THE ROLE AND RELEVANCE OF REGULATION IN THE HIGHER EDUCATION SECTOR OF KERALA

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Abstract : The 2000s witnessed a massive growth in the higher education sector of Kerala. The number of colleges increased both in professional and non-professional sector. The most notable character of this transformation period is that nearly all colleges were started in the self financing sector, in addition to the self financing courses started in existing public colleges. Along with this structural transformation, a lot of controversies emerged regarding the governmental control over these colleges as they were behaving as like as any business oriented "shops". So many complaints were raised regarding the mode of admission, payment of fees, administration of colleges, quality of teaching etc. Hence a public demand for effective control of these colleges was created which resulted in several but not successful interventions from the government. A scenario like least controlled plus massive higher education sector is not acceptable considering its importance. It is becoming more alarming when government is withdrawing from the sector gradually. But the most important question to ask is how government can intervene in the higher education sector particularly in self financing colleges. The nature of higher education need to be analysed carefully here. We are arguing that higher education is not a public good hence the conventional methods of government intervention are least effective. In the case of self financing colleges regulation is the only possible way of government intervention.

We will begin the paper by the brief note on the evolution of higher education sector of Kerala. The nature of higher education will be discussed in detail. The role and relevance of regulation will be addressed in this context. It will be followed by an attempt of theoretical framework in order to address the present controversies on self financing colleges.

***Key words**:* higher education, self financing colleges, government intervention, regulation, public good

INTRODUCTION

Higher education is a social relationship which means that it is an organic relationship between the creators of knowledge and beneficiaries of knowledge. According to this approach, higher education is a joint activity between different stakeholders on behalf of the people (D'Souza 2004, Patnaik 2007). Here we are analysing the issue of regulation in the higher education sector on the basis of this above approach.

The Growth and present status of the higher education sector in Kerala

The higher education[1] sector in the state of Kerala, which was not equipped to accommodate the increasing demand of eligible and willing pupil, was dominated for a long time by public sector i.e. government plus aided colleges. In order to address the increasing demand several initiatives like introduction of shift system, increasing the number of seats in colleges, starting of correspondence courses and introduction of private registration were taken by the government. It should be noted that the higher education sector of the state was unduly in favor of arts & science colleges at the cost of professional courses (George & Kumar 1999). When these were not sufficient, the government permitted private sector in addition to universities and other government agencies to start colleges in self financing category. This resulted in a phenomenal increase in the number of colleges (Kulavelil 2001) both in professional and social science field.

Growth of SFCs (Self Financing Colleges) made higher education one of the highly investment-friendly fields. It was argued that the concept of efficiency was replaced by the concept of accessibility in the process. Even though it led to the popular uproar that the sector is commercialized, more pupils started to join these colleges. The disparity in demand for and supply of higher educational facilities during nineties set the level playing field for SFCs in the state later.

A self financing college (SFC) can be defined as one regular and affiliated college, wholly owned by private, public or quasi-public agency; which does not receive aid from any government agencies for its capital and revenue expenditure. But it does not mean that a SFC cannot receive any financial support from government like subsidies, project funds etc. The SFCs enjoy complete freedom in the appointment of teachers and other non-teaching staff.

The following table shows the infrastructure of higher education sector of Kerala in 2000s.

Table 1. Higher education infrastructure of Kerala*

Colleges	2001-02	2002-03	2004-05	2005-06	2010-11	December 2012
Arts, science & commerce colleges	224 (38)	286 (100)	353 (167)	189 +	380 (196)	437 (249)
Engg, Technical & arch colleges	43 (29)	66 (52)	66 (52)	99 (85)	125 (111)	161 (146)
Medical(allo/ayur/homeo/ unani/ nursing/pharmacy) colleges	23	40	40	125	166 (143)	184 (158)
Teacher training colleges	---	---	---	21	159 (140)	170 (151)
Law, MBA, MCA, IT, agricultural, Vetinary, Forestry, Agri. Eng, Dairy Science, Oriental title etc colleges	---	---	---	82	81(49)	106 (82)
Total	---	---	---	572	911 (639)	1065 (786)

* The figures given in the bracket are SFCs.

