

Report No. 4,

# South Asia Human Development Sector

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**Report No. 48**

**South Asia: Human Development Unit**

**Conference Proceedings**

***Higher Education in Madhya Pradesh – The Way Forward  
Bhopal, India***

**January 2012**

**Discussion Paper Series**

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### **Foreword by Chief Minister, Madhya Pradesh**

Madhya Pradesh is fast emerging as a repository of skilled human resource. Investment on building up of human capital is showing upward trend. The State Government has focused attention on improving the quality of higher education along with its expansion by promoting public-private partnership. Legislation for encouraging establishment of private universities is expressive of state's resolve to become a hub of higher education.

Education must enable manpower to employ themselves and to contribute to the economic progress of the state. Vocational education and skill development are priority areas. Universalizing access to higher education is a major initiative. Apart from medical, technical and management education, the state government is making all out efforts to encourage higher education in agriculture so that skilled human resource can contribute to agrarian economy of the state.

The State government has always appreciated inputs from experts and stakeholders for policy making and the support of World Bank in this exercise is of great importance to us. Holding dialogues with students and academicians to further improve the quality of higher education will be a fruitful exercise. I am confident that Madhya Pradesh will get a world-wide recognition for its collective efforts and leadership in educational reforms.

**Shri Shivraj Singh Chouhan, Honorable Chief Minister, Madhya Pradesh**



## **Preface by Minister of Higher Education, Madhya Pradesh**

The State of Madhya Pradesh is developing a higher education strategy so as to better meet the needs of its population, especially to enhance the governance and accountability of institutions, promote greater inclusion of under-represented groups (especially girls), and ensure more effective use of public finances.

A first step in developing this strategy was taken in September 2011 when the World Bank was invited by the State to organize a Conference on Higher Education. The event, held in Bhopal and hosted by the Government, brought together key political and institutional stakeholders, including the Governor, and heads of public and private universities and colleges. The Government is very grateful to all those who participated and shared their views on the issues facing higher education in the State. The Government is also grateful for the role played by the World Bank in helping us conceptualize the event and bring in essential international and national experience of relevance to Madhya Pradesh. The Conference resulted in a strong consensus on the need for reform and on the main directions that reform should take. The publication and distribution of this document will serve as a further tool of deepening that reform process.

Madhya Pradesh recognizes that to make concrete steps in a reform process a clear strategy is needed. Given our experience in working with the World Bank, and seeing what they are able to bring to our State in terms of international experience and reform ideas, we hope to continue to work with the World Bank in formulating and implementing this strategy.

**Shri Lakshmi Kant Sharma, Honorable Minister of Higher Education, Madhya Pradesh**



### **Preface by Governor, Madhya Pradesh**

This conference was held as discussed on the Government's 12<sup>th</sup> Five Year Plan were drawing to a close. The conference can therefore be seen as a chance for Madhya Pradesh to seize the opportunity to become a leader over the next five years in higher education reforms. The agenda discussed in Bhopal is fully in line with the objectives and plans of the Federal Government. I will use my office as Governor of the State in any way I can to link the Central Government's plans to help Madhya Pradesh to pursue its objectives. The agenda discussed in this document – includes revising the university Act, Governance reform, investments in improving quality, and promoting skill-based employment – will make Madhya Pradesh a model for others to follow. It will also make the state a more inclusive and dynamic place to live and work.

**Shri Ram Naresh Yadav, Governor, Madhya Pradesh**



## **Preface by Principal Secretary, Department of Higher Education, Madhya Pradesh**

The 11th Five Year Plan has set its goals as "expansion of enrolment in higher education with inclusiveness, quality and relevant education, with necessary academic reforms in the university and college system. Our long-term goal is to set India as a nation in which all those who aspire to good quality higher education can access it, irrespective of their paying capacity". Expansion, inclusion and quality are thus the three cornerstones of our national goals in education. The Government has set a target of 21% Gross Enrolment Ratio (GER) by the end of the Twelfth Plan (2017) with an interim target of 15% by the end of the Eleventh Plan 2012. This seems a highly ambitious aim considering the present GER of 12.4%.

The National Knowledge Commission (NKC) has recommended that the number of universities increase from the present 370 to 1500 by 2015, considered a highly ambitious target, but inadequate to meet demand for quality education. India's public expenditure on education (2006-07) at 3.6% of its GDP and on higher education at 0.4% of its GDP, compares unfavourably even with certain under-developed nations. While there has been some private investment in setting up educational institutions, there remains a glaring mismatch in demand and supply, particularly in high quality institutions. It is therefore not surprising that an industry chamber has recently reported that 450,000 Indian students spend over USD 13 billion each year in acquiring higher education overseas.

In such a scenario, we need to realise the ills that plague the entire higher education system and also be willing to explore bold and innovation solutions. We need to take a hard look at our universities and its affiliated colleges. The Yashpal Committee's report highlights the rut that the Indian university system has fallen into. It reported a dismal lack of autonomy of universities. Other issues which have plagued the system include a disconnect between research bodies and universities, "cubicalisation" of knowledge and isolation of the study of engineering and management from other knowledge areas, obsolete curriculum and poor mode of transmission of knowledge etc.

The rigidity of the current governance framework of the state universities in Madhya Pradesh leaves the Vice Chancellors (VCs) very little freedom and flexibility to make key management decisions. The university should have academic autonomy subject to well-defined policies and parameters as it remains crucial for learning and research to flourish. There is also an urgent need for a more accountable and transparent governance framework.

The large number of affiliated colleges is a big obstacle for the universities. In order to strengthen the university - affiliated college relationship, each state university must have limited number of affiliations. This will enhance academic enrichment, better administrative support, exchange of faculty and students, as well as sharing of resources. Currently the relationship is one of administration and not academic. It only deals with affiliation, course recognition and syllabus prescription, examination etc. The university departments as source of academic strengthening of college teachers are generally very unstructured. Most of the colleges have acute shortage of faculty and non-academic staff, poor and insufficient

infrastructure, large class sizes, inadequate teaching-learning facilities, very limited access to current literature, books and journals. In such a context syllabus remains minimalistic and static. The academic condition of affiliated colleges prompts strong resistance to curriculum revision. The University departments and affiliated colleges are then reduced to common, minimal curriculum, stifling improvement and innovation. There is an urgent need to groom the affiliated colleges and when they have adequate capacity, they should be given academic autonomy allowing the college to design and regularly update their curriculum, rather than having to depend on the affiliating university. We can also think of creating a university only for affiliation and all other administrative purposes leaving the regular universities for academic work only.

Higher education sector reforms need to be realistic. It is high time we reviewed key policies, starting with a reform of the legislative and governance framework, to bring about a sustained improvement in the quality of higher education institutions in Madhya Pradesh while meeting the demands of expansion, access and equity.

**Shri Basant Pratap Singh, Principal Secretary, Higher Education, Madhya Pradesh**



## Context

The Government of Madhya Pradesh convened a conference “Higher Education in Madhya Pradesh – The Way Forward” on 3rd of October 2011 in Bhopal, Madhya Pradesh (see Program Schedule). The conference brought together key policy makers, academic faculty and stakeholders in the field of education to discuss the needs of higher education in Madhya Pradesh, and options for improvement and expansion.

The Government of Madhya Pradesh is considering a reform of their higher education system, focusing first on the governance and legislative framework. In Madhya Pradesh, there are currently 15 universities, of which 9 are public. Further, there are over 300 colleges, a few of which have been awarded autonomous status and centres of excellence by the University Grants Commission (UGC), and the remaining are affiliated colleges.

Similar to other states in India, the Government of Madhya Pradesh has been facing immense pressures to **increase higher education enrolment** given their recent economic growth, increasing enrolments in their primary and secondary schools and the rising aspirations of parents and students. At the same time, there is a need to **uplift the quality of education** in the higher education institutions to endow graduates with critical thinking and professional skills that will qualify them for a good job. Further, higher education should increase its research and knowledge creation for the development of the state.

The Department of Higher Education, Government of Madhya Pradesh requested the World Bank’s support to provide technical advice at the conference, in particular focusing on the core policy issues concerning the higher education sector in India. More specifically, this conference aimed to kick-start discussions amongst the key stakeholders focusing on:

- i. **The national reform agenda for higher education**, notably with a focus on the governance reforms
- ii. **Reforms and improvements of state-level of higher education** with a strong focus on the governance of State universities
- iii. **Improving quality and expanding educational opportunities in the Affiliated Colleges**
- iv. **Expand and improve education opportunities in private higher education**; notably through a better regulation of private higher education
- v. **Improving Financing of Higher Education**
- vi. **Participants’ suggestions and feedback**

**These proceedings contain a written summary of the presentations put forward for discussion under each of the above six headings.**

## **LAW AND GOVERNANCE OF HIGHER EDUCATION IN INDIA: PROPOSALS FOR REFORM**

*Prof. N.R. MADHAVA MENON  
Former Director, National Law University, Bangalore  
Member, Committee for Rejuvenation of Higher  
Education, Government of India*

### **Role of Law in Governance**

1. Governance plays an important role in the performance of any organization involved in public service. In a federal country with a written Constitution governed by rule of law, every activity in the public sphere is to be organized according to the framework prescribed by the law and the Constitution. It is therefore important to appreciate the legal framework under which higher education is organized in India and to begin the reform proposals with the law on the subject.

2. How does one perceive the role of law in higher education? Law in democratic societies is supposed to facilitate and direct change in a manner acceptable to the people. In the process, it puts limitations on arbitrary exercise of power and compels accountability on the part of those in power which are sometimes perceived as barriers inhibiting reform. To a large extent, law only provides broad guidelines and leaves it to the discretion of the executive to implement them through institutions, rules, conventions and best practices. In other words, in the hands of an enlightened executive, law seldom operates as a barrier to desirable reforms and good governance. It is in this perspective the higher education law has to be looked at by educators, educational administrators and the bureaucracy when reforms are proposed. All reforms are intended to achieve certain goals set by policy planners and the Government. Those who oppose policies have either to challenge them in the political arena or in judicial forums; otherwise, governance will suffer and service will be subverted. Law cannot be blamed for such subversion of the system from within by people who do not subscribe to the policies of the Constitution or of the Government of the day.

### **Higher Education and the Indian Constitution**

3. The Constitution leaves it to the shared responsibilities of the Union and the States to organize higher education the way they consider appropriate provided equity, equality and social justice are ensured in the scheme of things. Equality of opportunity and non-discrimination based on caste, sex, religion etc. are constitutionally mandated principles which any law or practice in higher education has to necessarily follow. Furthermore, to ensure equality in an unequal society, the Constitution provides for affirmative action including reservation in the matter of education and employment in favor of Scheduled Castes, Scheduled Tribes, women and other backward classes. These social justice measures cannot be watered down in the name of merit or other considerations usually adopted in universities to

deny admissions, appointments etc. Another important policy constraint in planning legislation on higher education is about the right of minorities to establish and administer educational institutions of their choice without being interfered with by the State in a manner restricting the right. On all these issues, there have been legislative changes and constitutional challenges in court which generated a large volume of educational law giving meaning and content to the application of the principles of equity, equality and social justice vis-à-vis higher education in the country. Of course, there are still unresolved issues which Parliament or Judiciary will clarify when they are taken up before them.

4. In respect of the shared responsibility of the Union and the States, the constitutional formula is to divide the legislative authority in such a manner that governance is organized on the federal principle while ensuring co-ordinated development for the nation as a whole. Thus, education, including technical education, medical education and universities as well as vocational and technical training of labor are kept in List III, the Concurrent List. This means these are subjects on which both Parliament and the State legislatures have power to make laws subject to the inconsistency provision in Article 254. However, the Union Parliament has certain overriding powers to make laws in respect of higher education because of entries 62 to 66 of List I, the Union List which speaks about (a) institutions of national importance so declared by Parliament by law, (b) union agencies and institutions for professional, vocational or technical training or promotion of special studies or research, and (c) co-ordination and determination of standards in institutions for higher education or research and scientific and technical institutions.

5. A close reading of the entries in the Union List and the Concurrent List will convey the impression that though universities including technical education are matters on which States as well as the Union can legislate upon, still Parliament has decisive power to legislate on all matters of higher education and research in view of the explicit provisions in entry 66 of the Union List. Determination of standards in higher education whether the institution is set up by the State or the Centre is a matter within the jurisdiction of Parliament. This is the rationale for the adoption of the University Grants Commission Act, the AICTE Act and similar other laws now in place governing higher education. Above all, the Central Government commanding much greater resources to fund higher education can influence education even in State universities and colleges in decisive ways including centrally-sponsored schemes.

### **Organization and Governance of Higher Education**

6. Organizationally, there are six types of higher education institutions in India. They are Central Universities (43 in number), State Universities (276 in number), Deemed-to-be-Universities (nearly 130 in number), State Private Universities (88 in number), Institutions of National Importance (33 in number) and higher education institutions established under State legislations with degree awarding status (5 in number). There are thus a total of 575 Degree awarding institutions with 31,324 colleges affiliated to them as on March 2010 (source: UGC Approach Paper on Higher Education for the 12<sup>th</sup> Five Year Plan). Under the University Grants Commission Act, 1956 “the right of conferring or granting degrees shall be exercised only by a

University established by or under a Central Act or a State Act or an institution deemed to be a University under section 3 (of the UGC Act) or an institution specially empowered by an Act of Parliament to confer or grant degrees” [Section 22(1)]. There is prohibition of the use of the word “University” associated with any other institution other than those mentioned in Section 22 of the UGC Act. Thus under the existing law, there are strict legislative restrictions in establishing higher education institutions with degree awarding status in the country. This may be one of the reasons why the Gross Enrolment Ratio (GER) is still around 15 per cent when the world average is 27 per cent.

7. Given the fact that higher education institutions awarding degrees can only be established through a legislation of Parliament or State Legislatures, the governance paradigm of these institutions are set by the laws under which they are created. Though they share some broad commonalities in institutional structures and lines of control, the University Acts widely differ in details which determine access, autonomy, quality and accountability. While the Central Acts are, generally speaking, more respectful of university autonomy, it cannot be said of many State Acts. Political interference in the name of democratic control prevails from student admission to appointment of Vice-Chancellors. There has been no proper assessment of academic performance and university finances have been too meager to improve infrastructure for quality improvement. Research is still in infancy in many institutions and work ethic is poor. As the National Knowledge Commission (2005) observed “the quality of higher education in most of our universities leaves much to be desired”. Writing about the challenges of the higher education sector, the report of the Committee on Rejuvenation of Higher Education (Yashpal Committee, 2009) observed : “Loss of primacy of the universities in the scheme of higher education sector in India, erosion of their autonomy, undermining of undergraduate education, the growing distance between knowledge areas and the isolation of universities from the real world outside and crass commercialization are some of the problems that characterize the growth of Indian higher education system”.

