

It isn't easy to set up high-quality institutions of higher education

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I will not attempt to answer why we have so few high-quality higher education institutions (HEIs) in India, but describe what it takes to establish one, based on observations of the founding and development of many of them.

HEIs refer to universities and colleges; they do not include institutions focused solely on research. This piece will describe what founders of HEIs need to do. These observations are not a comprehensive list for 'how to set up a good HEI', but a good HEI cannot be set up unless these issues are taken care of.

Before we go on, let's lay out an imperfect but adequate definition of a high-quality HEI. Its graduates must have a good understanding of their area of study and the ability to apply it to address real-world problems. They also must have a commitment to be engaged citizens. And the HEI must have real institutional strength, with clarity of educational vision and the organizational structure and processes to implement it. Of over 60,000 HEIs in India, not more than 5% would be of high quality, and perhaps another 5% nearabout. Note that there are a significant number of teachers and students in the other 90% who will more than qualify as high quality with that definition, but their HEI would fail on an average basis.

Before everything else, the founders must be clear about the purpose of the HEI. It aligns and energizes everything; its absence leads to incoherence and drift. This purpose must be at the core of three inextricably linked matters which the founders must take care of, and then a fourth.

First, the founders must be clear about the programmes that the HEI will run—these must arise from the purpose. 'Programmes' refers to diploma, undergraduate, graduate or other teaching programmes across disciplines or fields such as science, social science, engineering, etc. The curricula must then be informed by the purpose.

Second, there must be clarity on the policy of inclusion of the economically disadvantaged. This too must arise from the purpose.

Third, the founders must arrange for adequate funding to begin with and have a realistic financial model which they stabilize. Surprisingly, many founders do not sort this out and the HEI struggles.

Too many founders do not pay adequate attention to the details of how their programme and inclusion choices are connected with the financial model. Thus, they are unconscious of the core issue or wishfully believe that it would not apply to them. And that core issue is that HEIs cannot be financially sustainable just on student fees.

Even the most expensive Ivy League institutions operate with a large corpus; it is the return on the corpus that supports their operations. Across the world, HEIs are able to recover 10-50% of their expenses from student fees, and the rest is supported by returns on the corpus (endowment) or by public financing. That range of recovery from student fees is determined by the programme choices and inclusion policy.



Programme fee is based on what other HEI's offer, and more fundamentally on employment opportunities after that programme. Even at the top end of the range in India, say, engineering at IITs, institutions are able to recover only about 20% of operating expenditure from fees.

Thus, the financial sustainability, programme choices, strategy and policy on inclusion must be finely crafted.

While we cannot go into the details, let us note that the underlying cost structure of any HEI is very much determined by external factors. Faculty compensation—a large part of the cost—is driven by salaries in the public university system. The faculty-student ratio must be based on what is educationally sound. Other operating costs can be managed but only within a small range, such as facilities maintenance, admissions and student activities. Also, any good HEI must invest a part of its faculty's time in research, so they remain updated in their field (else teaching suffers), and this has cost implications.

In summary, the founders must decide what programmes the HEI will run and how inclusive the institution will be. On that basis, they must generate a corpus that can sustain the HEI. This fine balance is not merely a financial matter. It strikes at the very heart of the purpose of that particular HEI.

This balance requires continuous work till the HEI stabilizes, which may take 10 to 15 years. Till then, the founders' job is not done. Else, a downward spiral of quality can be triggered.

A similar situation exists with public institutions. In their case, the relevant government commit itself to supporting what the corpus would in a private institution. In the past few decades, too many public institutions have borne the brunt of many a government's unrealistic push towards 'sustainability'.

The fourth matter is the appointment of the institution's leader—its vice-chancellor or director. Unless the leader is entirely aligned with the purpose and values of the founders, it is impossible to develop a good HEI and sustain it. This should be obvious; but, as you

look around, you would notice too many errors. With the right leader, the operating team has the best chance of tackling its multidimensional challenges, which is the matter of another column.

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