Source: Selected Educational Statistics 2005; Economic Review (various years), websites of State universities of Kerala, Mahatma Gandhi, Calicut, Kannur, Agricultural and CUSAT.

STATEMENT OF THE RESEARCH PROBLEM

Markets are running colleges not because higher education is a private good but there is huge deficiency in the public provision which ensures large returns to investments. Generally the SFCs consider education as a business activity where maximization of profit becomes the prime objective. Thus colleges become educational firms. As any ordinary business firms, educational firms will also try to maximize revenues and minimize costs. The casualty will be on the knowledge and skills of students. Considering the larger context of benefits of higher education this uncontrolled growth of SFCs is more alarming.

Such a scenario like least controlled plus massive higher education sector is not acceptable considering its importance. As explained before SFCs are not receiving any financial aid from the government so that they can be treated only like an ordinary competitive firm in the economy. Government cannot persuade them like government and aided colleges which are receiving financial aid from the government and thereby bound to follow its conditions. Simultaneously, the state cannot afford to leave the sector because of the peculiar nature of the higher education (it is explained in the next part). In this situation, where government cannot interfere in the sector through direct control, regulation becomes only possibility to ensure the social control over a self financing college.

THEORETICAL FRAMEWORK

Existing theories will not address the issues which lead to regulation of higher education which is explained here. Hence we will consider the approaches used by Dale and Jongbloed independently in order to address the issues which led to regulation of higher education. Dale approaches the matter of regulation through three aspects of the process namely, deregulation, juridification and new public management (Dale 1997). Deregulation of both finances and quality by the government is encouraging markets in higher education. Juridification transfers particular political issues related to higher education to the realm of legality. This move will enable commercial enterprises to run more efficiently (Dale 1997). New public management, with a stress on public accountability, tries to lessen or remove differences between the public and private managements and shift the emphasis from process accountability to product accountability.

Jongbloed explains the eight conditions which are required for an effective marketisation in a higher education sector (Jongbloed 2003). These eight conditions are about four freedoms necessary for consumers and providers. The four freedoms for providers are freedom of entry, freedom to specify the supply of programme, freedom to use available resources and freedom to determine prices. Freedom to use available resources includes freedom to vary factor proportions, freedom to build up assets and freedom to undertake a wide range of income generating activities. On the other side students have freedom to choose the provider, freedom to choose the product, freedom to adequate information on prices and quality and freedom to pay direct and cost-covering prices. Here the Jongbloed's approach can be incorporated into Dale's approach which covers the wider context of regulation. Jongbloed speaks about the specific requirements of providers as well as consumers of higher education if the sector is left to market mechanism. But we cannot agree with the complete independence of market in the higher education sector. Considering the nature and benefits of higher education and the circumstances of our society, government intervention in terms of regulation is desirable. But Dale also approaches the regulation by giving more support to market firms.

Here Jongbloed's eight freedoms are touched when regulation is exercised over SFCs. At present SFCs and its supporters are asking for more freedoms. Simultaneously we can see the situation that government moving from direct control to governance in higher education sector. So that Dale's three propositions within regulation are becoming relevant. Hence for the particular study we will use approaches of both Jongbloed and Dale. This will enable us to approach the topic from providers, consumers and government's point of view which will help to develop a better picture of the issue and a suitable theoretical framework.

OBJECTIVES and RESEARCH QUESTIONS

In the light of observations made so far, the broad objectives of this paper are to explore and identify the status and scope of the regulatory mechanism with regard to SFCs' finances in Kerala. Considering the growing economy of the sector, the revenue and expenditure of the SFCs need to be regulated. Different arguments, debates and recommendations related to the topic will be considered. Here we are trying to study the relevance of government intervention through regulation in the context of growing privatization of higher education sector.

The research questions are,

1. How do SFCs ensure revenue maximization and cost minimization?
2. What is the present status of regulatory mechanism existing in the state of Kerala?
3. What are the perceptions on regulation by the different stakeholders of higher education?

