Abstract
This paper tries to explore the lapses in the quality of higher education being given in India. The paper attempts to focus on issues about the number of Management institutes, their intake capacity, quality of faculty members and the methodology of teaching. The paper finds that 77% of B–school grads are “unemployable”. Testing 790 graduates in six cities, it was found that of the 1,257 AICTE recognized B – schools in India, only 132 have been rated as “average or better” by the All India Management Association (AIMA), producing around 20,000 graduates every year who are not good enough for employment.

Keywords:  Higher education; India; Intake capacity; Faculty members; Methodology.

JEL Classification Codes:  I2.

1. Introduction
The phenomenon of liberalization and globalization of Indian economy coupled with evolution in Information technology have brought new challenges to higher education. It is necessary to introduce changes in the higher education system to meet the needs of the changing scenario of business environment in consonance with the national needs. As India is emerging as a knowledge power, the present day youths are exploring their future prospects in higher education. India has seen an epidemic increase in the number of professional institutes during the last two decades, due to sudden and unprecedented demand of the professional people. Hence these Institutes must meet the demand of the liberalized economy. In the early 90’s with rapid economic growth and global competition there was a demand for 32000 managers in India, but the Management Institutes could produce only 14000 managers. This inequality in demand and supply of the managers witnessed a mushrooming of the private management institutes the country.

Today India has 1,257 management education institutions. The growth of management Institutes has been impressive, but the quality of the management education is still at the back seat. An attempt has been made in this paper to summarize India’s current position in this regard, focusing on current status of Indian higher education system, the “trade” in higher education, the possible repercussion of the foreign providers on the higher education system that could be taken to protect in the national interest.

A few Institutions in India enjoy “Brand Name” status. The Indian institutions like IIM’s, IIT’S, XLRI, NIT’s, ISB, TISS – Mumbai and quite a few Central and State Universities are examples which may be regarded as institutes of excellence. Very few World class B institutions are in India as is evident from the example that in the year 2007, the highest domestic salary offered by the IIM –A was Rs. 60 Lakh and the maximum salary given was Rs. 1.01 Crore In IIM –K the highest domestic salary was Rs. 22 Lakh P.A. which was massive 233% more than the lowest offer of Rs. 6.6 Lakh PA last year The highest salary in IIM –C was Rs. 1.12 Crore PA. This shows India produces world class B graduates but their number are few.

We need to develop the Institutions considering the quality level of these institutions. Quality movement initiated in the early 1990’s has had a positive impact. Different statutory bodies in the professional disciplines and accrediting agencies monitor the quality of the education provided. Hence the quality Universities and the research centers are necessary to meet the demand of the professionals of International repute. Only the three of the India’s institutions rank in top 500 globally- the IIT’s, IIM’s and J.N.U. of India. If India is going to aspire to be a major global economic power we must have same position to aspire for the education of excellence with a commitment and will to achieve this goal. Since the demand of the
qualified managers far exceeds the annual notable capacity, management institutes are mushrooming which is evident from Table 1.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Management Institutes</th>
<th>No. of seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>06</td>
<td>200</td>
</tr>
<tr>
<td>1982</td>
<td>58</td>
<td>NA</td>
</tr>
<tr>
<td>1992</td>
<td>100</td>
<td>7000</td>
</tr>
<tr>
<td>1994</td>
<td>350</td>
<td>22,317</td>
</tr>
<tr>
<td>1995</td>
<td>563</td>
<td>32787</td>
</tr>
<tr>
<td>1996</td>
<td>704</td>
<td>46,916</td>
</tr>
<tr>
<td>1997</td>
<td>793</td>
<td>52,396</td>
</tr>
<tr>
<td>1998</td>
<td>863</td>
<td>56,546</td>
</tr>
<tr>
<td>1999</td>
<td>939</td>
<td>60,381</td>
</tr>
<tr>
<td>2000</td>
<td>959</td>
<td>61,371</td>
</tr>
<tr>
<td>2001</td>
<td>1,035</td>
<td>65000</td>
</tr>
<tr>
<td>2006</td>
<td>1,147</td>
<td>94000</td>
</tr>
<tr>
<td>2007</td>
<td>1,257</td>
<td></td>
</tr>
</tbody>
</table>

Source: Business Today, May 7, 1998, P82; Business Today, November 21, 2000, P88; Business India, November 2001; Times of India, New Delhi, February 3, 2007; CSR, April 2007, P. 18

An abrupt increase in the number of management Institutes can be studied from the above table. There has been a rapid growth of the management schools in the last decade. The private management colleges and the Institutes administer about 80% of the management programs. Today there are 1,257 management Institutes offering M.B.A / PGDBM programs and admitting about more than 94000 students. However the quality of the management education in the country is poor and this calls quality management system in the management schools in India.

