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MERIT FOR SALE: RETHINKING MANAGEMENT QUOTAS THROUGH CONSTITUTIONAL AND DISTRIBUTIVE JUSTICE

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ABSTRACT

Education is a cornerstone of justice, social mobility, and constitutional equity, yet in India, its promise is undermined by the institutionalization of management quotas. What began as a means to support the financial viability of private institutions has evolved into a mechanism that privileges wealth over merit, turning education into a commercial commodity rather than a moral and social pursuit. This paper explores how such a system distorts the very purpose of education by examining it through constitutional, judicial, and philosophical perspectives. Drawing from Aristotle's notion of distributive justice and the Indian constitutional vision of equality, it contrasts management quotas with reservations, showing how the former deepens inequality while the latter seeks to correct it. The study further identifies the regulatory loopholes and ethical failures that enable this imbalance. Finally, it proposes a reform framework centered on transparency, merit-based admissions, and renewed public investment. By uniting philosophy, policy, and law, this paper argues for reclaiming education as a public good — one that nurtures merit, fairness, and integrity over privilege and profit.

Keywords: Distributive Justice, educational equity, higher education reform, management quota, meritocracy.

INTRODUCTION

Education is universally regarded as the foundation of justice, opportunity, progress, and social mobility. It serves as a ladder where talent, determination and merit enable individuals to rise and contribute to society. In the Indian context, however, education goes beyond personal growth — it embodies a constitutional commitment and a collective public good. The framers of the Indian Constitution saw education as a powerful tool for building an egalitarian society guided by the principles of justice, equity, and dignity for all. The primary objective was to eliminate historical disparities and facilitate social mobility. This is evident from the Constitutional provisions: Article 21A guarantees the right to free and compulsory education for children, Articles 15(4) and 15(5) empower the State to make special provisions for disadvantaged groups, while the Directive Principles under Articles 41, 45, and 46 obligate the State to provide educational opportunities and protect the interests of the weaker sections.¹ These provisions emphasize that education is the central idea of constitutional justice.

Landmark judgments of the Supreme Court of India have also reaffirmed this centrality. In *Mohini Jain v. State of Karnataka* (1992), the Court held that the right to education is a fundamental right and flows directly from the right to life under Article 21.² Further, in *Unnikrishnan v. State of Andhra Pradesh* (1993), education was held to be a fundamental right of every child up to the age of 14 years, and this became the basis of the 86th Constitutional Amendment and the insertion of Article 21A.³ More recently, in *Society for Unaided Private Schools of Rajasthan v. Union of India* (2012), the Court upheld the constitutional validity of the Right of Children to

¹ Constitution of India, arts 21A, 15(4), 15(5), 41, 45, 46.

² *Mohini Jain v State of Karnataka* (1992) 3 SCC 666.

³ *Unnikrishnan v State of Andhra Pradesh* (1993) 1 SCC 645.



Free and Compulsory Education Act, 2009, extending the scope to private institutions.⁴ Such cases serve as evidence to the fact that education serves a public purpose beyond commercial interests.

Nevertheless, despite all this constitutional ethos, there is one pervasive distortion that has corrupted the education system in India—the management quota. Unlike reservations, which are constitutionally sanctioned mechanisms to promote equality, the management quota functions mainly as a judicially recognized exception under Article 19(1)(g).⁵ Though this distortion in defense is often justified as a way of guaranteeing financial sustenance to private colleges, in reality, it has evolved as a mechanism that privileges wealth over merit. Seats in professional courses, especially those of medicine and engineering, are being sold at extremely high prices, ranging from a few lakhs to several crores, thereby institutionalizing the commodification of educational opportunity.

The concept of management quota raises much deeper concerns than the highly debated reservation system. While reservations are an attempt towards balancing the historical injustices with the principle of equality, the management quota substitutes merit with wealth as the decisive criterion for admissions. Its effect is not only on individual students but on the professions as well, where underprepared individuals can compromise public welfare, be it in hospitals, courts, or industries where technical skills are required.

Philosophers' perspectives can also support the injustice of such a system. Aristotle's perspective of distributive justice and meritocracy requires roles and rewards to be allocated in proportion to merit, to get the maximum benefit.⁶ In the same sense, education is provided to those who are capable of making positive contributions to society. When money replaces merit as the criterion for entry, the telos, or purpose of

educational institutions, is undermined not only from a constitutional perspective but philosophically also.

This paper, therefore, argues that the management quota puts forth a fundamental representation of justice within India's education framework. Through constitutional frameworks, judicial precedents, and philosophical reasoning, it aims to demonstrate how the concept of management quota undermines the principle of equity, institutional purpose, professional integrity and individual hard work. In doing so, it redirects attention from the overemphasized reservation debate to the less scrutinized yet equally critical phenomenon of commercialized access to education.

