Final Report

of

Group for Management Institutions

on

Implementation of Reservation for OBCs

Submitted to

Oversight Committee

August 10, 2006

I. Introduction

In order to monitor the implementation of the decision to introduce reservations in the Higher Education Institutions, the Central Government vide order no. 1-1/2005-U I (A) dated 29/05/2006 has constituted an Oversight Committee with the approval of the competent authority.

Further, the following Group for Management Institutions has also been constituted to look into the specific details about centrally funded management institutes regarding the course of action to be adopted for giving effect to the implementation of reservations in a time bound manner.

II. Constitution of the Group

The Group comprises the following members:

Dr. Samuel Paul, Former Director, IIM, Ahmedabad, and
Chairman, Public Affairs Centre, Bangalore
Chairman
 Prof. Bakul Dholakia, Director, IIM, Ahmedabad
Member
 Prof. Krishna Kumar, Director, IIM, Calicut
Member
 Prof. Shekhar Chaudhuri, Director, IIM, Kolkata
Member
 Prof. S. D. Awale, Director, NITIE, Mumbai
Member
 Prof. Devi Singh, Director, IIM, Lucknow
Member
 Sh. Ravi Mathur, Joint Secretary, MHRD

III. Terms of Reference

The terms of reference of the Groups are as follows:

a. To identify in each of the Institutions / Universities, the courses at Under Graduate and Post Graduate level and student intake for the academic session 2007-08:

- b. To identify in each course the total number of seats for OBCs and consequently to other categories
- c. To identify for each course the increase in the total number of seats so as to maintain the total availability of seats in the unreserved category;
- d. To determine the requirement of faculty and other infrastructure for the enhanced intake and to determine the additional requirement of recurring and non-recurring expenditure for the same;
- e. To suggest phasing of expenditure both recurring and non-recurring;
- f. To suggest measures, in short term to be taken by each institute for the enhanced intake from the academic session 2007-08;
- g. To suggest any other preparatory or consequential steps and required to be taken in order to implement the policy of reservation;

The Group was asked to submit its report by 31st July 2006. However, Shri M.Veerappa Moily, Chairman of the Oversight Committee had desired that the Group should give its interim recommendations by 30th June, 2006. The date was later extended to 5th July. The interim recommendations of the Group were accordingly submitted on 5th July. However, the Planning Commission later furnished a Common Format to the Group for preparation of the Interim Report and asked the Group to reformat the Interim Report in the desired format and submit it by 19th July. The Interim Report was duly submitted in the new format by 19th July.

The Group also discussed in detail the letter of Shri M. Veerrappa Moily Chairman, Oversight Committee addressed to Dr. Samuel Paul. This letter unequivocally stated that while implementing the policy of reservation, it should be ensured that the existing standards of excellence that have been established are preserved and are in fact, improved upon.

The Final Report has been prepared in accordance with the format desired by Shri M.Veerrappa Moily Chairman, Oversight Committee in his letter dated 13th July, 2006 addressed to Dr. Samuel Paul. Copies of both the letters are enclosed as **Annexure I**.

IV. Meetings of the Group

The Group members met on 9.6.2006 at Public Affairs Centre, Bangalore, on 20.6.2006 at IIT, Chennai, and on 17.7.2006 at IIM, Bangalore to discuss the appropriate strategies and to develop a plan of action for implementation of reservation for OBCs in management institutions.

Appropriate formats for seeking relevant information from various institutions were designed by the group. The desired information included data on intake and sanctioned / existing faculty strength as well as norms on teacher to student ratio, cadre ratio, infrastructural facilities and basic amenities. All the institutes were asked to provide estimates of additional requirements of recurring and non-recurring expenditures for the seat increase based on the following two policy decisions that have been announced:

- 1. Reservation of 27% seats for OBCs from June 2007 and
- 2. Ensuring that the total number of seats available for the general category students is maintained.

Based on the above two premises, it was understood that the intake would have to be enhanced by 54%. The Excel formats were sent to the institutions and the entire data received from them has been compiled and presented in **Annexure II**.

