

Policy Brief: Regulatory Structure of Higher Education in India

Centre for Civil Society
Submitted to International Growth Centre

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Executive Summary

Introduction

This report analyses the current regulatory framework of higher education in India and highlights areas that require important policy reforms in order to encourage greater private participation. This participation would eventually lead to a more competitive environment in the higher education sector and foster growth, which is needed to achieve the target of 10 percent increase in Gross Enrolment Ratio (GER) set by the 12th Five Year Plan (FYP).

India has one of the largest higher education systems in the world, primarily dominated by private players who account for 60 percent of the total institutes and 64 percent of total enrolment of students. The higher education sector in India has a three-tier structure comprising the university, college and course. This forms a vital link with the regulatory structure, and with accreditation agencies playing the key role in maintaining quality and standards in this sector.

In addition to some new insights, this report validates the oft-repeated complaints against regulations that govern higher education research in India—that it is opaque, mired in complexity and tough to navigate. A number of recent studies have covered the broad contours of what needs to change, including the 2013 report 'Higher Education in India: Vision 2030' by FICCI and E&Y, and the 2006 study by Pawan Agarwal 'Higher Education in India: the need for change', conducted under the aegis of ICRIER. This report builds on the existing research and focuses on the following two areas:

1. The higher education landscape, in terms of the linkages and broad rules governing the three-tier structure of universities, colleges and courses
2. Specifics of reforms needed in the legislations studied for various kinds of private institutions in this sector. The comparative matrix should serve as a ready-resource on how three states, and the different university/college routes fare on entry, operations and exit barriers for private players.

Higher Education Landscape

The regulatory framework of this sector in India is multi-layered. At the last chain of delivery – the classroom, three sets of regulations operate – University, College, and Council (as per the course). There are significant entry, operation, and exit barriers at each level, and studying the regulatory environment at each of these levels will provide the complete picture.

Universities awarding their own degrees are classified into five types based on their management—Central University, State University, Private University, Institutions-deemed-to-be-a-University and Institute of National Importance. Colleges award degrees in the name of the university to which they are affiliated. In addition, 15 professional councils (like MCI and AICTE) regulate the courses run by the colleges and universities. The University Grants Commission (UGC) acts as the over-arching regulatory body.

There are three routes for private players to set up an institute of higher education in India:

1. A private university in a state through the legislative route: Only 20 states have passed the required legislation facilitating the setup of a **private university**, with some states like Haryana having an umbrella Act for all private universities and others like Uttar Pradesh requiring a separate Act for each university. In addition, there are some states like Rajasthan that have both—an umbrella Act as well as a separate Act for each university.
2. A private institute granted the status of deemed-to-be-a-university by the Central Government on the recommendation of the UGC: There are two types of institutions which are granted the status of **deemed-to-be-universities**—the **general** category institutions and **de-novo** category institutions. General route applies to institutions with 15 years of standing and evidence of excellent academics and research. The *de-novo* route is adopted by new institutions that are subjected to comply with more stringent entry barriers in terms of infrastructural and academic requirements, while enjoying more operational and academic freedom than private universities.
3. A private college affiliated to a Government University: **Private colleges** affiliated to a government university enjoy the least freedom in terms of administration and academics. Each university has its own set of distinct rules for granting affiliation, though the process of doing so is fairly similar among all universities. Private colleges cannot start admission without first seeking affiliation.

Different **regulatory bodies** such as Medical Council of India (MCI), All India Council for Technical Education (AICTE) and the Bar Council India (BCI), among others, **manage** different professional courses. There are two **accrediting institutions**—namely National Board of

Accreditation (NBA) established by AICTE and National Assessment and Accreditation Council (NAAC) established by UGC. UGC Regulations, 2012 mandate that all higher educational institutions be accredited by an accreditation agency.

Regulatory Challenges

The **regulatory challenges** identified in this sector are:

1. Overlapping regulations at different layers—for opening a university/college; offering a course; getting accredited—which add to the time and cost of entering and operating in this sector.
2. High capital requirement to meet land norms, endowment fund and other such requirements. This is further aggravated by restrictions on the source of funding—only a Society or Trust or Section 25 company can be a sponsoring body, i.e., for-profit organisations cannot finance such ventures.
3. Outdated but rigid requirements with respect to faculty qualification/library norms/channel of delivery which serve little purpose while adding significantly to costs;
4. Lack of clear and easily accessible documentation of the requirements for a private institution to be setup—thereby allowing for high rent-seeking opportunities.
5. The accreditation limited to only two agencies, which do not have the capacity to process applications thereby resulting in large backlogs in accreditation.
6. Finally, neither of the agencies has recognised the need to move to outcome-based recognition norms and instead saddle applicants with input-heavy-norms.

Our study of the requirements for setting up a private university in three states (Rajasthan, Haryana and UP); for setting up a deemed-to-be-university under UGC; and for opening three colleges within a state (Madhya Pradesh) (as summarised in the comparison matrix) clearly shows that these challenges are pervasive across India.

The review of international practices provides evidence to support the view that many of our input-centric norms only add to costs without contributing to the quality of outcomes of the higher education system. With far tougher requirements and norms than any of the countries studied, India still fails to figure in the Top 100 University rankings on most lists.

Recommendations

There are many **options to solve the challenges** listed above, including:

1. Limiting entry norms to verification of the financial strength of the applicant rather than mandate land, facility or endowment fund requirements which contribute little to the outcomes of the institutions, as is the case in all three countries studied (USA, Australia and Malaysia);
2. Approving entry of for-profit institutions to substantially widen the pool of entrants into this critical sector which is currently restricted to non-profits; giving “infrastructure” status to attract investments; and permitting conversion of existing trusts and societies to Section 25 companies;
3. Allowing flexibility in meeting the norms, for example, students in the United States are allowed to access an external library that has an official arrangement with the college rather than require each institution to setup its own library;
4. Consolidating the regulatory structure of this sector by eliminating the over-lapping regulations that are currently defined at the university, college, course and accreditation levels.

Admittedly this sector has seen many reforms in the last two decades, but they have been unable to effectively address the regulatory problems that have crippled it. India achieved a GER of 17.8 percent from 12.3 percent during the 11th FYP, which could not have been possible without the private sector’s aid. The 12th FYP aims to increase the GER further by at least 10 percent. This can only be attained by reforming the higher education sector in such a way that it clears the path for more private participation.

Scope and Methodology

Need for this study

Recent research has drawn attention to the huge demand for higher education that will be seen in the next decade in India if the GER target of at least 23 percent is to be achieved (UGC, 2011). This underscores the need for capacity building and quality improvement, private participation, forging a closer link between academia and industry, and investing in research. However, the regulatory constraints to enter and operate in this sector have not been studied in detail so far. This paper attempts to study the different routes of setting up a privately managed institution for higher education in India, and the barriers faced in doing so.

Higher educational institutions in India include universities, colleges, and other institutions. The universities award their own degrees, and colleges award degrees through the universities to which they are affiliated. Universities may affiliate other colleges or operate unitarily. In case of unitary universities, a school or a department will offer a certain course, whereas for affiliating universities, it is the college that offers the courses. The courses run at the college or university level are regulated by professional councils such as All India Council for Technical Education (AICTE), Medical Council of India (MCI) et cetera. The instruction delivered at the classroom level is affected by rules and regulations at the university, college, and course level.

These—the university, college and course—therefore form the key links in the higher education sector overall. There are significant entry, operation and exit barriers at each level and studying the regulatory environment at each level will provide a comprehensive view of the higher education landscape.

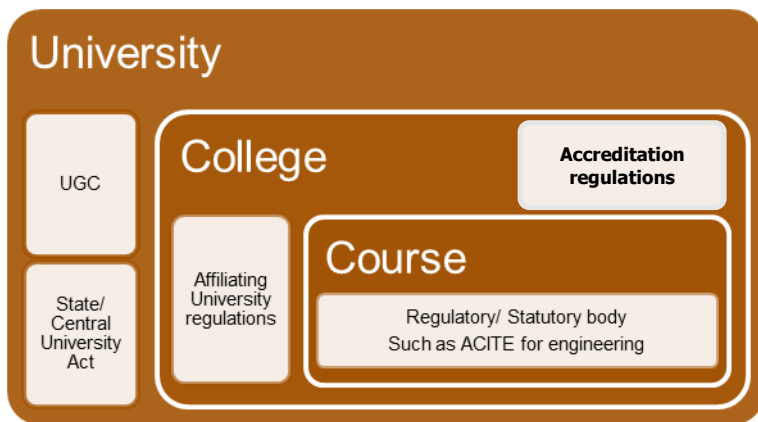


Figure 1.1: Supply chain of higher education

Scope

- UNIVERSITIES: For the private sector to establish a university, private and deemed-to-be-universities are the available routes.
 - Private Universities: Private universities until now have been established only under the State mechanism. Therefore, there is only a state component with a weak central component of UGC, which is constant for all private universities. For comparison, three different states (Rajasthan, Haryana, and Uttar Pradesh) were studied to compare entry, operation, and exit barriers. Choosing among individual universities, Amity University was a natural choice since it is one of the biggest and most diverse universities in Uttar Pradesh.

- Deemed-to-be-Universities: Deemed universities are governed only by UGC regulations. Hence institutions are granted the status of deemed-to-be-a-university by the Central Government on the recommendation of the UGC.
- PRIVATE COLLEGES: Private colleges have to affiliate themselves to a government university. Private colleges have little entry and operational autonomy. They are mostly governed by regulations of the affiliating university. For comparison, three government universities that have the power to affiliate colleges were studied in the state of Madhya Pradesh.
- COURSES AND PROFESSIONAL COUNCIL: There are 15 professional councils, which regulate the delivery of certain courses. For example, AICTE regulates engineering, architecture, hotel management, pharmaceutical education, and many more. In our study, computer science engineering—governed by AICTE—was chosen as the common denominator for the course-level study of entry, operation, and exit barriers.
- ACCREDITATION: Two major accrediting bodies for technical education are National Board of Accreditation (NBA) and National Assessment and Accreditation Council (NAAC) in addition to several private accreditation bodies. Therefore, a study of the system of accreditation of colleges and courses was undertaken and the above-mentioned bodies were studied for the purpose.
- INTERNATIONAL CASE STUDIES: India is placed 48th in the U21 Ranking of National Higher Education Systems 2012, which ranks the national higher education system of 48 countries. This is a matter of concern as it reflects India's need to learn from other countries. Three countries are chosen for such a study—USA, Australia and Malaysia.

Higher Education Landscape in India

Private Participation

India has one of the largest higher education systems in the world, and in terms of number of students enrolled, is the second highest after China. There are two types of institutions in India: degree granting and non-degree granting institutions. The number of degree granting institutions has grown from 103 in 1970-71, to 692 in 2013-14. Table 2.1 gives the types of degree awarding institutions in India.

Table 2.1: Types of University by Ownership

Types of Degree Granting Institutions	
Deemed-to-be- University	117
Private University	170
State University	311
Central University	43
Institute of National Importance	52
Total	692

Source: UGC website; last accessed on 26 February 2014

The number of non-degree granting institutions (colleges) has witnessed a Compound Annual Growth Rate (CAGR) of 5.6 percent between 1970-71 to 2011-12. Table 2.2 gives the types of colleges in India.

Table 2.2: Types of Colleges by Ownership

Types of Colleges in India	
Private Colleges	19630
State Colleges	13024
Central Colleges	669
Total	33023

Source: Compiled from data obtained from the Higher Education in India: 12th FYP 2012-2017 and beyond (FICCI Higher Education Summit 2012)

Private institutions account for almost two-thirds of the total higher education institutes in India. They also account for the majority of student enrolment (60 percent).

The higher education sector has been an important part of the 11th FYP, in which the planned expenditure was pegged to at INR 849.43 billion (\$13.85 billion) and the 12th FYP has allotted a

budget of INR 1847.40 billion (\$ 30.11 billion) —indicating the commitment to increase GER by 10 percent in the 12th FYP.

The private sector has shown greater growth – both in the number of institutions (Figure 2.1) as well as in the enrolment of students, as compared to the government institutions (Figure 2.2).