2. Higher education scenario in India

From the time immemorial, India has been a country for learning, prior to independence; the growth of higher education institutions in India was very slow. The diversification in the field of education was also very limited. At the time of independence in 1947, there were only 500 colleges and 20 Universities located in different regions of the country with around a hundred thousands students in higher education. Today India ranks the second largest education system in the world, with 104.81 lakh students enrolled. India comprises 342 Universities including 18 Central Universities, 211 State Universities, 95 Deemed Universities, 5 Institutes under State legislation and 13 Institutes of national importance. There are 17,625 colleges and Faculty strength of 4.17 Lakh. Now India claims its position as one of the leading countries providing quality higher education to its people as well as students coming from the countries all over the world. During the last two decades a large number of Universities and private management Institutes have started different management courses, engineering programs and computer courses etc, therefore commercialization of the professional higher education in India is on the increase where the students are seen as customers. The 1990 saw a major turn history of the contemporary management education and other professional courses in India. The financial privatization of higher education through reduction in public expenditure and the introduction of cost recovery measures accompanied by policy measures towards direct privatization of the higher education. Philanthropy, charity and education which were considerations of the private sector in education in past, no longer seems to figure s motives. Hence a majority of management Institutes provide management education that is mediocre in quality and can be described as sub – viable and sub – standard. The changing perspective in management education need to introduce a paradigm shift in the vision of the Institutes and the role and objectives for professional managers will continue to grow. Therefore management program is the most preferred option after medicines for the future years. Manager career ha gained an unparallel popularity which was considered exclusive domain of the medicines, and engineering during 1960’s and 1970’s. India has rich market which requires that the management courses be designed in an appropriate pattern in order to meet the need of 21’st Century’s business environment.
3. WTO and Educational courses – Current scenario

The Uruguay round (on 15th December, 1993) agreement signed in Marakesh (Morocco) to establish World Trade Organization and it came in to force with effect from 1st January 1995 as successor to GATT. India is founder member of WTO and it comprises 149 member countries and accounts to 97% of world trade. The principle of WTO is to create an international environment for free flow of goods, services and ideas. Globalization of the business of educational services may open up a whole new vista by opportunities, but retracting when the desired results are not achieved.

A few institutional efforts have been put in India to strengthen its competitive edge. Most of in the Government higher educational institutes have started generating revenues from diverse resources viz providing training to Industrial employees, undertaking industry sponsored research projects, providing consultancy to business managers etc. State Governments higher education institutes have also started exploring on similar lines. Eleven open Universities have 104 correspondence courses are now providing education through distance mode. IGNOU has taken lead in providing flexibility in time, place and pace to the community. With 82 programs, IGNOU is now having its presence in Abu Dhabi, Doha, Kuwait, Muscat, Bahrain, Sharjah, Saudi Arabia, Indonesia, Malaysia, Singapore, Nepal, Kyrgyz tan, Ethiopia, Maldives, Namibia, Sierra Leone, Myanmar, Mauritius, Seychelles, Liberia, Madagascar and China. IGNOU has collaboration with open Universities in SAARC region and national and International Organizations like, COL, WIPO, WHO, and World Bank. (IGNOU 2005). Moving with the trends the Government of India is taking new measures to make the higher education institutes more independent and encouraging thereby tapping diverse sources of income.

Special grants are given apart from the normal assistance to colleges which are granted autonomy, fiscal incentives in income tax savings to the donors (Tax exemption @125% of the contribution given to professional institutes and @ 100% of the contribution given to other educational institutes), gradual elevation of all the Regional Engineering Colleges (REC’s) to the status of IIT’s instead of establishing new IIT’s, creation of 20% of seats for the students in higher education are all steps that have been taken by the Government in this direction. “Quality in higher education “ has been accorded – providing by both UGC and AICTE. The national assessment Accreditation Council (NAAC), the National Board of Accreditation (NB), the National council of teacher education (NCTE), and the National Institute of Education al planning and Administration (NIEPA) are now working to improve quality of education in India.