Noting that, out of the six IIMs, only two IIMs, namely at Bangalore and Indore, were not represented in the Group, it was recommended that the Directors of these two IIMs may also be called as special invitees to seek their specific inputs. Prof Prakash Apte, Director, IIM Bangalore and Prof S P Parashar, Director, IIM Indore attended as special invitees the meetings of the group. (Subsequently, Mr. Moily has informed Dr. Paul that the Directors of IIM-B and IIM-I may be coopted as members of the Group).

In the meetings, the Directors explained to the Group about their programmes, the intake (sanctioned / actual) and faculty strength (sanctioned / actual) of their respective

institutes, and their specific concerns and difficulties in implementing seat enhancement by 2007-8. The Group decided that every effort should be made to implement the quota as speedily as possible. The members were asked to prepare a status report, to project judiciously and to develop an action plan based on the discussion. Various strategies to encounter the problem of shortage of competent faculty were also discussed.

V. An Overall Assessment

The Group recognized several critical constraints on capacity enhancement (within a period of one year) and discussed different strategies to tackle them. The Group also noted that the programmes in IIMs and NITIE relevant to the OBC Quota are all Post Graduate Programmes. Apart from two -years PG Diploma programmes, IIMs also have other programmes like Fellow Programmes, Executive Development Programmes, Faculty Development Programmes etc. Except for the two-year PG Diploma Programme, the other programmes may require work experience, sponsorship, etc.. The existing reservations for SC & ST are in the two years PG Diploma and equivalent Programmes only. Therefore, the reservations for OBCs should also be extended only to these programmes.

VI. The Constraints

IIMs and NITIE are facing increasing demands from diverse sectors including Government for their programmes. In addition to the corporate sector, different ministries are also asking for IIMs' services and programmes. This has put severe pressures on the faculties and infrastructure of these institutes over time. In most cases, they have not been able even to fill the sanctioned strength of faculty as suitable persons are not easy to attract and retain. Supporting facilities such as library and computer labs are also working to full capacity. It is important to note that expansion at short notice is extremely difficult under these conditions.

1) The overriding constraint facing the institutes in the context of expansion is the shortage of faculty. Even in the existing faculty, attrition rate is very high. Retired

faculty are also in great demand from other institutions given the expansion in management education. IIM, Kozikode has a unique set of difficulties particularly in view of its geographical location. The pool of available faculty in the country is limited and both public and private institutions draw their faculty from the same pool. This has led to an increasing dependence on visiting faculty, which is not a viable long-term strategy.

- 2) The faculty recruitment cycle takes 15 to 18 months. Even after going through this lengthy process of selection, the faculty can be easily attracted by the private corporate sector and new management schools with handsome compensation and lighter workloads.
- 3) There is a sharp decline in the number of Ph D fellows of the IIMs joining the teaching profession, given the growing competition from the private sector. Anyway, the total output of the FPM at IIMs is only 5-7 on an average from each institution every year. These small numbers are certainly not enough to meet the increased demand for qualified faculty.
- 4) The project construction / management cycle requires several years depending on the size of the project and the circumstance of the particular institute. Government buildings norms are also a contributory factor. Renting facilities in the short term will not be easy when the expansion required is of the order of 54%.
- 5) Availability of land is limited in some of these institutions. Acquiring land takes considerable amount of time.
- 6) Many institutes have been expanding lately at their own initiative. Those who have expanded their intake this year will have great difficulty in again adding to the intake at short notice. IIM Indore, for instance, has expanded its PGP intake by 50% from the current year.
- 7) There are well-defined, but time consuming procedures for executing any construction programme and for procurement of goods and services. Speedy

- expansion will call for a relaxation of the procedures involved, so that the infrastructure is developed in the shortest possible time.
- 8) All the above considerations point to the serious risks to excellence and quality that may follow any attempt to force the pace of expansion on the institutes, ignoring these constraints.

