarship schemes for the less affluent. As for the corpus, every institution needs a corpus on which an income can be earned, as a guarantor of future security. It is not clear why the ministry looks with jaundiced eyes at the corpuses that some IIMs have been able to build: the managements ought to be congratulated on this achievement. It is embarrassing to state these obvious points, but there seems to be a deliberate obfuscation here by the ministry.

*Who should set the fees?* The answer to that also seems obvious: setting fees is clearly the function of the management. There is no need to say anything more on the subject. The fact that Harvard has

reportedly reduced fees to poorer families has figured repeatedly in the media. Presumably it is Harvard University and not the government, federal or state, that has taken the decision.

*Enlarging access:* There can be no disagreement with the proposition that entry into the IIMs should not be restricted to the upper classes. As already pointed out, there can be an expansion of loan and scholarship schemes for lower-income or disadvantaged groups. We are told that in fact intake is not limited to the upper classes; this can be checked. The ministry is entitled to express its concern, if any, in this regard, and even (if found necessary) issue a directive to the managements to ensure a more balanced and equitable intake. It can and should be left to the managements to bring this about, if this is not already the case.

*Government grants for deficits:* As mentioned earlier, there has been a radical shift in this regard from the advice reportedly given by a former finance minister that the IIMs should not expect funds from the government but should generate their own resources. This was not merely a question of the budgetary difficulties of the government, but was also consistent with the new economic policy. When the principle of ‘full cost recovery’ is being strongly urged with reference to electricity and irrigation water, how can the government ask the IIMs to reduce their fees? The incongruity is evident. As a matter of fact, even under the old, now-abandoned socialistic philosophy, a government subsidy might have been justifiable for many things, but not for the kind of education that the IIMs provide. On this issue, the former finance minister’s advice was right, and the present HRD minister’s directive seems difficult to understand.

*Autonomy:* Finally, there is the question of ‘autonomy’, which is important enough to warrant discussion in a separate section.

#### IV Question of Autonomy

The government’s relationship to ‘autonomous’ institutions – whether they be universities or other educational or research institutions or public enterprises or regulatory authorities or national broadcasting corporations (the BBC in England, Prasar Bharati in India) or even the central bank – is always a difficult one. The general and avowed intention in most such cases is to distance the institutions in question from

the government, give them a separate legal form in one of several ways, and to respect their independence. In reality, however, governments find it difficult to accept that position and live by it.

In the charters of such institutions there is often a provision for government directives under certain circumstances and for certain purposes. These are meant for special or exceptional circumstances or purposes; they are not intended to undo the separate identity and the distancing from the government that the legal form (company or registered society or statutory corporation) confers on the institution; but the temptation to invoke that power and to reduce the institution to a subordinate position is always present on the part of both ministers and civil servants. Similarly, there is always a provision for government representation on the boards of such institutions, and the expectation is that the government directors will function as members of the board (like other directors) in a constructive, harmonious manner; but the temptation to assert their greater importance throw their weight about, and to treat all other directors as inferior to themselves is very strong for some government directors. There has been a long history of this kind of troubled relationship between government directors and other directors on the boards of public enterprises – the present author has written extensively on that subject – and now that story is evidently being re-enacted in the case of the IIMs.

We should not be misled by the argument that the government is answerable for such institutions in parliament. That argument is a frequently used excuse for undue interference. The ‘autonomy’ (meaning the ability to take their own managerial decisions) of such institutions is a prerequisite for their accountability; the former cannot be abridged in the name of the latter. In fact the erosion of autonomy means ipso facto the erosion of accountability. All this is familiar ground.

The fact is that governments in general are uncomfortable with truly independent institutions. This is so in other countries too, but it is particularly so in India. There is also another aspect. Whatever the political party in power, our ministers (with honourable exceptions) like to exercise power and patronage in relation to such institutions, make use of them for political or other improper purposes, and treat them as their fiefdoms; and they are reluctant to part with control. It would be unfair to point an accusing finger only at ministers

in this regard: senior bureaucrats (again with honourable exceptions) are equally fond of power and patronage and equally loath to part with control; and of course bureaucrats at lower levels try to get some advantages out of their connection with such institutions and organisations. The dysfunctional relationship between the government and 'autonomous' institutions in this country is an old and familiar story.