LITERATURE REVIEW

Here we are reviewing literature in relation to the objectives in mind. The nature of higher education is important when we consider regulation. There are arguments that private and public goods are not supposed to be regulated. We are reviewing the arguments in support of government intervention in higher education and also reviewing the views on different modes of government intervention in higher education. In the next part, we are reviewing available literature related to SFCs which will be followed by a detailed review on literature regarding higher education sector of Kerala.

Nature of higher education

The distinction of commodities into different goods, like private and public, is arising from the debate on efficient allocation of resources (Musgrave & Musgrave 1984). Higher education is widely considered as a public good which deserves substantial government financial support.[1] But it is difficult to ascribe pure public good identity to higher education. Even though higher education has some characters of public goods, it does not fulfill the criteria of degree of commonality and infinite number of consumers. Higher education cannot be enjoyed by the community as a whole; it can be provided to only those who have eligibility and willingness to enter the sector (i.e. finite number of consumers).

Some economists consider higher education as a merit good (Paulson 2001).[2] But higher education cannot be consumed by infinite number of consumers (or everyone in the relevant age group) because entry to the sector is restricted by eligibility criteria; so it cannot be treated as a merit good.

Some economists consider higher education as a private good (Wellen 2005, Naert 2004). But such a treatment has its own difficulties. First of all property rights are not possible to be imposed on higher education sector. Secondly a product of higher education sector cannot consume wholly by one consumer. The benefits out of consumption of higher education are not divisible. Higher education is characterized by non-rivalry in consumption. Exclusion is impossible in the consumption of higher education. Finally higher education cannot be supplied individually.

Nature of higher education is better suited to quasi-public goods (Chattopadhyay 2007 & 2009).[3] Higher education creates highly qualified human capital which will be beneficial for the society as a whole. Higher education provides more benefits to its primary beneficiaries than its indirect beneficiaries. Higher education produces positional goods to students (Marginson 2007). Individual benefits increase by increasing levels of education (Tilak 1993) and the lack of higher education can be a barrier in making career choices, job entry and promotions (Nauriyal & Bhalla, 2004). At the same time production of higher education is costly and expansion of higher education facilities requires substantial investment i.e. supplying facilities to additional individuals leads to increase in marginal cost. Pricing higher education will reduce its consumption (the quantity demanded and supplied of higher education is finite, so that pricing is possible). But considering its positive externalities government usually provides it to the people either free of cost or at a subsidized rate.

Reasons for government intervention

Privatization of higher education makes role of government and need of government intervention substantial. Government is supposed to intervene[4] in order to correct market failure (Stiglitz 2000, Wang 2000) in the higher education market.[5]

Failure of competition is a market failure (Stiglitz 2000). If there is marketisation two possibilities emerges. One is the emergence of a monopoly. A private monopoly cannot forgo profits for a long time; so that it will be forced to charge a very high price for its service. On the other side, if there are so many firms in the market, competition among them will raise the cost of production further which may lead to, as we observed in the case of monopoly, further hikes in the price level. In both cases, if price level is not increased, the quantity or quality of service will be decreased. This calls for the presence of government intervention in the sector (Jongbloed 2003, Krueger 1990). Government intervention is necessary in the case of public goods which is one condition of market failure (Stiglitz 2000). Private provision of public goods leads to either under consumption or undersupply of them due to the existence of above noted characteristics (Stiglitz 2000). Even though higher education cannot be treated as a pure public good, it carries some of its characteristics. Even if we agree that higher education is a quasi-public good, that does not lead us to allow complete market operations in the sector; instead it directs us to consider the approaches that government can initiate to interfere in the sector.

Information asymmetry is another condition of market failure (Stiglitz 2000) and is a reason for government intervention (Wang 2000). Higher education is characterized by information asymmetry (Jongbloed 2003). Consumers do not have complete information about courses, colleges, teachers, amount of expenditure required, future relevance of a course etc. Collecting and processing such information is costly.

Uncertainties, which exist in higher education, are instances where government intervention is called for (Krueger 1990). Both producers and consumers preferring professional to non-professional education is due to the uncertainties related to future returns. This may create some courses or disciplines extinct. There are disciplines or courses that make more social relevance than economic relevance.