VII. An Assessment of Institutions' Readiness

Given the limited time (less than a year) available for expansion by 2007-8, and the difficulties and constraints underscored above, the group felt that implementation of the OBC Quota should be phased out over at least a few years. The Chairman of the Oversight Committee has very clearly mentioned in his letter at Annexure-I that the infrastructure should be in place by June 2007. The group felt that this is an unrealistic goal since only less than a year is available to deal with the complex constraints cited above. As such, the institutions have indicated the following expansion plan for phased implementation in a period of three to four years:

S.No.	Name of the	Total	Year	Year	Year	Year
	Institution	Additional	2007-08	2008-09	2009-	2010-
		Intake			2010	2011
		required				
1.	IIM,	151	34	39	39	39
	Ahmedabad					
2.	IIM,	135	35	50	50	
	Bangalore					
3.	IIM, Calcutta	162	18	90	54	
4.	IIM, Indore	95	15	40	40	
5.	IIM,	90	15	15	30	30
	Kozhikode					
6.	IIM, Lucknow	150	45	55	50	
7.	NITIE,	172	57	57	58	
	Mumbai					
	Grand Total	955	219	346	321	69

Thus, except two institutions, all the rest have expressed their readiness to implement reservation for OBCs coupled with 54% capacity expansion in a period of three years.

The other two, namely IIMs at Ahmedabad and Kozhikode, would be able to do it only in four years because of their specific limitations and constraints. As a whole, it is significant to note that about 24% of the total enhancement of seats can be achieved in the first year itself.

VIII. Detailed Action Plan

Detailed Project Report (Infrastructure)

The Group felt that the institutes would require more time to prepare a Detailed Project report. Therefore, in the present report, detailed assessments of each institute's additional requirements for capacity expansion will not be attempted. Instead, a summary statement giving information on the expansion of physical infrastructure as well as the requirements of additional recurring and non-recurring funds obtained from each of the institutes have been put together in **Annexure II**. It can be seen that for one go implementation the recurring expenditures vary from Rs. 5.88 Crores to Rs. 10.00 Crores per year while the non-recurring components vary from Rs. 35.46 Crores to Rs.139.16 Crores. The additional recurring expenditure over a period of five years and one-time non-recurring expenditure for all the institutions are estimated to be Rs. 177.48 crores and Rs. 511.32 crores respectively. In this context, the following considerations need special attention:

• Some of the institutes have no land for further expansion. Clearly, they will need more time to create additional infrastructure. Such institutes may also have to find innovative approaches and improvise by taking additional space/ buildings / accommodation on rent, provided the required facilities are available in the vicinity of the existing campus.

 The difficult location of some institutes is problematic. For example, the IIMs in Kolkata and Kozhikode have special difficulties in building construction in view of their land terrain problems. Such institutions would need special treatment.

The Need of Additional Faculty/ Staff and the Sources

The total requirement of additional faculty for effecting the full expansion for each of the institutions has been presented in **Annexure III**. In all, 139 additional faculty positions need to be sanctioned, requiring a massive expansion of over 40% in the total sanctioned strength of faculty. There is already a shortage of faculty in the seven institutions with only 358 faculty in position against the sanctioned strength of 504. Thus, the actual expansion required would be significantly higher than 40%. Further, even if retired faculty are to be rehired, it is unlikely to fill more than a quarter of this gap. Three of the six IIMs have younger faculty, and the question of hiring retired persons is not an easy option for them. Fresh recruitment of faculty has, therefore, to be launched without delay in all the institutes. The following approaches already suggested in the Interim Report of the Group will help at least to some extent in filling faculty/ staff gap which is the single most binding constraint:

- a. The retirement age of the existing faculty should be immediately raised to65 years, subject to an internal review by the Boards.
- b. The Institutes should be allowed to re-employ retired faculty upto the age of 70 years on contract and on terms to be determined by each Board. The Group considers this a higher priority than raising the retirement age.
- c. Teachers willing to take extra load may be allowed to do so with suitable compensation at least till such time as the required number is recruited to desired extent.
- d. Adhoc, guest and visiting faculty may have to be engaged in larger numbers.

