

“Private/Self-Financed Professional Educational Institutions: At Cross Roads”

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Abstract

Education is only a ladder to gather fruit from the tree of knowledge. Building and nurturing educational institutions of excellence are most challenging tasks in developing any knowledge economy. India has witnessed rapid expansion of professional education institutions in the last one decade. As compared to around 1700 institutions in the year 1998, there are 7623 professional institutions at present approved by AICTE, with an effective intake of more than 10 lac students every year. Quality is the key to success and essence for survival of professional institutions. Globalization, significant economic growth and Foreign Direct Investment call for high quality & well trained human resource and this needs world class professional educational institutions. Unfortunately, most of the existing professional educational institutions are not able to deliver as required to face new challenges in today's competitive world. The inherent weaknesses got further compounded with privatization of higher education. To add to the complexity of issues foreign institutions/universities are also waiting to enter higher education. It gives a feeling to most of the education seekers that roads of self financed professional educational institutions have reached dead-end or at best are at cross roads.

Through this case an attempt has been made to understand the rise and decline of quality in education in one of the largest self financed Institutions involved in imparting professional education in the National Capital Region. This case goes on to explain the evolution, growth & sustainability of the Institution (self financed) along with the issues confronting the management. This case calls for discussion on introducing remedial measures/radical changes which will, in turn, bring confidence in the ability of Private/self financed Professional institutions. No Indian should remain a mute spectator and see downfall of these institutions. Alarm has been sounding for quite some time and now it is a “do or die situation”.

KEYWORDS: Professional Education, Private/self finance Institutions, Quality of education, Privatisation

Fortune Technical University

Genesis

A simple-hearted person with rural background from NCR, Delhi, dreamt of having a decent career. In his late teen, Destiny took him to Chandigarh in the year 1964, which was a modern dream City, the City Beautiful. He was overwhelmed by the modern architecture and town planning in the seat of the power, which was totally in contrast to the small village and its surroundings where he was born and brought up. He had his own dreams; dreams to have a successful career and to do something for those common folk who were back at home, with whom he had grown up, were warm hearted and deserved better life.

He returned to his native city, and entered into active public life. He realized his first dream by providing affordable houses for lower and lower middle classes through co-operative movement by giving shape to a residential Colony, a mini township at the outskirts of the City. Meanwhile, another dream of Mr. S. Kumar, was taking shape. His next objective was quality education for all at affordable cost but at par with best Institutions in India and abroad, which could give the people a respectable career and living. In 1997, Mr. S. Kumar established first private professional Institution in the City, under the name and style of 'Fortune Institute of Technology & Management' (name changed) affiliated to Maharshi Dayanand University, Rohtak. There was no looking back. Institutions and courses kept on adding. Later on it was conferred upon "Deemed to be University" status and today known as Fortune Technical University.

Set Up

The University is spread over 14.2 acres with campus crafted with picturesque landscape. The University has six faculties offering over 40 programmes (UG, PG & Doctorate) and having more than 5 thousand students on the campus.

The University is enriched with 369 faculty members with about 60 having doctorate degree. Fortune Technical University has now established its credentials in the entire country by attracting students from 20 States / UTs and 5 foreign countries in its very first year of conferment of "Deemed to be University" status, a quantum jump from 8 States / UTs in the past. Competency-based and industry integrated curricula, faculty drawn from top-notch educational institutions in India, international academic alliances, accreditation by NBA and TCS, highly conducive academic environment with serene layout of modern buildings make it (FTU) as one of the most sought-after Universities not only for admission seekers but for faculty and staff as well. ICT based teaching-learning process is now a part and parcel of the system.

The growth story of this institution can be better understood in phases as mentioned below:

(Details of Students, Faculty, Placements, Financials & Functional structure during different phases are given in exhibits at succeeding paras)

Phase I (1997-2002):

Mr. S. Kumar set up first private self financing Institution affiliated to M D University, Rohtak. It was the pioneering institute in this region. To begin with, it offered B.E (Bachelor of Engineering) in 4 major disciplines; CSE, ECE, ME, IT. Admissions were made strictly on the basis of merit rank in AIEEE in accordance with the policy set by state govt. 15% of seats were filled through management quota. In the Initial four years, the popularity of this institution gained such a momentum that nearly 40 times the number of students applied for admission. This was quite heart warming for the applicants of the region. The Institute enjoyed unparalleled reputation amongst all stakeholders i.e. its students and their parents, employers or community at large. Keeping in view the rush and enthusiasm of the applicants, the management increased the number of seats by three times. Faculty selections were made by the selection committee comprising the nominee from university, State Govt, AICTE & other experts. During this period, the students instead of opting for distant places preferred the limited options available in this region. Since, it was one of the best in this region, this institution became the first preferred choice of every applicant to pursue engineering course. This led to the quality of intake students

got better year by year. Equally, talented, experienced & qualified members were recruited to the faculty fraternity.

