

# Indian Institutes of Management (Amendment) Bill, 2023

written by iasexam.com | 10/08/2023



**Context-** Parliament has passed the Indian Institutes of Management (Amendment) Bill, 2023, which seeks to amend the Indian Institutes of Management (IIM) Act.

## Key Highlights

- The Bill seeks to amend the Indian Institutes of Management Act, 2017.
- India's Institutes of Management Act 2017, which significantly expanded the autonomy of IIMs, contains an important clause.
- It requires that the Board of Governors (BoG) of the IIMs commission an independent evaluation of the institutes at least every three years and publish a report.
- However, only a few of the 21 IIMs have done so.
- A dangerous management vacuum has been created in the IIM system over the years since the government relinquished control of these institutes.
- The IIM Act Of 2017 created a situation where the IIM Director lacked substantive checks and balances.

## Basic provisions of the bill

- **President of India as Visitor:** It appoints the President of India as Visitor in all institutes covered by the Act.
- **Appointment of IIM Director:** The bill authorizes the government to obtain prior consent of the visitor before appointing the director of the institute.

- The central government decides on the selection procedure of the director.
- Currently, the IIM Director is appointed by the Board of Trustees based on the recommendations of the Search-cum-Selection Committee.
- **Composition of the search committee:** The search committee currently consists of the board and three members from among prominent administrators, industrialists and educators.
  - The bill reduces those three members to two and adds one more member to be appointed by the Visitor.
- **Dismissal of a director:** Before dismissing a director, the board needs the prior consent of the Visitor.
  - It also gives the Visitor the right to terminate the Director's services as prescribed.
  - The draft also states that the Visitor appoints the president.
- **Inquiries against IIMs:** The Bill proposes a new procedure against IIMs.
  - This gives the visitor the right to request.
  - The Visitor may appoint persons to review the work of any Institute and make inquiries into its activities.
  - Based on the report of such investigations, the Visitor may issue binding instructions to the Institute.
- **Conditions for termination of the board:** The draft law provides that the state can determine the conditions and procedure for the termination or recall of the board of directors of the institute.
  - If the government is dissolved or dismissed, the country forms an interim government for six months or until a new government is formed.
- **Coordinating Forum:** At present, there is a statutory coordinating forum for all the institutes whose chairman is chosen by the Selection Committee.
  - According to the bill, the president is appointed by the Visitor.

## About IIMs

- Indian Institutes of Management are the country's premier institutions providing the best management education in globally comparable management learning processes.
- IIMs are recognized as world-class management institutions and centers of excellence and have brought laurels to the country.
- All IIMs are separate independent institutions registered under the Companies Act.
- As the IIMs are societies, they do not have the right to award degrees and hence they issued a diploma and management programme.