

**FINANCING HIGHER EDUCATION IN KERALA: A PRELIMINARY  
ANALYSIS**

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**Abstract:**

*Educationally, Kerala stands today at the threshold of excellence. The state has been able to achieve and sustain universal access to school education. It has world class social indicators against its name. Then also it is lagging behind several states within the country in terms of economic development. It is at the top of the unemployment chart. Causes for this paradox need to be analysed before the steep fall of the state economy. In this study we tried to know the trends and pattern of state financing and public expenditure on higher education. Lower per capita expenditure and less expenditure of allocated budget on higher education is responsible for declining the quality of higher education in the state. Recommendations were also given in order to improve the condition of higher education in the state.*

**Keywords:** *Economics of Education, Higher Education, GSDP*

**1. Introduction:**

Economics of Education is an area of application of economic principles, concepts and laws to the process of Education. Economics of Education studies human behaviour (in terms of human decisions), action(s) and reaction(s) about schooling. Economics of Education is the study of how educational managers make official choices from scarce available resources which is meant for the realisation of the best possible educational outcomes. By the 1950s, economists gave attention to issues such as the relationship between education and economic growth, relationship between education and income distribution and also the financing of education. Economics principles are not only applied in allocation of fund in budget to various fields but within a field (here education) also. Necessity is to maintain a balance within all sectors in a specific field

while allocating budget and expenditure.

### About Kerala:

Kerala has high literacy rate, highest longevity, lowest infant mortality, best healthcare, best sex ratio, gender equality and vibrant rural and urban markets. Though Kerala has made remarkable achievements in social development, its performance on the economic front has been rather poor. It is argued here that the principal reason for this is the neglect of higher education in the state. Universal elementary education is a worthy goal and is necessary for development of the societies, but it does not provide the basis of withdraw attitude from less financing the higher education. Hence, a need is to look into the status of higher education with special reference to its financing.

### 2. Objectives:

The present study aims to analyse the present condition of higher education in Kerala and current trend in public spending and state expenditure out of budget allocation on higher education sector in Kerala.

### 3. Methodology

This section presents the present condition of higher education in Kerala. Secondary data was extracted from MHRD website, Economic Review 2015 and Kerala State Higher Education Council official website to know the present status of higher education in Kerala.

Let's have a comparative glance upon some of the basic indicators of higher education of India and Kerala which are required to assess the status of higher education in a country/state.

**Table 1: Basic indicators of higher education**

	Colleges per Lakh Population	Average Enrolment per College	Gross Enrolment Ratio	Pupil Teacher Ratio	Teacher per College
<b>Kerala</b>	33	538	21.8	9.6	56.2
<b>India</b>	25	703	20.8	13.1	53.8

*Source: Economic Review 2015*

Kerala with 1,033 colleges has a share of 2.96 percent of all colleges in India. In terms of access, Kerala has the fifth highest concentration among all major states with 33 colleges per lakh population as compared to the all India average of 25 colleges per lakh population. In terms of average enrolment per college, Kerala (538) is significantly lesser than all India average of 703. Total enrolment of students in regular mode in higher education institutes in Kerala is around 6.20 lakhs. Out of the total colleges in the state, 91 percent are affiliated to universities and the remaining are constituent/university colleges. In terms of management, Kerala colleges are dominated by the Private Unaided colleges, forming 57.4 percent of all colleges in the state, followed by 23.5 percent Private Aided and 19.2 percent that are owned by the government.

It will not be justified if we compare the infrastructure meant for higher education quantitatively. States larger in size and population will receive more funds for the establishment of Universities and Colleges. Kerala has 33 colleges per lakh population which is higher than collective statistics for India (25). But states like Puducherry (60), Telangana (55), Karnataka (46), Andhra Pradesh (45) and Himanchal Pradesh (39) are ahead of Kerala. So, we can say that the state is far behind to other states as far as availability of infrastructure for higher education is concerned.