THE ORIGIN OF MANAGEMENT QUOTA IN INDIA

The management quota did not emerge overnight; it is the result of the historical and economic conjuncture in Indian higher education. Until the late 20th century, professional education in India was controlled mainly by government institutions and a small number of private trusts, and the limited capacity of government colleges restricted the number of students who could pursue professional courses. Since the 1980s, the increasing demand for professional courses like medicine, engineering, and business has led to private colleges finding ways to sustain themselves financially and, at the same time, cater to the increasing student population. The economic demands of setting up and operational costs of infrastructure-intensive courses also forced most of the private trusts and societies to develop ways of ensuring a permanent income. During such times, "donation" practices and discretionary admissions by private managements emerged as practical solutions to an increasing demand-supply gap.⁷

⁴ *Society for Unaided Private Schools of Rajasthan v Union of India* (2012) 6 SCC 1.

⁵ Constitution of India, art 19(1)(g).

⁶ Aristotle, *Nicomachean Ethics* (W D Ross tr, Oxford University Press 1925) bk V.

⁷ Radhakrishnan V, *Higher Education in India: Issues, Challenges and Management* (SAGE Publications India 2014) 55–58.



Such an increase was augmented by the economic liberalization of the early 1990s, when education market players started entering in high numbers to take advantage of the growing demand for professional degrees. The concept of the management quota was thus introduced, which became a revenue-generating tool, allowing institutions to allocate a certain percentage of seats to students willing to pay higher fees.⁸ This was not unique to India. Globally, a large number of private institutions were relying on differential fee structures, alumni donations, or "legacy admissions." However, India stands out because the practice was judicially recognised and institutionalised as "management quota," making it a structured pathway rather than an informal exception. The transition from informal donations to the more structured phenomenon of the management quota was accompanied by early judicial and regulatory scrutiny.⁹

The most prominent judicial precedent was *Mohini Jain v. State of Karnataka* (1992), where the Supreme Court noted that profiteering and the collection of capitation fees in higher education were hostile to the constitutional commitment of equality.¹⁰ Moreover, the Court in *Unni Krishnan v. State of Andhra Pradesh* (1993) tried to control the management quota by prescribing a scheme for admissions and the regulation of fees, but the complexity and practical problems of the scheme perpetuated ad hoc private admissions in one form or another.¹¹ The practice of paying for seats, therefore, had been broadly practiced but not given a defined legal position until the early 2000s, when the courts and legislatures attempted to find a balance between individual autonomy and the welfare of the State.

This jurisprudential turn, which accorded limited doctrinal legitimacy to a controlled quota of discretionary seats, followed *T.M.A. Pai Foundation v. State of Karnataka* (2002) 8 SCC 481, and was refined in *P.A. Inamdar v. State of Maharashtra* (2005) 6 SCC 537.¹² These rulings acknowledged the liberty of independent non-statutory institutions to administer admissions under Article 19(1)(g), and, at the same time, warned against commercialization and capitation.¹³ This, in effect, created the modern variant of a fixed percentage of seats left to institutional control under the management quota. Moreover, under the Court's caveat that said discretion must be exercised in a transparent and non-exploitative way. State laws and administrative regulations also codified quotas and NRI-identified seats in most jurisdictions.¹⁴ However, they had initially been an informal process of raising funds. Which later resulted as a hybrid regime — a legally sanctioned space for institutional discretion existing within a constitutional order that upholds equality and prohibits commercialization. This tension explains both the persistence of the management quota and the difficulty of preventing its commodification.

CONSTITUTIONAL AND LEGAL FRAMEWORK

The Indian education's constitutional structure represents a balance between rights and duties—between the right of citizens to education, the freedom of non-governmental agencies to form institutions, and the responsibility of the State to make education a source of equality, not privilege. Articles 14, 19(1)(g), and 21 form the foundational triad that defines this

⁸ Tilak Jandial, 'Private Higher Education in India: Growth, Challenges and Policy' (2016) 7 International Journal of Education and Development 22.

⁹ Agarwal P, *Higher Education in India: The Need for Change* (University Grants Commission 2006) 45–48.

¹⁰ *Mohini Jain v State of Karnataka* (1992) 3 SCC 666.

¹¹ *Unnikrishnan v State of Andhra Pradesh* (1993) 1 SCC 645.

¹² *T.M.A. Pai Foundation v State of Karnataka* (2002) 8 SCC 481; *P.A. Inamdar v State of Maharashtra* (2005) 6 SCC 537.

¹³ Constitution of India, art 19(1)(g).