8. The current structure of the Indian university system has a large number of affiliated colleges, mostly with State universities where the bulk of the enrollment takes place. “This structure”, observed the Yashpal report, “has burdened many universities with the management of academic content, examination and quality of those colleges. While better colleges feel stifled by the university bureaucracy – delays, controls and inadequate support – the better universities are affected by the limited thinking of the college leadership and their negative role in university administration ..... There have been many suggestions in the past to eliminate the affiliation system in India, which has been the bane of our higher education system. Some of the suggestions include conversion of affiliated colleges to autonomous colleges, creating a cluster of colleges with autonomous academic responsibilities, upgrading some of them to university level and separate examining universities”. Yashpal Committee felt that at least 1500 of existing colleges are very good institutions which can easily be upgraded to the level of universities. Then there are a large number of colleges which can be clubbed in clusters and these clusters can be recognized as universities. Then there can be universities created which would be only examining bodies to which these colleges can be affiliated. In any case, governance cannot be improved significantly with the present affiliation system in place.

## **Governance and Quality in Higher Education**

9. The Yashpal report found the governance structures of universities archaic, the organizational design faulty and the management style devoid of motivation, participation, transparency and effectiveness. There is centralization of decision making and low involvement of faculty and students in administration. These are outcomes of low autonomy and low management skills amongst administrators of universities. Any change in the governance structures of a university should be aimed at achieving more autonomy for it. In academic matters, the teacher should have complete autonomy to frame his/her course and the way she would like to assess the students. This autonomy should also be available to the students who should be allowed to take courses of their choice from different institutions and then be awarded a degree on the basis of the credits they have earned.

10. Even a cursory review of the quality of higher education institutions will reveal that those which have a credible record of quality are managed by structures involving eminent persons, “excluding practicing politicians and including only a limited representation from the Government”. Similarly, the appointments of heads of such institutions are made by Search Committees with members of impeccable credentials, keeping the best interest of the institution in view. The National Knowledge Commission also observed that “experience suggests that implicit politicization has made governance of universities exceedingly difficult and much more susceptible to entirely non-academic interventions from outside. This problem needs to be recognized and addressed in a systematic manner within universities but also outside, particularly in governments, legislatures and political parties”.

11. Multiplicity of regulatory systems including inspections and controls by different bodies have also distorted the growth of higher education in India diluting in the process the management of institutions with a high degree of professionalism and creativity. “An over-regulated system stifles innovation, increase inefficiency and breed corruption and malpractices. An under-regulated system encourages exploitation and erosion of social justice” observes the Yashpal report. The regulatory provisions of various Acts are substantially different from each other since they were created at different periods by different legislatures. The overall responsibilities for the entire higher education system assigned to the UGC are not validated in the provisions of other Acts. As observed by the Yashpal report, “It sometimes leads to very embarrassing situations in which we find two regulatory agencies at loggerheads and fighting legal cases against each other. There are various stages of regulation such as approval, recognition, affiliation and accreditation. This has on many occasions, created situations where different agencies have taken different views on issues of regulation and promotion of higher education”.

## **The New Legal Architecture Proposed under Pending Laws: Is Higher Education Prepared for Change?**

12. During the last couple of years the Government of India came forward with a series of policy reforms and introduced as many as six pieces of legislations in Parliament (of which

NCHER Bill is still before Cabinet) seeking to increase access, ensure quality and promote inclusiveness with a view to prepare higher education to take full advantage of the knowledge economy in a globalizing world. This is the direct result of the reports of the National Knowledge Commission (2005) and the Committee on Renovation and Rejuvenation of Higher Education (2009). The key message of these reports is a new single regulatory authority replacing the present multiple regulatory structures, restoring autonomy including financial autonomy of higher education institutions, learning across disciplines by reversing cubicalisation or fragmentation of knowledge, restructuring governance of universities and giving a boost to cutting-edge research in the higher education system of the country. It is proposed to briefly examine the objects and scope of each of these policy initiatives and its place in the reform package in terms of the new governance paradigm sought by the legislations.

(1) **The National Accreditation Regulatory Authority for Higher Education Bill, 2010**

Seeking to avoid the mix up between the standard setting and implementing functions in the same agency, the Accreditation Bill aims to make the inspection and accreditation functions vest in independent professional accreditation agencies which are registered with the National Accreditation Regulatory Authority. The Bill requires that every higher education institution seek accreditation of every programme conducted by it before it starts the admission process for such programmes. Accreditation of both institutions and programs is mandatory. Existing institutions will have to seek accreditation within three years of the commencement of the Act.

Accreditation is defined as the process of benchmarking of academic quality of a higher education institution by an accreditation agency. The benchmarks of quality shall be determined by an appropriate statutory authority like UGC, AICTE etc. "Academic quality" means the quality of teaching and research, infrastructure, human resources, curricula, admission procedure and governance structure.

The Bill requires an accreditation agency to be a non-profit organization registered as a Section 25 company under the Companies Act or a society or trust which is controlled by the Central or State Government. In many other countries both public and private accreditation agencies are recognized so long as they are independent and professionally competent in their operations.

(2) **The Prohibition of Unfair Practice in Technical Educational Institutions, Medical Educational Institutions and University Bill, 2010.**

From the governance point of view the Unfair Practice Bill is a key initiative in governance reform. It aims to introduce greater transparency and governance through mandatory disclosures regarding faculty, fees and infrastructure. Unfair practices prohibited by the Bill include demanding or paying capitation fees, admitting students without specified merit criteria, not issuing receipt for any fee charged by the

institution, publishing misleading advertisements and withholding degree to compel a student to pay a fee. The Bill further requires every institution to maintain records of the selection process and publish prospectus carrying information about fees, conditions of eligibility, process of admission and details of faculty and infrastructure.

The higher education sector is accused of getting commercialized with several malpractices vitiating the management of educational institutions. The situation deteriorated after the Supreme Court judgment in TMA Foundation case in 2002 where the court conceded that the right to run educational institutions can be part of the right under Article 19(1)(g) i.e., right to carry on any occupation. Though the judgment did say that the object of establishing an institution should not be for profit, it is conveniently ignored by the educational entrepreneurs. In this context, the Bill is a bold step from the Government to cleanse the system from greedy managements and fly-by-night operators.

### (3) **The Educational Tribunals Bill, 2010**

Yet another related legislation is the one proposing to set up separate Educational Tribunals in different states and at the national level to expedite disputes relating to educational institutions. Taking such disputes outside the regular courts, the Government aims not only expeditious settlements but also the evolution of a new jurisprudence supportive of efficiency and quality improvement in the educational sector. The State tribunals shall adjudicate cases related to service matters of teachers and other employees of higher educational institutions, dispute over affiliation of a higher educational institution and unfair practices of a higher educational institution prohibited by any law. The national tribunal shall have appellate jurisdiction on orders of state tribunals, shall adjudicate cases of dispute between higher educational institutions and statutory authorities and decide any reference made to it by an appropriate statutory authority. An order of the tribunal shall be treated as a decree of a civil court. If orders are not complied with, the person shall be liable to imprisonment for a maximum period of three years or with fine up to Rs.10 lakhs<sup>1</sup> or with both. The Bill bars the jurisdiction of civil courts on any matters that the state or national educational tribunal is empowered to determine.

### (4) **The Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010**

A fourth law to increase educational opportunities and enhance quality consciousness in higher education is the one regulating foreign universities being allowed to set up their own campuses in India under conditions which ensure excellence with accountability. They can operate on their own or in partnership with Indian universities. This is bound

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<sup>1</sup> 'Rs' refers to Indian Rupees. One 'lakh' is a unit of Rs. 100,000 (approximately USD1,900).

to bring about a paradigm shift in curriculum development, faculty hiring practices, student choices and efficiency levels in university administration.

A “foreign educational institution” is defined as any institution established outside India, which has been offering educational services for a minimum of 20 years and proposes to offer courses which shall be taught through classroom teaching. It excludes distance education even through partnership or twinning arrangement.

Every foreign institution intending to operate in India has to be notified as a foreign educational provider by the central government on the recommendation of the UGC in the prescribed manner. In case of violation of the provisions of the regulations, the government may withdraw recognition. The programme of study offered has to conform to standards laid down by the statutory authority concerned. The academic quality in terms of curriculum, methods of teaching and faculty should be comparable to that offered to students in the main campus of the foreign university.

Among the mandatory conditions are the duty to maintain a corpus fund of a minimum of Rs.50 crores and the duty to ensure that 75 per cent of any income generated from that fund shall be utilized for developing the institution in India and the rest reinvested in the fund. Any surplus revenue generated in India by the foreign university has to be invested in the development of the educational institution established by it in India.

Any person who offers admission to an unrecognized institution or makes misleading advertisement shall be liable to a minimum fine of Rs.10 lakhs (upto Rs.50 lakhs) in addition to the refunding of any fees collected. Any recognized foreign institution that violates the law shall be liable to a fine between Rs. 10 to 50 lakhs and forfeiture of the corpus fund.

The central government may exempt any institution, on the advice of an Advisory Board constituted under the Act, from conforming to the requirements of the Bill except the penalty provision and the provision banning repatriation of revenue generated.

(5) **The National Commission for Higher Education and Research Bill, 2011**

According to its Preamble, the NCHER Bill aims to achieve, inter alia, two major goals in higher education, namely;

- (a) Determination, co-ordination and maintenance of standards in all fields of higher education through the NCHER, and
- (b) Promoting autonomy of higher education institutions and thereby providing holistic growth of this sector in a competitive global environment with assistance from Collegiums of eminent academicians.



The NCHER is expected to subsume the functions of a variety of regulatory bodies now in place and thereby make it easier for universities to go about their work without unnecessary external interventions and controls. Giving them the freedom and making them accountable for their actions and omissions is the best strategy to pursue excellence in higher education and research which is a seamless web of knowledge cutting across disciplines. Compartmentalization of knowledge is inimical to innovation and creativity and universities should have the freedom to design the pursuit of knowledge the best way they consider appropriate.

The NCHER is an overarching independent body to be established by the Central Government with a Chairperson and six other members of whom three are salaried, whole-time members. There is a system to ensure independent selection of members. A Committee headed by the Prime Minister with the Speaker of Lok Sabha, Leader of Opposition in Lok Sabha and the Minister in charge of higher education is to choose the names from among a panel to be submitted by the Collegiums.

On ceasing to hold office, the Chairman and Member are declared ineligible to any future employment in higher education institutions for a period of five years. This is to ensure independence of action of the Commission. They shall not have involvement in professional or financial capacity with any institution of higher learning and they need to make a declaration to that effect before assuming office.

There is a General Council to advise the NCHER consisting of representatives of all stakeholders including those of State Governments. The Council plays a decisive role in policy planning and rule making. It is for the first time that States are getting institutional representation with the national regulator, the NCHER.

The Collegium is a body independent of NCHER which will bring together the best of minds in different fields of knowledge who have made substantial contribution to the advancement of higher education and research. It is a body which will have representation from States besides persons self-selected on the basis of their membership of international and national bodies of repute or other academic distinctions. Among the functions of the Collegiums are :

- (a) aiding and advising the Commission on quality and standards;
- (b) provide a vision of emerging trends in higher education and road map to realize it;
- (c) provide names for appointment to NCHER;
- (d) recommend a National Registry of eminent persons qualified to be appointed to lead universities and institutions of higher education;
- (e) recommend norms for funding education and research; and
- (f) examine the reports of the NCHER and make suggestions for improvement of performance.

There are few other characteristics of the Bill worthy of note. Firstly, the preparation and maintenance of National Directory of Academics for Leadership Positions. The Bill authorizes the Collegium to do a world wide search and prepare a list of persons suited to head institutions of higher learning. It is open to the universities to select persons from the Directory for leadership positions in their respective institutions if they find it necessary and appropriate.

Another significant aspect of NCHER is the establishment of an independent Board for Research Promotion and Innovation to design and execute research and innovation policies in higher education institutions for sustained global competitiveness of the country.

Finally, the NCHER Bill envisages the setting up of a separate Higher Education Financial Services Corporation under Section 25 of the Companies Act to disburse funds to higher education institutions according to the norms set by NCHER. The idea is to keep the regulatory function separate from the funding activity in order to minimize discretion and increase efficiency.

The Commission is accountable to Parliament to which it submits annual reports and to the President who shall appoint a Review Commission to assess its performance every five years.

(6) **The Protection and Utilization of Public Funded Intellectual Property Act, 2009**

Another piece of legislation which is already brought into force worth mentioning in this connection is the Utilization of Public Funded Intellectual Property Act under which higher education institutions generating intellectual property and creator of intellectual property have been given rights to ownership and sharing of royalties or income of such property under certain conditions. The Statement of Objects and reasons points out that the Act aims to provide incentives for creativity and innovation by providing a framework for the protection and utilization of intellectual property.

The law, it is stated, will enhance awareness about intellectual property issues and encourage students and faculty to innovate, especially in universities, academic and research institutions. Such innovations can be utilized for raising financial resources of these establishments, through royalties or income. The income from intellectual property will promote self-reliance and will minimize dependence of universities, academic and research institutions for Government funding.

**Towards Autonomy of Central Educational Institutions**

13. In the light of the reform proposals and the recommendations of the NKC and Yashpal Reports, the Central Government thought it appropriate to free the Central Educational Institutions (CEIs) from unnecessary government controls and appointed a committee to

suggest a roadmap for the same. It will be in the fitness of things to reflect on the Committee's major recommendations so that it may induce similar-minded State Governments to follow the strategy for better governance of higher educational institutions in their respective jurisdictions.

14. The laws governing the CEIs are contextual, written in the social context of the second half of the last century. The needs of contemporary times demand a different model of governance and funding conducive to a liberalized economy, a globalizing environment and a technology-driven knowledge society. The governance structure which gave an edge in pursuit of academic excellence to IITs and IIMs is recommended for Central Universities as well. In simple terms, it involves a three level governance structure namely, the IIT Council, the Board of Governors and the Senate. It is supported by two specialized committees – The Finance Committee and the Building and Works Committee.

15. The Council of IITs chaired by the HRD Minister co-ordinates activities of all IITs, approves policies on service conditions of employees, students fees and plans for growth etc. and recommends allocation of funds to the Government and advises the Visitor. The Central Government pays to each institute in every financial year such sums of money and in such manner as it may think fit.

16. The Board draws up the statutes, makes decisions on policies regarding superintendence, direction and control of the affairs of the institute, approves the decisions of the Senate on ordinances, courses of study, award of degrees, MOUs entered with other organizations and appoints faculty and class-A employees, submits the annual report and accounts to the Council.

17. The Senate, consisting of all the professors of IIT is vested with the general regulation and maintenance of standards of instruction, education and examination of the institute.

18. The Institutes of Technology Act, 1961 which provides for the above structure of IITs is a simple legislation consisting of just 39 Sections. Other details are left to Statutes evolved by each IIT.

19. In the case of IIMs, the law is not a Parliamentary enactment but the Memorandum of Association of respective societies which sponsored the institute. Since they are not technically established by Government, they have much greater autonomy to act on their own though, in practice, they are, to some extent, controlled by Government as well. The membership of the Society and the Board of Governors has large Government representation. Rules framed by the societies enjoin prior Government approval of many aspects of administration and finance.

20. Since 1992, funds to IIMs from Government are frozen and IIMs now raise substantial funds on their own. Government contributed substantially to the infrastructure of institutes and gave funds initially for them to establish themselves. IIMs have entered into Memorandum of Understanding with Government which leaves large open spaces for each institute to exercise autonomy and pursue excellence on its own.