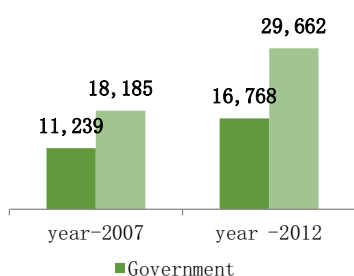


Figure 2.1: Growth of Higher Education Institutions by Management*

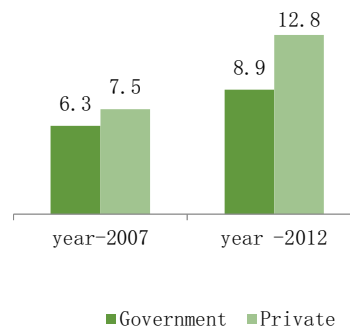


Figure 2.2: Growth in Enrolment in Higher Education Institutions (in millions)*

*Source: *Higher Education in India: 12th FYP 2012-17 and beyond, FICCI Higher Education Summit 2012*

Multi-layered Regulatory Structure

The regulatory framework of this sector is multi-layered. At the last chain of delivery – the classroom, three sets of regulations operate – University, College, and Council (as per the course).

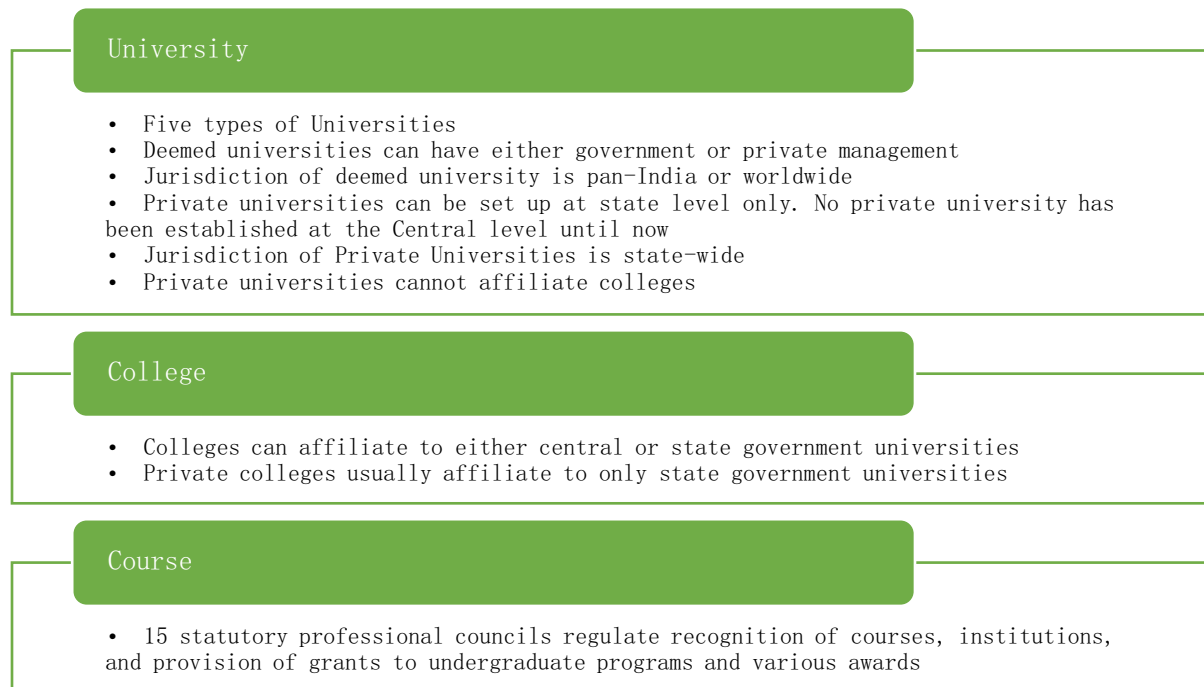


Figure 2.3: Supply Chain of Higher Education

Universities

There are five types of universities (degree granting institutions) in India:

Central University

Central universities are established through an Act in Parliament and are funded by the Union Government. Older universities have been established through individual acts such as Delhi University Act. In 2009, the Central Government established a number of universities together through the Central Universities Act.

State University

State universities are established through an Act in the State Legislature and receive funding from the respective State Government, and sometimes from the Central Government, usually via UGC.

Deemed-to-be-a- University

Upon receiving an application, the UGC committee forwards its recommendation to the Department of Higher Education, MHRD, which declares a university as deemed-to-be-a-

university. Deemed university status allows greater autonomy in operations, syllabus, admission, and fees, than allowed by the above types of universities.

Private University

Private universities are established through an Act in State Legislatures. Until now, no private university has been established at the Centre through an Act in Parliament.

Institute of National Importance

Institutes of National Importance are institutes accorded power to grant degrees because of their strategic and economic importance for the country. These include institutes such as IITs, AIIMS' and NITs. These institutes have been established at both Central and State level.

Based on this, there are only two types of universities that can be under private management: Deemed and Private Universities.

Colleges

Colleges can be affiliated to either central or state universities. Private colleges are usually affiliated to state universities as it appears that affiliation requirement or regulatory requirements are much easier under state universities.

Colleges have to follow the entry, operation, and exit requirements as defined by the university. Additionally, they have to be recognised by one of the 15 professional councils regulating the courses.

Autonomous Colleges

'Autonomous' colleges have autonomy with respect to the curriculum, examination, and admission. Since they are not allowed to grant degrees, they are affiliated to a government university, which grants the degree.

Setting up a Private University

Overview

Setting up a private university is one of the three routes of setting up a private higher education institution, the other two being setting up a private college or a private deemed university. A private university exercises autonomy in curriculum, pedagogy, and examinations similar to a deemed university.

History

Private universities are a relatively new phenomenon. The first private university was setup less than two decades earlier in the year 1995, Sikkim Manipal University of Health, Medical and Technological Sciences, and began operations by 1997. Before 1997, all private universities were of the “deemed” type.

Demand

Most private universities in India, like elsewhere in the world, impart professional education. There is a demand shift from liberal education towards professional education and private sector is fulfilling this demand. Table 3.1 depicts the rapid growth of professional education in the past six to seven years across a range of disciplines. In case of engineering, pharmacy, dentistry and physiotherapy, growth has been high and private share is as much as 90 percent in terms of number of institutions (universities and colleges).

Table 3.1: Professional higher education institutions: Growth and private share

Name of Course	1999-00	2006-07	% Increase	Private sector share
Engineering	669	1617	142%	91
Pharmacy	204	736	261%	95
Hotel Management	41	80	95%	94
Architecture	78	116	49%	67
MCA	780	999	28%	62
MBA/PGDM	682	1150	69%	64
B.Ed.	1050	5190	394%	68
MBBS	174	233	34%	50
BDS	45	189	320%	59
Physiotherapy	52	205	294%	92
Total	3775	10515	179%	80

Source: Pawan Aggarwal (2009); Indian Higher Education

As quoted by Pawan Aggarwal, Advisor, Higher Education in the Planning Commission of India ,in Indian Higher Education (2009):

“The demand for higher education has grown far more rapidly than what public institutions can accommodate, and the government is not able to increase capacity to meet the growing demand...Private higher education is here to stay, destined to grow, bring in competitive merit and force periodical changes in curriculum, pedagogy, examination and governance across the entire education sector.”

Market Size

Actual spurt in establishing purely private universities came in the post-2000 period. Several states have gone ahead and established private universities as can be seen in the Figure 3.1. As of 24 January 2013, there are a total of 170 private universities. Eight states have not established any private universities; prominent among these include Kerala, Bihar, Maharashtra, Delhi, Tamil Nadu, and Andhra Pradesh. Bihar has only recently enacted the Bihar Private Universities Act in 2013 and it is expected that new universities would come up in the state soon. Maharashtra has passed a similar Bill and the first university is expected to come up as early as 2014-15 (Ganjapure 2013). Tamil Nadu, having a large number of private deemed universities, is in no hurry to pave the way for setting up of private universities. Similarly, Andhra Pradesh, having a large number of private colleges, is yet to allow private universities.

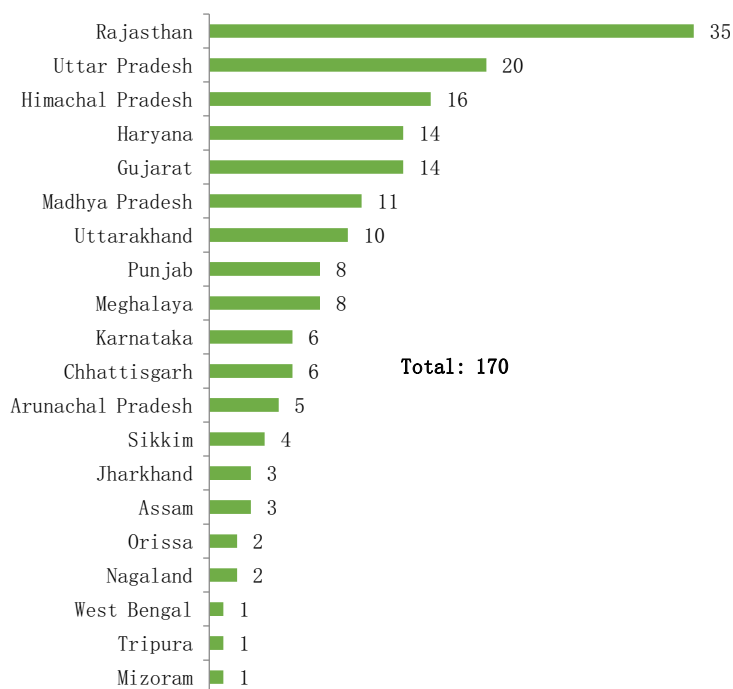


Figure 3.1: Number of private universities by state

Source: Compiled from UGC website; last accessed on 24 January 2014

Establishing a Private University

Private universities can be established only through the legislative route. Since Parliament does not have an enabling legislation, no private university has been established at the central level. At the state level, not all states have enabling legislation for setting a private university.

Applicants are required to approach the State Government and submit an application in accordance with the norms of the state private university Act or any other guideline issued by the state. The format of the application and details required vary from state to state. There is variation in the process as well as timeline for responding to applications.

After the completion of the application process, a bill to establish the university is introduced in the legislative assembly. Once the bill is passed and receives governor's ascent, the private university gets a legal existence subject to compliance of several other conditions that may be required. After establishment, the university starts accepting applications for enrolment and begins offering courses.

Key Challenges

Entry

Establishment

UGC (Establishment and Maintenance of Standards in Private Universities) Regulations, 2003, govern the establishment and regulation of private universities, and require a university to be setup only through a separate Act rather than an executive order. It also restricts the jurisdiction of private universities to the state in which the university was incorporated.

At the Centre, a Private Universities (Establishment and Regulation) Bill was introduced in Parliament in 1995. The Bill received strong opposition from both academics, and the private sector, and its constitutionality was challenged in the apex court. Subsequently, the Bill was withdrawn by the Central Government in 2007.

At the state level, Entry 32 of the State List enables state governments to enact laws regarding incorporation, regulation, and winding up of universities. Several states have warmed up to the idea of private universities and enacted umbrella Acts over the last two decades, bringing clarity on the process and requirements for setting up of private universities.

The requirement of using the legislative route to establish private universities is constraining and lengthy. While the legislative route is meant to promote discussions among MLAs regarding the merits of the Bill, data from PRS Legislative Research shows that the state legislatures function quite poorly. While the ten-year trend in Rajasthan shows that the state legislature sits on an average for 28 days in a year, the Delhi legislature sits for only 22 days.

Clarity on Process of Establishment

Some states such as Rajasthan, Haryana, Assam and Gujarat have passed an umbrella Act specifying in detail the process and requirements for setting up a private university. In such states private universities are either setup through a separate Act for each of them, or by appending to a list of universities. While the former process is followed in Rajasthan, the latter is followed in Haryana.

Other states do not have such an umbrella Act and hence the process and requirements are opaque. In Uttar Pradesh for example, each university is established through a separate Act. The requirements increase over the years thereby making it a cumbersome and time-consuming process for applicants to understand and meet necessary criteria.

Not-for-profit Nature

By virtue of the definition of “sponsoring body”, anyone who wants to setup a private university can only do it through a non-profit entity—a society, trust, or a Section 25 company. Education in India (including school and higher education) is a not-for-profit sector, open only to philanthropists and religious organisations that intend to run without making any profits. However, many of these institutions are *de jure* not-for-profit and *de facto* for profit.

