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APPLIED PRODUCTION ANALYSIS TERM PAPER

ANALYSING THE PERFORMANCE OF MANAGEMENT INSTITUTES OF INDIA USING DEA WITH REFERENCE TO THE NIRF RANKING METHODOLOGY

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INTRODUCTION:

Today, pursuing a higher degree in Management is a top choice among the youth in India. An estimated 7395 higher-education institutions offering professional and higher degrees in management are there in India. Of these, 5974 are privately funded, and 1230 are publicly funded. Pursuing a higher degree in Management in this country is mainly motivated by more job opportunities, a high income and career growth. Nevertheless, doing an MBA, PGDM, etc. (the most popular higher degrees in Management) in India is costly. Hence, the return on investment (ROI) is the first criterion for a prospective management student to choose their college. Recently, akin to the popular QS World Ranking framework, MHRD (now MoE) India introduced our own NIRF (National Institutional Ranking Framework) ranking system, ranking higher educational institutions across the country based on various qualitative and quantitative parameters. This makes choosing a university easier. But the question is, are these institutions efficient? There can be many measures of their output and input, but in this paper, we shall discuss the most critical measures that might be responsible for the actual performance of the institute from a public and student perspective. To analyse the efficiency of the management institutes, we use DEA or Data Envelopment Analysis. We consider the placement indicators as output and essential factors such as student-faculty ratio, annual capital expenditure, and annual operational expenditure as inputs. DEA, a data-centric method, evaluates the effectiveness of decision-making units (DMUs) that utilise various inputs to generate multiple outputs. These units encompass various sectors such as healthcare, banking, education, transportation, and telecommunications, as noted in previous studies by Cooper et al. (2000), Nigam et al. (2012), Bhattacharya et al. (1996) and Jadhav and Puri (2012).

To evaluate the efficiency of decision-making units (DMUs), various parametric and nonparametric methods, such as Stochastic Frontier Analysis (SFA) and Free Disposal Hull (FDH) and DEA, can be employed. DEA stands out as particularly well-suited to gauge the effectiveness of non-profit entities since traditional performance indicators like profitability and income may not adequately capture their achievements.

Within DEA, numerous approaches have been developed to assess different aspects of efficiency, including technical efficiency, cost efficiency, revenue efficiency, profit efficiency, scale and mix efficiency. This study has policy implications regarding education expenditure and gives a probable picture of to what extent the NIRF rankings can play a role in the decision-making of prospective management students.