21. For all practical purposes, IIMs are Faculty-run and enjoy complete academic autonomy for that purpose.

22. In the case of Central Universities, excepting the recent ones established under the Central Universities Act, 2009, there is no uniform pattern of structure and autonomy though they share many institutions in common. Autonomy of higher educational institutions is partly conferred by the Act under which they are established and partly earned by performance of its faculty and leadership. When institutions performed well far above the average, heads of such institutions came to exercise fair amount of autonomy without challenge either from within or outside. On the other hand, when performance was consistently poor, autonomy is threatened. The message is good performance is a guarantor of autonomy of higher education institutions.

23. Some of the key recommendations of the Committee to improve governance of Central Universities are given below:

- (i) Following the IIT model, a single overarching legislation giving the broad three level governance structures be adopted uniformly for all Central Universities.
- (ii) A Council of Vice-Chancellors of Central Universities, like the IIT Council under the IIT Act, under the Chairmanship of HRD Minister be constituted with functions and powers stipulated in the Act. The object is to limit government intervention to the minimum limited to broad policies which the Government wants the universities to pursue, to extract accountability from the institutions and to strengthen the structures there for.
- (iii) CEIs should have powers to mobilize its own resources without prior approval of Government so long as the processes are transparent and according to the laws and regulations.
- (iv) The practice of posting civil servants as Vice-Chancellors to be avoided.
- (v) CEIs shall establish an office of Ombudsman to intervene in crisis situations and to resolve complaints/grievances against the University.
- (vi) An Equal Opportunity Cell shall be created in all CEIs to ensure inclusiveness and affirmative action policies.
- (vii) The role of Visitor, usually the President of India, is to be limited for rare occasions as an oversight body. The Visitor need not be the Head of State. The Chancellor can perform the duties of Visitor.
- (viii) CEIs shall have complete freedom to start any programme of study, establish Centres, Schools, and Departments as approved by the University authorities. Creation of posts also to be in the control of the University subject, of course, to the norms prescribed by UGC and Government.
- (ix) All academic activities shall be in the exclusive jurisdiction of the university concerned which shall be managed according to the rules and regulations framed for the purpose by university authorities.

- (x) All directions being issued by Regulators shall only be treated as guidelines for the university to consider and adopt with whatever modifications found necessary in the circumstances.
- (xi) CEIs shall be free to decide the fees to be charged, scholarships to be granted and recoveries to be made subject to the policy guidelines of the Government of India in this regard.
- (xii) Funding to CEIs shall be on block grant pattern providing greater flexibility for managing the finances and the annual grant shall be revised in subsequent years based on the overall academic and financial performance of the CEIs.
- (xiii) The funds generated through alternative funding by CEIs shall not be adjusted against any grant from the Government agencies. Matching grant should be provided by Government.
- (xiv) CEIs shall make their internal audit function more effective by having an Audit Committee independent of the Finance Committee.
- (xv) The Chancellor of the University shall be an eminent person drawn from the academia or industry and shall be a person free of political affiliation. The first Chancellor shall be appointed by MHRD from a panel recommended by the Executive Council of the University. Subsequent Chancellors shall be selected by the current Chancellor from a panel of three names recommended by the Executive Council.
- (xvi) The Vice-Chancellor shall be appointed based on the recommendation of a three member Search-cum-Selection Committee of which two members shall be nominees of the Executive Council and a third member nominated by the Chancellor, shall be the Chairman of the Committee. The Chancellor selects one name from the list and communicates the name to the University Registrar who informs the person concerned and notifies to others.
- (xvii) The Executive Council shall comprise of the Chairman, the Vice-Chancellor and 15 other members of whom one nominee of MHRD, one nominee of the State Government, four to six eminent academics/scientists/jurists selected by the Chancellor from a panel proposed by the Executive Council, two distinguished alumni of the university selected by MHRD from a panel of names proposed by the Academic Council of the university, and three to five members representing the senior-most professor (2) and Deans of Schools (1-3). The Registrar will be the non-member Secretary of the Executive Council, while the Finance Officer and the Internal Audit Officer shall be special invitees to the meetings of the EC. To give continuity to the important governing organ of the university, a system of 1/3<sup>rd</sup> members retiring every year shall be adopted. For this, in the first EC, 1/3<sup>rd</sup> will be given one year term, 1/3<sup>rd</sup> two year term and the rest 3 year term. Subsequent members shall have a full three year term. Members can be considered for re-nomination.
- (xviii) Performance evaluation of Faculty every five years and non-teaching staff every ten years by a Review Committee to be mandatory. Performance may be considered for fast track promotion or advance increments while non-

performers will have their increments and promotions stopped for a defined period as recommended by the Review Committee.

- (xix) There shall be an Appellate Authority in every university headed by a retired judge of the High Court to hear and decide promptly all disputes relating to service, administrative, financial and academic matters.
- (xx) Universities shall be encouraged to enter into service agreements with technical service providers to ensure the functioning of expensive laboratory equipment infrastructure with zero downtime.  
For all non-technical and office positions universities should enter into contract with service providers, and not manpower providers, so as to insulate themselves from possible legal pressures to absorb such manpower into regular positions in the university.
- (xxi) All Central Universities must undergo a comprehensive review of their functioning once every 10 years by an External Peer Review Board whose comments shall be discussed in the Executive Council and an action plan to address them prepared and implemented. The MHRD can use it for deciding the size of support to the university.
- (xxii) The system of affiliation is not to be continued in the present circumstances. Those with a good track record shall be elevated to the status of universities in a phased manner. Others may be grouped in clusters and jointly provided the status of university or at least to remain autonomous in academic and administrative matters. There can be examining universities to which such colleges may be affiliated for temporary periods to let them become universities according to performance.

24. The above recommendations for re-structuring the governance of Central Universities do provide a blue print for action on the part of the State Universities as well. It requires political will, bureaucratic support and a climate for change in the higher education sector. The greatest challenge is from a section of the academic community itself which resent any change that tend to increase their workload, demand a different work ethic and expect greater individual accountability. Nonetheless, the time is opportune for change given the new legislative paradigm proposed by the Central Government and the willingness of the Central Government to increase Plan investment on education many fold in the 12<sup>th</sup> Plan. States which take a lead in this regard by changing the University Acts and giving higher educational institutions functional autonomy stand to gain in the competition for capitalizing on the demographic dividend in the knowledge economy of tomorrow.

**GOVERNANCE REFORMS IN STATE UNIVERSITIES:  
CASE OF MADHYA PRADESH  
ISSUES, CHALLENGES AND OPPORTUNITIES**

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**Overview**

1. My article discusses the governance reform of state universities in India. I argue that improvements in higher education is critical and it requires re-thinking of the proper role of the state away from a state-controlled system towards a “state-steered” system with a light touch on regulation, while keeping strong financial commitments. Further, the reform should start with the fundamental shortcoming of the State Universities in India: their governance. In particular, this analysis reviews the Madhya Pradesh University Act of 1973, as revised in 2000. It is compared to other State University Acts in India and University Acts abroad. The analysis reveals an ungovernable structure of the State Universities in the State. There are multiple layers of administration and internal committees where external agencies, such as government agencies and politicians, heavily influence internal university policies and nominations. This prevents the Vice-Chancellor and the University leadership team from effective administration. Further, the highest body of the university, the Court, is unmanageably large which inhibits effective decision making and oversight of implementation. Furthermore, a number of other governance aspects of the Act reduce accountability and autonomy of the public universities in the State. The paper recommends a re-drafting of the Act taking into account the national recommendations for university reforms as well as reform initiatives from other State governments and from abroad.

**This paper is motivated by the importance of higher education for India’s development**

2. It is inspired by a number of national and international scholars that are researching and advising governments on higher education governance reforms. One notable quote is from Dr Michael Stevenson, President of Simon Fraser University, Canada: *“Universities’ unique combination of autonomy and decentralisation creates exactly the modern type of institution which is able to innovate – in a far more effective way than either government bureaucracy or corporate hierarchy”*.<sup>2</sup>To achieve a higher education system that offers quality learning opportunities, the goals and policies of the state government must be kept foremost in mind. Notably, the role of the state is not to control education institutions, but to create a framework in which its citizens become educated and promote research and knowledge for the development of the state. Notably, the state government should aim for the following goals:

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<sup>2</sup> Dr. Michael Stevenson, President and Vice-Chancellor, Simon Fraser University “University Governance and Autonomy Problems in Managing Access, Quality and Accountability”, Keynote Address to ADB Conference on University Governance, Denpasar, Indonesia, 2004

- Set state specific targets and policy goals for Higher Education (HE) and frame the size and shape of the higher education system
- Ensure equal access to HE for rich and poor, both genders, all races, and all segments of society
- Maintain and improve quality
- Keep the cost of HE within reasonable limits (possibly, sharing the cost with parents, students and industry)
- Use funding methods that promote policy goals and provide incentives.
- Develop the research capacity
- With the eyes on these goals, the government should set the overall legal framework and the policies for higher education. There are in particular two strands of governance that must be ensured:
  - Institutional governance. The structures and processes within which institutions are given **autonomy** to plan and manage their affairs so as to achieve both the national and their own local/regional objectives.
  - Sector governance. Managing the tertiary system with a strategic framework and appropriate **accountability** so that institutions achieve the national objectives.

These two later aspects of governance have been subject of extensive debate in our country since independence. A few of the key reports are: the Radhakrishnan Commission (1948), the Kothari Commission (1968), the National Education Policy (1986), the CABE Report and other committees constituted by both UGC and MHRD. More recently Government of India has promoted new thinking and debate around governance through the National Knowledge Commission (2008) and the Yeshpal Committee (2009), the Menon Committee report on reforms in Central Education Institutions (2011). This article will not go into these reports, since this is analyzed in Section 1 of these conference proceedings. Rather, I focus, first and principally, on the institutional governance of the State Universities in Madhya Pradesh as laid out in the Act, and, secondly, on the appropriate “steering” role of the state government to achieve good sector governance.

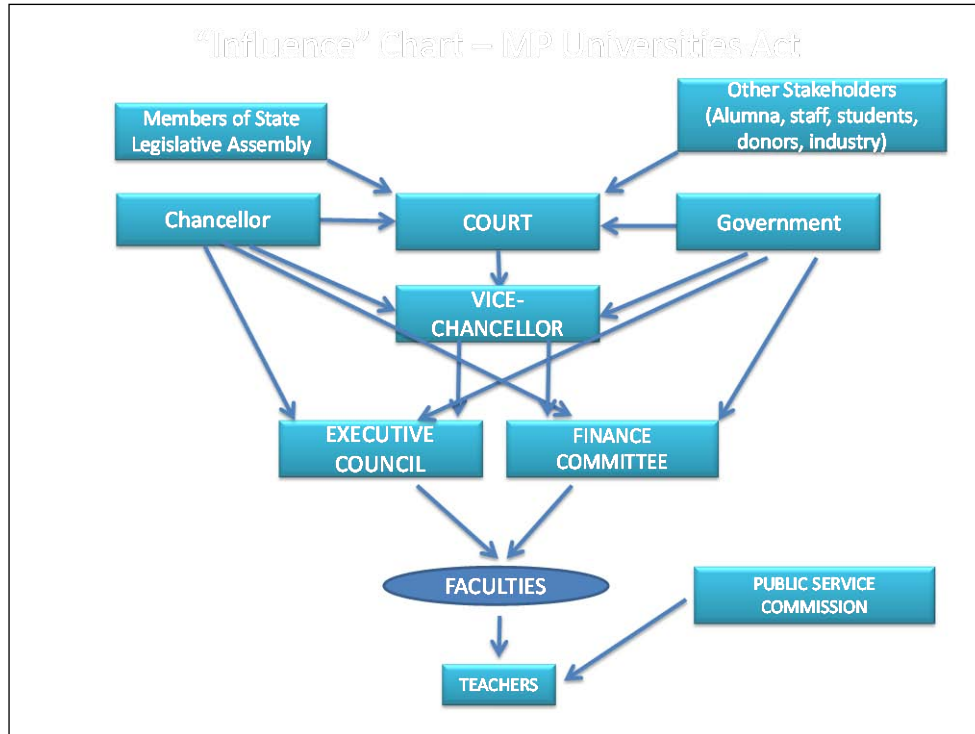
### **Institutional Governance of the State Universities – a critique of the MP Universities Act**

3. The Madhya Pradesh State University Act was compared with other state university acts (Jharkhand and Maharashtra), a private university act (Premjee University Karnataka), the IIT act, as well as two international university acts (Denmark and Singapore, which represents two model acts for recent reforms of universities). The comparison is attached as Annex 5.



## Influence mapping

4. The below figure maps who influences decision making in the State Universities in Madhya Pradesh. An arrow indicate influence through either direct membership in a committee, nomination of a member, approval of the decision, or right to *suo moto* change a decision.



Source: author

Note: Academic council and boards of studies not shown

5. In short, our analysis and comparisons lead me to make the following observations:

- There is a heavy administrative and managerial role of the Chancellor.
- There are multiple points of influence of external people in internal bodies of the universities, notably in the executive council and the finance committee. These external people are nominated by the Chancellor or representatives of the State Government. This implies a lack of administrative power of the Vice-Chancellor (VC) in two critical bodies, notably the executive council and the finance council and thus hinders implementation. Further, it creates multiple points where consensus between external stakeholders (Chancellor and government) needs to be reached.
- A lack of accountability of the VC towards the governing body (Court), since the VC is principally hired by the Chancellor, but with important inputs from the Government.
- A dominating role of the public service committee hiring teachers, which removes the university's authority over the most important input into the learning process: Teachers

- The highly unclear and overlapping division of powers and duties between the court (as the external governing body) and the Executive Council (as the main internal administrative body).
- The size and functioning of the Court. It is of an unruly size (above 65 members). Further, it is required only to meet once a year and mainly has an advisory and review role with little decision making.
- The absence of a true governing body that is the university's principal governing body that sets out one single strategy and issues one set of policy and administrative guidelines for the VC to implement (without further need for external consensus making within the University).

6. It is important to note that the above observations constitute an expert's subjective assessment based upon national and global experience. The observations cannot be objectively deducted from the pure comparison of University Acts. Therefore, the above observations can, and should be, debated.

7. All in all, and making a broad statement, the Act risks leading to a situation of:

- **Poor student outcomes and limited quality research** due to administrative decisions based on non-educational factors, politicization of the administration, including teacher management, and frequency and long vacancies of key leadership positions due to the time lag in making appointment.
- **A low level of accountability towards society**, since nobody is accountable for results, there is no direct accountability to society only through the government and elected politicians.
- **An ungovernable situation** where bodies have difficulty reaching decisions due to overlapping and conflicting powers as well as the sizes of bodies
- **Political influence at all levels of appointments and in all administrative bodies of the University**, and not just at the governing level (where there invariably will be an element of political influence).

8. Before discussing what could be done to improve the above situation, it is worth considering key developments on institutional university governance nationally and internationally.

### **Recent State level initiatives for improvement of Governance of State Universities**

9. **Several states of India have taken steps between 2009 and 2011 to improve the governance of state universities.** Notably, Maharashtra, Kerala, Andhra Pradesh, Gujarat, Haryana, and West Bengal. Of these states, perhaps, the two most important amendments have been in Maharashtra, where the VC selection process was made more open and clear

criteria for the VC were established. Second, West Bengal has recently issued orders that no members of political parties can become Vice Chancellor for State Universities in the state. Further, a number of other state governments have expressed the primordial need for governance reform of State Universities as the first step in a rejuvenation of higher education in their state.