The not-for-profit nature of higher education creates significant hurdles in raising finances. The equity route of raising finance is unavailable since dividends cannot be distributed and the investor cannot exit at a higher valuation. Only the debt route, through loans from banks, remains open. However, as per discussions with a private university official in Haryana, banks are inexperienced in lending to educational institutions since they demand cash flows equivalent to other for-profit industries and charge a high interest rate.

Land Norms

Land norms are a contentious issue, since land constitutes the majority of the initial capital expenditure incurred to establish a university. It is tough to buy contiguous land near cities. Hence, land has to be acquired through the government route by land acquisition and the process takes a very long time to consummate. For example, a university in Haryana nearly took three and a half years to acquire land and begin construction.

Uttar Pradesh had the requirement of a contiguous land of 50 acres for Amity University, much larger than the 30 acre requirement in Rajasthan and the 10-20 acre requirement in Haryana.

Prior Experience and Expertise

Rajasthan and Haryana include a requirement of prior experience and expertise in the field of education. This restricts entry of new players and breeds a monopolistic environment, which could be counter-productive. Interactions with stakeholders show that this requirement is not very stringent and states are willing to waive off this clause if the founders seem to be genuine.

However, possibility of such waiver is subjective and may or may not lead to a desired outcome. This increases opportunities for rent seeking.

Justification for Establishment

Rajasthan and Haryana have a clause requiring the sponsoring body to justify the establishment of the private university in the project report that has to be submitted to the government. The inherent rent-seeking potential brings back memories of the License-Permit-Quota Raj.

Books & Journals and Infrastructure Requirement

Universities in Rajasthan and Haryana are required to spend at least INR 1 million on books and journals and give an undertaking to spend at least INR 5 million on library facilities in the first three years. There is also a requirement to purchase movable and immovable assets of at least INR 2 million and give an undertaking to spend at least INR 10 million in the first five years. Uttar Pradesh similarly required Amity University to install equipment worth INR 50 million in laboratories and offices.

These requirements seem arbitrary and the logic behind selecting the floor values is hazy. In today's digital age, students would prefer a digital library through which all can access soft copies of the required books, rather than a few hard copies in the physical library, which have restricted access. Such a facility is convenient as well as cost effective and should not only be allowed but also encouraged.

Endowment Fund

A minimum requirement of endowment fund has been specified in each of the Acts of the three states. This fund is for the purposes of keeping a substantial amount handy with the state government, so that in the event of dissolution of the university, this amount can be used to run the university until the last batch of students complete their courses. While Rajasthan and Haryana have specified in detail the manner in which endowment fund is to be invested, Uttar Pradesh has left it to Amity University. Another feature of the endowment fund is that income that is derived out of the fund is to be used only for capital expenditure and not for recurring expenditure.

The Acts does not specify a sunset clause specifying if and when the endowment fund would be returned. AICTE has a provision of returning the endowment fund after a period of ten years. State governments can learn from AICTE and provide a clear sunset clause for such a regulation under their Acts. Moreover, autonomy to spend the income derived from the endowment fund would reduce the cost of opening private universities and in turn, lead to lower fees for students.

Factors for Rejection or Acceptance of Proposal

Factors that are considered for rejection or acceptance of a proposal include financial soundness, background of sponsoring body, and potentiality of courses.

While the first factor is onerous without contributing to outcomes, the other two are subjective. Background includes expertise, reputation and commitment to follow norms. It is unrealistic to assume that “commitment to follow norms” can be measured. Perhaps the most peculiar factor is “potentiality of courses offered as per requirements of contemporary demands”. This indicates traces of our excessively centrally planned economy.

In order to encourage participation and discourage rent seeking activities, such arbitrary and subjective factors for consideration of proposals need to be replaced with objective and reasonable criteria.

Operations

Accreditation

Rajasthan and Haryana specify that universities need to obtain NBA or NAAC accreditation within the first three years of their operation. This requirement is welcome since regulation needs to move away from barriers to grading. Grading allows weaker players to improve and provides information to the general public about the competence of a program.

Uttar Pradesh does not specify criteria for accreditation for Amity University. However, Amity University has been accredited by NAAC in 2010.

Fee Structure

Rajasthan requires universities to seek prior approval from a committee constituted for purposes of regulating the fee. The decision of the committee would be valid for three years. Haryana on the other hand does not require prior approval but mandates the private university to intimate the government about the new fee structure before the commencement of the academic session. However, Haryana mandates a different fee structure for domicile students. For the 25 percent students who are mandated to be domiciles of Haryana, fee concessions need to be provided. The first 20 percent are to be granted full fees exemption; the next two segments of 40 percent are to be granted 25 percent and 50 percent fee exemption respectively. Uttar Pradesh specifies that fee structure should be as per the laws in force in the state.

Fee structure is a highly politicised issue. There needs to be a transparent mechanism to increase the fees on a yearly basis. A fees hike of a percentage amount equal to or less than the CPI of the previous year, or the estimated CPI for the next year, could be allowed, without government approval. For extraordinary events such as Sixth Pay Commission hike, a government review could be subjected. Students need to be sensitised about the possibility of future fee increases and range in which it could fluctuate. This would help set expectations with students accordingly.

Admissions

Admissions are strictly based on merit. For purposes of admission, entrance tests, test scores obtained in qualifying examinations, or curricular and extra-curricular activities can be used as a yardstick. Entrance examinations are the mandated process for admissions to professional and technical courses.

Rajasthan and Uttar Pradesh specify a reservation policy that is to be followed, as per the laws in the respective states. Haryana specifies a reservation of at least 25 percent of students from its own state. Ten percent of these seats shall be reserved for the Scheduled Castes.

The fees of private universities are usually much greater than those in the government universities or government colleges. Students who are able to pay such high private institution fees can safely be assumed to belong to the creamy layer. Provision of reservation for students belonging to the creamy layer of any caste does not lead to greater inclusiveness. It is more apt for the government to provide income based reservation or scholarships to the deserving students.

Granting of Affiliation to Colleges

Private universities are not allowed to affiliate colleges, thus restricting upcoming private colleges to seek affiliation from only government universities no matter how burdened these government universities may be. This also hinders the expansion of private universities even if they are providing quality education.

The government universities are not growing, whereas private universities are growing rapidly. Government universities are burdened with the load of managing private colleges and deterioration in quality of the latter is primarily due to weak oversight of the former.

Removal of the ban on affiliation of colleges to private universities is necessary, otherwise, it would lead to further burdening government universities, assuming that they experience the same stagnant growth rate in the future.

Exit

Dissolution of a private university has been codified in the respective laws. The procedure is fairly simple; with the sponsoring body giving notice to the state government at least six months to a year in advance and waiting until the last batch of students have completed their courses.

Upon dissolution, the assets and liabilities rest with the sponsoring body. In case of Uttar Pradesh, the clause of assets and liabilities is missing from the Act. The exit barrier is reasonable and low and therefore, should be continued as such.

The biggest challenge of following this route by all states is the lack of proper legislation. States such as Tamil Nadu and Andhra Pradesh do not have the necessary legislation and this has been a concern raised by private trusts in these states.

Setting up A Deemed-to-be-a-University

Overview

The second route for setting up a private degree granting institution is by applying for a deemed status. According to the Ministry of Higher Education, an Institution of Higher Education, other than a university, working at a very high standard in specific area of study, can be declared 'deemed' by the Central Government on the advice of the UGC as an Institution 'Deemed-to-be-University' (MHRD 2014). These Institutions enjoy academic status and privileges of a university. Such an institution can be under both private as well government management.

There are two routes to attain the 'Deemed-to-be-University' status. The first is the general route, where institutions with 15 years of standing and excellent research in the concerned field can apply for the deemed status. The second route is applying under the *de-novo* category.

History

The 'Deemed-to-be-a-University' status was initially given to leading institutions offering programs at advanced level to facilitate it to award degrees. Indian Institute of Science at Bangalore and Indian Agricultural Research Institute at Delhi were the first two institutions to be declared as 'Deemed-to-be-Universities', in 1958, for education and research at advanced level in the field of basic sciences and agriculture respectively. Earlier, this status was granted only to government and government-aided institutions. The first privately managed and self-

financed institution to be declared as Deemed-to-be-University was the Manipal Academy for Higher Education (MAHE) in 1976 (Agarwal, 2009).

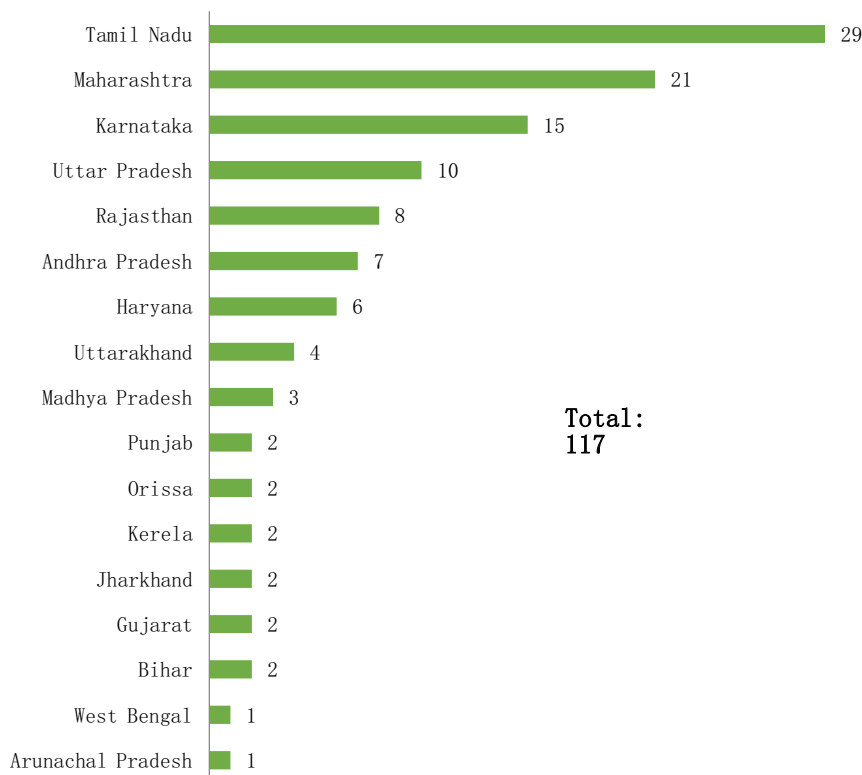


Figure: 4.1: Number of Institutions Deemed-to-be-Universities in India

Source: Compiled from UGC website; last accessed on 8 February 2014

In the year 2000, the UGC simplified and liberalised the guidelines for granting 'Deemed-to-be-a-University' status, so as to encourage the participation of private players in the higher education sector. The provision of granting this status to *de-novo* institutions was introduced for the first time, so that the institutions which may not be fulfilling the conditions laid down under the guidelines but have promise of excellence, could be considered for the status. For instance, The Energy and Resource Institute (TERI) is declared deemed under the *de-novo* category, while Symbiosis International University is declared as such under the general category. From 2000-2005, 26 privately sponsored institutions got the deemed status and many more till 2009. Currently there are 117 institutions 'Deemed-to-be-Universities', in India.

Study of UGC

Unlike private universities, institutions that are 'Deemed-to-be-Universities' come under the direct jurisdiction of the UGC. Higher education departments of states have no role in granting approval or monitoring the working of these institutions. One of the objectives of this report is to closely study the UGC regulations of this type of institution, concentrating on the entry, operational and exit norms associated with these Institutions.

Key Challenges

The rules and norms of entry and operation for a 'Deemed-to-be-a-University' are specified under the UGC (Institutions Deemed-to-be-Universities) Regulations, 2010. This UGC notification is homologous to the umbrella Act for private universities for different states.

Eligibility Criteria

An institution, to be declared as an Institution 'Deemed-to-be-University' under General Category, has to fulfill certain eligibility criteria. It has to have been in existence for at least 15 years and acquire characteristics of a university, which will be demonstrated by the diversity of its programs of study, proven contribution to innovation in teaching and verifiable high quality of research output. The institution should include well-established, broad-based and viable academic programs with firm inter-disciplinary linkages, and engage in quality research. The institution must also possess the highest grade of accreditation offered and should not offer conventional degrees.