- e. Practising managers from the industry can be attracted to join the teaching profession or serve as Adjunct Faculty.
- f. The services of senior research scholars, research associates and FPM fellows may be utilized for assistance in teaching and tutorials

IX. Required Policy Changes, Administrative Action and Financial Empowerment at the Decentralized Level

- Individual institutions should be given the necessary freedom and authority to devise and adopt appropriate policy changes such as flexible faculty recruitment policy, curriculum re-design, revision of admission norms, etc.
- 2. The flow of funds required for expansion should start immediately and such a flow must be maintained throughout the expansion period.
- 3. In order to carry out the expansion programmes expeditiously, an Empowered Committee may be set up by the Board of Governors in each institute. These committees would be free to define their own transparent procedures for carrying out the expansion. Their decisions must be honoured in subsequent audit.
- 4. Central and State Governments should provide the additional land required by the institutes for expansion. The process of land allotment, acquisition, clearance etc. may be simplified and made easier through suitable interventions at the level of the State Government.
- **5.** Appropriate frameworks may be devised for exemptions / relaxations in existing norms and procedures. Norms such as CPWD building standards and rates should not be insisted upon at this time when speedy actions are called for.
- 6. IIMs/NITIE should be allowed to fill the faculty positions with immediate effect, based on a teacher to student ratio of 1:7. No further sanctions should be required for recruitment of faculty and the respective Board of Governors of each IIM may be authorized to sanction the extra faculty required.

- **7.** While recruiting the faculty, the cadre ratio may be kept flexible so that appropriate persons are recruited at whatever levels they are available.
- **8.** To facilitate the recruitment of qualified faculty, it is essential that the current scales of pay are significantly revised. Irrespective of whether such revision takes place immediately or not, the Institutes should be given enough flexibility to decide upon the compensation package of the faculty, including leased housing. Given the competition for faculty, the Boards should be free to make additional payments/benefits to the faculty even outside the defined salary structure.
- **9.** Faculty willing to take extra load as a result of expansion should be given suitable compensation as determined and approved by the respective Board of Governors.
- 10. The requirement of PhD as a mandatory eligibility condition for faculty should be waived in the functional areas so as to attract at least a few practising managers from the industry.
- 11. The non-faculty positions for the institutes may be approved on a faculty to non-faculty ratio of 1:1.5 and the Board of Governors of the respective institutions be given powers to create non-faculty positions as per the requirement of the institutes without exceeding the above norms and as per the existing / specified payscales for each of the positions.
- 12. Considering the increase in workload and responsibilities, the levels of Heads of Support Activities (Administration, Finance &Accounts, Library, Computer Centre, etc.,) need to be suitably upgraded.

X. A Roadmap for Expansion, Inclusion and Excellence

IIMs and NITIE were set up as Centers of Excellence and therefore, their position as leaders and role models must not be compromised. High standards and quality must be maintained and assured in the whole process of expansion. To this end,

1. Admission standards/criteria should continue to be decided by each institute's Board and faculty. There should be no demands on the institutes

- to lower admission standards in order to accommodate the enhanced intake, as it will adversely impact on their credibility and excellence.
- 2. A foolproof system of certification of OBCs should be devised and there should be random checks by the institute or other authorities to be specified. For example, endorsement of certificates by district collectors/senior officials is one way to minimize abuses. Imposition of severe penalties for falsification is another deterrent that can be introduced.
- 3. Depending on the deficiencies in the students admitted under the quota, facilities for conducting remedial programmes need to be put in place at all institutes.
 - a.Inter-institutional planning and coordination may be required to design an optimal preparatory programme for weaker students to be conducted in different locations.
 - b. All IIMs / NITIE may offer tutorial classes on a regular basis with the help of Fellow Program students and research staff in subjects where the weaker students need assistance.
 - c. Though this is a costly initiative, a three year slow track option may be put in place for the academically backward students including from the general category, if required. Some IIMs already have useful experience in running such a programme.
- 4. A systematic review of the quota implementation and related matters should be undertaken after five years in order to reform and improve the performance of the programme. It will help not only to assess the effectiveness of this initiative, but also signal areas where gaps exist so that remedial action could be taken without delay.

XI Long Term measures

The relative paucity of seats in IIMs / NITIE and the demand for quality management education require some long-term measures also. Expansion of capacity for management education is therefore considered by the Group as a priority task for the future. Timely action needs to be taken so that supply constraints do not once again make it difficult for deserving students to pursue management education.