### **International Good Practice within University Governance**

10. In the past decade, the accountability of tertiary education institutions has become a major concern in most parts of the world. Governments, parliaments, and the public are increasingly asking universities to justify their use of public resources and account more thoroughly for their teaching and research results. Academic fraud, accreditation scams, and misuse of resources plague the tertiary education systems of many developing and transition countries, where corruption is endemic.

11. Although many universities in advanced industrial nations complain of excessive top-down accountability requirements, there is growing acceptance of the need for transparency and accountability in their operation. There is also growing recognition that accountability mechanisms work best when universities are engaged in their definition in a collaborative process with governments and other stakeholders. University leaders can use the accountability agenda as a management tool to focus on results and improve institutional performance Salmi (2009).

12. The reforms in higher education governance in recent years are driven by the same external and internal pressures and are largely following the same pattern. They tend to have the following elements, Fielden (2006)<sup>3</sup>:

- Legislation that establishes universities as autonomous independent entities.
- Withdrawal of the State from certain detailed control and management functions and the devolution of responsibility to universities themselves.
- The creation of buffer bodies or agencies to carry out some of the detailed financial control and supervision functions in the sector or to provide sector-wide services.
- Adoption of funding models that give institutions greater freedoms and that encourage them to develop new sources of income.
- Creation of external agencies that monitor the quality of all courses delivered by institutions
- The development of new forms of accountability through reporting on performance and outcomes in achieving nationally set goals for the sector, as well as institutionally set targets.
- Confirmation of the role of a University Board as having overall responsibility to the Minister or the buffer body.
- Gradual withdrawal of the State from decisions on the appointment of the Chair of the Board or President and members of the Board.

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<sup>3</sup> John Fielden "Global Trends in University Governance", World Bank working paper

- Expectations of managerial competence by the Board and the President.

**13. The key tenets of international good practice for university governance are reflected in two recent reforms:**

- Singapore: The universities are incorporated. There is a Board of Trustees that is the governing body of the universities. It hires and dismisses the Vice-Chancellor. The Institution has complete academic autonomy and almost full financial autonomy, and it receives funding based upon its ability to meet government's targets for number of graduate and intake of students as well as for R&D results. .
- Denmark: There is no Chancellor or political figure head. A Board with a majority of external members and faculty representation is the final decision making body of the university. The university has full financial authority of the funding given to the university (as long as the objective of the funding is respected). There are no external members of internal bodies. The Board appoints, evaluates, and dismisses the VC. The VC must be a recognized researcher with managerial experience within education and research.

Importantly both countries maintain a very strong commitment to public financing of higher education. This is an indication that increased autonomy of universities is not linked to a desire to decrease public funding of higher education, but to raise the quality and quantity of graduates and research.

14. The benefits of these reforms are significant as they will unlock initiative and talent within institutions and will encourage them to develop closer working relationships with all their stakeholders. This will lead to more relevant programmes and services that meet local and community needs. The quality and relevance of the higher education that is being delivered to students can only be strengthened as a result, Fielden (2006).

15. The resulting changed environment presents challenges both to the staff in the government/Ministry of Education and to those in institutions. The move from control to regulation/supervision requires new models of working at the centre; the acquisition by Boards of overall responsibility for results necessitates different styles of decision making and new structures within the institution. Making the reforms work involves new skills and is not always achievable overnight.

**Recommendations for Improvements in University Governance in Madhya Pradesh**

16. With the MP state of higher education and the national and international key messages in mind, **what could Madhya Pradesh do to improve the functioning and governance of the State Universities?**

- **Overhaul the Madhya Pradesh State University Act – and consider a complete re-write of the Act.** A new act should be based upon acts that have demonstrated its worth over time in India, notably the IIT and IIM models as well as the National Law School, while taking into account new national proposals and, if beneficial, international examples.
- **Create a Board of Trustees (Governing Council) for each university.** An outstanding academic/ eminent industrialist should chair such a board. The Board should be of manageable size. Importantly, faculty and staff, and possibly students, should have representation in the governing body.
- **Insulate the day-to-day administration of the University from political interference.** In particular, institute one single body as the Governing Council which makes the key decisions for the university. This implies: (i) a simple streamlined internal administrative organization of the university, similar to that of the IITs and IIMs, and (ii) avoid having multiple administrative committees within the State universities where the political parties, government agencies, and other outside stakeholders influence/negotiate the priorities and reach decisions for the VC and leadership team to implement. This implies
  - **Make the Vice-Chancellor’s appointment open, merit-based and transparent –** preferably led by a Search Committee under the governing body to ensure full accountability of both the governing body and the VC
  - **Chancellor’s position should only be ceremonial.** She/He should limit the role to that of a protector. Possibly, a limited role as an outside Ombudsman could be thought of. Notably, a Governor or a Chancellor should not play an administrative role in the University
- **Provide the University with the powers to hire and dismiss new faculty and staff following a clear set of regulations with appropriate safeguards.** All existing contracts and terms of service must be grandfathered in and therefore be fully respected. The financial envelop for state subsidies could be defined by the government, and the university administration would have to respect this envelop. To ensure administrative capacity, such powers could be transferred only gradually to ensure the right of employees and the financial health of the university.

### Recommendations for the Role of the Government

17. The above analysis and recommendation pertain to good governance at the institutional level, they should also be seen in the light of a redefinition of the State’s role within higher education, consisting of:

- **A need to move from “state control models” to “state steering models,” or expressed in other words “rise of the evaluative state”.**
- **Legislation** that establishes universities as autonomous independent entities

- Withdrawal of the state from certain **detailed control and management functions** and the **devolution of responsibility to universities themselves**
- Consider creating a suitable institutional structure, where a policy implementing agency carries out the implementation of the State Government's policy. This could be a reformed State Council for Higher Education for example. Its composition should be merit-based and so provide the technical skills need to determine allocation of funds and monitor its use by institutions. Its role could be to allocate public subsidies for higher education in the state as per funding policies established by the government and ensure the financial monitoring and impact of funding on educational outcomes. Further, it could assist in policy formulation.
- Adoption of funding models that **give institutions greater freedoms** and that encourage them to develop new sources of income, while obligating institutions to report on utilization. The State government could consider establishing monitoring mechanisms that monitor the correct and effective utilization of public funding in the universities, while respecting the increased institutional autonomy.
- Increased use of **external agencies** to monitor the quality of all courses
- The development of **new forms of accountability** through reporting on **performance and outcomes** in achieving State set goals for the sector, as well as institutionally set targets
- Gradual withdrawal of the state from decisions on the **appointment of the chair** of the Governing Body and members of the board
- Expectations of managerial competence by the board and the president

18. It should also be mentioned that despite the imminent analysis and recommendations existing in India on the subject of higher education reform, insufficient progress has taken place. Clearly, the problem is not at the conceptual and knowledge level, but rather at the implementation and operation level. There is an urgent need to address this implementation gap.

19. While the agenda for reform is quite long, it is recognized that all steps forward are worth taking. No institution, state, or country have reached world class in one go. Excellence in higher education requires sustained improvements, evaluation, and re-strategizing, and new initiatives. Therefore, it is absolutely fundamental that the reform process starts urgently in Madhya Pradesh. Higher Education is of high priority.

**AFFILIATED COLLEGES IN SOUTH ASIA: IS QUALITY EXPANSION POSSIBLE**  
**Bangladesh, India, Nepal and Pakistan 2011**

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**Executive Summary<sup>4</sup>**

1. South Asia is at the cusp of change. Aside from being blessed with abundant natural resources, it is one of the world's most densely-populated regions, being home to over 1.6 billion people. Most importantly, it had experienced rapid population growth and is now home to a talented young population. At the same time, South Asia's economy is booming.

2. The South Asian countries share many similar characteristics - in their political, societal and cultural 'DNAs'. One common feature is that these countries experienced a rapid expansion of their higher education sector in recent decades. This is not surprising, given the increasing quality, access and affordability of primary and secondary education. This is matched concurrently by the region's strong economic growth resulting in higher demand for skilled labor.

**The Affiliated Colleges – The 'Weakest Link' in South Asia's Higher Education**

3. How the South Asian countries - in particular Bangladesh, India, Nepal and Pakistan – responded to this 'demand explosion' is unique to the region. They fostered the growth of an affiliating colleges system whereby many affiliated colleges were allowed to be established and expand to cater to this demand. Today, the affiliated colleges in all four countries enroll a significant proportion of students pursuing tertiary education.

4. The affiliation model is not a new concept – it was adopted from the British system. However, the colleges in the South Asian countries expanded rapidly without planning, proper regulations and supervisory capacity in place. First, many of these colleges do not meet the basic requirements of adequate infrastructure and minimum teacher qualifications, and most do not have academic autonomy. Second, the majority of these colleges are privately-owned with many having complicated governance structures comprising diverse stakeholders. Third, it is not uncommon to find a large number of colleges (in some cases, more than a several hundred) affiliated to one university as compared to less than 50 of such institutions each found in the UOL, Oxford, and Cambridge (see [Table 1](#)).

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<sup>4</sup> This is the executive summary of a regional study of the same title. The full study is available at [www.worldbank.org/sareducation](http://www.worldbank.org/sareducation)

**Table 1: Examples of the Number of Affiliated Colleges per University**

	BNU (Bangladesh)	Osmania Uni (India)	TU (Nepal)	Uni. Of Punjab (Pakistan)	UOL	Oxford Uni	Cambridge Uni
No. of Colleges	>1,220	>600	>600	>340	19	44*	31

\*Includes 6 Permanent Private Halls Source: Individual universities websites.

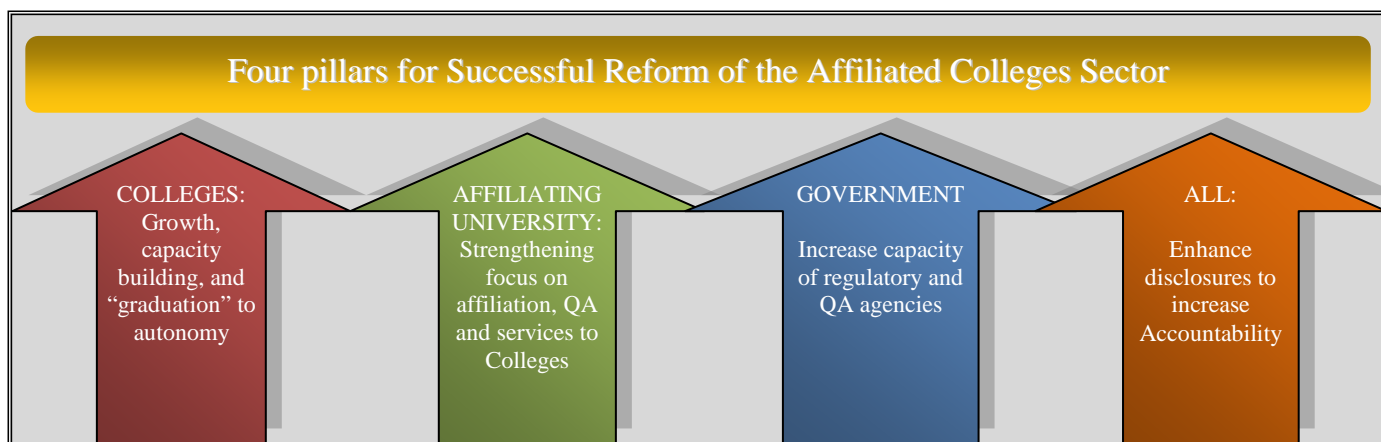
5. Coupled with weak supervisory and monitoring capabilities in the affiliating universities and government authorities, it is hence not surprising that the affiliated model is widely regarded as the “weakest link” in the higher education sector.<sup>5</sup> The combination of these factors has resulted in a downward quality spiral. Although, there is limited national and cross-country comparisons on the quality of the colleges and their graduates. All evidence suggests that quality is sub-standard. For example, a study undertaken by India’s University Grants Commission (UGC) found in 2008 that only 36% of the colleges receiving UGC grants met the minimum standards. This reportedly low quality will affect the productivity of the labor force, and economic growth and development of these countries moving forward. Other studies and evaluations show that: graduate unemployment is a problem, there is little quality assurance and accreditation, qualifications of teachers in affiliated colleges are below that of universities, curriculum and exams encourage students to learn by memory and not build critical problem-solving skills.

### **Can Quality Expansion be achieved with the current Affiliation Model?**

6. No, it is no longer sustainable or wise to continue the current way these colleges are operated and managed. While all four countries are working to improve the quality of their higher education sector, these efforts are so far inadequate. Significant attention, focus and resources must be invested into the affiliated colleges sector; careful reforms and restructuring of the sector, where relevant, should be undertaken to uplift the overall quality and capabilities of these institutions. The recommendations below aim to serve as a guide and should be customized to each country. In the long run, we recommend a phasing out the affiliated colleges system, at least in its current form. Given the complexity, our recommendations are shaped around four pillars:

<sup>5</sup> Privatization and Internationalization of Higher Education in the Countries of South Asia: An Empirical Analysis by Pawan Agarwal, Indian Council for Research on International Economic Relations (ICRIER)





Colleges: Foster growth and capacity building of the existing colleges and "graduate" ready institutions to academically autonomous institutions.

- a. Growth of the existing colleges is needed to raise quality and relevance of the education. This implies a growth in size of the individual colleges, possibly through stimulating the growth of existing colleges, merging of colleges, clustering of colleges, and closing-down poor performing colleges.
- b. Build capacity in the existing colleges by enhancing the capacity of the colleges to design curricula and conduct assessments, developing strong leadership teams in the colleges, and improving the quality of teachers.
- c. "Graduating" affiliated colleges to become more academically autonomous via giving full autonomy to better performing colleges as they demonstrate the required capacity, and experimenting with partial academic autonomy to colleges.

Affiliating Universities: Strengthen the effective quality monitoring of affiliating Universities and their services to the colleges. It will take at least a decade to phase out the affiliation system. Strengthening the "affiliation" role and capacity of the universities is therefore desirable. This could be done by strengthening the focus on this role, invest in their capacity, and reduce the importance of affiliation licensing revenue for the universities.

Government: Reform and increase capacity of the regulatory and quality assurance agencies: Better enforcement of minimum standards for new and existing colleges, Considering mandating or incentivizing accreditation, and build capacity in the regulatory and accrediting bodies.

All: Enhance Transparency to increase information disclosures to increase accountability: This could be achieved by establishing and enforcing required basic information disclosures from each institution, increased disclosure of accreditation information and examinations results.

## REGULATION OF THE PRIVATE SECTOR: HOW TO STRIKE THE RIGHT BALANCE?

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1. Private self-financed institutions provide millions of students the opportunity of attending higher education, and will play a crucial role in increasing the gross enrolment ratio in India. However, many have concerns over quality, malpractice, affordability, and a lop-sided development of professional courses in well-off states only. Can regulations of private universities be better?

### **Why Regulate?**

2. Governments have an obligation to ensure that their citizens receive a good education from whatever source it is provided. In the case of public sector schools, this means that mechanisms must be in place to ensure that teaching staff, facilities, equipment, and materials are of the best quality that can be provided with available funds. In the case of private sector provision the same principles apply, with the necessity of developing instruments of monitoring and control to ensure that provision of both public and private sectors are of the highest quality possible.