¹⁴ National University of Educational Planning and Administration, *Privatization of Higher Education in India: Policies and Practices* (2007) 12–15.



balance, while the Directive Principles of State Policy articulate its moral imperatives.¹⁵

Article 14 puts forth the idea of equality before the law and equal protection of the law, the provisions of which serve as a constitutional defense against arbitrariness and discrimination.¹⁶ With respect to educational admissions, Article 14 mandates that selection criteria should be rational, merit-based, and non-exclusionary. When linked to financial interests rather than meritocratic values, this mandate of equality is threatened to be compromised by the management quota. Therefore, Article 14's ethos is not just formal equality, but substantive fairness. When wealth supersedes merit as a determinant of access, education ceases to be a public good and becomes a transactional privilege, undermining the core of constitutional equality.

Article 19(1)(g) ensures a right to practice any profession or to follow any occupation.¹⁷ This right is commonly used by educational institutions, especially private ones, to justify their freedom to fix their admissions fee. However, judicial interpretation has clarified that this freedom is not absolute.¹⁸ The reasonableness clause in Article 19(6) of the Constitution permits the State to impose restrictions in the interest of the masses.¹⁹ The same applies to education to ensure that it is a socioeconomic activity rather than a business transaction. The courts have also noted numerous times that though private organizations can participate in the education sector, they cannot commoditize it.²⁰ Therefore, the State under Article 19(1)(g) provides a limited autonomy to avoid exploitation by establishing transparency and academic standards.

Moreover, Article 21, which guarantees the right to life and personal liberty, has undergone one of the most dynamic expansions in Indian constitutional jurisprudence.²¹ Such an expansion also included the incorporation of the right to education within the ambit of this Article through the 86th Constitutional Amendment of 2002 in Article 21A.²² It guaranteed free and compulsory education to children between six and fourteen years old. Despite being limited to elementary education, the normative message of Article 21A is echoed throughout all levels of education: that education is a right to be obtained, but not a product to be bought in higher education. This spirit means that access is based on academic merit and equality of opportunity, rather than financial leverage.

Even though the Directive Principles of State Policy are not enforceable, they have a significant effect on the interpretation of fundamental rights. Articles 41, 45 and 46 encourage the State to promote educational opportunities and promote the development of the disadvantaged groups.²³ When this is read with Articles 14 and 21, it obliges the State to exercise control over the education of the privately administered schools to avoid social exclusion. The Supreme Court has, in several judgments, invoked directive principles to justify affirmative State intervention in education.²⁴ Article 46 and the correlation between education regulation indicates that the role of the State in regulation of the profiteering or securing access on the basis of merit is not an issue of institutional freedom but a constitutional requirement.

In line with the provisions of the Constitution, the statutory and regulatory framework of education adopted in India reflects the dual vision of autonomy

¹⁵ Constitution of India, arts 14, 19(1)(g), 21; arts 41, 45, 46 (Directive Principles of State Policy).

¹⁶ Constitution of India, art 14.

¹⁷ Constitution of India, art 19(1)(g).

¹⁸ *Mohini Jain v State of Karnataka* (1992) 3 SCC 666.

¹⁹ Constitution of India, art 19(6).

²⁰ *Mohini Jain* (n 1)

²¹ Constitution of India, art 21.

²² Constitution of India, art 21A (86th Amendment, 2002).

²³ Constitution of India, arts 41, 45, 46.

²⁴ *Mohini Jain v State of Karnataka* (1992) 3 SCC 666.



and accountability. Institutions like the University Grants Commission (UGC),²⁵ the All India Council of Technical Education (AICTE),²⁶ and professional bodies like the National Medical Commission (NMC)²⁷ and the Bar Council of India (BCI)²⁸ are entrusted with maintaining standards, regulating admissions, and monitoring fees. However, divided authorities and state inconsistencies have frequently undermined its effectiveness. Many individual State governments also have their own laws regulating private professional colleges, such as the Tamil Nadu Private Colleges (Regulation) Act, 1976, or the Maharashtra Unaided Private Professional Educational Institutions (Regulation of Admissions and Fees) Act, 2015, which strive to establish a balance between the rights of the institutions and their social responsibility.^{29,30} Nevertheless, loopholes in these systems have kept management quotas alive and in different forms - such as NRI seats and discretionary admissions - in many cases beyond effective control by oversight mechanisms.³¹

Judicial interpretation in this area reveals a recurring tension between constitutional morality and economic reality. On one hand, the courts have affirmed institutional freedom, but at the same time have cautioned against commercialization and exploitation.³² The attempts by the judiciary to establish a boundary between independence and accountability have created a regulatory mosaic in which neither the State nor private entities possess absolute power. The line drawn by the courts is uncertain as it rests on the principle of public purpose, however, autonomy is constitutionally protected only so long as it serves educational objectives and not

private profit. Judicial intervention to save this constitutional requirement of equality and fairness is invoked when discretionary execution of this right results in commercialization, discriminatory admissions, or economic exclusion.³³ All that is left is a kind of constitutional compromise in which the discretion of the so-called privates is tolerated but constantly subjected to the anticipations of constitutional fairness, transparency, and meritocracy.