- 1. Expand the Fellow Programme in Management: A major reason why shortage of faculty has become a serious constraint on expansion is because adequate investment has not been made by IIMs in the Fellow Program (Ph.D). The few who graduate from this programme are in demand not only by IIMs and other business schools, but also by the corporate sector and consulting industry. The only long-term answer to this problem is a major expansion of the Fellow Programme in all IIMs. It is recommended that Government of India approve financial support to the institutes to increase the intake of Fellow students to a minimum of 20 per institute.
- 2. Establish New IIMs for more balanced access to management education and research across the country: The constraints facing the existing institutes and the expanding needs of industry and business and related economic sectors underscore the urgent need to create additional IIMs in regions where new markets for management graduates are developing. It is unrealistic to expect that existing institutes will cater to the needs of all regions in terms of education, research and consultancy. In addition to the new IIM proposed in Shillong, the Group feels that there is a need for at least three more IIMs, which may be set up in locations where good faculty can be attracted and retained and where faculty and students can have productive interactions with industrial and commercial enterprises. Partnerships with industry in these locations are a useful way to

reduce Government's fiscal burden and to permit greater flexibility in the governance of the new institutes. The proposed expansion should take place in the next 5-7 years after which a reassessment of emerging needs could be undertaken.

Annexure - II

APPROVED INTAKE AND PROPOSED ADDITIONAL INTAKE DURING 2007- 08 TO 2008 - 09 AND THE PROPOSED ADDITIONAL EXPENDITURE FOR THE ADDITIONAL INTAKE IN IIM's / NITIE

SI	Name of Institution		ntake for the 006-07	Total Intake	Additional I	ntake during	Total Additional	Total Additional	Additional Recurring
No		PGDM (2 yrs)	PGP (2yr)		2007-08	2008-09	Intake in two years	Non- recurring expenditure (Rs. In Lakhs)	Expenditure Per Year (Rs. In Lakhs)
1	Indian Institute of Management, Ahmedabad	250	30	280	151	151	302	10980	667
2	Indian Institute of Management, Calcutta	240	60	300	162	162	324	13916	729
3	Indian Institute of Management, Bangalore	260	0	260	140	140	280	3546	700
4	Indian Institute of Management, Lucknow	240	33	273	147	147	294	5866	588
5	Indian Institute of Management, Indore	180	0	180	97	97	194	3182	600
6	Indian Institute of Management, Kozhikode	180	0	180	97	97	194	6000	1000
7	National Institute of Industrial Engineering, Mumbai	180	138	318	172	172	344	7642	660
	Total	1530	261	1791	966	966	1932	51132	4944

Note: The above calculations are based on the assumption that the entire additional intake of 54% would be in one year. However, the Institutes have indicated a phased expansion in 3-4 years.

Annexure - II

APPROVED INTAKE AND PROPOSED ADDITIONAL INTAKE DURING 2007- 08 TO 2009-10 AND ADDITIONAL FACULTY REQUIREMENTS FOR THE ADDITIONAL INTAKE IN IIM's / NITIE (PHASED IMPLEMENTATION IN THREE YEARS)

0:		Approved Intake for the year 2006-07			Addit	ional Intake o	during	Total Additional	Sanctione		Additional Faculty
SI No	Name of Institution	PGDM (2 yrs)	PGP (2 yrs)	Total Intake	2007-08	2008-09	2009-10	Intake spread over three years	d Faculty strength	Faculty in Position	Required for increased intake
1	Indian Institute of Management, Ahmedabad (*)	250	30	280	34	59	58	151	120	82	22
2	Indian Institute of Management, Calcutta	240	60	300	18	90	54	162	88	70	23
3	Indian Institute of Management, Bangalore	260	0	260	35	50	55	140	89	71	20
4	Indian Institute of Management, Lucknow	240	33	273	45	55	47	147	60	49	21
5	Indian Institute of Management, Indore	180	0	180	15	45	37	97	40	30*	14
6	Indian Institute of Management, Kozhikode (*)	180	0	180	15	30	52	97	40	17	14
7	National Institute of Industrial Engineering, Mumbai	180	138	318	57	57	58	172	67	39	25
	Total	1530	261	1791	219	386	361	966	504	358	139

^{*} Note: IIM Ahmedabad and IIM Kozhikode had requested for phased implementation in four years. As such, their four years figures have been adjusted in three years.