3. Regulation of private education must seek to ensure high quality delivery, while at the same time encouraging investment – particularly in developing countries where the need is so great and government resources are limited. Too often, government regulation appears designed to discourage private investment without any commensurate gain in the quality of education. A common feature of the regulatory regime is that government funding policies generally favor public provision over private provision, despite the adverse equity and efficiency impact this can have on the sector and the lack of any public policy rationale for such a distinction. Generally speaking, the regulatory and funding frameworks in many countries do little to provide an enabling operating environment that promotes growth in private education. Over the longer-term, this is likely to reduce both the quality and sustainability of the private education sector and the subsequent benefits that such provision might bring to the education sector of a particular country.

4. Governments are fully entitled to exercise rigorous checks and controls on those wishing to create private schools and HEIs and private entrepreneurs accept this in most cases. In particular, high quality education providers welcome effective regulatory frameworks – including Quality Assurance (QA) mechanisms – as they provide a guard against poor quality providers who can undercut the potential private sector market, especially where information on the quality of institutions is not available to parents and students. A regulatory framework that supports the private sector and assures the quality of private provision is also key to ensuring the longer-term sustainability – both economic and political – of the private education

sector in developing countries. Market perceptions of the quality of private education are fundamental and can be easily damaged. Bad publicity about private providers that offer poor quality instruction can harm the reputation of the sector as a whole, affect its ability to be seen as a credible alternative to public providers, and lead to policy reversals from even sympathetic governments. This is particularly true in countries with recently established private education sectors.

5. Incentive systems in education face a challenge that is common to most sectors and firms: the principal-agent problem. The principal (a country's ministry of education) would like to ensure that its agents (school directors and teachers) deliver schooling that results in learning. But achieving this is complex because of the nature of the service. If education were like producing pizzas, kebabs or samosas, the delivery process could be reduced to a set of predefined tasks that agents are instructed to carry out. Quality could be monitored by ensuring that workers follow the predefined steps. But education services are complicated. At the point of delivery—the interaction of teachers with their students—the service provided is highly discretionary, variable, and transaction-intensive:

- Discretionary, in that teachers must use their own judgment to decide what part of the curriculum to deliver and how on any given day
- Variable, in that in a single classroom a teacher must customize services to a large number of different students with different aptitudes, motivations, and learning styles
- Transaction-intensive, in that producing learning results requires repeated and frequent interaction between teachers and individual students.

6. These features make it difficult to predefine in sufficient detail the actions teachers must take, either to specify a complete contract of what they are expected to do or to monitor that contract completely.

7. The principal-agent problem is further complicated because ministries of education are themselves the agents of the citizenry. If the “consumers” of education services were like restaurant patrons, repeat business and competition could be expected to ensure the restaurant's quality or it would go out of business. But governments universally mediate the market for education because the sector suffers from a set of market failures that government intervention can rectify. As a result, the users of education services—parents and children—are also “consumers” trying to ensure that their country's ministry of education establishes a system that produces the high-quality education they demand. This sequential set of principal-agent problems demands a more complex system of incentives and accountability.

### **What can be regulated?**

- Entry to the sector. Approval for establishment of a new institution is one of the most typical points of regulation.
- Business model. Is profit allowed and what is the specific definition of profit?

- Governance. This includes the ownership structure and the institutional oversight.
- Financial resources and fees. This aspect covers principally the private institutions' authority of the fees charged and the timing of the fees in the school year. It also includes access of its students to state-supported financial aid.
- Physical resources. Notably, the buildings and learning resources, its size, quality, fitness for education, and ownership of infrastructure.
- Curricula. To which degree does the institution have freedom to determine the curricular and expected competences at graduation of its students?
- Learning and student support services. This encompasses minimum requirements for number of hours, qualifications of faculty, availability of student support services, such as hostels, extra curricula activities, financial aid planning, placement support, ect.
- Admissions. To which degree does the institution decide who it admits, or do external agencies set academic criteria, rules for the basis of admission, and background of admitted students, such as gender and social/economic background of the student population.
- Disclosures. Are the institutions required to disclose academic information, such as qualification of faculty, pass rates, graduation rates, employment rates, etc? Further administrative and financial information are often required to be disclosed, such as average and maximum fees per student, overall revenue, financial audits, staffing, and key decisions by the governing body.

### Good practice in regulating and attracting private sector institutions – An application to the regulatory framework in India

8. Striking the right balance on regulation of private providers is therefore difficult. Using international good practice, I have undertaken a preliminary review of the regulatory framework in India and tentatively highlight to which degree the current regulations and its enforcement meet international good practice. However, two caveats are important. First, there is no one size fits all. What may be well-functioning regulations in one country may not be appropriate for India, and vice-versa. Second, this is a preliminary analysis, and is therefore put forward as a proposition. More in-depth analysis is underway by the World Bank to examine the current regulatory framework in India and how it compares to international good practice.

International Good Practice	Status in India and qualitative rating according to the average developing country (based upon expert assessment)
<p><b>Stability and predictability of policies and enforcement</b> Education is a long-term sector that is difficult to get into and often require long term investments. Regulations</p>	<p>Rating: <i>Below Average</i></p> <p>Key factors for rating:</p> <ul style="list-style-type: none"> <li>• Tuition fees are set on an annual basis which provides a limited predictability in the revenue stream of private institutions</li> </ul>

<b>International Good Practice</b>	<b>Status in India and qualitative rating according to the average developing country (based upon expert assessment)</b>
<p>should therefore be stable over time and changes be gradual and/or predictable.</p>	<ul style="list-style-type: none"> <li>• Admission policies are to a large extent determined both central regulatory agencies and state governments. This provides a large uncertainty of the demand from students and families. Further, a state-specific share of students must come from disadvantaged backgrounds and sometimes these are exempted from tuition payments.</li> <li>• Predictability of regulatory policies is not high given the multitude of agencies, including state and central government that can make changes to the regulatory framework.</li> </ul>
<p><b>Legislation with clear obligations and rights</b>  Legislation on private higher education that gives its providers a statutory basis for operation and clarifies their obligations, minimum requirements, rights and obligations. Statements of policy on the role of the private sector and its contribution to national higher education goals</p>	<p>Rating: <i>Average</i></p> <p>Key factors for rating:</p> <ul style="list-style-type: none"> <li>• Central legislation exists allowing for private higher education.</li> <li>• State legislation exists in most states.</li> <li>• Highly complex legislation because of the overlapping state and central legislation. This has given rise to a number of Supreme Court judgments in the last two decades.</li> </ul>
<p>Clear procedures for establishing and running institutions  Clearly defined procedures for establishing new higher education institutions, conferring 'degree granting' status or enabling the introduction of new types of award (such as foundation degrees)</p>	<p>Rating: <i>Below Average</i></p> <p>Key factors for rating:</p> <ul style="list-style-type: none"> <li>• Approvals for private institutions require multiple approvals (often from affiliated university, sometimes state governments, regulatory agency, such as AICTE, UGC, etc.).</li> <li>• Consideration of approvals has been slow and has taken place immediately before start of the academic year and sometimes before. However, the efficiency and timelines of approvals seem to have improved substantially from 2010.</li> <li>• Wide-spread rumors of corruption in the approval process during the 2000s.</li> <li>• Inability of the regulatory system to adequately review the very large number of approvals that have been submitted.</li> </ul>

<b>International Good Practice</b>	<b>Status in India and qualitative rating according to the average developing country (based upon expert assessment)</b>
<p>Avoid interference in administration and delivery of education</p>	<p>Rating: <i>Above Average</i></p> <p>Key factors for rating:</p> <ul style="list-style-type: none"> <li>• Colleges are generally allowed to deliver the education as they see fit (within their rather limited control over the content of the teaching-learning process)</li> <li>• There is very few supervisory or monitoring visits taking place</li> </ul>
<p>A quality assurance framework with the confidence of the providers, Government, and the public</p> <p>A regular and effective quality assurance framework that has the confidence of private providers and public sector partners and that can assure the public about the quality and standards of provision</p>	<p>Rating: <i>Average</i></p> <p>Key factors for rating:</p> <ul style="list-style-type: none"> <li>• Accreditation agencies exist and are well established with clear procedures and guidelines. However, the framework has shortcomings, notably, the agencies are semi-governmental and not independent from political influence, accreditation criteria tend to under-emphasize educational outcomes, such as learning, and over-emphasize educational inputs, such as physical infrastructure.</li> <li>• Coverage of accreditation (share of institutions/programs that are accredited) remains low, and the accrediting agencies have difficulties coping with the surge in private institutions.</li> <li>• Internal Quality Assurance cells exist in a number of universities, but the QA process is still nascent and is rarely extent to the very large number of affiliated colleges.</li> <li>• Some states have started external quality audits.</li> </ul>
<p>Credible disclosure framework (academic and non-academic)</p> <p>A clear statement of private providers' obligations in relation to provision of information and reporting and any non-academic monitoring required (for example, provision of financial information)</p>	<p>Rating: <i>Below Average</i></p> <p>Key factors for rating:</p> <ul style="list-style-type: none"> <li>• For the professional courses there are in a minority of cases on-line access to the Mandatory Disclosure containing relevant information about each institution. This does not exist for general colleges or universities.</li> <li>• There is no access to information comparing the inputs, operations, outcomes, and fees of institutions. Rankings assembled by newsmagazine for the top institutions are the only accessible comparison available, and this relies upon self-reported</li> </ul>

International Good Practice	Status in India and qualitative rating according to the average developing country (based upon expert assessment)
	<p>information.</p> <ul style="list-style-type: none"> <li>• Currently no state or central level databank with information is publicly available. It is expected that this will be established by 2012.</li> </ul>
Consultative policymaking	<p>Rating: Below Average</p> <p>Key factors for rating:</p> <ul style="list-style-type: none"> <li>• Despite a relatively strong consultative process for policymaking for government institutions, the process of policy making affecting private institutions involves only to a slight degree private sector institutions or associations.</li> <li>• Increasingly the central and state governments have undertaken reports consulting with private institutions and participating in conferences organized by private sector associations.</li> </ul>
<p>Eligible for public subsidies to achieve public policy goals through private provision of higher education: student financial aid.</p> <p>Policies on private sector participation in:</p> <p>(i) student grants and loan schemes to increasing access</p> <p>(ii) research funding for faculty an staff of private institutions (for example on equal terms with state-funded academic staff) to achieve higher quality and quantity of research.</p> <p>(iii) Public private partnership to establish new institutions in under-served areas.</p> <p>Related to this are policies on access to national academic infrastructure (ICT networks, inter-library loans, journal subscription schemes etc.)</p>	<p>Rating: <i>Average</i></p> <p>Key factors for rating:</p> <ul style="list-style-type: none"> <li>• For student financial aid: Central loan scheme is in principle available to students in private institutions. Increasingly loans are being given to students in private institutions. A number of State governments have operate grant schemes that provide financial aid, including full tuition payments, for students of disadvantaged backgrounds to attend private institutions.</li> <li>• Eligibility to compete for research funding is more limited, but do exist in the department of Science and Technology and to a limited extent in UGC.</li> <li>• Private-Public-Partnership is increasingly promoted and establish by both state and central government.</li> </ul>

## Final thoughts

9. In summary, the above preliminary analysis suggests a regulatory regime that is average in the developing world, but with important shortcomings. This is likely to have led to an underdevelopment of the private sector and fewer opportunities for the Indian youth to access higher education. And just as importantly, students are probably receiving education that could be of higher quality and relevance. Further, the education could be purchased and delivered in a more transparent and satisfactory manner. The regulatory framework could and should therefore be strengthened substantially. In particular, the following recommendations are put forward for consideration:

- **More transparency and disclosures from institutions.** The top recommendation is to empower students and families with more credible information regarding the outcomes, inputs and fees of each private institution. This will allow them to select the best possible program for their interest, location, academic ability and income. This will subsequently induce more competition among private institutions and higher quality.
- **There is a need for higher ethics in the private institutions.** The above shortcomings of the regulatory framework are not an excuse for opaque or abusive behavior of private institutions. Neither should these shortcomings be an opportunity for public officials to seek own private benefits in carrying out their public responsibilities. Private institutions and their leadership should on their own initiative seek to raise the credibility of their institutions by raising the level of transparency and set higher standards.
- **Simplification in regulations – avoid multiple approvers and more timely approvals.** Better coordination among regulatory bodies, possibly extending to one joint consideration by state and central agencies for approval. This would simplify and facilitate approvals. Further, it would reduce the opportunity for kickbacks.
- **More predictability in fee setting and admissions.** Both of these critical aspects are determined on a yearly basis, often close to the start of the academic year. A higher level of predictability for students and institutions could be achieved through setting indicative future tuition rates.
- **Formal consultative process.** The increasing practice of involving stakeholders in the policymaking should be further accelerated. Proper consultation allows private institutions to raise concerns of draft regulatory proposals and thereby increase the quality and impact of regulations, including reducing the risk of unforeseen and unintended adverse impact. This also allows private institutions to anticipate and prepare for implementation of the regulations and therefore speeds up compliance and improvements.



## FINANCING OF PRIVATE EDUCATION<sup>6</sup>

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1. Expansion, inclusion and quality are the three cornerstones of our national goals in education. The Government has set a target of 21% Gross Enrolment Ratio (GER) by the end of the Twelfth Plan (2017). This is a formidable target considering the present GER of 12.4%. There is unequivocal acceptance of the fact that we must involve the private sector to complement and supplement the efforts of the Government. In this report, we focus on the potential and opportunities for private and foreign participation in achieving our national goals and how the Government can facilitate this.

2. With a median age of 25 years and a population of about 587 million below the age of 25 years, India is among the largest education markets in the world. According to population projections based on 2001 Census figures, in 2011 nearly 144 million of India's population will be between the age-group 18 to 23 – the target age group for Higher Education (HE). The emergence of India as a knowledge-based, service-driven economy has made its human capital its major strength and opportunity for growth. This has put the spotlight on severe inadequacies in India's infrastructure for delivery of education, particularly higher and vocational education. This demographic dividend can become a drag if the demand for skilled personnel that a rapidly growing economy will require is not met both in terms of quantum and quality.

3. Rapid globalization, driven largely by technological advancements as well as the inability of the educational system to appropriately educate and train this human capital, has opened up a plethora of new areas in education and training. Not surprisingly, the private sector has responded faster in exploiting these opportunities than the government. While the regulatory regime continues to be onerous, prohibiting a for-profit delivery of formal education and limiting foreign collaboration, there has been rapid growth in innovative services to the formal and informal education sectors delivered through legitimate for-profit models. In an attempt to better understand this trend, we have segmented the sector into a regulated (that covers formal higher education that leads to a degree/diploma) and an unregulated services sector that is outside the purview of the regulatory regime (UGC, AICTE etc.), but which provides services on a legitimate, for-profit basis. As per our estimate, the private spend in the regulated market is ₹30,400 crores (USD 6.76 billion). In addition, the Government also spends about ₹31,000 crores (USD 7 billion) per annum on Higher Education.

