Chapter Five

SUMMARY AND SUGGESTIONS

Unprecedented social and economic transformations are the landmark of the 20

\textsuperscript{th} century. (Drucker, 1994). Unlike any other century passed, this century has witnessed the tremendous changes in the social fabric and occupational structure creating deep and wide impact over the economy and society. The emergence of knowledge society and the formation of knowledge economy in which traditional capital is replaced with modern scientific knowledge is of paramount importance. This has given undue importance to the education in our society and it is the core issue in politics and economics. Education is given much importance for the creation of human capital which is now regarded as the crucial source of growth in current economic development paradigms. Education is, no doubt, a State affair, in which major role is being played by State. The new economic reforms and the consequent rolling back of the State has raised the questions of economic viability of government departments and public sector undertakings. No undertakings, regardless of their status as private and public, can sustain without generating their own revenue required for their maintenance. Institutes of Distance Education functioning in Kerala, attached with the traditional universities, are not an exception to this general rule. They also have to be financially viable, economically profitable, functionally efficient. The state government can no more allocate more funds for the upkeep of these institutes. They
have to generate their own funds for their expansion. Are they doing so? How far they are able to generate their own resources? What are the sources of finance? Are they able to tap the market of distance higher education in Kerala? How far they have succeeded in generating resources for their parent institutes i.e. Universities? This study have addressed these questions in a humble way.

The study has been confined to the three Distance Education Institutions of Kerala, attached to the three Universities i.e. University of Kerala, University of Calicut and Mahatma Gandhi University. The study has covered a period of 10 years from 1990-91 to 1999-2000. The study has examined the sources of revenue and heads of expenditure of the distance education Institutes in the Universities in Kerala and attempted to make an inter institutional comparison of these aspects and to analyse the variation of cost and revenue in these institutes during the last decade.

The study has made use of both primary and secondary data. The primary data were collected from the offices of these universities and regional center of IGNOU, Cochin. The official reports of these universities like Annual Reports, Budget Estimates and Annual Accounts were also made use of. The heads of the institutes as well the experts and researchers in the area of distance education were consulted to incorporate their views in this regard.
Since the study is an analysis of financial performance, analytical tools in that area are used. The computer software for data base management like FoxBASE, FoxPro, Excel, and statistical packages like Mstat, Stata, and SPSS 6.5/10.5 were used for statistical analysis and Office 2000, Office xp were used of word processing and report preparation. The first chapter has introduced topic and examined the role of education as a strategy of human development, significance of education in the current knowledge based economies and the emergence of alternate media of distance education. In addition, it has presented a profile of global educational scenario, the educational scenario in India, the emergence of distance education and the evolution and dispersal of it in the sub continent of India and Kerala. The Scope of the study, the methodology, the data, the objectives and the tools of analysis are also explained in this chapter. The second chapter is devoted for the evaluation of the works so far conducted in the area of distance education with special reference to the works in cost and financing of distance education institutions. The third chapter has given a detailed profile of distance education in the global context. Emergence of distance education, the historical evolution, various stages of the evolution, the conceptual cobwebs, the global scenario of distance education etc are the various other aspects treated in this chapter. The fourth Chapter, the core of the thesis, examines the finances and costing aspects of the distance
education in Kerala. It also presents the profile of the sources of revenue, comparative picture of the source of financing, pattern and trends in the last ten years, cost and revenue functions, and productivity and efficiency in distance education Institutions.

The picture emerging from the analysis of revenue and costs in three distance education institutes of Kerala is quite a mixed one. What strikes those who attempt to examine these aspects is the indifference and lethargy the authorities have been showing in monitoring and evaluating the performance of these institutes, which use public funds. Based on the assumptions and constraints, it can be seen that these institutes are not optimizing the resources at their disposal and were not reaping the potential in the market. Apart from these, the most astonishing fact is that none of these institutes do have any concrete policy for expansion also.

The sources of revenue of these institutes are fees, miscellaneous revenue and grants from the state governments and the U.G.C. From 1997 onwards U.G.C grants to Distance Education institutes have been released through Indira Gandhi National Open University. In the case of Kerala University, the Institute of Distance Education has received a grant of Rs 1,00,000 during the year 1992-93 from U.G.C. The Calicut University, School of Distance Education has received a grant of Rs.1,20,0000 in the year 1999-00 and the case of M.G University School of
Distance Education, received a grant of Rs.3,00,000 each in 1992-93, 1998-99 and Rs 20,00,000 in the year 1999-00. Another source of grants for these institutes is from the State Government. But there is no reliable details available from the office of the Universities or concerned Schools of Distance Education. It is a matter of doubt whether they have made any efforts to submit detailed plans for their development and tap the resources available through the state governments or U.G.C. They may be submitting proposals as a routine matter to the universities concerned at the time of the preparation of the budget and the universities may be incorporating them for grants from the above mentioned agencies. Whether they get it or not, the university budget allocate some amount for the functioning of these institutes. But these are not properly accounted. The revenue per head in these institutions have shown a steep increase in the case of Calicut, while the increase was very mild in the other two institutes. The enrolment of students has also exhibited a similar trend during the last decade. The total cost has been showing a definite trend in the case of Calicut and Kerala, whereas it has been exhibiting a mixed trend in the case of M.G.University. Salary of the staff members accounting the highest share of cost in all the three institutions, while it is more than 80 per cent in Kerala, it is as low as 44.43 per cent in M.G University. Calicut University’s share falls in between. The salary constitutes more than 80 per cent in Kerala. This is due to the fact that
Kerala has been engaging permanent teaching staff to handle classes and prepare study materials, unlike M.G.University and Calicut University. While the components of cost are analysed it was found that the largest segment in the cost of all three institutes is salary of the administrative and academic staff. The second largest component in the cost with Kerala and Calicut is preparation of study materials. In the case of M.G, Kottayam, the second major element of cost outlay is conduct of contact classes. The per head expenditure on salary is almost four times higher in Kerala and around twice in M.G.Kottayam, compared with that of Calicut University. This is because of the strength of academic staff, with UGC pay scales, in Kerala and M.G.Universities. Calicut and Kerala spend the same amount on the preparation of study materials, in spite of the fact that the enrolments in Calicut is much higher than in Kerala. Another striking fact one can observe is the exorbitant amounts spend by M.G.university under the heads of contingent expenses, remuneration to lesson writers, contact classes and other expenses.