Phase II (2002-2005):

Motivated & encouraged by the enthusiastic response by the student, the management opened two new institutions to offer courses other than B.E courses. One, Fortune School of Management, (name changed) to offer management courses & the other, Fortune Institute of Education (name changed), to offer education courses. They also attracted good talent. It was a golden period and the number of students multiplied year after year. In view of this increasing reputation of the institution, the management kept on increasing the seat for nearly every course. This increasing popularity was encashed by the management and the number of students enrolled was increased by as many as 5 times. Along with the number of students, the infrastructure facilities (building, library, transport, canteen...etc..) were also augmented proportionately. Mr. S. Kumar, the visionary educationist, inducted his two sons in the management of this institution to cope up with the additional responsibilities. One started looking after the financial aspects and the other with the administrative side. This was a satisfactory evolution of the institute which had been set up with noble intentions, that is, to provide quality education to the students who were forced to go to distant places. In the meantime, other engineering Institutions came up in the area. Without regard to the quality of education provided, the number of students seeking admission to engineering courses also increased. This was possible because of the preference for the engineering courses on the part of students. However the number of experienced, qualified and talented faculty did not keep pace with the increased enrolments.

Year	No of students enrolled	Median Rank AIEEE	Average Marks at qualifying	Average Fee (Rs)
1997	234	101256	63	52500
1998	236	99587	66.5	55000
1999	348	93255	68.2	58500
2000	407	84238	68.6	62000
2001	466	77116	70.1	66500
2002	529	73059	70.5	71500
2003	531	68541	71.3	78500
2004	584	70355	69.2	78500
2005	639	78119	70.1	83500
2006	698	95040	68.5	88500
2007	704	101280	67.9	95000
2008	768	134522	67.2	105000
2009	2215	288603	61.4	138500
2010	1287	368410	58.1	138500
2011	1242	559287	59.4	148500

Phase III (2005-2008):

In one case, having achieved the maximum allowed enrolment in the course, the management opened a new engineering institute after getting the required approval from the competent authorities under name & style of “Fortune College of Engg” (name changed). They also started another new institution “Fortune Dental College”, (name changed) to offer dental education. Following the traditions of existing institutions, new institutions also gained popularity and brought much credit to the management. Side by side, the numbers of seats were being added from time to time. This, however, led to decline in the quality of students notwithstanding their increased number. During this period, with the number of institutions coming up in the area, the qualified, talented and experienced faculty started getting better options & opportunities. As a result this institution also faced crunch of talented and experienced faculty and started losing them. But at the same time, the existing institutions also got accreditations from NAAC.

Exhibit 2 : Details of Faculty Members						
Year	Faculty strength	Average Exp. (yrs)	Qualification			Average Salary (Rs/month)
			B.Tech/UG	M.Tech/PG	PhD	
1997	15	2	10	3	2	18150
1998	32	2.5	26	4	2	19210
1999	55	2.5	45	7	3	19850
2000	82	3	67	11	4	20730
2001	104	3.25	81	16	7	20820
2002	120	3	85	25	10	21680
2003	130	3.5	84	32	14	21720
2004	145	3.5	83	44	18	22070
2005	160	4	81	58	21	22400
2006	172	4.5	69	74	29	23450
2007	181	4.25	70	77	34	24820
2008	187	3.5	61	85	41	25430
2009	290	3.25	87	154	49	30250
2010	335	3	86	193	56	32170
2011	369	3	65	242	62	NA

Current Phase (2008 onwards):

This period proved a milestone in the name and fame of the institution but it also generated a number of new challenges which were quite palpable in the rush of success enjoyed by the institution. Maharshi Dayanand University, Rohtak granted permanent affiliation to the Institute in 2008 and Govt. of Haryana granted Autonomous Status to the Institute. Immediately, thereafter, encouraged by the success achieved, the management applied for ‘deemed to be university’ status under the UGC Act. Having removed whatever few obstacles, finally Ministry of Human Resource Development, Govt. of India conferred “Deemed to be University” Status upon this Institution under the aegis of “Fortune Technical University” in Aug 2008. The

corporate sector was also roped in for placement of the students by establishing a separate cell 'CRC' (Corporate Resource Centre). The TATA Consultancy Service (TCS) also accredited the Institute in year 2008. The Institute achieved a very strong track record of campus placements and the top multinational and national companies including Infosys, TCS, L&T InfoTech, Satyam, Tech Mahindra, amongst several others regularly patronize the Institute by conducting on campus placement. The Institute developed excellent infrastructure including labs and workshops equipped with state of the art machinery including latest computing facilities.