An institution under the *de-novo* category needs to be registered as a not-for-profit society or trust and possess the highest grade on the assessment certificate. *De-novo* institutions are defined as those that are devoted to research in 'emerging areas of knowledge'. Such areas of knowledge are those that are regarded as important for the development and raising the standards of education in India.

Some of the criteria such as 'proven contribution to innovation in teaching' and 'verifiable high quality of research output' are vague in their definition. To qualify for *de-novo* status, the discipline offered should also possess the criteria of being 'emerging areas of knowledge', of which the definition is unclear. Assessment of such criteria is subjective and may lead to rent-seeking and lobbying opportunities. Eligibility criteria should contain comprehensible quantitative parameters that will provide an objective judgement.

The entire list of eligibility conditions are given in Section 4 of the UGC Regulations, 2010 (Appendix 5.1).

Land and Infrastructure Norms

Land norms play an integral part of the compliance cost. However the land requirement for a deemed university, specified by the UGC, is for the provision of a single course. As the number of courses increase, the land requirement is the aggregate of the land prescribed by the Statutory Council like the Medical Council of India, Bar Council of India, etcetera, for each course.

Section 7 of UGC Regulations specifies a minimum of five acres of land if the campus is located in a metropolitan area, seven acres in a non-metropolitan urban area and ten acres in a non-urban area or as per the norms of the statutory/regulatory body concerned. The institution also needs to offer diversity in its programs of study, which implies that it should have more than one course, and hence, more land.

As the statutory councils specify land requirements, it is redundant for UGC to mention the same under the deemed university regulations. This leads to misunderstanding among the applicants when they face different sets of regulations from various regulating bodies.

Corpus Fund

All nongovernment-funded institutions must create and maintain a corpus fund permanently in the name of the institution, through government securities or other forms approved by UGC. This amount is INR 250 million for institutions under the *de-novo* category. Existing institutions under the general category, running successfully, and which have fulfilled the eligibility criteria, also have to create a corpus fund, which varies with the offered discipline. This amount ranges from INR 80 million for professional courses to INR 40 million for others.

This fund acts as an assurance to the UGC that the management of the institution will fulfill its commitment to provide quality education and research. Any violations of UGC norms, or those specified by the respective statutory/regulatory council, would lead to an upward appraisal or fortification of this fund amount. The interest accrued on the fund can be used for capital expenditure on the development of the institutions only.

UGC does not specify the date or circumstances, if any, under which the fund will be returned to the applicant. This is a sunk cost borne by the owners. However the AICTE, on the other hand, has a provision of returning the endowment fund after a period of ten years. This is a provision that can be replicated in other similar legislations.

Academic Infrastructure

The institution should offer at least five post-graduate departments, with a minimum of six faculty members per department, or as specified by the respective statutory council. An institution is granted deemed status under the *de-novo* category only if it commits to provide education and research in upcoming and niche fields, which are not offered or explored by other existing institutions.

Institutions under the category of *de-novo* are required to focus on a particular field and not offer courses in any other area. The UGC allows increase in intake as well as introduction of new courses, as long as it is covered under the objectives for which the institution was declared deemed at the time of setup. For instance, TERI may be allowed to offer a course such as MBA in Disaster Management but not MBA in Retail.

Equipment, books, journals and other infrastructure, such as broadband connectivity of appropriate speed, printers, etcetera, have to be obtained as per the norms specified by the respective statutory council.

Institutions 'Deemed-to-be-Universities' are allowed to open a maximum of four campuses in the country. However, such institutions are also allowed to open off-shore campuses, provided that the institution has been operating successfully for at least three years, has earned a reputation for excellent and innovative teaching methods, achieved the highest grade of accreditation, and many other conditions as laid down in Clause 3 of Section 12 of the UGC Regulations, 2010. Nevertheless, the applicant has to seek UGC's approval, as well as apply separately each time it wishes to begin a new campus. Also UGC disallows affiliation of any other institution with a deemed university, which is run by a different trust and has not been subjected to the same scrutiny as the parent institution to achieve the deemed status.

Private institutions that have been granted deemed status are not mandated to follow the reservation or fee policy as prescribed by the government.

Granting of deemed status to an institution implies that the institution has been recognised as playing a vital and successful role in the higher education sector, or is expected to do so in the future (for *de-novo* category). The UGC trusts these institutions to maintain their high standards of learning and therefore allows much freedom in operations. As reflected by the registrar of a popular deemed university, UGC allows them to operate with immense academic and administrative freedom under some minimum criteria, to ensure quality. The registrar also asserted that the criteria are the bare minimum, and any institute aiming to provide good education will be easily able to meet them.

Consequence of Violation of Regulations

UGC assesses the working of the institutions 'Deemed-to-be-Universities' either by conducting inspections on its own, or based on reports received from other credible sources. After considering the explanations provided by the institution, if it is established that the institution has violated any of the provisions mentioned in the UGC Regulations, the UGC can direct the concerned institution to withhold admission for a certain period. Continuous violation of these regulations can lead to withdrawal of the deemed status by the Central Government on the recommendation of the UGC.

The institution would lose the land, building and all other infrastructural material as well as the corpus fund to the government causing immense loss to the owners. It is recommended to revisit the penalty of violation. For instance, the UGC can define a process for re-applying for deemed status, or affiliate the institution to an existing university, which will supervise the compliance of norms and maintain quality.

Procedure to be Declared an Institution Deemed-to-be-a-University

Under General category

An institution that meets the minimum criteria must send an application to the Secretary, Department of Higher Education, Ministry of Human Resource Development, along with a certificate of approval from the concerned statutory/regulatory body (such as AICTE, BCI), and other relevant documents such as a certificate from the respective statutory body which mentions that the courses offered are approved by them, a certificate from the affiliating university ensuring that the students already admitted will continue to be a part of the University, etcetera. After scrutinising the application with the help of an expert committee, and incorporating comments from the state/ Union Territory government if any, the UGC will advise the Central Government whether or not to grant the deemed status.

The state/UT government recommending the proposal would have to indicate its willingness to safeguard the interest of the students admitted in the proposed deemed university if the institution ceases to exist. This ensures that the state/UT government has an additional interest on the institution and accepts responsibility for its functioning.

In case of rejection of the application by the UGC or Central Government, review of decision is allowed on the request of the institution after a minimum standing of one year from the date of rejection.

Under *De-novo* Category

An institution applying for deemed status needs to provide evidence (in terms of detailed syllabus) that it is devoted to unique and emerging areas of knowledge (not pursued by existing/conventional institutions). These areas must particularly be fields of study which are regarded as important for strategic needs of the country, or for preserving the cultural heritage, as determined by a laid-out process of wide consultations with eminent experts in the academic community. This is in addition to the required land and infrastructural norms.

After scrutinising the application with the help of an expert committee, which includes a member from the concerned statutory council, the UGC will advise the Central Government whether or not to grant deemed status provisionally to the institution. After five years of operation, the Central Government, on the advice of the UGC can decide to confirm the deemed status.

Difference Between a Private University and an Institution ‘Deemed-to-be-University’

1. Private universities are setup either through a separate Act, for instance the Sharda University Act 2009; or through an amendment of the State Private University Act, for instance amendment of Haryana Private University Act each time a new Private University is setup in Haryana. However, an institution is only granted the Deemed-to-be-University status by the Central Government on the advice of the UGC.
2. The minimum standards of infrastructural requirements as well as expected quality of output in terms of research are much higher for an institution that has been granted the deemed status.
3. Unlike deemed universities, private universities have a limited geographical scope, and expansion is limited to the approved campus area as mentioned in their Act. They are not allowed to set up an off-campus centre or an offshore campus, unless as a separate university under a separate Act.
4. Institutions that are granted the deemed status are not allowed to use the term ‘University’ in their name. However, private universities are subjected to no such proscription.
5. Deemed-to-be-Universities are not allowed to offer courses in distance mode, while private universities do not have any restrictions in this regard.

The major challenges of setting up higher education institutions through the first two routes are: high cost (in terms of expenditure on land, infrastructure and corpus fund); and absence of required legislation. It can be inferred that setting up universities are a hurdle.

The next section focuses on the third and final route for setting a private institution in the higher education sector.

Affiliation of a Private College to a State University

The third route of setting up a private institute of higher education in India is to establish a college that is affiliated to a State University. Compared to the previous two routes discussed, this route is less expensive and no specific legislation is required. For the purpose of this study, the report concentrates on the affiliation process adopted by three state universities in Madhya Pradesh.

Overview of the Higher Education System in Madhya Pradesh

Madhya Pradesh is home to 34 universities; of which 11 are private, 18 are state universities, three are deemed-to-be universities, and two are central universities. In the last two decades, the state has become an education hub and has witnessed tremendous growth in the number of institutes of higher education and students therewith. In terms of students enrolled, some of the state's universities are often ranked the largest in India.

The regulatory framework of these universities is determined by the UGC along with the respective State Universities Act and the Madhya Pradesh Universities Act, 1973, which establishes a certain common structure to be followed by State Universities. The specialised councils established by the Central Government are also empowered to regulate institutions within the state. Apart from the aforementioned regulatory structure the Madhya Pradesh Private University Regulatory Commission also regulates the state's private universities. The Commission was established in 2007 under the Madhya Pradesh Private Universities (Establishment and Operation) Act, 2007.

The process of affiliation is different for each university and is subject to the specific statutes made by the concerned university with regards to the grant of affiliation. The affiliation of the state university is usually territorial; the Act establishing the university lays down the territorial limits within which the university may grant affiliation to an institute of higher education. For example the Jiwaji University at Gwalior is empowered to grant affiliation only in six districts of the state. However, such territorial limits are not imposed on all universities. The Rajiv Gandhi Technical University, Bhopal is authorised to grant affiliation to any institute of higher learning all throughout the territory of the state. This section gives a brief description of the affiliation procedures and requirements for three Madhya Pradesh Universities.

Jiwaji University

Jiwaji University (Gwalior) is empowered to grant affiliation within six districts; namely, Gwalior, Morena, Bhind, Guna, Shivpuri and Datia. For the grant of affiliation, an application has to be made to the University before 28 February of the preceding academic year; implying that the administrative procedure may take up to five months for the grant of affiliation. The application in this regard may be made only by a not-for-profit entity, as defined in the National Policy on Education.

A fixed application fee is charged, depending upon the number of courses and faculties for which affiliation is sought. Essential details regarding the foundation society or the trust establishing the institute also must be provided. A requirement for setting up a corpus fund and building fund may be imposed by the university, if it so desires.

Consequent to the application, the university forms an inspection committee to make an inquiry into the suitability of the institute. At this stage, the availability of adequate facilities with respect to library, laboratory, physical education, sanitation, and faculty must be shown. The University has not provided any pre-defined criteria as to what 'adequate' entails. The inspection committee is responsible for determining this based on the number of courses and the faculties for which the affiliation is required. The university also requires that an endowment fund be maintained with it; the amount of this endowment fund is specified in advance every year.

The Madhya Pradesh Universities Act, 1973, which governs the Jiwaji University, lays down that, after careful examination of the report of the inspection committee, the applicant has to be informed of the decision and should be given an opportunity to be heard in case the application is rejected. Whether the application can be challenged in the court of law is doubtful; the subjective satisfaction of the inspection committee may not be amenable to known standards of judicial inquiry.

After affiliation is granted, many specific procedures and requirements have to be met with by the affiliated institute. Any change in management, fees, faculty etc. has to be notified to the University within a stipulated time period. The University also decides the curriculum, examination dates, and teaching hours. The institute functioning under the University is not free to grant admission to any student without the prior approval of the University; often a lengthy counselling procedure is undertaken at the University level to allot seats to the deserving candidates in different institutes. Affiliation is first granted for a specific period only, and after a period of ten years, an institute can claim permanent affiliation to the University.

An annual nominal affiliation fee is charged to the institutes, and they are required to furnish information regarding their finances at regular intervals. The University may cancel the affiliation at any time if its rules are not followed; in such a case the administration of the institute is taken over by the University and the maintenance requirements are drawn from the endowment fund.