The analysis of fixed and variable costs shows that in the case of Kerala and Mahatma Gandhi Universities, the fixed cost is much higher than that of Calicut University. In the case of Kerala it is much more than triple and in the case of Mahatma Gandhi it is around double that of Calicut University. This is because of the fact that in both these universities there are permanent academic staff. But Calicut University
runs its Distance Education wing without any single permanent academic staff, except the Director, and engage classes and get the study materials prepared by hiring the services of teachers in regular colleges and departments of the university.

The results of estimation of Cost functions of Calicut and M.G.Universities shows these universities have increasing cost functions, while Kerala University has decreasing cost function. In other words, the cost of providing additional output increase in the case of the former two institutes, while that decreases in the case of the latter.

Analysis of Revenue function has shown that in all the three cases, revenue increases with output, but less than proportionately. In the case of Calicut University, revenue increases are to the tune of 0.922 per cent for every unitary increase in admissions. Similar is the case with respect to other two universities. But the only difference is in the magnitude of the variations. So the results of estimation of revenue function shows that all these institutes of distance education have an increasing revenue function in which the revenue of the institute increases with every increase in admissions, though in a less than proportionate manner.

What one can see from the comparison of Cost and Revenue is that during the last 10 years from 1990-91 to 1999-2000, in the institutes of Distance Education in Kerala and Calicut Universities have been generating more average revenue over average cost. In the case of M.G
University Distance Education Institute, Average Revenue has been lower than that of Average Cost till the year 1995-96 and after that the Average Revenue began to exceed Average Cost. In the case of Calicut University, the Institute has been generating excess revenue over cost during the last 10 years understudy. What one can see is that the excess over cost has been declining since 1990-91

Analysis of Productivity trends, provide a picture of mixed trends. In the case of Calicut University School of Distance Education, productivity has been comparatively high than that of the other two institutes from the beginning of this decade. It touched the maximum in 1992-93 and then began to drop. But till today, it has maintained its positive difference from the other two institutes. In the case of Kerala university Distance Education Institute, productivity has been exhibiting similar trend as that of Calicut University, but at a lower level than Calicut University. Productivity trends in M.G. University has been declining to a low level from the same level of Calicut University in the beginning of this decade.

As mentioned earlier though the analysis presents mixed picture, it provides strong insights also. The important facts emerging from this study can be summarized as follows.

1. The Distance Education Institutes in Kerala, attached with the Universities, have to go miles in almost all aspects like Planning, Financial monitoring, expansion etc.
2. There lies a rich potential of untapped market for distance education in various areas of education like, Information Technology, Computer Education, Technical Education, Health Sciences etc.

3. There needs a rational planning and monitoring on the part of these institutes regarding all the aspects. There is no proper accounting about the grants they get, their eligibility and requirement. They have to chalk out the expansion plan for the future so that the student community may benefit from it. They have to submit detail plans to the financing agencies and bargain for the grants and aid available to them from the parent universities and government.

4. They are generating large amount of revenue and this goes to the common pool of the universities for meeting the common expenditures. Actually the surplus of these institutes are the contribution of the distance students community and they deserve to get good facilities and academic services. Lack of monitoring and accounting of these institutes result in cross subsidization. The students of Distance Education Institutes, pay exorbitantly high fees and get poor services, while the surplus is used for subsidizing the low priced services provided to the main
stream students, who are always in the mainstream of education. This is quite an injustice and the Distance Education Students deserve to be treated with good academic services like increased duration of contact classes and good quality study materials with the help of better tools for teaching like multi media. It can be seen that the PCP centers where classes are conducted, lacks a public address system even. This is going on in a knowledge era where several audio visual equipments like multi media projectors and over head projectors are being used.

5. There requires a strong mechanism for cost management and cost reducing attempts by monitoring and evaluation. The expansion plans are to be chalked out for future and they should be linked with the educational development imperatives of the state.

6. In Kerala, Distance Education is an area where so far no serious study has been conducted. This study has covered only a small aspect of it. Several other aspects like Users' Profile, Users perspective, Effectiveness of learning and teaching practices, Cost effectiveness, productivity increasing measures, expansion possibilities etc need to be undertaken seriously.