The constitutional and legal system places education in a matrix of rights and responsibilities - the right to administer and manage institutions must be accompanied by a constitutional commitment to equality and social justice. In this regard, the management quota is constitutionally ambiguous. It survives as an exception in favor of autonomy but stands perpetually at odds with the egalitarian and non-commercial ethos that underlies Articles 14, 21, and the Directive Principles. Despite numerous judicial warnings, the fact that it survived highlights the ongoing struggle to reconcile the constitutional ideal of education as a fundamental right with the realities of privatized higher education in India as determined by the market.

LOOPHOLES AND THE EXPLOITATION OF THE MANAGEMENT QUOTA

The management quota was initially implemented as a practical policy measure to make the Indian private institutions of higher learning financially viable. Legislators and regulators justified it as a limited mechanism to help colleges in recovering expenses, especially in infrastructure-intensive fields like medicine, law, and engineering. However, over the

²⁵ University Grants Commission Act 1956 (India).

²⁶ All India Council for Technical Education Act 1987 (India).

²⁷ National Medical Commission Act 2019 (India).

²⁸ Bar Council of India Rules, 1975.

²⁹ Tamil Nadu Private Colleges (Regulation) Act, 1976.

³⁰ Maharashtra Unaided Private Professional Educational Institutions (Regulation of Admissions and Fees) Act, 2015.

³¹ Venkata Reddy, *Privatization of Higher Education in India: Law, Policy and Practice* (Oxford University Press 2017) 102–110.

³² *T.M.A. Pai Foundation v State of Karnataka* (2002) 8 SCC 481.

³³ *Mohini Jain v State of Karnataka* (1992) 3 SCC 666; *Unnikrishnan v State of Andhra Pradesh* (1993) 1 SCC 645.



years, this system has devolved into a highly institutionalized way of monetizing access to education, as a mechanism to keep institutions alive and as a way of legalizing commercial profiteering. Although the Constitution promises to curb the commercialization of education, private schools have continued to exercise significant control over admissions by management quotas, usually between fifteen and thirty percent of the overall total number of seats. These quotas are formally justified as a need for fostering diversity, institutional independence, and financial sustainability.³⁴ However, such provisions cover the fact of extracting heavy donations under the guise of a lawful procedure.³⁵ The effect is an admissions market, which systematically subverts the ideals of fairness, transparency, and meritocracy.

One loophole is about the allowable proportion of management quota seats. In certain states, the threshold is kept at 15 percent or 20 percent, whereas in others, it stretches to 25 percent or higher based on political bargaining and the influence of private institutions.³⁶ This inability to regulate uniformly across state boundaries results in arbitrary practice, as many institutions go well beyond the limits laid down in regulation by making informal bargains on donation seats or distorting the limits with extra sub-categories like NRI or institutional quotas. These gray areas between legitimate autonomy and profiteering make it almost impossible to establish uniform control.

A second loophole stems from the weak and uneven enforcement of judicial and regulatory safeguards. While the Supreme Court in *T.M.A. Pai Foundation v. State of Karnataka* (2002) and *P.A. Inamdar v. State of Maharashtra* (2005) emphasized that management quota admissions should be transparent and non-exploitative, lack of specific statutory provisions has

led to institutions exploiting the loopholes in the law.³⁷ The subsequent directive in *Islamic Academy of Education v. State of Karnataka* (2003) to form committees to oversee admissions and fees was carried out only as a matter of tokenism.³⁸ Many state committees lacked capacity, independence, or enforcement power, resulting in widespread evasion.

The federal structure of India's education system adds another dimension to this exploitation. Although education is placed in the Concurrent List, the variation in state-level rules has produced geographical inequities.³⁹ In states with limited government institutions, the scarcity of seats in professional courses inflates the "market value" of private management seats, effectively pricing out meritorious students from middle and lower income backgrounds. As a result, access to higher education becomes contingent not only upon merit, but also on financial ability and regional circumstances.

Institutional transparency is another casualty. The admissions under management quota are conducted by the colleges themselves with minimal social disclosures of the selection criteria, unlike government or merit-based admissions, where standardized entrance examinations and centralized counseling are used. This accountability lapse enables institutions to focus on financial bids at the expense of academic progress. Students who scored significantly lower in competitive examinations can secure admission by paying substantial fees, while equally or more deserving candidates are excluded.

Professional councils and regulatory statutes have done little to remedy this. Broad academic standards are set by the University Grants Commission Act,

³⁴ *T.M.A. Pai Foundation v State of Karnataka* (2002) 8 SCC 481.