The state-wise enrolment through regular mode at various levels is 6.20 lakhs. The highest share of enrolment (78.3 percent) is at under-graduate level, followed by diploma and post-graduate (9.7 percent each), with all other levels forming only 2.3 percent. Maximum enrolment share (42.9 percent) is in private aided colleges in the state. In terms of gender, enrolment is favoured towards women with 59.2 percent, with the balance of 40.8 percent towards males. The GER for females (25.6) is higher than GER for males (17.8), resulting in a gender parity index of 1.44 (higher compared to 0.88 at all-India level). The GER of SCs (16.9) and STs (14.0) is lower than the state GER of 21.8. Further, there is disparity within the social groups between male and female GER. The gender parity index for SC is 1.82; it is lower in case of STs (1.16). The share of student enrolment across all except females in Kerala is lesser than their

proportionate share in population. UTs and states like Chandigarh (42.2), Tamil Nadu (40), Delhi (38.9), Pondicherry (38.3) and Uttarakhand (31.1) are in better position than Kerala in GER data.

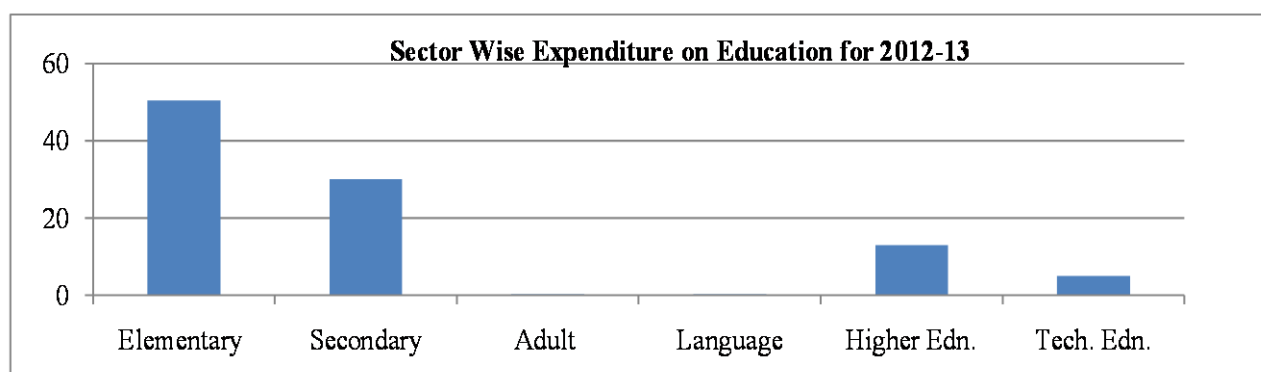
The PTR of colleges in Kerala is 9.6 students per teacher which is better than the all India average of 13.1. The number of teachers per college (56.2) and non-teaching staff per college (36.5) are higher than the corresponding all-India levels. Here also it is more than Daman and Diu (6), Puducherry (6), Punjab) 6.1 and Odisha (8.1).

When compared to all-India levels of representation we find that Kerala is far behind in comparison to other states in various indicators responsible for ‘Access, Equity and Quality’ of higher education in the state.

#### **Trend of financing higher education in Kerala:**

Before proceeding to state financing in respect of education sector, let us have an analysis in this regard about the whole country. If we analyse sector-wise expenditure (plan & non-plan) on education by Education Department (revenue account) with percentage, it is found that elementary education accounted for 50.36 percent of the total expenditure on education in 2012-13, followed by secondary education, which was 30.04 percent. The share of university & higher education and technical education was 13.12 percent and 5.02 percent respectively.

**Figure 1: Sector wise education expenditure (all India):**



*Source: GOI MHRD (Department of Higher Education) Planning & Monitoring Unit  
New Delhi 2014*

Though education comes under the concurrent list, the primary responsibility of higher education expenditure lies with the state government. The share of education in GSDP is the most widely used indicator to measure the priority given to education within the State. Analysis of expenditure at all levels of education in the state is given below:

**Table 2: Budget allocation**

Region	States GSDP at Current Prices	Total State Revenue Budget	Total Exp. on Edu & Training by Edu & Other Dept.	Total Exp on Education by Education Dept.	% of Total Revenue Budget to GSDP	Edu % & Training Budget to Total Revenue Budget	%Edu Budget of Edu Dept. to Total Revenue Budget	% of Edu & Training Budget of Edu & Other Dept.to Total GSDP
<b>Kerala</b>	349338	51605.35	11977.88	10012.67	14.77	23.21	19.40	<b>3.43</b>
<b>All India</b>	9388876	2609878.9	403236.51	323849.98	27.80	15.45	12.41	<b>4.29</b>

*Source: GOI MHRD (Department of Higher education) Planning & Monitoring Unit  
New Delhi 2014*

In Kerala expenditure on elementary education is maximum among all other sub sectors of education. It is observed that the percentage of expenditure as percentage of National GDP (**4.29**) on education is below in states like Delhi, Haryana, Gujarat, Punjab, West Bengal, Goa, Maharashtra, Andhra Pradesh, Odisha, Karnataka, **Kerala(3.43)**, Tamil Nadu, Jharkhand, Rajasthan ,Madhya Pradesh, Chandigarh, Uttarakhand, Chhattisgarh, Sikkim and Puducherry.

Secondly to reach to more concrete conclusion it will be beneficial to analyse the allocated state budget for education:

**Table 3: Average plan outlay & expenditure during XII th plan (₹. in Cr.)**

Level of Education	Annual Plan 2013-14			Annual Plan 2014-15			Annual Plan 2015-16		
	Outlay	Exp.	% of Exp	Outlay	Exp.	% of Exp	Outlay	Exp up to Nov 2015	% of Exp
School Education	333.15	220.2	66.1	336.81	226.63	67.29	349.75	78.37	22.41
Higher education	247.99	154.15	62.16	367.97	207.29	56.34	510.42	98.15	19.23
General Education	581.14	374.35	64.41	704.78	433.93	61.57	860.17	176.52	20.52

*Source: Annual Plan Document, Economic Review 2015*

From the above table it can be easily analysed that keen interest was shown by the state government in expending budget on primary education than any other level as at the national level. Though there is an increasing trend in outlay for higher education but ultimately school education made its way ahead of higher education in terms of percentage of expenditure.

#### **4. Conclusion and Recommendations:**

It is clearly evident from above discussion that Kerala is a state where social indicators are of the world class. But here focus is more on elementary education and at the same time higher education is neglected. It is the same scenario at national level also. This is a dichotomous approach to education where one sector of education is given more importance than the other. This approach is a big obstacle in the development of Kerala. With the help of secondary data it is seen that in Kerala expenditure on total education, higher education has increased substantially during the past few decades. However, the proportionate spending on overall education sector and higher education sector in particular is relatively very low as compared to developed countries in the world. Kerala has attained cent percent literacy in almost every district. Necessity is to look into the higher education sector. Inadequate funding certainly would seriously affect the quality and quantum of our higher education, which will have further implications for growth and equity. Finances are not a sufficient condition for

development, but they surely form a crucial necessary condition for development of higher education.

Setting up of new colleges in hilly and rural areas, increasing enrolment at all levels, improving GER and PTR, more scholarships for the needy one, employing more qualified teachers etc. are important steps to be taken by the state government to improve 'Access and Equity' in higher education. More procurement of Information Technology devices, improved laboratories and technology enabled libraries, interdisciplinary research, timely payment to teachers, autonomy of institutions, periodical assessment of institutions, restructuring of the course etc. will bring 'Quality' in education. Improving the financing policies of the state will help higher education in expansion of infrastructure (including private universities) and promotion of quality of education. The nature and type of expansion of higher education should be such that it prepares human capital to suitably fit in knowledge based industries. In the developed world the knowledge society will ask for even more highly qualified knowledge workers. We can say that higher education and economic development of a country/state are dependent upon one another. So, if we want to sustain development for a longer period of time, the condition of higher education within the state is to be improved. If development is to be sustained for a longer period of time, higher education is not to be neglected at any cost. It provides them the capacity of acquiring new skills and develops in them the right attitude to wealth, savings and work. For this purpose sufficient funding is to be done by the state government for higher education sector.

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