Without firming up the newly gained status, the management yet doubled the number of seats and introduced number of new courses in the university, since now no approval from any external agency was required. Along side, the University entered into collaborations with various international universities & institutions of repute for different academic activities.

The strength of the students went up to 10 times what it was in year 1997. The University introduced 6th pay commission recommendations in the year 2009 but increased the fee substantially for all the courses. However, all the recommendations of 6th pay commission have not been implementation yet. But almost every employee has got an average increase of 25% of total emoluments. Admission to numerous courses based on AIEEE merit ranking were maintained but nearly 40% of seats remained vacant which were later on thrown open to walk-in-counseling. No doubt seats were filled but the quality of students was compromised with. The admissions to all courses were further impacted when in the year 2009; UGC/MHRD issued notice to 44 deemed universities on account of non adherence to established norms & standards. As a result, in the year 2010, only 60% seats could be filled up after exhausting all the AIEEE ranks, open & walk-in-counseling. In some courses, eligibility norms for admission had to be lowered and relaxed. Though, a few courses had to be given up. This would suggest to an impartial observer that the story of the institution is saga of great success and subsequent downfall.

Critical Issues:

The University has, however, been confronted with a number of crucial challenges. Some of these are as follows:-

- a) There has been a sharp decline in the number of prospective students in various courses.
- b) A noticeable fall in merit/quality of admitted students is evident.
- c) The availability of competent & dedicated faculty has become a serious challenge. Even the existing faculty is reportedly on the lookout for new avenues. Some of the departments do not even have requisite number of associate professors or professors.
- d) The placement of students has also been affected as a consequence to the global recession of 2008. There is a sense of frustration among the students.
- e) Added to this is the depressing feedback given by the recruiters about the substantial fall in the skill & knowledge of the students graduating from this institution leading to their un-employability.
- f) University has enrolled the students in PhD programme without having sufficient academia available to them.
- g) A recently conducted survey revealed that the average satisfaction level of students has declined from 3.84 to 2.57 on a 5 points scale during last 3 years (after 2008). Students are not satisfied with the teaching-learning facilities. They are also facing problems related to transport, hostels, canteen, library & sports facilities.

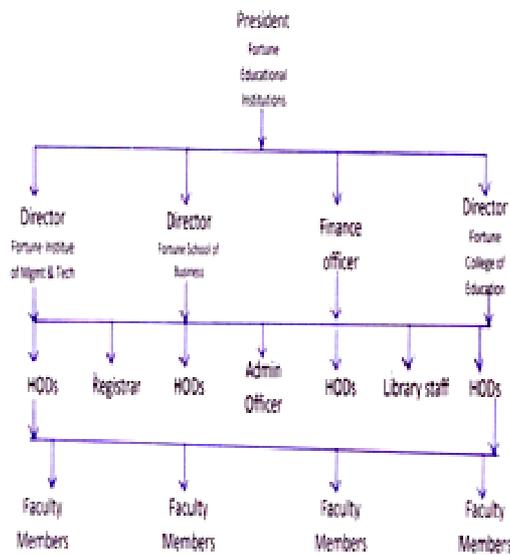


Exhibit 5 (a) Functional Structure (1997-2004) of Fortune Educational Institutions

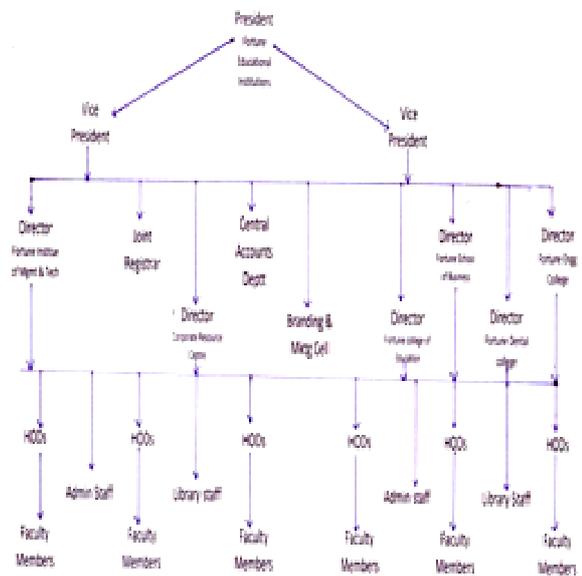


Exhibit 5 (b) Functional Structure (2004-2008) of Fortune Educational Institutions