Government intervention is necessary in higher education considering its social commitment. Higher education is not like any other commodity in the market. Mismatches in higher education sector will create unpredictable consequences in the society and economy. Hence government intervention is necessary in higher education.

Modes of government intervention

The different ways in which government intervention in the economy is possible are provision, financing and regulation (Dale 1997). The first one refers to pure public sector. The second refers to aided sector and regulations are required in pure private firms. There is no fixed definition of the term regulation in economic literature (Hertog 2010). Posner calls the pattern of government intervention in the market as economic regulation (Posner 1974). As the term denotes regulation should impose only in those markets which are neither financed nor controlled by the government and failed to achieve the expected results. Regulation becomes more relevant considering the increasing levels of commercialization of higher education (Saunders 2010, Bok 2003, Hill 2003, Slaughter 1993).

There are three types of theories of regulation. According to public interest theory, regulation is adopted by the government. These theories accept the ability of market operations for achieving better performance together with individual economic freedom. So that regulations are indented to improve allocation by facilitating, maintaining or initiating market operations. It should be noted that regulation gives more support to market operations which has already failed to provide the expected outcome and forced government to intervene through regulation (Hertog 2010, Hirshleifer & Riley 1992, Leland 1979). Public choice theories mainly deal with capture theories. Capture theory assumes that in the course of time, regulation will come to serve the interests of the branch of industry involved. The regulatory measures will be manipulated by different interest groups by their bargaining power according to their own advantage (Hertog 2010, Singh & Mitra 2010, Kim & Lee 2006, Posner 1974). According to Economic theory, regulation is both designed and operated by the industry and not by the government. Here regulation emerges as the consequence of the competition between interest/pressure groups. This also supports the more marketisation of higher education (Stigler 1971).

Studies on SFCs

Different studies have given different names to SFCs like unaided colleges, capitation fee colleges, management colleges, payment colleges, 'student-financed institutions' (Sebastian 2010), 'no-grant colleges' (Deshpande 1987), 'bastard colleges' (Singh 1983) etc. Studies on SFCs are comparatively less. Some studies are about the financial mechanisms adopted by SFCs (Chandrasekharan 2011). Several studies found capitation fee[6] as a wide spread phenomenon here (Ananthakrishnan 2010; Ganeshan 2005, Menon et al 2005, Kaul 2000, Pinto 1994, Kothari 1986, Shatrugna 1992 & 1983, Singh 1972,). Capitation fee is also known as 'donation' (Singh 1972), 'development fund', 'building fund' (Shatrugna 1983) etc. SFCs non-transparent character is most evident in fee fixation. The mechanism of fixing fee in these institutions is completely unknown (Ganeshan 2005) and they are substantially high, so that SFCs are not able to attract students from majority of the population (Salim 2004, Kumar 2004). These are striking disparity between fee charging and infrastructure in SFCs. The cost cutting measures of the institution will compromise its quality of teaching (Chattopadhyay & Pathak 2009). SFCs appoint maximum number of contract teachers (Vrijendra 2000) for profit maximization. Still SFCs are able to continue as they wish because of powerful support of either community or political parties or usually both (George & Sunanina 2005, Kaul 1993, Singh 1972). Some studies deals with the reasons for the growth of SFCs (Sebastian 2010, Mahal & Mohanan 2006, George and Sunaina 2005, Ganeshan 2005, Tilak 1999, Kaul 1993).The self financing mode of higher education leads to expansion of the sector but ultimately is characterized by profit making (Gupta 2005, Deshpande 2000). SFCs are meeting the existing demand in higher education, so that they will focus more on job oriented courses which is more remunerative for both colleges and consumers (Patel 2009, Agarwal 2007, George & Sunaina 2005).