4. This translates into a total market size of nearly ₹61,000 crores (USD 13.8 billion) for higher education in the country. Sizing the unregulated market is more challenging due to

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<sup>6</sup> Extracts of "Emerging Opportunities for Private and Foreign Participation in Higher Education" by the same author

absence of data. Based on discussions with industry experts and our analysis, we estimate the unregulated market at `11,300 crores (USD 2.5 billion) for just three services for which we were able to get information (skill enhancement and vocational training; test preparation and textbooks and content).

### **Opportunities for Private and Foreign Participation**

5. We believe that the private sector can and is, legitimately participating in the delivery of higher education in the following four ways:

- a. Directly running universities on a not-for-profit-basis through charitable trusts/societies – both by diversified industrial houses as part of a corporate social responsibility (CSR) mandate as well as individual companies and promoters.
- b. Delivering innovative educational services on a legitimate for-profit basis both to institutions imparting formal education and directly to students. Companies like Career Launcher are excellent examples of this entrepreneurial trend.
- c. Participating in public private partnership (PPP) initiatives in which there are varying degrees and forms of participation by both the public and private sector to jointly deliver formal higher education.
- d. Running formal educational institutions on a for- profit basis; this is not currently allowed, but there are compelling reasons for exploring a model that enables this.

### **The key messages of this report are:**

- There are immense opportunities for participation of the private sector – both domestic and foreign.
- It is possible to legitimately provide “for-profit” services. This is probably the fastest growing segment in higher education.
- Government should seek to harness the creativity, energy and capability of the private sector and create synergies by working with, rather than in competition with it.

6. We believe that private participation is inevitable – it is already taking place. In fact, the Planning Commission estimates that by the end of the Eleventh Plan (2012), almost half the incremental enrolment target will be met through private institutions. To attract quality private participation, it is essential to allow investors a reasonable and legitimate return on their investment. We make two specific suggestions in this regard: one, instead of insisting that the Trust/Society/Section 25 company own both the land and building, the Government should allow a long term 30 year lease of the land and building as these are the two major components of the initial Capex. This is allowed for school education and is in the CBSE guidelines for recognition. Such an amendment will significantly ease private participation, even on a not-for-profit basis. Second, as is being done in other regulated sectors like electricity, the Government can cap profits by allowing a reasonable rate of return to for-profit universities. This can easily be done through the existing fee fixation committees that have been set up in each State for

technical education. This would prevent excessive profiteering yet provide private investors an economic incentive to set up higher education institutions.

7. In the absence of a legal mechanism to earn a reasonable rate of return on investments made, investors are induced to resort to illegitimate practices to secure and siphon off their profits. Allowing a for-profit model would bring these profits into the tax net. We estimate that the potential tax revenue could be as high as `2000 crores (USD 444 mn) by 2012. It is, therefore, critical that the government, other stakeholders and civil society acknowledge this reality and that the government puts in place a regulatory regime that would oversee the functioning of both public and private institutions in a transparent manner to ensure that both access and funding for quality education is available to every Indian citizen. It is also a fact that there is a lot of (misplaced) ideological opposition to a for-profit model. Given the compulsions of a democratic process, achieving consensus on this will take time and will not be easy. However, as experience with reforms in other sectors of the economy has shown, de-control has led to long-term gains. We believe the same would be borne out in the education sector as well: we just need to bite the bullet.

### **Winds of Reform**

8. Building consensus for a for-profit model will admittedly take time, but in the meanwhile we must applaud the sincere efforts that the new Human Resource Development Minister is making to reform this sector. The Government has tabled four new Bills in the Parliament that are likely to overhaul the higher education system in India. While two of these Bills address quality and benchmarking (mandatory accreditation and foreign universities), the third deals with malpractices and the fourth aims to facilitate speedy resolution of disputes. These Bills are the first major reform initiatives in higher education in free India, demonstrating the changing mindset of the government for opening up a sector that is crucial for India's sustainable growth in the global knowledge economy.

9. Against the backdrop of capacity constraints, over-regulation and malpractices, these Bills come as a breath of fresh air. We believe their potential impact will be to tighten regulation while improving governance and transparency, create the infrastructure for benchmarking and quality rating and lay the foundations for creating an eco-system in which multiple providers – whether public or private, domestic or foreign, for-profit or not-for-profit – will be able to provide quality formal education as well as innovative support services. We will review each of these bills in the report.

10. We firmly believe that the education sector will be the next big growth story of India and, as in the IT/ITES and auto sector India has the potential to become a global hub for education. The key issue is not whether, but how quickly we can capture this opportunity.

## Vision, Goals & Targets

11. The 11th Five Year Plan has set its goals as “Expansion of enrolment in higher education with inclusiveness, quality, and relevant education, with necessary academic reforms in the university and college system. Our long-term goal is to set India as a nation in which all those who aspire good quality higher education can access it, irrespective of their paying capacity”. Expansion, inclusion and quality are thus the three cornerstones of our national goals in education. The Government has set a target of 21% Gross Enrolment Ratio (GER) by the end of the Twelfth Plan (2017) with an interim target of 15% by the end of the Eleventh Plan 2012.

12. India spends about 3.7% of national GDP on education. Of this, a meager 0.66% is the amount spent on higher education, which is less than sub-Saharan Africa’s median. The Education Commission set up in 1964 under the chairmanship of Dr. D.S. Kothari (Kothari Commission) had recommended that government should spend at least 6% of its GDP on education. However, in over 40 years, we have been able to achieve only half the target. The Knowledge Commission additionally recommends an increase of at least 1.5% of GDP for higher education out of a total of at least 6% of GDP for education overall. Inadequate budgetary provisions and low fee structures have led to a slow expansion of government institutions and created a huge demand-supply gap in the HE space.

13. Yet, it must be acknowledged that the Government has tried to address the problem of funds. The Eleventh Plan allocation for technical and higher education has been raised by almost nine fold to `85,000 crores (USD 18.8 billion) from `9500 crores (USD 2.1 billion) in the Tenth Plan. However, this is still a fraction of the estimated requirements for achieving the targets.

14. A UGC study estimates that to achieve the GER target of 15% by 2012 would require enrolment to increase by over 7 million between 2006 and 2012 at an annual growth rate of about 9%. To put this in perspective, we need to compare this with the growth during the previous five year period of the 10th Plan, during which enrolment increased by 4.5 million. This would require massive additional capacity creation. Another UGC4 study estimates that meeting the GER targets would require an additional 380 – 735 Universities, depending upon the norms used and over 2000 new colleges. Against these projected requirements, the Plan provides for a total of 30 new Central Universities (with medical and engineering colleges), eight new IITs, 20 NITs, 20 IIITs, 3 IISERs, seven IIMs, and two SPAs and 373 new colleges in districts with GERs that are below the all-India average. It also provides for new Polytechnics in un-served districts, 500 new community Polytechnics, and 210 new community colleges. A second strategy envisages expanding intake capacity of existing institutions in the Central, State and private sectors. However, it is clear that this will not be enough.

15. In terms of estimating the financing requirements to meet the GER targets, it is difficult to arrive at exact numbers because there are no established norms for recurrent expenditure to meet quality standards and capital expenditure to create capacity. However, we quote

estimates from the UGC as well as present our own analysis to get a directional sense of the numbers involved. In both cases, the requirements vastly exceed the provisions.

16. A UGC study<sup>5</sup> estimates an additional requirement of between `47,000 crores to `78,000 crores (USD 10.4 to 17.3 billion at 2006-07 prices) is required between 2006-07 and 2011-12, to finance an additional 8.3 million students being enrolled in higher education. This study assumes that private expenditure on higher education is minimal, and the variance in the estimates is based on the difference in the norms used to estimate recurring expenditure per student enrolled.

17. Our industry discussions indicate that per student capital expenditure, for a private university, is in the range of 125,000 (USD 2,800), assuming the university is not located in an urban area. This implies that capacity for an additional 7.6 million (over the 2009 formal higher education enrolment of 13.6 million translating into a GER of approximately 10%) would be required, to take enrolment in formal recognized degree and diploma programmes to 21.2 million (which would imply a GER of 15%) students; this would require a capital investment of `94,600 crores (USD 21 billion). Comparing the estimated size of the sector (taking into account private as well as government spend per annum) and the total enrolment, gives a per-student annual cost/revenue of approximately ` 45,000 (USD 1000) (average across all streams); this could be higher than the actual recurring 'cost', as fees charged by private institutions may include a margin to allow for return on the capital invested. However, if one were to take this as the upper limit of the recurring cost that could be incurred per student, the incremental annual recurring cost, to support a GER of 15% would approximately be `34,400 crores (USD 7.6 billion).

18. While the estimates may vary depending on the approach taken, directionally the evidence is unequivocal: the incremental investment required to support the increase in enrolment in the formal higher education sector is very large, and the resources of the government may not be sufficient to support the entire investment required.

19. Further, 'The Right of Children to Free and Compulsory Education Act' will create a huge upward push from primary and secondary schools, which may require upward revision of the targeted numbers. It is clear that there is need for additional financing and new market based solutions with a greater role for the private (including foreign) sector.

### **Structure of the Market**

20. From the perspective of entry and regulation of private and foreign participation, economic activities in higher education can be divided into two segments – a regulated and an unregulated segment. We have used this classification for the purposes of sizing these markets and the ensuing discussion in this report.

21. The regulated segment comprises formal degree-granting universities and their affiliated colleges, institutions of national importance and other organisations offering formal

degrees or technical programs and is regulated by the UGC, AICTE, DEC and other regulating and accrediting authorities. Entities in this sector have to be not-for-profit (Trust, Society or a Company incorporated under Section 25 of the Indian Companies Act). The unregulated segment comprises a rapidly emerging and fast growing collection of innovative services provided, mainly by private sector organizations, to higher education institutions, individuals and even to employers that complement or sometimes supplement the formal higher education system. The entities providing these services can be legitimately incorporated as for-profit as they are outside the purview of the education sector regulations. They are of course subject to all other relevant laws and regulations of the land, eg Companies Act etc.

### Calculation of incremental cost of meeting 15% GER in formal higher education

Enrolment – 2009 ('000)	13,642
GER - 2012	15.0%
Incremental Enrolment – 2012 ('000)	7,568
Capex per student	94,600
Additional Capex till 2012 ( Crores)	94,600
Opex per student	45,462
Annual Opex for incremental enrolment (Crores)	34,406

Source: Annual Report 2008-09, MHRD; Selected Educational Statistics, MHRD; Higher Education in India, UGC; Industry discussions, PwC analysis

### Regulated Segment

22. Regulated higher education in India is a concurrent subject and comprises four broad sectors: universities and colleges recognized by the UGC/State Governments, technical education institutions, vocational education and training and, specialized education in different subjects (eg agriculture, health).

23. India has one of the largest populations in the 18-23 age group, making it among the most attractive higher education markets in the world. As per government estimates, India is expected to have an addressable higher education population in excess of 144 million during the year 2011-12.

24. As of March 2009, the country had nearly 26,500 institutes of higher education; 504 Universities and university level institutions and 25,951 colleges. At the commencement of the academic year 2009-2010, the overall formal system enrolment in the various universities and colleges was reported at 13.6 million, while the total number of faculty members has been reported at 0.59 million. Though the absolute numbers are large, they form only a small proportion of the potential market; less than half of those who complete their schooling (Class 12) go on to complete a graduate or post-graduate degree, and the Gross Enrollment Ratio is estimated at 12.4%. When we compare this to the global average of 23% (54.6% for developed

and 22% for Asian countries), we realize how far away we are from fully leveraging our much-touted “demographic dividend”.

<b>Type of Institution</b>	<b>Number</b>
State Universities	243
State Private Universities	53
Central universities	40
Deemed Universities	130
Institutions of National Importance under Acts of Parliament	33
Institutions established under state legislations	5
<b>Total</b>	<b>504</b>
Other Colleges	25951

Source: MHRD Annual Report, 2009-10

25. Technical Education is treated as a separate sector. There are 65 centrally funded institutions like IITs, IIMs, NITs, IISc, etc. Additionally, State Governments have also set up technical institutions. AICTE and equivalent sectoral regulators (like the Medical Council of India) both approve and regulate technical institutions in engineering/technology, pharmacy, architecture, hotel management & catering technology, management studies, computer applications and applied arts & crafts.

26. Vocational education and training is also a concurrent subject with multiple Ministries and Departments of the Central and State Governments running various programs at the school and college levels. India had a labor force of 509.3 million (as of 2006) with about a net 12.8 million being added annually. Only 10% (a mere 2% through formal training and about 8% through on-the-job training) of the Indian industrial workforce is skilled as compared to 85% in Southeast Asian countries.

27. Private and foreign participation in this area is being actively encouraged by the government in recent years - both through private entities and PPPs. A National Skill Development Corporation has been set up in partnership with the private sector and the Government has also announced fiscal incentives including financial assistance, for private participation in running ITIs, with a target to add 1,000 new Polytechnics in Govt/PPP & the Private Sector by 2012. Discussions with industry indicate that the PPP experience so far has been mixed, However, this is a segment that has otherwise grown rapidly as private enterprise has discovered imaginative independent models: from training to operate cash counters at retail stores to running collaborative programs with banks to train future employees in marketing etc.

## Size of the Regulated Segment

28. Increasing proliferation of private colleges in the country and growing paying propensity of Indians to spend on quality education (especially in professional courses such as Engineering, Medicine and MBA) has led to significant private spend on higher education. As per MHRD statistics, there were 13.6 million students enrolled in formal, recognised higher education programs in 2009. As per our estimates, the total private spend on higher education in 2008-09 was approximately `30,400 crores (USD 6.76 billion) of which a significant share of nearly 36% was spent on engineering courses alone.

29. In addition to the private spend, the Government spends an additional `31,000 crores (USD 7 billion) per annum on Higher Education every year. This translates into a total market size of over `61,000 crores (USD 13.8 billion) for higher education in the country.

30. However, the potential of the market, from the perspective of private consumption spend on higher education, is significantly larger. As we have pointed out, the GER is a low 12%, implying there is huge untapped potential. In addition, a large number of Indians go abroad for higher education and professional skills training spending an estimated over `1,800 crores (USD 4 billion) per year; finally, though unreported and almost impossible to compute, some analyst reports estimate that over `4,500 crores (USD 1 billion) may be spent each year on 'capitation fees' and 'donations' to secure admissions at various colleges or universities in India. Growth of the sector is, therefore, not constrained so much by willingness or ability to pay, as by supply and availability.



## FINAL RECOMMENDATIONS FROM PARTICIPANTS

The following is a list of the recommendations provided by the participants in the Bhopal conference which took place in October 2011. These recommendations are unedited by the authors of this Report, nor has any attempt be made to summarize them nor to attribute them to individuals or institutions. These recommendations give a sense of the range of concerns of key stakeholders who participated in the conference.

