

Indian Institute of Management Bill, 2023

Why in news?

The Indian Institute of Management Bill, 2023 was recently introduced in Lok Sabha.

What is Indian Institute of Management Act 2017?

- **Institutes of national importance-** It declared 20 existing IIMs as “institutions of national importance.
- **Aim-** To empower IIMs to attain standards of global excellence in management, management research and allied areas of knowledge”.
- **Autonomy-** The legislation seeks to grant greater administrative, academic and financial autonomy to these IIMs.
- The institutes will be made free of government interference and will be board-driven.
- **Offer degrees-** The legislation would grant IIMs power to award *full-fledged degrees* instead of diplomas.
- **Board of Governors-** It is the *executive body* of each IIM, comprising up to 19 members.
- In 19 members, 2 members will be nominees from the central and state governments, respectively. The Board appoints its own Chairperson.
- **Director-** It is appointed by the Board of Governors for each IIMs, A search committee will recommend names for the post of the Director.
- **Functions of Academic council-** It shall be the principal academic body of each institute which will determine the
 - Academic content
 - Criteria and process for admission to courses
 - Guidelines for conduct of examinations.
- **Coordination forum-** It is the representation from the 20 IIMs which is set up to discuss matters of common interest to all IIMs.

What is the need for amendment?

- **Tussle with director-** At IIM Ahmedabad, faculty and alumni were up in revolt against the then director’s decision
 - To change the institute’s logo
 - To demolish the Louis Kahn structures on the campus which are widely regarded as among the architectural marvels of our times.
- At IIM Calcutta, the majority of faculty signed a petition against the director’s way of functioning.
- The Board of Governors took the extraordinary step of curtailing her powers following which she left before the end of her term.
- **Legal battle-** At IIM Rohtak, the government is locked in a legal battle with the

institute over the director's continuance in office.

- **Low rank of IIMs-** Evidence suggests that some IIMs lower in rank unchallenging power of Director.
- **Fee structure-** There is a rise in the fee for the MBA course, which is not related to the costs of the course.
- **Lack of accountability-** The Board of Governors' role is ineffective as there were only 2 Government nominees who played a passive role.
- The other members have no stake in respective institution and no incentives to exercise the necessary oversight.
- **Governance vacuum-** The Act requires Board of Governors (BoG) to commission an independent review of the institutes at least once every 3 years and place the report in the public domain.
- Among the top four only the review report of IIM Bangalore is available on websites.

What are the new features of the bill?

| Features | Existing Act | New Bill |
|---|--|---|
| Visitor | No such provision | It designates the <i>President of India as Visitor</i> of every Institute |
| Appointment of IIM directors | Appointed by the Board of Governors on the recommendations of a Search-cum-Selection Committee | Mandates the Board to obtain the prior approval of the Visitor before appointing an Institute Director |
| Composition of Search Committee | Chairperson of the Board, and 3 members from amongst eminent administrators, industrialists, educationists | Reduces 3 members to two, and adds another member to be nominated by the Visitor |
| Removal of director | Removed due to insolvency, mental and physical incapacity, conflict of interest | Requires prior approval of the Visitor before removing a Director. Visitor has the authority to terminate the services of the Director |
| Chairperson of the Board of Governors | Appointed by the Board of Governors | Nominated by the visitor |
| Power of inquiry against IIMs for non-compliance with law | A retired High Court judge conducts inquiries, then the Board may take any action that it deems fit. | Conferred upon visitor who may appoint persons to review the work of any Institute. The visitor then issue directions to the institute which is also recommended by the board |
| Chairperson of coordination forum | Selected by the search cum selection committee constituted by the forum | Nominated by the visitor. The Chairpersons of all Institutes will be ex-officio members of the Forum |
| Incorporation of institute | If existing institution converts to an IIM, every employee of such institution will retain the same tenure, salary, pensions | The Bill excludes the Director of such institutions from this provision |

What are the other amendments?

- **Functions of visitor-** It prescribes the primary roles for the visitor

- To make appointments,
- To audit the working of institutions,
- To conduct an inquiry.
- **Dissolution of Board**- The central government prescribes the conditions and procedure for dissolving or suspending an Institute's Board.
- If a Board is suspended or dissolved, the central government will constitute an interim board for six months or until a new Board is constituted.
- **IIM classification**- The National Institute of Industrial Engineering (NITIE), Mumbai is classified by the bill as IIM, Mumbai.

What lies ahead?

- **IIT governance** - Government control has not kept the IITs from creating a brand that is way above that of the IIMs.
- **Democratic accountability**- It is mandatory in a public institution which will improve the governance and administration of IIMs.
- **US model**- Private universities are funded through large endowments and the state supports research.
- The donors have deep emotive connect with the institutions and hence there is no game of large profits which improves the competitive environment and discipline of the financial markets.
- **Californian system**- The Governor of the state often sits on the board which is best in the world.

Quick facts

Institute of National Importance

- It is a status conferred to a premier public higher education institution in India by an Act of Parliament.
- It is conferred on an institution which "serves as a pivotal player in developing highly skilled personnel within the specified region of the country/state".
- INIs receive special recognition and funding.
- All IITs, NITs, AIIMS', School of Planning and Architecture and Indian Institutes of Science Education and Research are considered Institutes of National Importance.

References

1. [The Hindu- IIM bill is a bold move](#)
2. [Indian Express-Concern over autonomy of IIMs](#)
3. [PRS- IIM bill 2023](#)