A traditional view of economists was that education was demanded for consumption just like any other good and depended on given taste of consumer, extent of cost of education and the level of income to meet the cost. This approach underwent a radical change. While analyzing the economic value of education by economists, the concept of investment was brought in and the human capital approach gained prominence.

The human capital approach rests on the rational economic behavior of individuals and postulates that individuals would invest in education to the extent where returns are maximized. It postulates a positive and significant relationship between the level of investment on education and the expected earnings, in a free labour market system wherein supply and demand for labour get adjusted as per the market signals. The institutional simplification of this theory is the existence of market oriented educational system with flexibility in adjusting the educational services sufficiently to accommodate the individual requirements. Studies by economists over the years, both at national and international levels, on investment behavior of individuals have empirically established that while individuals take educational investment decisions (vertical - from one stage to the next
higher stage or horizontal - choice between various courses in a stage), they are certainly guided by the cost benefit aspects.

In a situation where there is no flexible higher education system like in a Government controlled supply system, as the case of India, it is interesting to know whether the student's course choice decision (Horizontal Choice) is guided by cost benefit considerations alone. The peculiarity of Indian higher education is that it is highly compartmentalized with limited choice options for students and not synchronized with corporate needs. As on 1992-93, nearly 81% of the enrollment in higher education is in traditional arts and science subjects and the rest 19% is in professional courses. Contrary to this, the economy requires more professionally qualified personnel in the fields of medicine and engineering in particular.

Under such peculiar educational environment, are the students guided by cost benefit considerations in choosing a course at college? If so, do factors like employment opportunity that a course could promise and expected earnings dominate the choice decision? This study attempts to examine the above said issues. In addition, it has a policy framing motive also. The absence of synchronization between the supply of educational services by educational institutions and requirements of labour market can be partly solved by reforming the higher educational system to respond to the demands of individuals. To attempt a meaningful reform, it is essential to study the choice
behavior of students i.e. individual demand and the related influencing factors

Studies on the individual demand for courses by Harnquist 1978 in OECD countries, Psacharopoulos and Soumelis 1979, Soumelis 1981 and Papas and Psacharopoulos 1987 brought out the significant influence of student's ability expressed in-terms of examination marks secured and socioeconomic status of students in the choice of a course. These studies analysed only the application decision of high school students in the choice of courses at college. Such a pre-selection analysis could be only on application decision and not on the choice of a course from among the courses actually offered to a student i.e. on enrollment decision. Therefore in all probability the real influence of exogenous factors like expected earnings and job opportunity might not have been brought out by these studies.

Hence this study attempts to examine the actual choice decision of the students who had completed the high school and to estimate the relative influence of student's ability, socioeconomic status and also economic factors like anticipated earnings and job opportunity. Also this study tries to establish how far economic motives of students are shaped by family related factors.

When a student reveals his preference towards a course and enrols himself then he is said to demand that course. Therefore, in
this study choice of a course is treated as a proxy for individual demand. Data has been collected from a choice based sample of students who had joined various courses at colleges during the academic year 1994-95 in Pondicherry region of Union Territory of Pondicherry. Since the aim of the study is to estimate the relative influence of endogenous and exogenous factors and also the probability of choice of a course in a given set of attributes of the individual, it uses logit model for the analysis of data.

The broad conclusion of the study is that even in a limited choice option and Government dominated system, the influence of economic factors like expected earnings and job prospects are substantial in choosing particular course by a student at graduate level. However, the relative influence of variables on the choice could depend on the type of choice situation, type of analysis (ex-ante or ex-post decision) and nature of sample taken for analysis.

This study contains a total of seven chapters.

The first chapter outlines the area of study, brings out the problem of the study, specifies objectives and frames hypothesis. It indicates the area and period of study, utility and limitations. The second chapter reviews the various research studies in the area of private demand with special reference to subject choice. The concepts, methodology and sample design adopted in this study are also explained. The third chapter analyses the existing Higher Educational system in India and its influence on the choice behavior.
of the individuals. The fourth chapter presents a profile of the study area. The fifth chapter brings out the general characteristics of the sample respondents and analyses the relationship between various variables taken for the study in the choice of professional courses. The sixth chapter identifies the factors that influence choice between science courses and between arts courses. The last chapter presents main findings of the study and brings out policy implications.