The educational services are one of the twelve groups of services, which are to be negotiated under the GATS. GATS came into force in 1996 with the objective to create a credible and enviable system of International trade rules to ensure fair and enviable trade in services. Education is a global business, estimated at over $2 Trillion and is second only to Health Care. The developed countries have taken the marketing move for their educational services. The United States has its information Centers, the UK has the British Council, Australia has International Development Program (IDP) and Germany has Academic Exchange Service (DAAD) all specialized agencies entrusted by their respective Governments to promote paraphernalia – especially in the area of higher education, which happens to be most lucrative, to clientele across the Globe. It provides legal rights to trade in all services except that defense, which are provided entirely by the Government. In GATS agreement the services are categorically divided into 12 sectors viz. Business, communication, construction and Engineering, distribution education, environment, finance, insurance and Banking, health, tourism and travel, recreation, cultural and sports, transportation and other services. Educational services as one of the twelve economic activities identified under DATS, have enjoyed state patronage in the developing and developed countries because of their social nature. Education as a global business estimated at over $ 2Trillion is the second only to Health Care. The magnitude of this trade and its potential is clear from the fact that in 2003 there were approximately 2 million International students world wide, with United States hosting nearly a third of them. An Australian study (Bohm, 2003) estimates that by 2025 the total number of international students would be about 8 million. Every year about 2 Lakh Indian families send their children overseas to study due to lack of sufficient number of quality institutes. They spend Rs. 13,500 crores on tuition and similar amount in living expenses. On the other hand only 7000 foreign students came to India to study. USA is the largest provider of education services in the world. It hosted 5,86,323 overseas students in 2003 and earned about US $ 12.9 Billion, turning higher education the fifth largest service exports. About 55% of the total foreign students in USA...
are from Asia. The flow of the international students in USA is from leading Asian countries that includes China, Taiwan, South Korea and Japan. USA accounts for one half of the total Indian students going abroad. The number of Indian students studied in USA was 32,534 in 1992 that increased to 74,603 in 2003, showing an impressive increase and which is 12.7% of the total international students. In USA despite a 5% drop from the record 80,000 plus last year, India still heads the list with 76,503 admissions in 2006 that made above 13% of the foreign admissions in US. China followed with 62,581 students, Korea, Japan and Canada made up top 5. About 81,184 went to Australia in 2005 – 06, almost 20,000 went to USA, Australia and Europe are the other favorite destinations for the Indian students. While welcoming the students from various countries, USA also sends its own students to other countries. During 2001-2002 US students have gone to various countries like 32,000 in UK, 17,176 in Spain, 17,169 in Italy, 12,274 in France, 9,456 in Australia and etc. Only 160,920 students came to India during that last year. India is now 20th leading destination for American students, up 53% this year alone to 1,767, the largest increase. The UK tops the list with 32,000 American admissions followed by Italy, Spain, France, Australia, Mexico and Germany. China is at 7th place with 6,389 admissions up 35% over 2005. Overall US study abroad had more than doubled in the last decade, up from only 84,403 in 1994 – 95 to 2,05,983 this year, an increase of 8% over last year. The number of the foreign students coming to India low. In fact the number of the foreign students in India dropped from 14,710 in 1980, 13,707 in 1993-94 to 5,323 in 1998-99 before again picking up as a result of promotional activities to 8,145 in 2001-02. India hardly constitutes 0.07% of the total enrolment in the higher education. The foreign students in India are from 100 countries but they are mainly from the developing countries. During the year, five countries Nepal, Mauritius, Kenya, Bangladesh and Sri Lanka sent more than 50 students with the maximum being from Nepal i.e. 873. The number of foreign students from developed countries is very small. The above statements can be described in Table 3.

Table 3

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>54,664</td>
<td>74,603</td>
<td>79,736</td>
<td>80,466</td>
<td>76,503</td>
<td>NA</td>
</tr>
<tr>
<td>UK</td>
<td>4,302</td>
<td>9,000</td>
<td>-</td>
<td>15,000</td>
<td>16,227</td>
<td>19,221</td>
</tr>
<tr>
<td>Australia</td>
<td>4,578</td>
<td>20,720</td>
<td>27,661</td>
<td>38,725</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>1,412</td>
<td>3,303</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>239</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Source: TOI, 10/02/2007