Rajiv Gandhi Technical University

The Rajiv Gandhi Technical University was established by the State of Madhya Pradesh in 1998 with a view to establish a common university for all the technical institutes, chiefly for engineering and pharmacy colleges. Over the years, the University has grown to be the 26th largest university in the world in terms of the number of students enrolled in the University, which is about 260,000. After the establishment of the University, the Government of Madhya Pradesh asked most of the existing institutes to change their affiliation from other universities to the new university to bring uniformity to the system of technical education across the state. With the exception of a few institutes, most of the engineering and technology institutes within Madhya Pradesh are affiliated with this University.

The process for affiliation with the Rajiv Gandhi Technical University is similar to that of Jiwaji University. An application is required at the first instance, outlining the form and structure of the applicant society or trust. The application should be inclusive of the details of the foundation society, availability of the infrastructure and the proof of financial adequacy to operate the institute. Application is required to be made on or before 31 December of the preceding academic year. Thus, the administrative process for the grant of affiliation may take about six to seven months.

Following the application, a team from the University carries out an inspection. There are no fixed criteria for meeting the adequate requirements of the aforementioned facilities; it is to be decided by the inspection committee. After the procedure of inspection is done, the applicant is notified as to whether the affiliation is given or not; a reasonable opportunity is given to meet the adequate requirements so that the affiliation may be granted.

The institute of higher learning, after obtaining the status of an affiliated institute, functions directly under the University administration. Some functional autonomy is given to the institute to manage its day-to-day affairs; however, the rules regarding admission of students, fees, employment of the teaching staff etc. are made by the University and have to be strictly followed. The University charges an annual fee for affiliation and the institute may also be asked to maintain a building fund in case it has taken the campus on lease. It is pertinent to note that the institutes are not allowed to keep a competitive fee structure.

The grant of affiliation is temporary at first and may become permanent after a period of ten years. The University is free to withdraw the affiliation at any time if strict adherence is not maintained to its rules.

Devi Ahilya Vishwavidyalaya

The affiliation procedure for the Devi Ahilya University is a bit more stringent in comparison with the two universities discussed so far. The jurisdiction of the Devi Ahilya University is limited to the Indore division in Madhya Pradesh, comprising seven districts. However, very few colleges are granted affiliation in order that they may maintain the high status of the University.

The foundation society must make the application for the grant of affiliation from the University. A detailed description must be provided along with the application regarding infrastructure, academic and sports facilities available at the institute. The application is to be made before 31 December of the preceding academic year. A minimum five acres of land is required for an institute to be affiliated to the University; the requirement is relaxed to three acres in case of rural areas. The application is also required to contain the financial projections of the society for the next five years. The permission from the Commissioner of Higher Education of the State is mandatory to be included with the application.

The University, upon receiving the application to judge the suitability of the college, undertakes an inspection. A genuine need requirement is also mentioned, meaning that the burden lies on the applicant to prove that there is a genuine need of the institute in the area where the same is being established. The procedure is detailed, right down to the inspection of the water and gas lines for supply to the laboratory.

On the grant of affiliation, all rules made by the University must be complied with. The University has established rules of conduct for the affiliated institutes, which regulate the admission of the students to the institute, the fees which may be charged, the qualifications of the academic staff and the terms and conditions of their employment etc. The University also regulates the ratio between students and teaching staff, the length of lectures, timing of the institutes and the class-size. Requirements as to the number of journals and CDs the institute must make available are also within the purview of the University. University authorities must be informed of any change in management of the teaching staff of the institute within one month.

The accounts and registers of the institute are to be maintained as per the guidelines of the University, and a report regarding the same is required be provided at regular intervals. Failure to comply with any direction of the University may lead to cancellation of the affiliation.

Key Challenges

For establishment and functioning of higher educational institutions in Madhya Pradesh, several key challenges are observed:

1. Land requirement within the jurisdiction of the affiliating university
2. Lack of a transparent regulatory environment and the existence of 'adequate' and 'genuine need' norms which are not clearly defined, and are subjective; cumbersome, time-consuming and confusing norms of affiliation
3. Lack of autonomy for the educational institutions

The reputation of an educational institution depends upon the university it is affiliated to; for example, the institutions affiliated to the Devi Ahilya University at Indore are regarded as high quality. Since the Universities have fixed jurisdictions as defined under the founding Act, it is not possible for institutions all across the state to obtain good reputation. The land requirements in the reputed universities forces institutions to be affiliated to a university of low reputation and thus results in a plethora of institutions affiliated to a low grade university, which hurts the growth of quality higher education in the State.

As explained in the next section, the process of affiliation is long and cumbersome. Numerous inspections, infrastructure requirements and lack of transparency largely results in either no grant of affiliations to institutions, as in the case of Devi Ahilya University; or too many affiliate institutes, as under Rajiv Gandhi Technical University.

The regulation of the operation of the institutes is also prohibiting the growth of quality higher education institutions in the State. The institutes are not allowed to choose their own syllabus, the examinations are conducted by the university; only a little administration is left with the institutes. In such an environment, creativity and competitiveness are killed for sake of uniformity.

The following section focuses on the next layer of regulation i.e., with respect to the specific course on offer.

All India Council of Technical Education

Overview

The main governing body at the tertiary sector is the University Grants Commission (UGC). It has a dual function of providing grants as well as coordinating and maintaining the standards of higher education institutes. All public universities are governed by the UGC, as well as funded by it. The UGC Act of 1956 specifies the entire step-by-step administration of the University it governs, ranging from the number of working days, to number of lecture hours per subject, as well as the minimum qualification required for students to enrol and for teachers to teach a course. Powers and functions of UGC include allocation as well as disbursement of funds from the Central/State Government for development, maintenance as well as for research purposes, inspection of universities, conferring of degrees, etcetera.

Supporting the UGC, accreditation for higher learning over Universities is overseen by the following fifteen autonomous regulatory and statutory institutions:

Table 6.1: List of the Regulatory and Statutory Bodies in India

All India Council for Technical Education (AICTE)	Indian Council of Agricultural Research (ICAR)*	Central Council of Homoeopathy (CCH)
Distance Education Council (DEC)	Medical Council of India (MCI)	Central Council of Indian Medicine (CCIM)
Rehabilitation Council of India (RCI)	Pharmacy Council of India (PCI)	National Council for Rural Institutes
Bar Council of India (BCI)	Indian Nursing Council (INC)	Council of Architecture
National Council for Teacher Education (NCTE)	Dental Council of India (DCI)	State Councils of Higher Education

***Not a statutory body**

To summarise, these above councils are responsible for the recognition of courses, promotion of professional institutions, regulating the course syllabus, providing grants and other awards to various fields of education. These bodies play an important role in the setting up of an institution imparting a degree or diploma course in higher education.

Each council has its own set of rules and mandates for the concerned institutions. On closer analysis of these councils, one views a major predicament in their working. There is a large overlap of their functions with the functions of UGC as well as other regulatory bodies from the list.

History

AICTE is the statutory body and the national level council for the regulation of technical education in India. The Council was set up in November 1945 based on the recommendation of the Technical Education Committee of the Central Advisory Board of Education (CABE) of 1943. Its main functions were to stimulate, coordinate and control the provisions of educational facilities and industrial development of the post war period. At that time, the mandate of AICTE covered only programs in Engineering and Technology.

AICTE is vested with statutory authority for planning, formulation and maintenance of norms and standards, quality assurance through accreditation, funding in priority sectors, monitoring and evaluation, maintaining parity of certification and awards, and ensuring coordinated and integrated development and management of technical education in the country. (The entire list of responsibility and functions is given in the AICTE Approval Process Handbook, 2013-2014)

The growth of technical education before independence in the country had been very slow. The number of engineering colleges and polytechnics (including pharmacy and architecture institutions) in 1947 was 44 and 43 respectively, with an intake capacity of 3,200 and 3,400 respectively. However, due to efforts and initiatives taken during successive Five Year Plans and particularly due to policy changes in the eighties to allow participation of private and voluntary organisations in the setting up of technical institutions on self-financing basis, the growth of technical education has been phenomenal. The intake in technical institutions has increased by almost 200 percent between 2006 and 2013, while the number of technical institutions increased by more than 90 percent in the same period (AICTE Approval Process Handbook, 2013-2014). Table 6.2 shows the growth of engineering colleges from 1947 to 2007. The total number of engineering institutions has increased by 131 percent since 2006-07.

Table 6.2: Growth of Engineering Colleges in India

Type	1947	1960	1970	1980	1990	2000	2006	2007
Government and Aided	42	111	135	142	164	202	212	215
Private Unaided	2	3	4	15	145	467	1,299	1,402

Source: Agarwal (2009)

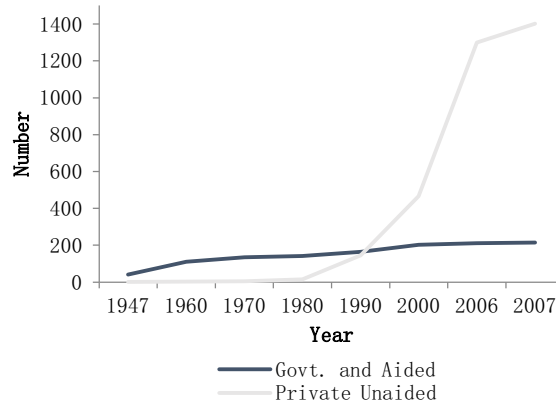


Figure 6.1: Growth of Engineering Colleges in India

Source: Agarwal (2009)

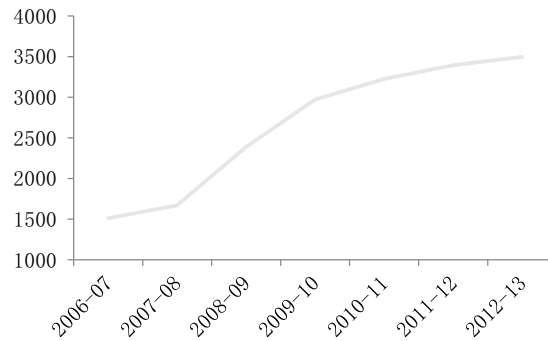


Figure 6.2: Growth of Engineering Institutes since 2006

Source: Data compiled from AICTE Approval Process Handbook (2012-13)

Universities are exempt from AICTE approval. Technical institutions can also operate without AICTE approval. However, AICTE publishes a list of un-approved institutions on its website.

The AICTE Approval Process Handbook mentions the entire process of setting up a technical institution, along with the infrastructural standards that are assumed to be a minimum requirement necessary for providing technical education.

Procedure to Seek Approval from AICTE for Starting a Technical Institute

Existing technical institutions have to obtain approval every year from AICTE by maintaining the infrastructural standards as specified. All applications are processed and the decisions are declared by 30 April of each year.

Following is the process for seeking approval from AICTE¹:



New institutions granted Letter of Approval shall comply with appointment of teaching staff and Principal/Director as the case may be, as per the policy regarding minimum qualifications, pay scale and other technical supporting and administrative staff as per the schedule prescribed in the Approval Process Handbook. Unless the appointment of all teaching and other staff is completed, the institute cannot start the approved technical courses.

¹All India Council for Technical Education Approval Process (2012-2013), AICTE, Government of India

Summary of Some Key Norms and Challenges Faced

Corpus Fund: INR 10 Million

The purpose of this fund, as per AICTE, is to check the financial strength of the applicant. However, the applicant is already required to spend much more on the construction of building and other expenditures involved in setting up the institution. This fund amount only adds to the financial burden of the applicant and is redundant. However, this amount is refundable after ten years if the institution maintains a good record.

Approved Nomenclature

AICTE allows the institutions to name their course as per the approved nomenclature only. Institutions desirous of offering a new course, which is not mentioned in the nomenclature or previously offered by any Indian institution, would need to provide justification regarding the need for such a course and its difference from the approved courses. AICTE officials will then consult with a group of experts in the concerned field and then take a decision as per their recommendations.

Intake

Not more than 60 students are allowed in one division and only five divisions are allowed in the first year of operation. Intake can increase in subsequent years with prior approval from AICTE.

Land and Building space

Appendix 4 of the handbook specifies the exact size of rooms, laboratories, toilets, administrative building etc. that an institute must have. Such specification is unnecessary and cumbersome both, for the applicant since they have to comply with it, and the inspection officials who must examine them.

Books and Journals

A total of 100 titles per course and 500 books per division are mandated, as well as some additional compulsory journals for each institution. Violation of this norm as identified could lead to the rejection of applications. In the digital age of today, students prefer a digital library over a physical one. This is cheaper for the institutions and convenient for the students as well. Provision for such flexibility should be allowed.