1. Affiliation for new courses from the University takes very long time, sometimes inspection committee visit the college in the month of September-October. It should be regularized and strictly done before the start of new sessions.
2. The appointment of guest faculties, if not permanent must be done before the new session starts. The new session should start with full teaching staff to assure the quality teaching.
3. Sanction letter from the Department of Higher Education regarding the utilization of UGC fund takes long time. There should be given time limit.
4. Teacher-Student ratio must be less.
5. Postgraduate must be run only in premier institutions of a region. Access to higher studies to deserving students of nearby regions may be funded by way of scholarships in abundance.
6. Entrance exam for Postgraduate students in these premier institutions must be held.
7. The sanctioned grant in Research project is not allowed to the Professor to spend in a proper way. HOD is allowed to make expenditure of INR 25,000 only. For more one has to go through long procedure. Even for buying an instrument for INR 75000 one has to go through a long procedure. May it be simplified by some procedure.
8. Financing should be based not only on performance but also on value addition.
9. Recruitment of teachers should be on all India basis. A Board like "All India Educational Services" may be constituted under UPSC.
10. System of Governance: The new Acts talked by Prof. Menon look promising and are likely to provide sustainable governance.
11. Affiliation Model: Proposal of two sets of universities – one for affiliation and examinations; and the other for academics, looks promising alternative.
12. Financing: On today's perspective finance is not a glaring problem as expressed and focused by Speaker. Even then private and public cooperation should be welcomed and encouraged, of course, with a sense of caution in mind.
13. Concept of Entrepreneur University either private should be opened.
14. Increasing input for traditional and basic courses.
15. Increasing inputs in self-finance courses where better students are there faculty arrangement is only for short period and at lower payments.

16. To increase financial limits.
17. It has been a challenging task to educate masses. Quality education in India is our major concern.
18. Skill development and Certification convergence of various learning models include distance learning and coming up with a potential work force which in turn would contribute to the country in terms of socio-economic growth.
19. It is always good to frame the policies but is it practically viable to implement these policies in view of existing acts/regulations? Will it not remain a nightmare if it is not looked into the right perspective? These intricate issues need immediate interventions.
20. Reforms should be learner centric.
21. We have to shift our focus from teacher or course to Learner. Needs of learner be kept in mind while framing regulations/governance parameters. Even the relevance of courses should be examined for learners.
22. With reference to effective governance, the norms for accountability at all levels be laid down. Code of conduct for teachers, employees and administrators be specifically laid own.
23. In order to have good governance system the present Executive Council should be replaced by a Board of Governors, and the qualification of BOG is as follows:
  - One member from reputed industry with a turnover 1500 crores.
  - Other members must be from academic spheres with a qualification of Ph.D. degrees and should hold the post not below the rank of a Professor in the State or Central University.
  - The University BOG can also have one expert Professor from other parts of the World.
  - Nominations from Government and Chancellor should be stopped.

#### **FOR PRIVATE UNIVERSITY**

1. Regulatory Authority acts as “Single Window” to provide Monitoring and Mentoring Private Universities to ensure autonomy, accountability and financial viability.
2. Postgraduate and research activities are publicly funded in private universities.
3. Teacher training should be one major activity of university after teaching and learning.
4. Autonomy must include clauses on self regulation.

## PROGRAM SCHEDULE

Time	Topics	Speakers/ Presenters
9.00	Registration	
9.30-10.30	Welcome Address	Shri Lakshmi Kant Sharma, Hon'ble Minister of Higher Education, Madhya Pradesh)
	Opening Speech	His Excellency Shri. Ram Naresh Yadav, Governor, Madhya Pradesh
	Introductory Remarks	Principal Secretary Shri Basant Pratap Singh and/or Andreas Blom, team Leader and Senior Education Economist, The World Bank
10.30-11.30	Presentation and Discussion on "Governance and law of higher education in India: the need for reform"	<b>Key note Speaker:</b> Prof Madhava Menon, Former Director, National Law School, Bangalore
11.30-12.30*	Presentation and Discussion of the need for reform of State universities	<b>Chairman:</b> Prof. Madhava Menon <b>Presenter:</b> Prof.B.Venkatesh Kumar, (Tata Institute of Social Science and World Bank) <b>Panel Discussion:</b> Prof.P.K.Mishra, Vice-Chancellor, DAVV, Indore Prof.S.S.Singh, National Law Institute University, Bhopal
12.30-13.30	Presentation and Discussion on "Does the affiliation model allow student expansion with quality?"	<b>Chairman:</b> Prof.M.Kidwai, Jivaji University Gwalior <b>Presenter:</b> Toby Linden, Lead Education Specialist, World Bank <b>Panel Discussion:</b> Prof. Piyush Trivedi, VC, Rajiv Gandhi Technical University, Bhopal Prof. Shiv Narayan Yadav, Principal, Govt P.G. College Badwani Prof.Manju Tembhre, Sant Hiradam College, Baigarh, Bhopal
13.30-14.15		Lunch

Time	Topics	Speakers/ Presenters
14.15-15:15	Presentation and Discussion on “Striking the right balance on regulating private universities”	<p><b>Chairman:</b> Prof.Nisha Dube, VC, Barkatulla University, Bhopal</p> <p><b>Presenter:</b> Andreas Blom, Team Leader, World Bank</p> <p><b>Panel Discussion:</b> N.J.Rao, Vice-Chancellor, Jaypee University Mr.Dhiraj Mathur, Director(Education), Price Water Cooper Prof.Akhilesh Kumar Pandey, Chairman, M.P. Private Universities Regulatory Commission, Govt. of Madhya Pradesh.</p>
15.15-16.15	Presentation and Discussion on “Financing of Universities”	<p><b>Chairman :</b> Dr.Narendra Jadhav, Member of Planning Commission (education)</p> <p><b>Panel Discussion:</b> Mangesh Tyagi, Advisor, Planning Board Mr.Dhiraj Mathur, Director(Education), Price Water Cooper</p>
16.15-17.00	Group work  Closing Statement	<p>Each group debate the priorities for reforms of higher education, and the two top priorities are shared with the plenary.</p> <p>Shri B.P Singh, I.A.S. Principal Secretary (Department of Higher Education, Madhya Pradesh) <i>(tbc)</i></p>

<b>Madhya Pradesh (MP)</b>	<b>Maharashtra</b>	<b>Karnataka</b>	<b>Jharkhand</b>	<b>IITs</b>	<b>International-Denmark</b>	<b>International – Singapore</b>
The Madhya Pradesh Vishwavidyalaya Adhiniyam 1973 <sup>7</sup> 70 pages - 69 sections	Universities Act, 1994 (as amended in 2009) – 76 pages	Karnataka Act The Azim Premji University Act 2010	State Universities Act 2000 <sup>8</sup>	The Institutes of Technology Act 1961 <sup>9</sup> 13 pages – 39 sections	Denmark University Law 2006 (as amended 2009-2011) – 13 pages	National University of Singapore (Corporatisation) Act 2006 <sup>10</sup>
<b>Responsibilities of the Visitor</b>						
None	None	<u>Section 13: The Visitor</u> <ul style="list-style-type: none"> <li>▪ Governor shall be the Visitor of the University.</li> <li>▪ Preside at convocations</li> <li>▪ Call for any paper or information relating to the affairs of the University;</li> <li>▪ May issue directions in the interest of the University</li> </ul>	None	<u>Section 9</u> <ul style="list-style-type: none"> <li>▪ The President of India shall be the Visitor of every Institute.</li> <li>▪ Nominate the Chairman</li> <li>▪ The Visitor may appoint one or more persons to review the work and progress of any Institute and to hold inquiries into the affairs</li> <li>▪ Upon receipt of any such report, the Visitor may take such action and issue such directions as he considers necessary.</li> </ul>	None	None

<sup>7</sup> [http://www.mp.gov.in/highereducationmp/adhiniyam/univ\\_adhiniyam.htm](http://www.mp.gov.in/highereducationmp/adhiniyam/univ_adhiniyam.htm)

<sup>8</sup> <http://rajbhavanjharkhand.nic.in/chancellor.htm>

<sup>9</sup> <http://www.iitb.ac.in/legal/IITsAct.pdf>

<sup>10</sup> Note: Each publicly-funded university in Singapore has its own Act, approved and passed by Parliament.

Madhya Pradesh (MP)	Maharashtra	Karnataka	Jharkhand	IITs	International-Denmark	International – Singapore
<b>Responsibilities of the Chancellor/Chairman (in the case of the IITs)</b>						
<p><u>Section 12: Chancellor (Chancellor)</u></p> <ul style="list-style-type: none"> <li>▪ Governor of MP shall be the Chancellor</li> <li>▪ Preside at meetings of the court and convocations</li> <li>▪ Can call for a report/explanation of incidents in the university</li> <li>▪ Can annul any proceedings that are not in the interest of the university</li> <li>▪ Appoints the selection committee for the Kulapati (Vice-Chancellor) and appoints the Kulapati from the panel of candidates</li> </ul>	<p><u>Section 9: Chancellor</u></p> <ul style="list-style-type: none"> <li>▪ Governor shall be the Chancellor</li> <li>▪ Preside at convocations</li> <li>▪ Can call for a report/explanation of incidents in the university</li> <li>▪ Can suspend or disqualify a member of the university.</li> <li>▪ Can suspend or modify a resolution, order or proceeding of any authority or body which in his opinion, is not in conformity with the Act or in the interest of the university.</li> </ul>	<p><u>Section 14: Chancellor</u></p> <ul style="list-style-type: none"> <li>▪ Chancellor appointed by the Sponsoring Body.</li> <li>▪ Function as the head of the University;</li> <li>▪ Chair the Board of Governors</li> <li>▪ Appoint or terminate the VC in accordance with Act and Statutes;</li> <li>▪ Nominate one member of Nomination Committee;</li> <li>▪ Pre-approve the appointment of the Pro VC, the Dean, the Registrar and the Finance Officer;</li> <li>▪ Nominate two academicians as members on the Board of Governors;</li> <li>▪ Resolve a conflict (excluding conflicts in BoG) in the manner provided for in this Act</li> </ul>	<p><u>Section 9: Chancellor</u></p> <ul style="list-style-type: none"> <li>▪ Governor of Jharkhand shall be the Chancellor.</li> <li>▪ Preside at convocations</li> <li>▪ Power to inspect the universities and facilities; Can call for an inquiry.</li> <li>▪ Power to transfer officers and teachers amongst different universities</li> <li>▪ Appoint Financial Advisor and Registrar of the university</li> <li>▪ Solves disputes and final approving authority for composition of university bodies</li> </ul>	<p><u>Section 16</u></p> <ul style="list-style-type: none"> <li>▪ Preside at the meetings of the Board and at the Convocations of the Institute.</li> <li>▪ Ensure that the decisions taken by the Board are implemented.</li> <li>▪ Can exercise such other powers and perform such other duties as may be assigned to him by this Act or the Statutes.</li> </ul>	None	<ul style="list-style-type: none"> <li>▪ Not prescribed in Act</li> <li>▪ Chancellor should be an individual of high public standing.</li> <li>▪ Appointed by the Minister of Education.</li> <li>▪ Preside at all major formal ceremonies including convocations and commencements etc.</li> </ul>

Madhya Pradesh (MP)	Maharashtra	Karnataka	Jharkhand	IITs	International-Denmark	International – Singapore
<b>Appointment of Vice-Chancellor/Kulapati (MP)/Director (IITs)</b>						
<p><u>Section 14: Kulapati terms of office</u></p> <ul style="list-style-type: none"> <li>▪ VC shall be appointed by the Chancellor based on the recommendation of a selection committee of 3.</li> <li>▪ The 3 members can only be filled by specific positions (i.e. one by the Executive Council; one by the Chairman of the UGC; one by the Chancellor).</li> <li>▪ The Chancellor appoints the Chairman</li> <li>▪ Committee must submit its recommendations within 6 weeks of appointment.</li> <li>▪ Term not exceeding 4 years, but with reappointed for another term.</li> <li>▪ Chancellor can ask VC to resign if found to be in wrongful doing or unable to carry out his duties.</li> </ul>	<p><u>Section 12: Selection Committee</u></p> <ul style="list-style-type: none"> <li>▪ VC shall be appointed by the Chancellor based on the recommendation by an independent selection committee of 3 members.</li> <li>▪ The 3 members must be retired Judge of the Supreme Court, Principal Secretary of Higher and Technical Education etc). Chancellor nominates the Chairman.</li> <li>▪ Members must be independent from the university or its colleges.</li> <li>▪ All 3 members must be present</li> <li>▪ Committee recommends 5 suitable persons. Features of suitability in the Act.</li> <li>▪ Eligibility and process of recommendation shall be given wide publicity to ensure the best candidates.</li> </ul>	<p><u>Section 15: Appointment of Vice-Chancellor</u></p> <ul style="list-style-type: none"> <li>▪ VC appointed by the Chancellor among three recommendations by the Nomination Committee, as per terms in Statutes</li> <li>▪ Nomination Committee consists of three persons (i.e. one nominated by Chancellor; two nominees of the BoG of which one is Convener</li> <li>▪ Nomination Committee shall, on the basis of merit, recommend three persons with a concise statement showing the academic qualifications and other distinctions of each person.</li> <li>▪ VC can be terminated by the Chancellor with the approval of the BoG and Chancellor after due process and an opportunity for VC to present his / her case.</li> </ul>	<p><u>Section 10</u></p> <ul style="list-style-type: none"> <li>▪ VC shall be appointed by the Chancellor in consultation with the State Govt.</li> <li>▪ Chancellor must approve the academic credentials and standing of the proposed VC.</li> <li>▪ Term not exceeding 3 years.</li> <li>▪ Chancellor can ask the VC to resign from his post in consultation with the State Government.</li> </ul>	<p><u>Chapter 17</u></p> <ul style="list-style-type: none"> <li>▪ The Director of each Institute shall be appointed by the Council with the prior approval of the Visitor.</li> <li>▪ The Director shall be the principal academic and executive officer of the Institute and shall be responsible for the proper administration of the Institute and for the imparting of instruction and maintenance of discipline therein.</li> <li>▪ The Director shall submit annual reports and accounts to the Board.</li> <li>▪ The Director shall exercise such other powers and perform such other duties as may be assigned to him by this Act or the statutes or Ordinances.</li> </ul>	<p><u>Chapter 3: Governance - Board</u></p> <ul style="list-style-type: none"> <li>▪ The BoM appoints and dismiss the VC (called Rector)</li> <li>▪ Selection procedures in the Statutes – normally through a BoM appointed search committee and advertisement</li> <li>▪ The VC must be a recognized researcher with managerial experience within education and research and their transfer and use in the local society</li> </ul>	<ul style="list-style-type: none"> <li>▪ President (VC-equivalent) is appointed by the Board of Trustees.</li> <li>▪ BoT has the flexibility to decide on the selection process – normally through a BoT appointed search committee.</li> <li>▪ President must be a high quality individual with good international standing.</li> </ul>