³⁵ Venkata Reddy, *Privatization of Higher Education in India: Law, Policy and Practice* (Oxford University Press 2017) 102–110.

³⁶ *Ibid.*

³⁷ *T.M.A. Pai Foundation v State of Karnataka* (2002) 8 SCC 481; *P.A. Inamdar v State of Maharashtra* (2005) 6 SCC 537.

³⁸ *Islamic Academy of Education v State of Karnataka* (2003) 6 SCC 697.

³⁹ Constitution of India, Seventh Schedule, Concurrent List, Entry 66.



1956,⁴⁰ and the All India Council for Technical Education Act, 1987,⁴¹ yet are silent on how the management quota admissions should be operational. Similarly, the erstwhile Medical Council of India (MCI) and now the National Medical Commission (NMC), under the justification of institutional autonomy, has permitted a fixed percentage of management seats, thereby normalizing the practice of management quota.⁴²

The most visible forms of abuse occur in professional fields such as medicine, law, and engineering. Reports and CAG audits have reported cases where 30 to 40 percent of seats in specific private-sector medical colleges are sold for a capitation fee of over a lakh or even crores.⁴³ Such students, although not academically qualified, are accepted due to their wealth, only to graduate into a profession where ability has a direct impact on the welfare of the population. Similar trends are visible in law schools, especially private ones, where management quota admissions sometimes circumvent national entrance tests such as CLAT.⁴⁴ The abuse of the NRI quota is another example of how the system helps exploitation. This quota was intended to provide a diasporic interaction tool, but has frequently been sold out to local candidates on fake NRI sponsorships. Although the Supreme Court in the *P.A. Inamdar v State of Maharashtra* case acknowledged the legitimacy of such quotas, it simultaneously warned against misuse.⁴⁵ However, empirical evidence shows that NRI quotas function as secondary marketplaces for wealthy students, allowing institutions to profit under the disguise of legality.

Another characteristic of the system is the exorbitant and opaque fee structures. Although capitation

charges have been prohibited, most institutions often disguise them under the name of development charges or infrastructure fees. Regulatory laws rarely work because they are either politically influenced or lack independence, which creates a culture of impunity. As a result, the management quotas have become tools of systemic profiteering that justify educational inequality. To further complicate this, some state governments have negotiated with private institutions, whereby they gain the right to control a portion of the seats in return for ensuring that some of the seats are reserved under the state quota. Although they are introduced in the guise of a compromise between public and private interests, in reality, they have institutionalized a two-track system of admissions, one founded on merit and regulation and the other on financial means and institutional choice.⁴⁶ These arrangements pervert meritocracy and undermine trust in professional education.

Therefore, judicial ambiguity, legislative silence, and the administration's shortcomings have transformed the management quota into a deeply entrenched system of privilege. What was meant to preserve institutions by acting as a monetary concession now perpetuates inequality. Such loopholes and their abuse are not just corrupting the constitutional principles of equality and non-commercialization, but also undermining the very faith people have in education as a right, those who reduce the right to education to a consumerist product.

CONSEQUENCES OF THE MANAGEMENT QUOTA

Management quota admissions have far-reaching implications that span across social, professional, and economic dimensions. They present not just

⁴⁰ University Grants Commission Act 1956 (India).

⁴¹ All India Council for Technical Education Act 1987 (India).

⁴² National Medical Commission Act 2019 (India); formerly Medical Council of India Act 1956 (India).

⁴³ Comptroller and Auditor General of India, *Report on Higher Education in India* (2020) 45–50

⁴⁴ *Ibid*; CLAT 2021, Centralized Counseling Rules

⁴⁵ *P.A. Inamdar v State of Maharashtra* (2005) 6 SCC 537

⁴⁶ Jandhyala B.G. Tilak, *Capitation Fee Colleges* (ResearchGate 2015)



individual injustices but also structural defects in India's higher education. They produce social stratifications, compromise professional capability, and weaken trust among institutions that are supposed to promote merit and mobility.

1. SOCIAL CONSEQUENCES

On the social level, management quotas compromise fairness by favoring wealth over talent. Students who might have excelled in the entrance test but missed merit seats by a few marks often lose their places to those with significantly lower marks but stronger financial backing. This not only disappoints those meritorious students who are economically disadvantaged, but also middle-class students. In the long run, this undermines the view of educational institutions as tools of social mobility and turns them into markets of privilege. This is constitutionally in conflict with the spirit of equality enshrined in Articles 14 and 46, which are intended to foster access and opportunity among disadvantaged groups.⁴⁷ Instead of closing the gaps, management quotas widen them by promoting the notion of economic privilege as an acceptable alternative to merit.