Faculty

Qualification and salaries are specified by the AICTE as well as UGC. Institutions have to comply with them to obtain approval. Professionals from relevant fields are not allowed to hold permanent faculty positions if they do not acquire the relevant degrees. Appraisal of faculty is also hampered due to lack of degrees. The lead engineer of the R&D department of Hyundai Motors would be more suited for as a teacher in an engineering institute than a PhD holding professor with no practical knowledge.

Key Challenges

There are two major challenges that applicants face while seeking approval from the AICTE:

Financial Burden

Most of the norms (infrastructural as well as academic) have to be fulfilled beforehand. The infrastructural regulations are very detailed and inflexible. Fulfilling them is difficult for an individual without very deep pockets. The applicant has to undertake a huge financial risk to cover the compliance cost. Rejection of application can lead to enormous monetary loss.

The end objective of an educational institute is to provide quality education to its students and prepare them for a career in their chosen sector. However, it is still hard to say if the value of books in the library or the size of the principal's room is correlated to the learning outcomes of its students. These norms only play the role of entry barriers for academicians and other potential applicants who may have the skill and spirit to produce fine quality employees but lack the financial backing to set up a college.

Abundance of Excessive Norms

This sector is characterised by a surfeit of regulations that have been established to ensure input standards to ensure quality. However, this has only been successful in curbing the regulatory autonomy of the institute.

Also, the above mentioned procedure gives the simplest method to start a college, provided that there is no rejection of application at any stage, application is specific for only one course and without any foreign collaboration. As soon as one of these additions creep in, the steps and the cost amplifies. The most common source of rise in cost is the rejection of application. The regulations are input based and the focus of the inspections is subjective and not objective.

Some norms such as the faculty qualification requirement are redundant and place excessive focus on formal qualifications while not recognising the value of professional experience. The institute should be allowed to decide the mode of information transfer that they find optimum, since the final aim is student-learning outcomes. Similarly, regulations specifying the number of books, titles, subscription of specific journals, PC-student ratio, number of colour printers, internet speed, etc. are unnecessary. Their contribution to learning outcomes is arguable, but to cost, is phenomenal.

The layered regulatory framework of this sector has multiple disadvantages, leading to a reduction in efficiency of both—the regulatory authorities (UGC, AICTE, et cetera) and the private institutions. The extant rules and regulations in place impose a significant entry and operational barrier for private institutions, as the same indicators/ factors are being regulated and monitored by numerous departments of the government, leading to inefficient use of resources. In order to truly transform the higher education sector, focus should be on reducing entry and operation barriers and moving towards effective regulation. One such move could be towards grading of institutions i.e. accreditation. This is a means of achieving quality. The following section focuses on accreditation in India.

Accreditation of Higher Education Institutions

Overview

The National Policy on Education in 1986 initiated the idea of quality assurance in higher education in India. It was after this that the National Board of Accreditation (NBA) was formed under the All India Council for Technical Education (AICTE) and the National Assessment and Accreditation Council (NAAC) under the UGC. The goal of the accreditation bodies is to inform interest groups such as students, parents, and employers about the standard of an institution, and to encourage quality improvement of education through self-assessments and recommendations administered by the bodies.

The University Grants Commission (Mandatory Assessment and Accreditation of Higher Educational Institutions) Regulations 2012 mandates that all universities, institutions, and colleges be accredited by an accreditation agency. This mandate does not apply to technical institutions, however, it does include technical universities and universities offering technical programs. Accreditation agencies include the NAAC, NBA, or an agency that has been established under an Act of Parliament. The incentive of abiding by this regulation is that an institution with a high accreditation grade may be eligible for more funding. If an institution does not comply with the regulation, a college's recognition status granted by the UGC may be repealed, the Commission will recommend that the Central Government revoke the notification

recognising a Deemed-to-be-University, action may be taken against private institutions, additional grants awarded for good performance that the UGC is not required to give, may be withheld, institutions may be declared ineligible for assistance under the UGC, and it will be advertised in the media and UGC website that the institution is not accredited. Higher education institutions have many incentives to gain accreditation.

National Assessment and Accreditation Council (NAAC)

History

The NAAC was established as an independent body under the UGC in 1994 with the objective of maintaining quality higher education in India. Specifically, the NAAC accredits central, state, private, and Deemed-to-be-Universities, institutions of national importance, and affiliated and autonomous colleges. Higher education institutions are eligible for accreditation only after they have had two rounds of graduates, or have been in existence for six years; whichever comes first.

The process of accreditation under NAAC

To start the process of accreditation, the institution must submit a Letter of Intent, which requires background information about the institute, such as the programs it offers, its history, and recognition by the UGC. Institutions seeking accreditation by the NAAC for the first time are required to submit an Institutional Eligibility for Quality Assessment form. This form requires background information on the program, staff, faculty, students, and facilities. Once these forms are submitted, a peer team visits the institution and an accreditation decision is made after the team's reports and grade sheets have been assessed. The institution can appeal the accreditation grade if it is not satisfied with the result.

Evaluation by the NAAC is based on seven criteria: Curricular Aspects, Teaching-Learning & Evaluation, Research, Consultancy & Extension, Infrastructure & Learning Resources, Student Support & Progression, Governance, Leadership, & Management and Innovations & Best Practices

Accreditation grades are A, B, C, or D and based on the cumulative grade point average (CGPA) of the scores received on the criteria listed above and sub-sections known as Key Aspects. The CGPA is derived by taking into account a weighted score of the key aspects and criteria, and a weighted average of the criteria points. A grade of A, B, or C, means that the institution has been accredited. They stand for 'very good', 'good', and 'satisfactory', respectively. A grade of D is unsatisfactory and is not accredited by the NAAC.

The points for each of the criteria are allotted differently for universities, autonomous colleges, and affiliated colleges accounting for the difference in the way each functions. More points are allotted to the Teaching, Learning and Evaluation criterion for autonomous and affiliated colleges, than for universities, whereas universities are allotted more points for the Research, Consultancy, and Extension criterion.

National Board of Accreditation (NBA)

History

The NBA was established by the AICTE in 1987 with the purpose of evaluating technical programs. It became an autonomous accreditation body in January 2010, with a mission to ensure that technical and professional institutions, including those in the engineering, technology, architecture, pharmacy, and hospitality fields, are providing relevant and quality education. Technical institutions volunteer to be accredited by the NBA.

Process of Accreditation Under NBA

The accreditation process starts with a Self-Assessment Report (SAR) which is to be filled out by the institution for the programs that are applying for accreditation. The SAR covers the following criteria: Vision, Mission & Program Educational Objectives, Program Outcomes, Program Curriculum, Students' Performance, Faculty Contributions, Facilities & Technical Support, Academic Support Units & Teaching-Learning Process, Governance, Institutional Support & Financial Resources and Continuous Improvement.

Once the SAR is completed, the NBA constructs a team of one chairperson and two evaluators to evaluate the program. A three-day visit to the program is set-up for the evaluators to note the strengths, weaknesses, concerns, and deficiencies of the program based off of the criteria. The reports and notes of the evaluators are passed to the NBA to draft a report, which is also sent to the institution to check for any factual errors. The report is once again looked over by the NBA and a final accreditation status is granted. The institution can appeal the granted status if it is unsatisfied.

The NBA assigns the institution one of three possible statuses for accreditation: Accredited, Provisionally Accredited and Not Accredited. The institute receives a status of Accredited for five years, if it gets a minimum of 750 points and a minimum of 60 percent in each of the nine criteria. A status of Provisionally Accredited is received for two years if the institute receives a score of at least 600 points irrespective of the percentage received in each criterion. Finally, the status of Not Accredited is assigned if the institute gets less than 600 points in the evaluation.

Other Accreditation Bodies

Other accreditation bodies operating in India include the Washington Accord, ratings agencies, and the Accreditation Board.

The Washington Accord is an international agreement amongst engineering accreditation bodies in fifteen countries including Australia, Canada, China, Russia, UK and USA. Members of the Accord agree to recognise the degrees of graduates of engineering programs that are accredited by the respective accreditation body in that country. India, represented by the NBA, has been a provisional member of the Accord since 2007. Provisional member status has put the NBA's accreditation criteria under the scrutiny of the Washington Accord to ensure that the accreditation criteria and implementation meet the members' standards.

In the private sector, ratings agencies such as ICRA, CRISIL, and CARE Ratings grade educational institutes; however, this is done on a very small scale. ICRA limited grades management education institutes, maritime institutes, and started grading engineering colleges and universities in 2013. So far, ICRA has graded ten management institutions and 24 maritime institutions. The company's engineering grading line of business has been operating for one year and has yet to publish any grades. One of CRISIL's key tasks is to grade business schools. It has graded 31 institutions. CARE Ratings have only graded four institutes ranging from maritime studies to management studies.

Gaps

Coverage Problem

The accreditation industry in India is highly concentrated, with the NAAC and NBA operating as the two main players. However, they lack full coverage of higher education institutions. The UGC Regulation 2012, requiring institutions (except for technical institutions) that have been in existence for six years, or have passed two batches, to gain accreditation by a recognised body such as the NAAC and NBA, will result in a large inflow of applicants that the accreditation bodies seem to lack the capacity to handle. In 2011, the NAAC accredited 548 institutions resulting in a total of 5,780 accredited institutions out of more than 35,500 institutions in India. While many of these institutions may not yet be eligible for accreditation as per the NAAC requirements, the Council has accredited an average of about 410 institutions per year since its first accreditation 14 years ago. At this rate, it would take the NAAC about 42 years to accredit only half of the institutions in India. The reasons for spikes in number of accredited institutions in fiscal years 2004 and 2006 are not known, but could be due to changes in the accreditation

process, which the NAAC undergoes often. The Council will not have the capacity to accredit all non-technical institutions within a reasonable time period.

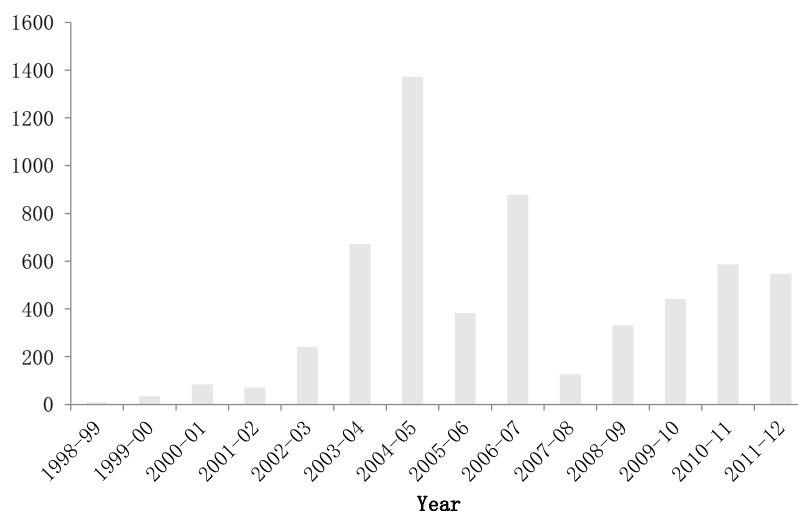


Figure 7.1: Number of Institutions Accredited by NAAC

Source: NAAC Annual Report 2011-2012

The NBA also has limited coverage in the field of technical education. The table below shows that between 1998 and 2009, the NBA only accredited about 50 percent of the applications it received. If the NBA was unable to meet the demand for accreditation before the UGC Regulation was mandated, the Board will have a difficult time accommodating additional applications that the UGC requirements might bring. While it is possible that a portion of these applicants may not have followed through with the entire application process, a 50 percent turnover rate for accrediting programs is very low.

The effectiveness of the accreditation bodies is limited by their capacity.