Madhya Pradesh (MP)	Maharashtra	Karnataka	Jharkhand	IITs	International-Denmark	International – Singapore
<b>Composition of the Governing Body (Court/Senate/Board of Governors)</b>						
<p><u>Section 20: Court</u></p> <ul style="list-style-type: none"> <li>▪ Chancellor Chairs</li> <li>▪ &gt; 60 members comprising ex-officio, government officials, faculty and Principals of the affiliated colleges, donors, graduates, students, industry and learned professionals.</li> <li>▪ Quorum of at least 25 members attending the meeting and voting</li> </ul>	<p><u>Section 25: Senate</u></p> <ul style="list-style-type: none"> <li>▪ Chancellor chairs</li> <li>▪ &gt;70 members whose specific positions/ characteristics are detailed in the Act.</li> </ul>	<p><u>Section 22: Board of Governors</u></p> <ul style="list-style-type: none"> <li>▪ Chancellor chairs</li> <li>Comprise 8 members (excluding Chairman and non-voting members) whose specific positions are detailed in the Act (i.e. Govt representatives, UGC nominee, nominees by the Visitor and Sponsoring Body)</li> <li>▪ Quorum of three members attending the meeting and voting.</li> </ul>	<p><u>Section 18: Senate</u></p> <ul style="list-style-type: none"> <li>▪ Chancellor chairs</li> <li>▪ &gt;100 members including ex-officio, Life, Representative and Nominated members.</li> <li>▪ Terms of office (except for life members) is 3 years</li> </ul>	<p><u>Section 10: Authorities of the Institute</u></p> <ul style="list-style-type: none"> <li>▪ Chairman chairs</li> <li>▪ Consists of the Chairman; the Director, <i>ex officio</i>, one nominee by the Government of each of the States comprising the zone for the Institute (technologists or industrialists of repute); four persons with special background in education, engineering or science nominated by the Council; and two professors of the Institute nominated by the Senate.</li> </ul>	<p><u>Chapter 3: Governance Board</u></p> <ul style="list-style-type: none"> <li>▪ A majority of external members of which one is elected as Chair</li> <li>▪ External members must possess experience in management, budgeting and auditing. They are appointed as individuals (not representatives)</li> <li>▪ Internal members to be representatives from faculty, administrative staff and students elected by those groups</li> <li>▪ Composition must reflect the university's overall responsibilities</li> <li>▪ 4 years, renewable only once</li> <li>▪ Can be dismissed collectively by Government if it fails to correct notified unlawful circumstances or jeopardizes the univ's future operation</li> <li>▪ Details in Statutes</li> </ul>	<p><u>Section 6: Appointment to the Board</u></p> <ul style="list-style-type: none"> <li>▪ Chairman and members are appointed by the Minister of Education</li> <li>▪ The Minister has the discretion to appoint the number of members, and may remove/ appoint members.</li> <li>▪ Comply with the provisions in the Companies Act.</li> </ul>



Madhya Pradesh (MP)	Maharashtra	Karnataka	Jharkhand	IITs	International-Denmark	International – Singapore
<b>Powers and duties of the Governing Body (Court/Senate/Board of Governors)</b>						
<p><u>Section 22: Court</u></p> <ul style="list-style-type: none"> <li>▪ Advisory body of the university</li> <li>▪ Review the broad policies of the univ.</li> <li>▪ Passing resolutions</li> <li>▪ Review the acts of the university</li> <li>▪ Confer on the recommendation of the Executive Council honorary degrees and other academic nominations</li> </ul>	<p><u>Section 26: Senate</u></p> <ul style="list-style-type: none"> <li>▪ Principal authority for all finance and budgetary approximations</li> <li>▪ Improvements and development plans for the university</li> <li>▪ Review current academic programs and suggest new ones</li> <li>▪ Approve new degrees, certifications, diplomas etc</li> <li>▪ Review broad policies and strategies</li> </ul>	<p><u>Section 22: Board of Governors and its powers</u></p> <ul style="list-style-type: none"> <li>▪ Principal Governing Body of the university</li> <li>▪ Appoint the Statutory Auditors of the University</li> <li>▪ Lay down policies and review decisions of the other authorities of the University if they are not in conformity with the provisions of this Act</li> <li>▪ Approve the Budget and Annual Report of the University</li> <li>▪ Make new or amend Statutes and Rules</li> <li>▪ Take decision about voluntary winding up of the University</li> <li>▪ Approve proposals for submission to the Government.</li> </ul>	<p><u>Section 21: Senate</u></p> <ul style="list-style-type: none"> <li>▪ Supreme governing body of the university</li> <li>▪ Make, pass or amend statues and regulations</li> <li>▪ Passing resolutions</li> <li>▪ Affiliation and dis-affiliation of colleges</li> </ul>	<p><u>Section 13</u></p> <ul style="list-style-type: none"> <li>▪ Responsible for the general control of the affairs of the Institute</li> <li>▪ Take decisions on questions of policy relating to the administration of the Institute</li> <li>▪ Institute courses of study at the Institute;</li> <li>▪ Make Statutes and ordinances</li> <li>▪ Appoint persons to academic as well as other posts in the Institute</li> <li>▪ Approve annual report, the accounts and budget</li> <li>▪ Appoint such committees as it considers necessary for the exercise of its duties</li> </ul>	<p><u>Chapter 3: Governance Board</u></p> <ul style="list-style-type: none"> <li>▪ Highest authority</li> <li>▪ Guards the university's interests and make rules for its organization, long-term operations and development</li> <li>▪ Ensure the greatest transparency in its work</li> <li>▪ Approved budget and principles for allocation of the funding as prepared by VC</li> <li>▪ Prepare Statutes (for approval of Government</li> <li>▪ Appoints and dismisses VC</li> <li>▪ Appoints key leaders (upon VC's recommendation)</li> <li>▪ Explicitly does not have authority in the matters of individual faculty of students</li> <li>▪ Explicitly liable by law for its decisions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Highest approving authority.</li> <li>▪ Sets the overall strategy direction and growth of the university</li> <li>▪ Full financial, academic and administrative/ HR autonomy.</li> <li>▪ Key policies by the MOE which have to be complied with are articulated in the Policy Agreement signed between the university President and Permanent Secretary (MOE).</li> <li>▪ Can make, revise, or revoke statues in the best interest for the university.</li> </ul>

<b>Composition of the Executive Council (Syndicate/Board of Management/Senate for the IITs)</b>						
<u>Section 23: Executive Council</u> <ul style="list-style-type: none"> <li>▪ VC chairs</li> <li>▪ Executive Body of the university.</li> <li>▪ Comprises Internal: Rector, Deans, Principals, Professors, and external: 2 government secretaries and 6 nominated by the Chancellor (primarily from disadvantaged background)</li> </ul>	<u>Section 25: Management Council</u> <ul style="list-style-type: none"> <li>▪ VC chairs</li> <li>▪ Comprises Pro-VC, Deans, Principals, Professors etc whose specific positions are stated in the Act.</li> </ul>	<u>Section 23: Board of Management</u> <ul style="list-style-type: none"> <li>▪ VC Chairs</li> <li>▪ Executive authority of the university</li> <li>▪ 6 members including the Pro-VC, Registrar, 2 nominees of the sponsoring body, 2 Deans nominated by the VC.</li> </ul>	<u>Section 22: Syndicate</u> <ul style="list-style-type: none"> <li>▪ VC chairs</li> <li>▪ Executive Council of the university</li> <li>▪ Comprises Pro-VC, Deans, Principals, Professors etc whose specific positions are stated in the Act.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None specified in the act</li> </ul>		<ul style="list-style-type: none"> <li>▪ Internal body chaired by the President</li> <li>▪ Comprises senior management of the university</li> <li>▪ Separate from Senate which is provided in the statutes.</li> </ul>
<b>Powers and Duties of the Executive Council/Management Council/Syndicate</b>						
<u>Section 23: Powers and duties of the Executive Council</u> <ul style="list-style-type: none"> <li>▪ Hold, control and manage the property and funds of the university</li> <li>▪ Manage and regulate the finances, accounts and investments of the university</li> <li>▪ Admit colleges on the recommendation of the Academic Council.</li> </ul>	<u>Section 27: Powers and duties</u> <ul style="list-style-type: none"> <li>▪ Finance responsibilities and Asset management</li> <li>▪ Make statues and ordinances for the Senate’s approval and other implementation duties.</li> <li>▪ Establish new dept, hostels, colleges etc</li> <li>▪ Legal and contract relationships</li> <li>▪ Creation of positions, conferment of degrees, etc on the recommendation of the Academic Council</li> <li>▪ Inter-university relationships</li> </ul>	<u>Section 23: Board of Management</u> <ul style="list-style-type: none"> <li>▪ Powers and functions are specified in the Statutes</li> </ul>	<u>Section 24: Powers and duties of the Syndicate</u> <ul style="list-style-type: none"> <li>▪ Hold, control and manage the property and funds of the university</li> <li>▪ Determine and regulate all matters related to the university in accordance with the Act and statutes</li> <li>▪ Make Ordinances etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None specified in the act</li> </ul>		<ul style="list-style-type: none"> <li>▪ Internal body chaired by the President</li> <li>▪ Submit recommendations to the Board of Trustees covering budget proposals, development plans, establishment proposals etc.</li> </ul>

Madhya Pradesh (MP)	Maharashtra	Karnataka	Jharkhand	IITs	International-Denmark	International – Singapore
<b>Academic Council (Academic Senate)</b>						
<p><u>Section 25 and 26</u></p> <ul style="list-style-type: none"> <li>▪ Consists of VC, Rector, deans, and heads of departments, 5 principals of affiliated colleges, 5 professors and lectures</li> <li>▪ Two external members: Commissioner and Chairman of State Board of secondary education</li> <li>▪ The Academic council exercises general supervision over the academic policies and gives directions for teaching methods</li> <li>▪ To make arrangements for examinations and prepare report on results to the Executive Council for publication</li> </ul>				<p><u>Section 14 and 15</u></p> <ul style="list-style-type: none"> <li>▪ Director chairs,</li> <li>▪ The Deputy Director, professors, and three educationists of repute, not being employees of the Institute nominated by the Chairman; and such other members of the staff as per Statutes</li> <li>▪ The Senate decides the academic policy and approves the curriculum, courses, examinations and results</li> <li>▪ The Senate has the control and general regulation, and be responsible for the maintenance, of standards of instruction, education and examination</li> </ul>	<p><u>Chapter 3: Governance – Academic Council(s)</u></p> <ul style="list-style-type: none"> <li>▪ VC Chairs</li> <li>▪ Elected representatives of faculty and students as determined in the Statutes</li> <li>▪ Academic councils can be created for each main academic area (in which case the dean chairs)</li> <li>▪ Comment to VC on budgeting, strategic research and education plans, composition of faculty evaluation committees</li> <li>▪ Award PhD degree</li> </ul> <p>Discuss all academic matters of substantial importance to the University that the VC presents to the council</p>	<p>Senate comprises senior management, Professors as well as elected members.</p>

Madhya Pradesh (MP)	Maharashtra	Karnataka	Jharkhand	IITs	International-Denmark	International – Singapore
<b>Financial Authority</b>						
<p><u>Section 32 – University Funds</u></p> <ul style="list-style-type: none"> <li>▪ University has to establish university fund</li> <li>▪ Clear guidelines of which streams of funding should flow into the university fund can be found in the Act.</li> <li>▪ Similarly, there are clear rules on what the Fund can be used for including the payment of salaries, upkeep of facilities and buildings etc.</li> </ul>	<p><u>Section 102 – University Funds</u></p> <ul style="list-style-type: none"> <li>▪ University has to establish various funds including general fund, salary fund, trust fund, development and programme fund etc</li> <li>▪ Surplus money at the credit of these funds, shall from time to time, be deposited in the Nationalised or Scheduled Banks or invested in any other Equity or securities issued by the Corporations having financial participation of the State Government or in units of U.T.I., N.S.C. Bonds issued by I.D.B.I. and I.C.I.C.I. or investment approved by the Management Council.</li> <li>▪ Annual report prepared by Management Council and approved by Chancellor, State Government and Senate</li> </ul>	<p><u>Section 46-50 : Establishment &amp; Management of Funds</u></p> <ul style="list-style-type: none"> <li>▪ Rules concerning the establishment of the Permanent Statutory Endowment Fund, University Endowment Fund, General Fund, Development Fund</li> <li>▪ Funds shall, subject to general supervision and control of the Board of Governors, be regulated and maintained in such manner as may be prescribed</li> <li>▪ Annual report approved by the Board of Governors</li> </ul>	<p><u>Section 45 – University Funds</u></p> <ul style="list-style-type: none"> <li>▪ University has to establish university fund, pension, gratuity, insurance and provident funds</li> <li>▪ Annual report prepared by Syndicate and approved by the Senate</li> </ul>	<p><u>Section 22 and 23</u></p> <ul style="list-style-type: none"> <li>▪ Every Institute shall maintain a Fund to which shall be credited all money received in any manner or from any source (incl. Central Government money; all fees and other charges and all grants or transfers)</li> <li>▪ All money invested in such manner as the Institute may, with the approval of the Central Government, decide</li> <li>▪ Institute shall maintain proper accounts and prepare an annual statement of accounts as prescribed by the Central Government</li> <li>▪ Accounts audited by the Comptroller and AG of India and the audit report forwarded to the Central Government and laid before Parliament</li> </ul>	<ul style="list-style-type: none"> <li>▪ Allocates its funding and subsidies as it sees fit</li> <li>▪ Must respect the rules and conditions of received subsidies (or Govt can stop funding or demand repayment)</li> <li>▪ Can accumulate savings across fiscal years</li> </ul>	<ul style="list-style-type: none"> <li>▪ University has autonomy to decide on its allocation of funding – a fungible block grant is allocated to the university based on output targets.</li> <li>▪ University decides on its own internal funding framework and policies</li> <li>▪ Must abide by key government funding policies.</li> <li>▪ Can accumulate savings across fiscal years.</li> <li>▪ Must abide by relevant legislation in Singapore including the Companies Act.</li> </ul>

Madhya Pradesh (MP)	Maharashtra	Karnataka	Jharkhand	IITs	International-Denmark	International – Singapore
<b>HR Service Conditions</b>						
<p><u>Section 49: Appointment to teaching posts in university / Section 15c: State University Services</u></p> <ul style="list-style-type: none"> <li>▪ Appointment and promotion of all teachers (except for specific positions stated in the Act) is decided by a panel chaired by the Kulpati. The members of the panel are nominated by the Chancellor <ul style="list-style-type: none"> <li>▪ State Govt. makes the rules for the recruitment, promotion and conditions of services of persons appointed to the State University Service</li> </ul> </li> </ul>	<p><u>Section 23: Officers, members etc of university as public servants</u></p> <ul style="list-style-type: none"> <li>▪ All salaried officers, members of the authorities, committees or bodies, teachers of the university and other employees of the university, shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code</li> </ul>	<p><u>Section 20: Other officers</u></p> <ul style="list-style-type: none"> <li>▪ The manner of appointment, terms and conditions of service and powers and duties of the other officers of the University shall be as specified by Statutes</li> </ul>	<p><u>Section 57: Appointment of teachers and officers</u></p> <ul style="list-style-type: none"> <li>▪ Appointment and promotion of all teachers (except for specific positions stated in the Act) is decided by the Jharkhand Public Service Commission</li> </ul>	<p><u>Section 25</u></p> <ul style="list-style-type: none"> <li>▪ All appointments on the staff of any Institute, except that of the Director, shall be made in accordance with the procedure laid down in the Statutes, by - <ul style="list-style-type: none"> <li>a) the Board, if the appointment is made on the academic staff in the post of lecturer or above or if the appointment is made on the non-academic staff in any cadre the maximum of the pay scale for which exceeds six hundred rupees per month; and</li> <li>b) the Director, in any other case</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Emoluments frameworks set by Ministry of Finance for public universities</li> <li>▪ Must comply with Government rules for public employment of scientific staff and faculty</li> </ul>	<ul style="list-style-type: none"> <li>▪ University has the autonomy and flexibility to decide on their HR framework and policies.</li> <li>▪ Must comply with relevant legislation in Singapore.</li> </ul>