Annexure-II(A)

Detailed Break up of Additional Expenditure envisaged (Rs. in Lakhs) due to the Proposed Increase in Intake

(For one go implementation based on data indic ated by respective Institutions)

Particulars	IIM, Ahmedabad	IIM Calcutta	IIM Bangalore	IIM Indore	IIM Lucknow	IIM Calicut	NITIE, Mumbai				
Recurring Expenditure											
Faculty	366	300	700	600	350	1000	343.7				
Research Staff	183										
Supporting Staff	118	400			238		316.4				
Sub Total (Annual Recurring Expenditure	667	729	700	600	588	1000	660.1				

Note: The additional recurring expenditure over a period of five years for all the institutions is estimated to be Rs. 177.48 crores.

Annexure- II(B)

Detailed Break up of Additional Expenditure envisaged (Rs. in Lakhs) due to the Proposed Increase in Intake

(For one go implementation based on data indic ated by respective Institutions)

Particulars	IIM, Ahmedabad	IIM Calcutta	IIM Bangalore	IIM Indore	IIM Lucknow	IIM Calicut	NITIE, Mumbai
Non-Recurring Exp					us Infrastru	cture	
Academic	840	1007*			1517.65		840
Infrastructural Area							
Instructional Area	2260	1714	60				
Computer Facility	200	200	90		196.52		450
Internet Facility	150	100	25		95		700
Laboratory	200	50			100		700
Library	1200	100	50		190		196
Furniture		500	155		255.08		200
Sub Total	4850	3671	380		2354.25		3086
Residential Faciliti	es : Hostels	& Houses					
Hostel(Boys)	1920	2979	1200		1141.6		900
Hostel (Girls)							150
Mess Facility	700	* included above	100		100		126
Medical Facilities	60	50	10		25		0
Faculty/Staff Quarters	2000	3199	1000		834		2380
Guest House			70		100		300
Recreational Facilities/Staff Club	50	10	50		50		100

Gymnasium	25	25	15		20		50
Swimming Pool		50	113		100		200
Indoor/Outdoor Stadium/ Sports Complex		1080	108		65		0
Auditorium	1375	2852	500		650		250
Any other (Roads & Communiction)		0			426.4		
Sub Total	6130	10245	3166	3182	3512	6000	4556
Total (Non- Recurring)	10980	13916#	3546	3182	5866	6000	7542

Note: (#) Excluding cost of additional land

The additional one-time non-recurring expenditure for all the institutions is estimated to be Rs. 511.32 crores.

nnexure - III

APPROVED INTAKE AND PROPOSED ADDITIONAL INTAKE DURING 2007- 08 TO 2008 - 09 AND ADDITIONALFACULTY REQUIREMENTS FOR THE PROPOSED ADDITIONAL INTAKE IN IIM's / NITIE for One Go Implementation

SI No	Name of Institution	for the	ed Intake e year 6-07 PGP (2yr)	Total Intake		al Intake ring 2008-09	Total Additional Intake in two years	Sanctioned Faculty strength	Faculty in Position	Total Faculty Required on Increase in Intake on the basis of Faculty Requireme nt in the ratio of 1:7	Additional Sanction of Faculty Required for increased intake
1	Indian Institute of Management, Ahmedabad	250	30	280	151	151	302	120	82	123	3
2	Indian Institute of Management, Calcutta	240	60	300	162	162	324	88	70	132	44
3	Indian Institute of Management, Bangalore	260	0	260	140	140	280	89	71	114	25
4	Indian Institute of Management, Lucknow	240	33	273	147	147	294	60	49	120	60
5	Indian Institute of Management, Indore	180	0	180	97	97	194	40	30*	79	39
6	Indian Institute of Management, Kozhikode	180	0	180	97	97	194	40	21	79	39
7	National Institute of Industrial Engineering, Mumbai	180	138	318	172	172	344	67	39	140	73
	Total	1530	261	1791	966	966	1932	504	362	788	284