To that troubled history the party now in power adds an ideological dimension. There is no need to talk of a hidden agenda here: the agenda is quite open. Over a period of time, many institutions have been brought under the control of the government. The Indira Gandhi National Centre for the Arts was ostensibly rescued from the control of those who had tried to convert it into a private empire, but in effect it was destroyed. Much good work had been done there under Kapila Vatsyayan's leadership, but today it is in utter disarray. M L Sondhi, brought in by the ruling party as chairman of the ICSSR, was removed when he tried to maintain a degree of independence. A similar story was enacted in the case of the Indian Council of Historical Research. There is no need to elaborate this. The intention is quite clearly to bring all educational, research and cultural institutions under the ideological and political control of the ministry of HRD. There is also a concerted effort to rewrite history; this is sought to be justified on the ground that existing distortions need to be corrected, but the driving force is clearly an ideology and not a concern for objectivity. Whether all this is being done at the behest of the RSS or reflects the personal predilections of the minister, one cannot say. Perhaps there is a combination of the two factors. Unfortunately, the predilections at the political level seem to be more than matched by the bureaucracy's discomfort with any display of independence on the part of the managements of such institutions, and its desire to bring them to heel.

The foregoing is the background against which one has to consider the ministry's direction to the IIMs on the subject of fees, and the argument sometimes put forward that the IIMs do not need the large corpuses that they have. What lies behind this? A concern for the poor or a desire to reduce the financial strength of the institutions and make them dependent on the government? Does the government's reported inability to provide a written or oral undertaking on the subject of respecting the autonomy of the IIMs arise from technical or legal

considerations, or is there in fact a definite intention to reduce the IIMs to the position of subordinate offices of the ministry? Let the readers draw their own conclusions from the analysis presented above.

## V Larger Implications: A Caution

It is time to make explicit the larger implications that had been hinted at earlier. Speaking subject to correction, it appears to this writer that Murli Manohar Joshi, the minister of HRD, doubtless an honourable, high-minded person, exemplifies a combination of a strong ideological bent, an unshakeable belief in his own rightness on all matters, and an imperviousness to dissenting views. That combination has already done enormous harm to many institutions, and seems likely to damage many more. Many would agree with that statement in private, but the sad fact is that we seem powerless to prevent that eventuality. It seems unmistakably clear that what Murli Manohar Joshi is interested in is neither equity and social justice, nor the relevance of the education imparted by the IIMs, but the establishment of full control over all the institutions within the purview of his ministry. Why is this not adequately understood even among the IIMs, not to mention civil society in general?

What the minister is trying to do became strikingly clear from his appearance on a TV programme towards the end of March. He was scornful and dismissive of the kinds of concerns that had been expressed, and talked about 'financial irregularities'

in the IIMs. This was a red herring. If there have been irregularities, there are institutional arrangements to deal with them. What relevance has this to the issues under discussion? The remarks seemed driven by a desire to discredit the IIMs. Alternatively, they were perhaps a hint of dire action to come. Allegations of financial irregularities have in the past been used to undermine and destroy good institutions and individuals. That again is a familiar story.

It is clear that Murli Manohar Joshi has declared war on the IIMs, and will not rest until they have been reduced to subservience. This is a war that the IIMs cannot win. The end of IIMs as we have known them seems near. Should we sadly accept this as an unstoppable process, or is there still a possibility of rescuing the institutions from the minister's wrath?

What was very evident in the TV programme was the minister's anger. Perhaps the minister was unaware that he was giving an exhibition of anger, arrogance, intolerance of dissent, in fact of a dictatorial personality. It was a menacing and ominous performance, but an instructive one, which the TV channel should put on the air over and over again. People should know the kind of ministers they have.

One final question. Today, as minister of HRD, Murli Manohar Joshi is a source of serious worry to all the institutions within the purview of his ministry and to those concerned about the cause of education in general. Tomorrow, he may conceivably be the prime minister or deputy prime minister of the country. Is it paranoid to dread that possibility? **EPW**

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