Table 4

<table>
<thead>
<tr>
<th>Region</th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>Growth (%) *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>759</td>
<td>1,141</td>
<td>1,761</td>
<td>2,534</td>
<td>3,598</td>
<td>5,004</td>
<td>7.8</td>
</tr>
<tr>
<td>East Asia</td>
<td>453</td>
<td>698</td>
<td>1,059</td>
<td>1,565</td>
<td>2,319</td>
<td>3,389</td>
<td>8.4</td>
</tr>
<tr>
<td>South East Asia</td>
<td>148</td>
<td>185</td>
<td>265</td>
<td>356</td>
<td>467</td>
<td>586</td>
<td>8.7</td>
</tr>
<tr>
<td>South Asia</td>
<td>110</td>
<td>191</td>
<td>349</td>
<td>501</td>
<td>676</td>
<td>869</td>
<td>8.6</td>
</tr>
<tr>
<td>Central Asia</td>
<td>48</td>
<td>67</td>
<td>88</td>
<td>112</td>
<td>136</td>
<td>161</td>
<td>5.0</td>
</tr>
<tr>
<td>Sub Sahara</td>
<td>99</td>
<td>127</td>
<td>168</td>
<td>222</td>
<td>295</td>
<td>371</td>
<td>5.4</td>
</tr>
<tr>
<td>North Africa</td>
<td>69</td>
<td>92</td>
<td>115</td>
<td>140</td>
<td>168</td>
<td>189</td>
<td>4.1</td>
</tr>
<tr>
<td>America</td>
<td>146</td>
<td>167</td>
<td>719</td>
<td>804</td>
<td>879</td>
<td>963</td>
<td>2.1</td>
</tr>
<tr>
<td>Africa</td>
<td>169</td>
<td>219</td>
<td>283</td>
<td>362</td>
<td>464</td>
<td>561</td>
<td>4.9</td>
</tr>
<tr>
<td>Europe</td>
<td>568</td>
<td>636</td>
<td>719</td>
<td>804</td>
<td>879</td>
<td>963</td>
<td>2.1</td>
</tr>
<tr>
<td>Oceania</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>12</td>
<td>13</td>
<td>13</td>
<td>2.0</td>
</tr>
<tr>
<td>World (Total)</td>
<td>1,763</td>
<td>2,316</td>
<td>3,149</td>
<td>4,169</td>
<td>5,500</td>
<td>7,155</td>
<td>5.8</td>
</tr>
</tbody>
</table>

* Represents compound growth rate 2000-05
Source: Bohn, Daris Meares and Pearce (2002), IDP, Australia
It is noted that on an estimate global public expenditure in the education sector substantially exceeds one
thousands billion dollars. There are 50 million teachers and a billion students. The developed countries
already consider it as a global market. The deriving force of globalization is competition and the
international education market has become competitive with different marketing strategies being
implemented by educational institutions to attract the growing number of students seeking higher
education. (Arambelwela and Hall, 2005).

A study by International Development Program, Australia (Bohm et al, 2002) estimated that the
International demand for higher education would grow to 7.2 million students by 2025 representing 5.8%
compound growth rate between 2000-25, details of such demand are given in Table 4. According to such an
estimate, over 70% demand for the international higher education will come from China, India and other
East – Asian and South – Asian countries, the demand from USA and European countries will be slowed
down in the forthcoming decades.

Multiplicities of new teaching methods have replaced traditional ways of learning and wide spectrum of the
educational opportunities beckon the youth today than ever before. Reactions from educational institutions
have come in the form of frequent review of syllabuses, and introduction of good teaching methodology.
Evening classes, part time courses, distance learning programs, on line courses and franchising
arrangements are new trends that have revolutionized the education sector.

4. Opportunities to India under WTO

The impact of WTO control over higher education is occurring in India. Majority of the members of WTO
are the importers of educational services except UK, USA, Canada, France, New Zealand and Australia.
India should avail this opportunity to export qualitative education services and compete the global
counterparts. Our reputed universities, IIT’s, IIM’s and a number of private professional institutes and
universities are attracting the foreign students to India to promote export of educational services to the
member countries of the WTO. WTO in fact has changed the ground realities and the management
institutions and engineering colleges and other professional institutions have now realized the need for
equipping their managers and other employees with knowledge with international standards. There are
tremendous pressures for producing the top quality professionals with international exposures. The post
1990’s institutions, majority of which are privately owned have a better chance of survival and sustained
growth than the more matured Government or University led students of greater vintage. Everything from
admission to pedagogy and placements, the institutions have freedom to innovate. India is surely on the
map putting the students at par with global students. The higher education institutions have to prepare their
students to face the globalized world. Apart from India, China, Singapore, Taiwan, and South Korea are
investing more in large and differentiated education system. The recent London Times Higher Education
Supplement ranking of the world top 200 Universities included 3 in China, 3 in Hong Kong, 3 in South
Korea, 1 in Taiwan and 1 in India (an IIT at number 41). These countries are positioning themselves for
Leadership in the Knowledge based economies of the 21st Century. As India strives to compete in a
globalized economy in areas that requires highly trained professionals, the quality of the higher education
becomes increasingly important. China and other Asian countries are upgrading their educational programs
with the aim of building world class educational institutions. Like wise India must take some drastic
measures with a view to make its educational programs of the global standards.