Table 7.1: NBA Accreditation Application Turnover

Year	Applications Received	Accredited Programs	Percentage of Programs Accredited out of Applications Received
1998	9	51	567
1999	28	16	57
2000	NA	13	NA
2001	244	96	39
2002	270	149	55

2003	550	207	38
2004	1,373	213	16
2005	440	269	61
2006	816	330	40
2007	1,161	576	50
2008	1,226	989	81
2009	1,142	834	73
Total	7,259	3,743	52

Source: Compiled from AICTE and NBA. (<http://www.aicte-india.org/accreditation.htm>,
<http://www.nbaind.org/Files/MonthWiseApplicationsLookup.aspx#sthash.97KBskSb.dpbs>)

Innovation Restrictions

Both accreditation bodies encourage traditional campus learning for higher education and leave little room for innovation in the higher education sector. The accreditation bodies take into account facilities, classroom sizes, library sizes, the number of faculty rooms, etc. These physical requirements restrict the opportunity for open and distance learning (ODL) and other non-traditional systems to easily gain accreditation, and even deter such programs from seeking accreditation, realising that it could result in a lower grade.

Shift Towards Outcome-based Assessments

The NBA has recently adopted an outcome approach to accreditation, which is modelled after a U.S. based engineering accreditation body, ABET's Criteria. The criteria include the students' ability to apply their mathematics, science, and engineering skills, aptitude in design, ability to communicate and work in teams, and many others. When evaluating the attainment of these objectives, the NBA looks at whether the program is getting feedback from alumni, professional bodies, and industries; how the program is portrayed in the media; and faculty achievements. These are important factors to measure student outcomes and effectively evaluate a program, as it aims to measure different interest groups' satisfaction with the program.

The NAAC's evaluation process also places importance on measuring outcomes; however, the NAAC does not demand a specific process for this measurement such as specifying that the institution talk to employers, alumni, and other interest groups. The NAAC solely checks whether the institution has a system in place to measure outcomes.

India Today Engineering College Ranking and NAAC, NBA Accreditation				
Rank	College	City	NAAC*	NBA*
1	Indian Institute of Technology Delhi	New Delhi	No	No
2	Indian Institute of Technology Kanpur	Kanpur	No	No
3	Indian Institute of Technology Kharagpur	Kharagpur	No	No
4	Indian Institute of Technology Chennai	Chennai	No	No
5	Indian Institute of Technology Roorkee	Roorkee	No	No
6	Birla Institute of Sciences and Technology	Pilani	2000 (5); 2009 (A)	No
7	Indian Institute of Technology, Banaras Hindu University	Varanasi	2006 (A)	No
8	Vellore Institute of Technology	Vellore	2003 (B+); 2009 (A)	No
9	Delhi Technological University	New Delhi	No	No
10	Indian Institute of Technology	Guwahati	No	No
11	PSG College of Technology	Coimbatore	No	Yes
12	S.R.M. Engineering College	Kanchipuram	2006 (B+); 2013 (A)	Yes
13	National Institute of Technology	Tiruchirappalli	No	Yes
14	National Institute of Technology Karnataka	Surathkal	No	No
15	College of Engineering (Pune)	Pune	No	Yes
16	MS Ramaiah Institute of Technology	Bangalore	No	Yes
17	Netaji Subhash Institute of Technology	New Delhi	No	Yes
18	Thapar University	Patiala	2002 (B++)	Yes
19	National Institute of Technology	Calicut	No	No
20	VeerMata Jijabai Technological Institute (VJTI)	Mumbai	No	Yes
21	International Institute of Information Technology	Allahabad	No	No
22	National Institute of Technology	Warangal	No	Yes
23	International Institute of Information Technology	Hyderabad	2011 (A)	No
24	Birla Institute of Technology, Mesra	Ranchi	2003 (B+)	Yes
25	JNTU College of Engineering	Hyderabad	2004 (A)	Yes

* Accreditation is valid for 5 years after accreditation is received
 ** "Yes" indicates that the college has programmes that were in the past or currently are accredited by the NBA

Figure 7.2: NAAC and NBA Accreditation of Top 25 Engineering Colleges

Source: India Today Engineering Rankings

<http://indiatoday.intoday.in/bestcolleges/2013/ranks.jsp?ST=Engineering&LMT=2&Y=2013>

While the accreditation bodies are adopting ways to evaluate student outcomes, currently, the NAAC and NBA ratings do not appear to have much of an influence on students' perceptions of programs. Out of the top 25 engineering colleges in India in 2013, published by India Today, only three of these were accredited by the NAAC in 2013 and eleven of the colleges had programs accredited by the NBA currently and in the past. These colleges, shown in the table below, are also the most highly regarded in India, and the lack of an accreditation seal from the NAAC or NBA does not deter the 500,000 students applying to the Indian Institutes of Technology. As Pawan Agarwal says, there is little evidence to show that accreditation has had an effect on the quality of higher education in India.

International Case Studies

Overview

A nation's economic development is crucially influenced by an educated and skilled workforce. This led nations to focus on building a stable and diverse sector of higher education, which would be able to supply a pool of skilled workers and initiate innovation. In a globalised world, an internationally well-connected, quality higher education system can facilitate the innovation of new ideas, and integration not only in trade and technology but also in research and learning.

This section attempts to provide a brief overview of the higher education systems of three countries: USA, Australia and Malaysia; focusing on some key aspects which are assumed to be of significance for the quality of higher education sector, such as teacher qualification and pupil-teacher ratio.

United States of America

The United States was chosen as a case study because of its world-renowned higher education institutions. According to the *Times* Higher Education World Reputation Rankings 2014, the United States is home to 46 of 100 of the world's best universities, including the top five universities in the world.

Higher Education Landscape

There are 2,823 private institutions operating in the U.S., which accounts for 40 percent of all higher education institutions in the country. The private sector enrolls about 28 percent of students, or 5.6 million. From 2000 to 2008, the enrolment in for-profit institutions increased from three to eight percent.

The government has assisted the private sector by allowing for-profit institutions to raise capital through private equity funds and public markets. The Higher Education Act in 1972 increased aid to for-profit institutions. The presence of these institutions has also increased competition in higher education. The U.S. Federal Government provides loans to students to choose the institution they wish to attend. Therefore, public, non-profit, and for-profit institutions are competing for students.

Federal Regulations

Regulation of higher education comes under the Higher Education Act (HEA) of 1965, re-authorised as the Higher Education Opportunity Act (HEOA) of 2008. Regulations at the federal level primarily deal with funding provided to higher education institutions. The Act covers the following purposes:

- Providing funding for extension and continuing education programs
- Allocating money to enhance library collections
- Provisions for strengthening developing institutions
- Providing student assistance through scholarships, low-interest loans, and work-study programs
- Provisions for improving the quality of teaching
- Provisions for improving undergraduate instruction

Establishing an Institution of Higher Education and Program in the United States

The regulations and procedures for establishing an institution of higher education in the United States are determined by each state. An institution of higher education is a post-secondary education institution that offers programs that will lead to an associate's degree or higher. This includes two and four-year, public and private, colleges and universities. The State of Maine, which is considered one of the more difficult states to obtain a license in, has a clear, uniform, and very feasible process to gain recognition for establishing a higher education institution and/or course or program.

Maine has the same requirements for obtaining initial degree authorisation (for an institution) and for course/program offerings by out-of-state institutions. First, an institution must inform the Commissioner of the Department of Education in the State of Maine that the institution intends on obtaining legislative authorisation to grant degrees at or above the Associate level. The Commissioner will inform all other presidents of higher education institutions in the state about the intended entry of another institute. This is to get their comments on the need for the new institute/ program. The institution then provides a detailed report covering the following topics:

1. Organisation and Governance
2. Institutional Objectives
3. Degree Requirements
4. Additional Requirements
5. Academic Programs

6. Faculty
7. Student Services
8. Library and Learning Resources
9. Facilities
10. Financial Resources

The Commissioner will then set up a review committee to evaluate the report and visit the institution, if necessary. The Committee's report is sent to the Commissioner and State Board of Education to discuss. Finally, the State Board of Education will make a recommendation which will be transferred to the Joint Legislative Committee on Education.

Key Requirements

The institution must meet the required hours of course instruction per semester depending on the degree level a student is pursuing. For example, to obtain an associate degree, there must be a minimum of 60 hours of work per semester, a bachelor degree requires a minimum of 120 hours per semester, and so on.

Faculty members must meet certain educational qualifications. A faculty member at the undergraduate level is required to have at least a master's degree from an accredited institution.

With regard to the Library and Learning Resources section, the Department of Education requires that the library and its resources play a large role in students' education, have an up-to-date, diverse, and accessible collection of resources, with a system of acquiring new resources in place. The library must be of adequate size to cater to the needs of the student body and must have qualified staff. The requirement also gives institutions the option of giving students access to an outside library, rather than having a personal library, as long as there is a detailed plan and agreement on how it can be used by the students.

With regard to finances, the institution must provide a five-year plan including a list of all projected expenses and sources of income. Projected expenses include instructor, administrator and support service, and other expected expenses. Projected sources of income include tuition, funds from fundraising, gifts and grants, borrowed amounts, and other expected expenses. The application must show that the institution has the resources to continue the program/s for a minimum of five years.

The requirements to obtain recognition for a coordinated course or program are much shorter and simpler. A coordinated course or program is administered by a Maine degree-granting educational institution, which has been approved by the State Board of Education. To gain

approval, the Board needs to understand the responsibilities of the institution of higher education, the arrangement of the program or course with the institution, the content, goals, and objectives of the program, administrative responsibilities, and proof of support from a Maine degree-granting institution of higher education.

The licensing process in the State of Maine, similar to the processes in the rest of the U.S., does not stipulate burdensome land, finance, or facility requirements, but instead is a process to ensure that a new institution has acceptable standards in place to become an institute of quality. This system is in contrast to the multi-layered and bureaucratic system in India.

Accreditation

Accreditation is not mandatory for institutes of higher education, but funding from the federal government is dependent on whether the institute has been accredited. Some states may require that an institution be accredited before obtaining a license. Independent, regional bodies carry out accreditation; however, the U.S. Department of Education regulates these agencies and accreditation is only recognised from certain agencies.

Australia

Australia was chosen as a case study because of its well-established higher education system. Australia is the fourth most represented country (tied with Japan) in the *Times* Higher Education World Reputation Rankings 2014.

Higher Education Landscape

Education providers in Australia include universities, self-accrediting providers, or non-self-accrediting providers. There are 39 universities (37 public and 2 private), 40 self-accrediting and about 130 non self-accrediting higher education institutions.

Self-accrediting higher education institutions consist of private, public, and overseas universities, and colleges of specialisation. Self-accrediting institutions are given the right to accredit their own programs. Many of these institutions voluntarily gain accreditation from external bodies in addition to their internal accreditation processes.

Non self-accrediting higher education institutions are primarily private and have their programs accredited by state and territory accreditation agencies. Non-accrediting institutions are required to continually re-apply for accreditation.

Establishing an Institution of Higher Education and Program in Australia

The application process to establish an institution of higher education in Australia consists of a preliminary assessment to inform the applicant if the provider category applied under is appropriate, or if the applicant should apply under a different category. The second stage is the substantive assessment, which may include site visits, meetings with staff members, stakeholders, and third parties, and requests for additional information.

An entity must apply to the Tertiary Education Quality and Standards Agency (TEQSA) to become registered as a higher education provider in Australia. TEQSA is responsible for regulating and ensuring the quality of higher education in Australia.

The application process requires information on the following:

1. Applicant details
2. Provider standing: applicant ownership and corporate structure
3. Provider standing: applicant history
4. Corporate and academic governance
5. Financial viability and sustainability
6. Academic quality and integrity
7. Management systems and human resources
8. Responsibilities to students
9. Physical and electronic resources and infrastructure

Key Requirements

Academic staff must have demonstrated knowledge and continuous engagement in their subject area. There is a stress on academic staff being up-to-date with their field and engaging in relevant professional activities.

In order to become a higher education provider, the applicant must prove that the institution has the physical and electronic resources and infrastructure to support learning and research. This includes classrooms, libraries, offices, research areas, laboratories, and recreation areas. TEQSA requires detailed information on these facilities including floor area, descriptions, plans for updates and improvements.

TEQSA requires detailed information on the current and projected finances of the applicant. This includes a business plan, projected income and expenditure statement, projected cash flows, and projected balance sheet. In addition, an independent and qualified auditor must audit the provider. The provider is required to submit a detailed business plan as well as have a

business continuity plan. This plan will ensure that if a provider closes down, the student can complete the course with another provider or receive a refund of the fees. The applicant must also have insurance arrangements in place and a system to detect and prevent fraud.