Studies on higher education in Kerala

Even though there were many studies regarding the relative backwardness of Kerala's economy, there are hardly any studies analysing the issue on the grounds of higher education. It is very surprising to note that a state like Kerala, which is very developed in living standards (Sato 2004, Tharamangalam 1998), is not able to become economically powerful.[7] It is observed that the importance given to school education at the cost of higher education was the major factor which led to the failure of transforming achievements in social sector to economic growth (Tilak 2001). There is strong interdependence between different layers of education; so that focusing one layer at the cost or neglect of the other will not give the desired results (Rani 2004, Khadria 1998). Some studies show that no economy could become economically strong if the enrolment ratio in higher education is less than twenty percent (Tilak 2007, 2001, 1997). Enrollment in higher education is decisively small, even though there is a universal enrollment in school education in the state. There are differences regarding the enrolment rate in higher education of Kerala in different studies. In one study using NSS unit record data on Employment and Unemployment observed that gross enrollment rate in Kerala was 16.70% in 1993-94; 20.80% in 1999-00 and 24.96% in 2004-05 (Dubey 2008). Another estimates it was only 3.7% in 1998 and 7.6% in 2002-03 (Tilak 2001), CABE Committee estimates 9.92% in 2002-03 (CABE 2005), Thorat approximates 18.46% in 2004-05 (Thorat 2008) and Kodoth gives 8.32% in 2004-05, 11.57% in 2005-06, 11.82% in 2006-07 (Kodoth 2010). Even though these estimates show Kerala's position as better than the national level, it portrays a gloomy picture considering the universal school enrollment in the state.

In addition there exists widespread inequality within those who get admission. Admission to medical courses in the state is largely restricted to the elite group in terms of financial as well as social backgrounds (Kumar 2008). Enrolment rate of economically poor in higher education sector in Kerala is only 1.9% (Kodoth 2010, Kumar and George 2009). A study revealed that the professional education in Kerala is heavily biased against the rural and backward and depressed communities (Salim 2008). Reduction in state expenditure made this situation much worse which is making it more costly for oppressed communities and status symbol for richer communities (Salim 2004). Cost recovery measures by the universities are adding up the burden (Gasper and Sebastian 1999).[8] State expenditure on higher education is dominated by revenue expenditure (more than 90%) throughout 90's (Praveen 2006, George and Sunaina 2005, Tilak 2001). This inadequate capital expenditure affects better functioning of libraries and laboratories or maintenance of capital assets already created.

It is not only government's reduced funding, but also the growing inequality in income that made higher education a luxury. One fourth of the households in Kerala have one non-resident Keralite in their family (Rajan & Zachariah 2007). This, along with the recently emerged middle class encouraged commercialization of education. When higher education began to be considered as a status symbol this trend multiplied. Non-financial entry barriers like medium of instruction and parental education add to this exclusionary tendency. Increase in private cost of education especially in professional courses leads to marginalization of economically backward communities in the sector. Growing attraction towards self financing courses and colleges may create 'uneconomic colleges" as happened in school level which may lead to their closure adding less space for economically weak (Kumar & George 1999).

Several studies regarding the higher education sector of Kerala concluded that the facilities in the state are either insufficient (Nair and Nair 2008, George and Sunaina 2005, George and Kumar 1999) or irrelevant (Nair and Nair 2008) or creating a lot of wastage of resources i.e. not producing the expected productive labour (Sivasankaran & Babu 2008; Vil'nilam 2007). It was even argued that the higher educational sector is over regulated due to the management by multiple agencies (Nair and Nair 2008). This necessitates search for alternative possibilities in the sector. SFCs, which are least regulated but job-oriented, up to date and demand-responding, emerged as the best and preferred possibility. On the other side, growth of SFCs shows the privatization and commercialization tendency of higher education in the state (Nair and Nair 2008, Gasper and Sebastian 1999).

There are studies about the expenditure incurred in educating a student in higher education (Kumar 2008; Ramachandran 2003; Gasper and Sebastian 1999). Educational expenses include expenses incurred by the public authorities (public cost) and expenses incurred by the student/family (private cost). Private cost can be again classified into academic (tuition fee, examination fee etc and expenditure on private coaching, stationary etc) and maintenance cost (cost on dress, transport etc). Even though fee is less, private cost of higher education, is very high in Kerala (Salim 2008 & 2004, Kumar 2008, George and Sunaina 2005, Tilak 1994). In such a situation, relevance of government intervention is relevant. Studies regarding expansion and equity in higher education sector of Kerala are supporting this argument (Altback & Mathews 2010; Kodoth 2010, Kumar & George 2009, Nair & Nair 2008; Salim 2008 & 2004, Tilak 2001).