5. Problems

The total requirement in corporate India is around 1.3 Lakh MBA’s. However Merit Trac recently
concluded that 77% of B – School grads are “unemployable”. Testing 790 graduates in six cities, it stated
that of the 1,257 AICTE recognized B – Schools in India, only 132 have been rated as “average or better”
by the All India Management Association (AIMA), producing around 20,000 graduates every year who are
not good enough for employment. This shows that we need to produce quality MBA’s and upgrade the
intake and quality of education to at least meet the Indian requirements.

The Indian Universities and other educational institutions have a poor infrastructure and incompetent
faculty members, which contribute their inability except few IIT’s and IIM’s to compete with the
international educational institutions. Poor hospitality is also a vital factor that does not allow attracting the
foreign students to India. The Indian educational institutions have the hostels, but are not up to the global
standards. There is a need for a change in the mindset of the higher educational institutions, which do not think beyond awarding Degrees to those who are able to pay high fees.

Shortage of the core faculty is one of the serious problems of the higher education in India. Majority of the private professional courses institutes and even University departments are operating with a staff of four to five faculty members. While rest faculty are visiting, guest or on contractual basis who have no inclination to commit individual needs of the students. Thus, the quality of teachers in higher institutions in India is poor. In order to achieve excellence, institutes must attract high quality faculty members, engaged in teaching and research. In Indian educational institutions, there is large student to faculty ratio when compared to global counterpart. Large students to faculty ratio make it difficult for the students to have individual attention and discuss their problems with teachers at one – to – one level.

6. Suggestions
In the era of Internationalization Indian Universities Departments and Institutes of learning have more challenging opportunities. They should strive to grab opportunities by overcoming their problems with a view to make them competitive globally. In order to attract global students the need of the hour is to simplify the existing legal framework complex procedures relating to registration, issue and extension of Visa, issue of No Objection Certificate. The Government should grant more autonomy to the Universities and other Institutions in processing admissions of foreign students. Indian institutes should also enter into collaboration with foreign Institutes. Our Embassies and High Commissions do not promote Indian Higher education abroad. Hence, Government should direct Embassies and High Commissions abroad to provide prompt information about higher education system in India and help in organizing education fairs and conducting admission tests through their own counseling units. The Indian Institutes should improve their infrastructure such as Libraries with adequate number of books, good lecture halls, facilities for recreation, sports, good computer lab with adequate number of Computers, good hostel facilities and qualified teachers with PhD Degrees. With a view to reduce students to faculty ratio the educational institutions must recruit qualified and talented faculty members with academic aptitude, and the practice of recruiting visiting guest should be stopped. Much Industry student interface should take place. The Government should reserve 25% of the seats for the foreign students in the Institutions of higher learning with a view to encourage them to study in India. The institutions today in India must be of the International standards since we are more tucked away on an Island – post globalization. The Indian institutions must offer a module in inter – cultural activity. The professional education in India particularly management education must be made industry friendly with good opportunities of placement of the students not only in Indian industries but also in the Industries of the foreign countries. Besides regular teaching the professional institutions of higher learning specially the management institutes, engineering colleges and Computer education institutes should also arrange industry visits, extension lectures, seminars, conferences, workshops, management games case studies, role play, in – basket exercises, projects and assignments, panel discussions, group discussions, business knowledge tests and also invite the renowned academicians to interact with the students. The exorbitant fees, lack of educational infrastructure and tall claims of foreign collaboration and affiliation by fly – by night professional of higher learning institutes and other professional institutions should become a thing of past from the current academic session. Continuing with its discipline drive the AICTE has issued detailed guidelines which these institutions would have to include in their information brochure and display on their Web sites. Though in the realm of self regulation, non – adherence to the guidelines would result in the cancellation of approval by AICTE.

7. Conclusion
Now India has recognized that education in the service sector has an important role to play in bringing greater foreign exchange to the country, which would help the institutions to promote the quality of services. India must develop an institutional framework to encourage global students coming to India in large number. The Government should spell out the policy framework in this regard and a business plan for the education sector should be framed. In the 21st Century, a country’s success will be judged not by its political and military power or even rate of economic growth, but by the advances it makes in the field of modern knowledge. The teachers of professional education should apply the knowledge foe solving the practical problems, help the students in developing imaginative and innovative solutions to deal with real life situations. It is believed that India with its better established Universities, IIT’s, IIM’s and other center of study and research and with broader base intellectual capital has the advantage over China.
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