

# Excellence in Education

*... through Rigorous Competition*

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## CONCEPTUAL QUESTIONS

Why is the *supply* of education *not responding* to phenomenal *demand* for good quality education in India?

What does *excellence* really mean in the context of education?

What is *role for accreditation* in the context of the Indian education system?

# SUPPLY OF EDUCATION

Why is the *supply* of education *not responding* to phenomenal *demand* for good quality education in India?

*Market Failure* due to

*Information gaps*

Increasing Returns to scale

Externalities

# MARKET FAILURE

## *Information gaps* in the *market for education*

- ... between the prospective student & the educational institution
- ... between the firm & the educational institution
- ... between two educational institutions

# MARKET FAILURE

*Information gaps* in the *market for education*

	Prospective Students	Firms that Hire
Input		
Throughput		
Output		

Table: Dimensions of *information gap*

# ROLE FOR REGULATION

*Objective* of *regulation*:

*... give institutions the right feedback or signals*

*Approaches* to *regulation*:

*Minimum threshold principle*

*... licence to practice law medicine or law*

*Classification into pre-defined brackets*

*... institutions respond to the bracket structure*

# INCENTIVE STRUCTURE

*Institutions respond to the incentive structure*

Choice between setting up a *incentive structure* that is  
*decentralised*

or

*subjective & discretionary*

# INCENTIVE STRUCTURE

A *subjective* & *discretionary* classification system

*distorts* the *incentive structure* and *misallocates* resources

A *decentralised incentive structure*

created by *resurrecting* the *competitive market for education*

generates a *yardstick* for *excellence* within the market



# POLICY PRESCRIPTION

## *Accreditation*

minimum threshold principle for solving information problem

## *Excellence through rigorous competition*

Resurrect the competitive market in education

compete on *value added*

easy *access to information* on all dimensions

*responsive* to *input* and *output* markets

... students

... firms

# EXTRACTING INFORMATION

*Legal requirement:* online *publication* of information along all relevant dimensions

Mission Statement of the Education Institution

Admission criteria and admission-rejection ratio

Faculty-student ratio

Ph.D-Faculty ratio

Progress (soft and hard) criteria

Facilities available

Soft and hard skills development

Placement Figures

Progress of Alumni

...