2. PROFESSIONAL CONSEQUENCES

The professional consequences of management quotas are particularly concerning in fields where skill and ethical responsibility directly impact public welfare, such as medicine, engineering, and law. In medicine, for example, students who join programs through management quotas might not have sufficient academic preparation and the ability to withstand rigorous training, thereby affecting patient safety and the health of the population. The Supreme Court, in *Modern Dental College v. State of Madhya Pradesh*, emphasized that professional education is linked to societal welfare; yet, the dilution of merit through such admissions weakens that link.⁴⁸ Similarly, in the

engineering field, underqualified graduates are a frequent contributor to the ongoing Indian employability crisis, according to the National Employability Report (Aspiring Minds, 2019), which found that less than one-fifth of graduates were employment-ready.⁴⁹ In law, management quota admissions often result in practitioners with a weak foundation in jurisprudence and procedure, thereby weakening advocacy standards and judicial efficiency. Collectively, this leads to a decline in professional quality, innovation, and accountability—values that form the cornerstone of any competent profession.

3. ECONOMIC CONSEQUENCES

Economically, management quotas contribute to inefficiency, inequity, and corruption. Institutions that rely heavily on capitation fees often focus more on generating revenue than on maintaining academic standards. This drives up educational costs, making quality education unaffordable for the middle class while commercializing it for the elite. The net effect of such commercialization is a parallel black economy, where unaccounted cash flows evade taxation and transparency, leading to a lack of oversight. On a macroeconomic scale, the mismatch between the degrees produced and the skills demanded by the job market leads to "degree inflation"—where the abundance of credentials does not translate into employability.⁵⁰

Graduates who are unprepared for the workforce often end up unemployed or depend on personal connections to find employment. This affects the effectiveness of the workforce as a whole. Consequently, while institutions profit financially, society suffers from a decline in skill quality, economic inefficiency, and an underutilization of the demographic dividend.

⁴⁷ Constitution of India, arts 14, 46; *T.M.A. Pai Foundation v State of Karnataka* (2002) 8 SCC 481

⁴⁸ *Modern Dental College v. State of Madhya Pradesh* (2016) 3 SCC 1

⁴⁹ Aspiring Minds, *National Employability Report: Engineering Graduates* (2019)

⁵⁰ Jandhyala B.G. Tilak, 'Higher Education, Inequality and Capitation Fee' in *Globalisation, Education and Employment* (Springer 2018) 124-126



4. ETHICAL AND INSTITUTIONAL IMPACT

Ethically, the management quota corrodes the moral authority of education by transmitting the message that money can substitute for merit. When academic opportunity is determined by financial capacity, it goes against principles of fairness, integrity, and equal opportunity—the Delhi High Court in *Asha v. Pt. B.D. Sharma University of Health Sciences* (2012) observed that arbitrary admissions not only harm meritorious students but also erode public faith in the education system.⁵¹ Over time, this normalization of privilege threatens to make mediocrity acceptable and erodes the normative foundation of education as a site of justice, meritocracy, and self-betterment.

Overall, the consequences of management quota extends far beyond the individual students. It affects the society at large. They distort the very purpose of education by converting it into an instrument of economic privilege rather than intellectual and social advancement. The system undermines professional norms, exacerbates economic inequalities, and incurs unseen costs to society — socially, morally, and economically. When unregulated, it threatens to turn the higher education sector in India into a marketplace that privileges and enhances inequality rather than serving the nation's future.

PHILOSOPHICAL FOUNDATIONS: ARISTOTLE ON JUSTICE AND MERIT

Aristotle's conception of justice offers an ethical framework for critiquing the management quota. He distinguished between distributive and corrective justice.⁵² While corrective justice seeks to remedy individual wrongs, distributive justice addresses the fair allocation of social goods—such as wealth, honors, or opportunities—based on relevant merit. For Aristotle, justice means giving each person in proportion to their excellence and capacity to fulfill

the telos, or purpose, of a particular institution or practice. His guiding maxim was simple: treat equals equally and unequals unequally, but always in accordance with relevant merit.⁵³

To determine what counts as "relevant merit," Aristotle turned to the telos of the good in question. He illustrated this through his famous flute analogy: if a flute is to be given away, it should go not to the richest or the most powerful person, but to the best flute player, because the purpose of a flute is to produce beautiful music. Extending this reasoning to education, the telos of an educational institution is to cultivate intellectual and moral excellence so that individuals can serve society effectively.⁵⁴ Hence, the rightful claim to an educational seat belongs to the student most capable of learning and applying knowledge—not the one most capable of paying for it. By applying the Aristotelian framework, the management quota evidently distorts distributive justice by letting financial power influence educational opportunities. It shifts the focus from merit and ability to wealth and status. By allocating seats to those who can afford them rather than those most suited to fulfill the institution's academic and social purpose, management quota subverts the very telos of education. It converts a public good into a private commodity, leading to what Aristotle would describe as a perversion of justice.