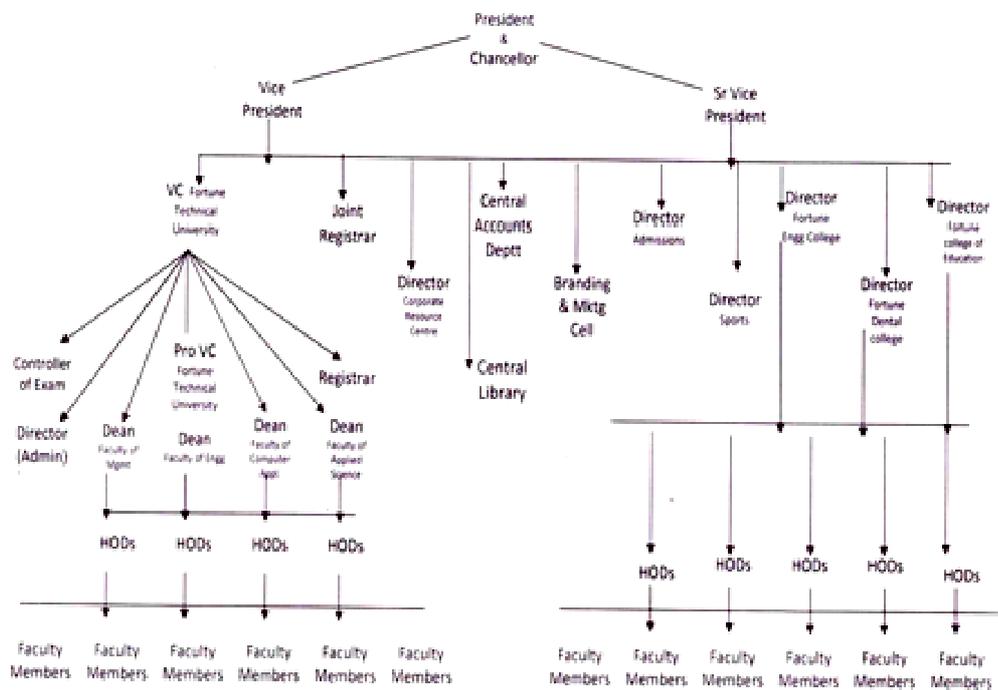


Exhibit- 5 (c): Functional Structure (after 2008) of Fortune Educational Institutions

Financial Issues:

These entire problems have been compounded with passing days and led to a serious financial crunch. Prior to 2008, all the revenue expenditure could be met out of the revenue Income. Now with this decline, even the essential revenue expenditure gets postponed leading to further problems. This can be illustrated by revealing the fact that the 6th pay commission arrears were delayed for almost two years. Capital Income is being utilized for meeting out revenue expenditure. As a result, Debt has kept on accumulated day by day, which in turn, has increased the interest burden on the institution. The expenditure on advertising, marketing, admission-related and other non academic activities increased heavily.

Year	No of pass outs	No of student placed	Average salary p.a (Rs in lacs)
2001	218	162	1.9
2002	206	174	1.97
2003	305	268	2.25
2004	358	294	3.15
2005	405	315	3.58
2006	486	374	3.65
2007	481	369	2.95
2008	501	289	2.7
2009	557	304	2.9
2010	594	296	3.05

Year	Income (Rs in lacs)		Expenses (Rs in lacs)		Deficit/ Surplus
	Capital	Revenue	Capital	Revenue	
2001	313.5	582.1	470.2	349.3	76.1
2002	400.4	743.6	600.6	446.2	97.2
2003	475.1	882.3	712.6	529.4	115.4
2004	547.2	1016.2	820.8	762.2	-19.5
2005	625.5	1161.6	750.6	1045.4	-8.9
2006	709.3	1317.3	851.2	1185.5	-10.1
2007	797.5	1481.0	957.0	1851.3	-529.8
2008	919.3	1707.2	1011.2	2134.0	-518.7
2009	1806.2	3354.5	2257.8	4193.1	-1290.2
2010	2213.9	4111.6	2656.7	5139.4	-1470.7

The story of this institute as highlighted above is not restricted to it. It is a common problem which is confronting this as well as other institutes of higher education. The difficulties & problems are not being controlled or minimized but are being compounded leading to various crises.

Nationally, India needs much improvement in the gross enrollment ratio (GER) of students in higher education from all sections of society. But it is an irony that while Central & State Govts harp on opening of more universities & institutions of higher education and passing the financial burden on taxpayer citizens of the country, not much is being done to remove the different bottle-necks and difficulties being faced by the established institutions. They are in the red-whether it is academic activities, financial resources, faculty or infrastructural facilities. The crying need is that while the Central & State Govt may open new institutions, the existing ones should be some-how strengthened.

This case study, therefore, places before the august participants, the numerous options available **to debate the existing problems & suggest appropriate steps to bring them up on firm footing** leading to their offering better education and contribute to strengthen the education system. The paper seeks the matured & thoughtful reflection & ideas from all the readers.

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