In addition to the above mentioned literature there are studies regarding the issue of drop outs in the higher education sector of Kerala (Sivasankaran & Babu 2008, Zachariah 2008). Studies regarding distance education (Krishnan 2004, 2008) highlight the importance of expanding the higher educational facilities in regular colleges because most of the students in the distance education are from below 25years. Similarly there are studies regarding higher education as part of other aspects like general education, employment, economic growth, women emancipation etc in the state (Sebastian 2010, Mazumdar & Guruswamy 2006, Jeromi 2005, George & Kumar 1999).

Studies regarding higher education sector and the relevance of government intervention are minimal, compared to the role of government in school education. More worrying is the near absence of any studies regarding the relevance of regulation in higher education sector, particularly in Indian context. The exponential growth of SFCs in the state, both in professional and non-professional sector, commands more studies in the area. The increasing enmity between state government and managements of colleges regarding autonomy, inclusion and particularly financial mechanism should be studied. The absence of a comprehensive bill regarding operations of different kinds of SFCs makes things worse. What we can observe is a non-transparent functioning of SFCs. At this juncture a comprehensive study on their financial mechanism and the possibility of regulatory framework will be beneficial. In addition, it will contribute to the literature about Kerala's higher education sector. Such a study will reveal more insights regarding the nature of financial aspects of the SFCs which are at present unknown.

METHODOLOGY

The study is qualitative in nature. It tried to map out the unique features related to SFCs and to gather the stakeholder's perceptions on regulation. A survey was conducted in the engineering colleges within the University of Kerala. There are 179 SFCs out of 254 colleges. In addition, the participatory observation as a faculty in an engineering college helped to experience more about the realities of SFCs.

Information regarding revenue and expenditure of SFCs was collected in the field survey from students/parents and teachers. Due to non-cooperation of colleges this was the only dependable source; hence it is difficult to calculate accurate figures. Field based information[9] was collected through open ended questionnaire which was separate for students and teachers. The questionnaire was administered in a personal face to face manner rather than class room settings.[10] We took sufficient care to cover as wide a cross section of students as possible across streams, particularly, to collect data on perception on regulation. To study the present regulatory mechanism of the state we depend on secondary sources only.

ANALYSIS and DISCUSSION

In the next section we are discussing the picture of SFCs after analyzing the data collected, both primary and secondary, on the basis of research questions.

The economy of a SFC

The sources of revenue for a SFC can be divided into officially disclosed and not disclosed. Officially disclosed income are tuition fees and caution deposit which will be same for all the colleges. A college is not permitted legally to collect anything other than fee and deposit from students. The official fee in SFCs is divided into three categories namely merit, management and non-resident Indian. The colleges are supposed to charge only the fee stipulated by the Admission and Fee Regulatory Committee. The fee for merit seats is comparatively low. Half of the seats of any SFC are for merit students. But colleges can admit students in management quota if there are vacancies in merit quota after informing relevant bodies. 15% seats can be filled as NRI quota. No amount other than fee stipulated can be charged from students. Caution deposit, which is repayable at the end of the course but less than interest rate, is another revenue source.

Most of the students interviewed agreed that donation/ capitation fee was charged. The rate will differ according to the economic status of the student and it is bargainable. Infrastructure development fund and student welfare fund are collected. It was heard that bidding happen in these colleges for the seats at the time of admission.[11] Several SFCs admit students above the maximum permitted limit but later will ensure that some of them discontinued before any public examination conducted by the University. Even if a student wants to move to another college s/he will have to pay the entire amount of fees for all the remaining years of the completion of the course in order to receive the transfer certificate; this is because the college cannot admit students in the middle. Conversion of merit to payment seat is a common practice in SFCs. In case if the seats are not filled even after the 3rd or 4th call list the government/university themselves give permission to SFC to convert the merit seat to payment seat. Reservation of seats is possible in SFCs. The reservation charge is equal to either the management fee for a semester or the amount decided by the management. The only condition is that the student must pass the entrance examination conducted by the public authority later. These are the main non-disclosed sources of revenue related to admission.