The ethical concerns closely relate to the principles of constitutional philosophy. The Indian Constitution, through Articles 14 and 15, enshrines the principle of equality before the law and prohibits discrimination. At the same time, Article 46 directs the State to promote the educational and economic interests of weaker sections. These constitutional ideals of distributive justice and equality of opportunity are undermined when access to education is determined by wealth rather than ability. The society, in turn, is victimized as merit and competence are displaced by

⁵¹ *Asha v. Pt. B.D. Sharma University of Health Sciences* (2012) 112 DRJ 123

⁵² Aristotle, *Nicomachean Ethics*, trans. Terence Irwin (2nd edn, Hackett 1999) bk V

⁵³ Aristotle, *Nicomachean Ethics*, trans. Terence Irwin (2nd edn, Hackett 1999) bk V, 1129b–1130a

⁵⁴ *Ibid* bk V, 1130a–1130b



privilege and influence, which results in the decline of institutional integrity and mistrust.

Aristotle also acknowledged that governance must balance ideals with the realities of practical necessity. Following this view, supporters of the management quota argue that it helps private institutions remain financially stable, especially in courses that require high maintenance and operational costs. From this perspective, the quota is not seen as a form of privilege but as a practical step to ensure that these institutions can continue to function effectively and offer quality education. However, Aristotle's theory would permit such deviations only if they remain temporary, proportionate, and directed towards sustaining the institution's purpose—not if they evolve into permanent structures of exploitation.⁵⁵ The present situation in India, in which management quotas have become institutionalized forms of privilege, goes way beyond this point of necessity. The management quota, therefore, is even by the pragmatic vision of Aristotle, a compromise of justice—a system in which education becomes the instrument of wealth instead of wisdom, and the institutions drift from their moral purpose.

RESERVATIONS AND MANAGEMENT QUOTA: A CONSTITUTIONAL AND PHILOSOPHICAL CONTRAST

In India, public debates often focus on reservation quotas. Critics claim that they limit opportunities for students from the general category. Although this issue is often exaggerated in the press and political discourse, it overlooks a crucial distinction: even though reservations alter merit criteria, they are still based on the principles of competence and potential.

Reservations ensure that candidates are admitted on the basis of minimum academic qualifications, while also considering the deep-rooted social and economic disadvantages faced by marginalized groups. As upheld by the Supreme Court in *Indra Sawhney v.*

Union of India (1992), reservations aim to achieve substantive equality through Articles 15(4), 15(5), and 16(4).⁵⁶ It ensures that disadvantaged students have an equitable opportunity to succeed. The system balances merit with social justice, broadening the definition of merit to consider potential, effort, and contextual disadvantage, rather than ignoring academic capability altogether.

Management quotas, in contrast, occupy an entirely different moral and practical terrain. Unlike reservations, management quotas do not aim to promote fairness or social justice. Seats are offered mainly on the basis of how much a candidate or their family can pay, with little regard for academic ability, potential, or genuine need. While reservations try to align education with its true purpose—creating equal opportunities for capable students who can contribute meaningfully—management quotas often do the opposite, giving preference to wealth over merit and turning education into a commercial enterprise. In Aristotelian terminology, when the goal of education is to develop intellectual and professional excellence, management quotas amount to giving the flute not to the most talented musician, but to the one who bids the most, thereby undermining justice.

The irony is striking: while people criticize reservations publicly as the bane of meritocracy, they do not, however, criticize management quotas, which undermine merit entirely and uphold privilege. In those states, where both exist, the number of spots that can be filled by merit alone is reduced to a tiny fraction, but the discussion seldom considers that it is not merit that matters, but money. Philosophically, reservations are consistent with distributive justice, which offers relative fairness to historically marginalized groups, and management quotas are a violation of this principle, as opportunities are distributed based on factors that have nothing to do with ability or merit. Management quotas, in fact, pose a far greater threat to the constitutional and moral

⁵⁵ Aristotle, *Nicomachean Ethics*, trans. Terence Irwin (2nd edn, Hackett 1999) bk V, 1130a–1131b

⁵⁶ *Indra Sawhney v. Union of India* (1992) 3 SCC 217



basis of education than reservations, turning education into a market product and thereby strengthening social and economic inequality.

TOWARDS REFORM: POLICY RECOMMENDATIONS

To eliminate the persistent issues of management quotas, it is necessary to adopt a holistic solution that involves institutional, legal, regulatory, and cultural change, all based on the belief that education is a public good and that it should serve its actual purpose. The end of education, according to the philosophy of Aristotle, is to produce knowledge, skill, and civility and not to make money or benefit the rich. Thus, changes need to restore balance between schools and this mission, so access is based on merit, potential, and societal need as opposed to financial ability.

