

Management Courses to Burn a Deeper Hole in Your Pocket

Fees in top B-schools to rise by ₹46,000- 3.2 lakh, depending on the institute

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Mumbai: At least nine of India's top business schools have either increased or are in the process of raising course fees by 7-30% for management aspirants this year, citing inflationary pressures and rising operational expenses. That translates to fee increases of Rs 46,000 to Rs 3.2 lakh, depending on the institute.

The Indian Institute of Management (IIM), Lucknow, has effected the steepest hike of 30% for the Class of 2018 (2016-18 batch), followed by IIM Kozhikode (23%). While the former has raised fees to Rs 14 lakh, Kozhikode has increased it to Rs 16 lakh (see chart).

"A fee hike was inevitable to keep pace with inflation, pay hikes and cost of infrastructure," said IIM Ranchi director Anindya Sen. The institute has hiked fees by 19% to Rs 12.5 lakh.

Rupesh Pati, chairperson of the post-graduate programme in management (PGP) at IIM Kozhikode, echoed this. "Input costs have gone up — whether books, buying case studies or building infrastructure."

India's most expensive management programme is offered by IIM Ahmedabad, which increased its fees by 5.4% to Rs 19.5 lakh. Next is IIM Calcutta, which has raised fees 16.5% to Rs 19 lakh.

Private schools such as Manage-

ment Development Institute (MDI), Gurgaon, and International Management Institute, (IMI) Delhi, have also increased fees. At MDI, tuition fee is up 7% to Rs 17.15 lakh, while IMI has raised it by 3% to Rs 14.96 lakh.

Top B-schools hiking fees by 7-30% citing inflationary pressures and rising operational expenses

XLRI is likely to raise fees by up to 7%, said Sunil Varughese, chief brand and sustainability officer at the institute. The Jamshedpur-based B-school currently charges Rs 17.95 lakh for its two-year course.

"Unlike the IIMs, private B-schools can't increase their fees beyond

a point. There's also a cap on the number of students we can take in. Given that our capital expenditure is borne entirely by us, we need to increase our revenue from other sources," said Varughese.

With the current round of fee increases, the cost of management education at the top institutes has gone up four-five times in the past nine years. Fees at IIM Ahmedabad and IIM Calcutta, which were Rs 4 lakh nine years ago, have risen almost fivefold to Rs 19.5 lakh and Rs 19 lakh, respectively.

An ETIG analysis shows tuition fees at major B-schools have risen faster than inflation.

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Between 2007 and 2016, inflation as measured by the Consumer Price Index (CPI) for industrial workers (IW) rose at a compounded annual growth rate (CAGR) of 8.6%. During the period, fees at the top management institutes in the country rose by 12-19%.

Experts, however, reckon that this trend of fee increases will continue. "Management education, globally, is an expensive proposition. Institutes have to invest a lot of money in case studies, faculty salaries including visiting professors, international collaborations where students and teachers are exposed to other markets, among other things," says Rohin Kapoor, director at Deloitte in India.

Earlier, this was largely subsidised, he said.

"Now, increasingly, the thinking is that students who pass out from these top institutes get good/above

average salaries and should not find it difficult to repay their loans. Also, for people from economically challenged backgrounds, there are fee waivers," Kapoor said.

Graduates of top Indian management schools get average starting annual pay of Rs 13-18 lakh during placements.

For institutes operating in developed markets, tuition fees for management programmes have already reached a certain level, with increases limited to 3-4%, usually in line with cost inflation. "Going forward, even fees at Indian institutes will stabilise," Kapoor said.

Globally, there are at least four B-schools that charge above \$200,000 as the total cost of a full-time MBA programme.

These include New York University's Stern Business School, Stanford University's Graduate School of Business, Columbia Business School, Wharton School of the University of Pennsylvania.