The application for establishing a higher education institute is quite extensive and the regulators require information on every aspect of the institution, including student outcomes, finances, management systems, human resources, fees, facilities, personnel, and potential corporate risks. However, TEQSA does not set specific caps or ceilings for each of these areas, instead it applies a method of “proportionate regulation”, the term TEQSA uses to describe its evaluation of applications, which is based on the circumstances and scope of each applicant.

Accreditation

In order to become a registered higher education provider, the provider must have at least one accredited course. Therefore, an application for registration must include an application for accreditation of a course.

In order to be recognised, the Australian Qualifications Framework (AQF) must accredit new higher education courses of study. The AQF is the body that sets the standard of quality for Australian education.

Malaysia

Malaysia was chosen as a case study to demonstrate the relative ease of opening a higher education institute in a neighbouring country of India. Malaysia’s 2007 National Higher Education Strategic Plan envisions making the country an educational hub to attract students from around the world. Therefore, the government has taken many steps to increase access to USA quality of higher education in Malaysia. Recent loans made available to the private sector from government agencies have encouraged a growth in the number of students attending private higher education institutions (PHEIs).

Higher Education Landscape

Higher education in Malaysia consists of public institutions and private higher education institutions. Public institutions are those, which are funded by the government and include public universities, polytechnics, and community colleges. Private higher education institutions (PHEIs) include private universities, private university colleges, foreign branch campus universities, and private colleges. As of 2011, there were 25 universities, 22 college universities,

5 branch campuses, and 403 colleges registered with the Private Higher Educational Institution Management Sector (PHEIMS).

Establishing an Institution of Higher Education and Program in Malaysia

There are different processes for registering and establishing a higher education institution. One is by applying for the status of university/college, university/foreign university branch campus, and the other is without such a status. Applying with the status of a university/college university/foreign university branch campus requires more steps and an additional approval from the Minister of Education. However, the requirements are similar for both processes.

Key Requirements

The application for the establishment of a PHEI requires information about the applicant's finances, institution constitution, facilities and areas etc. There are no specific requirements; however, the application for establishment may be rejected by the Registrar General if the applicant cannot prove that it is capable of providing adequate educational facilities, providing efficient management and administration, determining and maintaining educational standards, establishing a sound system of governance; or that the applicant or anyone who is to hold a position at the institution is of good standing.

A separate application must be completed for the approval to conduct courses of study. This application requires information on the course, teachers, facilities, management, and rationale for providing such a course.

After establishing a PHEI and obtaining approval for a course of study, an applicant must register the institution. Part of the registration process includes gaining approval from the local, fire and rescue, and health departments. The Registrar General may refuse an application for the registration of a private higher education institution if it is found that the area is unsuitable for any health or safety reasons, does not have an adequate recreation area, the registration will prove detrimental to the national interest of Malaysia, the name under which the institute will be registered is undesirable, or the fee structure is unreasonable.

Like both the United States and Australia, Malaysia does not specify land, recreation, library, or financial requirements but prefers that the institution have adequate resources and facilities.

Accreditation

Malaysia has a centralised system of accreditation, where the Malaysian Qualifications Agency (MQA) oversees quality assurance and accreditation of all higher education in Malaysia. Accreditation by the MQA brings many benefits to the students and the program. Graduates can only be eligible for a government job if they have a degree from an MQA accredited program. Certain professional bodies such as the Board of Engineers Malaysia, requires graduates to have a degree from an accredited university in order to be registered as a professional engineer. There are more opportunities for students to be funded if they are attending an accredited program. Transferring credits between MQA accredited programs is easier. Finally, institutions are more easily able to franchise their accredited programs to other institutions.

Conclusion

In this paper, a regulatory mapping of the current higher education landscape of India was carried out. The paper analyses the different routes of establishing a private institution of higher education, the different regulatory and statutory bodies governing and monitoring these institutions, and the accreditation of these institutions using the discipline of engineering as an example.

The private sector's role in provision of higher education has grown significantly in the last decade. They are responsible for nearly 59 percent of the current total enrolment of students. It is found that due to a large number of regulations and numerous regulatory bodies, there is an excess and overlap of regulations faced by these institutions to enter, operate in and exit this sector. In brief, the challenges are:

1. For private universities:
 - a. Entry norms – lack of clarity on process of establishment; requirement of not-for-profit nature; land and infrastructure norms; endowment fund requirement
 - b. Operating norms – restrictions on accreditation; fee norms; admissions; granting of affiliations
2. For a deemed university: entry norms – eligibility criteria; land and infrastructure norms; corpus fund requirement; academic infrastructure
3. Affiliation of a private college to a state university: land requirement within the jurisdiction of the affiliating university; lack of a transparent regulatory environment and the existence of 'adequate' and 'genuine need' norms; cumbersome, time-consuming and confusing norms of affiliation; lack of operational autonomy

4. AICTE norms for offering an engineering course – corpus fund of INR 10 million; restrictions on intake; land, building space and infrastructure requirements including for library; faculty qualification requirements
5. Challenges in accreditation – including capacity problem; restrictions on innovations and the use of input-based recognition norms

The existing rules and regulations in place impose a significant entry barrier for private institutions.

The affiliated colleges are subjected to rules and regulations by four different authorities; namely; the University Grants Commission, the affiliating university, Central Government's quality assurance body (AICTE for example) and the State Government. The four simultaneous layers of regulations hurt the growth of quality higher educational institution. Further, as the affiliated institutions are not free to choose their own syllabus and teaching methods, maintenance of quality standards becomes highly improbable.

It is noted that all the regulations discussed in the papers are input-based and there is little room for outcome-based assessment. Shifting from a strict regulatory framework to an efficient accreditation framework is more suited. Analysing the progress made on accreditation, it is noticed that both NAAC and NBA have been unable to meet the demand for accreditation. Primary reason for this can be attributed to the lack in capacity of these bodies. The coverage of accreditation bodies in India must be expanded—and incorporating private rating or accreditation agencies—both domestic and international—into the system is an effective way to do so. There are private bodies that have taken an interest in evaluating the quality of higher education, and these initiatives should be encouraged and recognised by regulatory bodies such as the UGC and AICTE, in order for the accreditation and quality assurance to be more effective in India.

The study of requirements for setting up a private university in three states (Rajasthan, Haryana and UP), for setting up a Deemed-to-be-University under UGC, and for opening three colleges within a state (Madhya Pradesh)—as summarised in the comparison matrix in Annexure 10.1—clearly shows that the challenges mentioned are pervasive, and there are few exceptions to the observations made above.

The paper also briefly looks at the higher education landscape of some foreign countries, namely USA, Australia and Malaysia. USA and Australia boast of providing two of the most well-established higher education sectors on the globe. These countries harbour some of the top universities of the world and they entertain many foreign students looking for good quality

education. Malaysia, on the other hand, has undertaken many recent measures to boost its higher education sector and improve quality.

There are many options to solve the challenges listed above, including:

1. By limiting entry norms to verification of financial strength of the applicant rather than mandating land, facility or fund requirements, which contribute little to the outcomes of the institutions, as is the case in all three countries studied (USA, Australia and Malaysia)
2. Approval for entry of for-profit institutions, to substantially widen the pool of entrants into this critical sector which is now restricted to non-profits which have the financial wherewithal to meet the steep entry norms; according of "infrastructure" status to this sector to attract investments; permit conversion of existing trusts and societies to Section 25 companies
3. Flexibility in meeting the entry norms – for example, students in the United States of America are allowed to access an external library which has a recognised arrangement with the college, rather than requiring each institution to setup a library
4. Consolidation of the regulatory structure of this sector by eliminating the overlapping regulations that are currently defined at the university, college, course and accreditation levels.

The higher education sector of India has not received enough exploration. Unlike primary and secondary education, the regulatory framework is much more complex here, with multiple levels of governance. Since the 11th FYP, this sector has witnessed an increase in government attention and funding. The UGC, in alliance with the other regulatory bodies, has attempted reforms in curriculum, teachers' salary and qualifications, infrastructure requirement, accreditation, etcetera. However, all these reforms have been very little in favour of the private sector. This paper opens further scope of research in terms of posing many questions such as why certain states, such as Tami Nadu and Andhra Pradesh, have shied away from the private university route and preferred the deemed university route, and other states such as West Bengal and Mizoram have not been able to perform better in terms of the number of private universities set up there. It is also worthwhile to explore the policy environment offered by states like Rajasthan and Haryana, which attract more private players. Given the complexity of the Indian higher education sector, the next stage of reforms should be directed at the state level and, if possible, at the course level as well.

It can be concluded that a more open and trusting environment for private educational institutions is required, along with administrative freedom and ability to moderate curriculums, so that they may compete with each other and their government counterparts and lead to an improvement in quality and reduction in cost.

Annexure 10.1: Comparison of Rules for Higher Education



Comparison of
Rules for Higher Edu

Detailed comparison matrix available here:

	Rajasthan Private Universities Act, 2005	Haryana Private Universities Act, 2006	Amity University Uttar Pradesh Act, 2005	Deemed Universities (General Category)	Deemed Universities (De-Novo Category)	College affiliated to Jiwaji University, Gwalior	College affiliated to DAVV, Indore	College affiliated to RGPV, Bhopal
Entry								
Establishment route	a) Through legislative route b) Separate Act for each private university	a) Through legislative route b) Same Act is amended to append each new private university to a schedule	a) Through legislative route b) Separate Act for each private university	Granted deemed-to-be-university status by the Ministry of Human Resource Development acting upon the recommendation of the UGC	Granted deemed-to-be-university status by the Ministry of Human Resource Development acting upon the recommendation of the UGC	Through application to the University for grant of affiliation	Through application to the University for grant of affiliation	Through application to the University for grant of affiliation
Sponsoring body	Can be society, trust, or a section 25 company	Can be society, trust, or a section 25 company	No mention	Can be a not-for-profit society or trust	Can be a not-for-profit society or trust	Can be a not-for-profit society or trust; application by an individual (founder) allowed	Can be a not-for-profit society or trust	Can be a not-for-profit society or trust
Land norm	a) 30 acres b) Construction a minimum of 10,000 square meters of covered space	a) a minimum of 20 acres of land outside municipal limits b) a minimum of 10 acres of land within municipal limits c) Minimum 10,000 square metres of covered space	a) Possess title rights for 30 years or more b) Min 50 acres of contiguous land	a) a minimum of 5 acres of land in metropolitan area b) a minimum of 7 acres of land in non metropolitan urban area c) Minimum 1000 square metres for administrative building & 10000 squares metres for academic building	a) a minimum of 5 acres of land in metropolitan area b) a minimum of 7 acres of land in non metropolitan urban area c) Minimum 1000 square metres for administrative building & 10000 squares metres for academic building	No mention (adequate facilities are required)	a) solvency of at least rs. 15 lac in immovable property b) Sufficient number of classrooms and adequate facilities	No mention (adequate facilities are required)

List of Abbreviations

AB	Accreditation Board
ABET	Accreditation Board for Engineering and Technology
AICTE	All India Council of Technical Education
AIIMS	All India Institutes of Medical Sciences
AUQA	Australian Universities Quality Agency
BCI	Bar Council of India
BDS	Bachelor of Dental Surgery
BITS	Birla Institute of Technology and Science
BLS	Bureau of Labor Statistics
CAGR	Compounded Annual Growth Rate
CGPA	Cumulative Grade Point Average
CPI	Consumer Price Index
CRISIL	Credit Rating Information Services of India Limited
DEST	Department of Education Science and Training
FICCI	Federation of Indian Chambers of Commerce and Industry
FYP	Five Year Plan
GER	Gross Enrolment Ratio
ICAR	Indian Council of Agricultural Research
JD	Juris Doctor
LL.B.	Bachelor of Laws
LL.M.	Masters of Laws
MAHE	Manipal Academy for Higher Education
MBBS	Bachelor of Medicine; and Bachelor of Surgery
MCA	Masters of Computer Application
MLA	Member of the Legislative Assembly
NAAC	National Assessment and Accreditation Council
NBA	National Board of Accreditation
NIT	National Institute of Technology
ODL	Open and Distance Learning
OECD	Organization for Economic Cooperation and Development
PGDM	Post Graduate Diploma in Management
SC	Scheduled Caste
TEQSA	Tertiary Education Quality and Standards Agency
TERI	The Energy and Resource Institute
UGC	University Grant Commission
UT	Union Territory

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