A primary step is to institutionalize complete transparency in admissions. Private colleges should be compelled to clearly disclose the number of seats that are reserved under the management and NRI quota, along with the selection process and complete fee details. This information should also be available on their official websites so that students and authorities can easily check seat distribution and fee structures. Any attempt to pursue undeclared payments or capitation fee must be severely punished, which includes institutional accreditation and criminal prosecution in appropriate cases. All forms of quotas, such as management and NRI seats, must be included in the centralized counseling and admission processes to avoid opaque and discretionary practices. Such measures will ensure that admissions decisions reflect merit and potential, rather than financial influence.

Rationalization of fees is also important. Although financial sustainability is needed in the case of private institutions, a gap between government-control fees and management quota fees should be narrowed to avert drastic inequities. The use of capitation fees, disguised donations, or any other forms of hidden charges should be heavily criminalized, and the regulatory authorities should be able to monitor, investigate, and punish violations successfully.

Strengthening regulatory and enforcement mechanisms is critical to prevent exploitation. Agencies that include the National Medical Commission, Bar Council of India, University Grants Commission, and corresponding departments of education in individual states should be given sufficient resources, autonomy, and technological support to monitor and audit in real-time. Oversight of admissions and fee collection can be enhanced by using AI-based systems, centralized reporting, and periodic inspections. Regulatory frameworks should also address independent grievance redressal mechanisms and whistleblower rights, as well as periodic accountability reports, so that the relationship of trust between the people and the institution is not compromised.

The percentage of management quota seats should be gradually reduced, with the ultimate goal of eliminating them from the system. The State may explore other funding structures like selective subsidies or public-private alliances. At the same time, significant investments in the State's higher education should take place to increase capacity, especially in high-demand areas such as medicine and engineering. Increasing the number of public seats would reduce the reliance of institutions on management quota systems and, consequently, enhance access for students from diverse socioeconomic backgrounds.

Cultural change is essential to complement legal and institutional reforms. As long as education is treated as a commodity or a way to personal progress, families will pay extremely high fees to obtain elite degrees, and institutions will exploit this need. A societal shift in attitude towards education as a public good that is beneficial to social welfare and professionalism is needed. This can be achieved by disclosing the misdeeds and the effects of the management quotas through public dialogue, the use of media, student activism and civil society action. Such cultural awareness can create pressure for institutions to act responsibly and for policymakers to implement meaningful reforms.



Taken together, these measures—mandatory transparency, fee rationalization, strengthened regulatory oversight, progressive reduction of management quotas, increased public investment, and cultural sensitization—would ensure that private institutions maintain autonomy and financial viability without compromising merit, fairness, or the public interest. This would be in line with both the Aristotle teachings of distributive justice as well as the constitutional vision to protect education as an ethical and constitutional and societal obligation and not as a market product.

CONCLUSION

In conclusion, the management quota, though initially introduced to ensure financial sustainability for private institutions, has evolved into a mechanism that privileges wealth over merit. What was previously seen as a practical approach to keeping infrastructure-intensive programs afloat has transformed into a tool that commodifies education, thus undermining the ethical, social and constitutional pillars of Indian higher education. The management quota imposes structural inequalities by allowing admissions based on financial capability rather than competence, thereby subverting social mobility and positioning education as a business commodity.

Professionally, the outcomes of management quota admissions raise serious concerns. Students who enter through these seats often struggle to keep up in fields that demand strong academic preparation, such as medicine or engineering. This doesn't just affect them—it impacts the credibility of the institution and the quality of professionals it produces. Economically too, it adds to inequality. Deserving students pay higher fees, while hidden financial benefits flow to a small group, leaving society to bear the cost in the long run.

Philosophically and constitutionally, the system stands in direct contradiction to the concept of distributive justice and equality of opportunity. The idea of Aristotle that the opportunities should be distributed with respect to merit and ability to fulfill the purpose of institutions is reversed when wealth

becomes the decisive criterion. Similarly, the constitutional principles of equality, fairness, and social well-being under Articles 14, 21 and 46 are undermined when merit and potential are overridden by privilege and economic leverage.

The path forward to this issue requires a multifaceted reform. It includes mandatory transparency in admissions, rationalisation and regulation of fees, increased regulatory controls, progressive elimination of management quotas, and increased investment in public higher education. Equally critical is a cultural shift that restores education's identity as a public good, emphasizing merit, ethical responsibility, and social contribution over financial advantage.

Ultimately, to restore the integrity of the higher education system, governmental policies, legal regulations and societal values should be aligned with the true telos of education, that is, nurturing competent, ethical and socially responsible citizens. Only then can India transform its higher education system from a marketplace of privilege into a genuine ladder of opportunity, merit, and justice.