Hostel fee and transportation fee are very high. We can observe that large number students are using the transportation facilities provided by the college because of the geographical location of several colleges. The same trend is visible in hostel accommodation too. SFCs insist to purchase the record books, laptops and required software from the respective colleges only. Fines are the major source of daily revenue. It is charged for violation of uniform rules, using of mobile phones, absence in the class, absence from examination, misbehavior etc. Amount of fine is different from one college to another. There are 'observers' (mostly security-in-charge) in colleges to check such possibilities of fines.

The SFCs never reveal the nature, mode of payment, frequency of payment etc to any of its customers before they take admission or even after that. Non-disclosed fee level is different for different colleges. Bills are hardly given and in some cases bill amount and real paid amount are different. Cash transactions are preferred to banking transactions. The colleges never reveal the mechanism that determines the different fees existing. Some college principals responded that they are just taking the fee level existing in other colleges with some minor differences.

The SFCs are following some unique techniques to reduce cost of operation. Colleges have two types of expenditure – capital and revenue. Capital expenditure is about the fixed assets like buildings. At the beginning, management only needs to fulfill the land requirements (in addition to the fixed deposit) and need to ensure other requirements only at the end of 'sick' period. Compare public colleges, most of the SFCs were started in remote areas where price of land is comparatively low or it is started in the existing land by replacing or converting the existing building, farm, factory etc. We can expect that the amount received from students under different titles used for the construction of buildings. Another source is bank loans which provide sufficient time for authorities to repay the amount. Maintenance expenditure is already considered while fixing the fee. In order to minimize costs SFCs pool their resources.[12] Managements which start different colleges in neighborhoods will share the facilities of playgrounds, auditoriums, college buses, canteens, hostels and even libraries and lab.[13] Infrastructure for extra-curricular activities is minimal in most of the colleges. For functions like sports day, college day etc outside facilities are used on rental basis. These measures reduce the expenditure incurred. Some colleges which have sufficient infrastructure rent out their facilities like auditoriums, play grounds and college buses to outsiders for holidays. Some colleges in the urban areas use their class rooms for coaching classes in the weekend. Computer labs are used to train outsiders when there are no regular classes. Similarly, college hostels accommodate outside students and college canteens do catering services outside.

The biggest expenditure of a college is on salary. So that techniques of minimization of expenditure is usually evident in the case of appointment of teaching and non-teaching staff and in their payment. SFCs appoint maximum number of contract teachers. Very few people are continuing in a college for a prolonged time period. But that is not permanent appointment. SFCs start with several experienced people who are mostly retired particularly to the posts of Head of the Departments and Principal. This helps colleges not to pay the staff anything other than salaries. SFCs are not giving the stipulated amount as salary. Teachers usually do not complain about it because most of the teachers consider their jobs as a temporary one. It is observed that teachers while working in SFCs leave according to the availability of highly paid jobs or higher studies.[14] Hence frequently appointed new teachers are very common in the colleges. Some colleges are keeping teachers for minimum one year contract in order to avoid difficulties in between. There are private employment agencies which supply teachers and non-teaching staff to these colleges. Here management will not pay salary directly to the teachers but only through the agency. In most of the colleges salaries are given only in the second week normally tenth of the month; this is to avoid the tendency of teachers leaving jobs after collecting the salary. Managements pool teaching resources too. We can see that the same teacher takes classes at different colleges.
In SFCs the number of non-teaching staff is comparatively less. Teachers themselves are performing the responsibilities of non-teaching staff. They are not paid for the additional responsibilities. On the other hand, new

faculties are not appointed at the right time by citing financial and administrative reasons. This is increasing the job burden of teachers. Other than the menial working staff for security purpose, peons, sweeper etc and for the jobs related to cash dealings, the number of supporting staff is almost nil. Most of the employed people in SFCs are women and several of them belong to nearby areas of the institution. Several respondents observed that managements, too, prefer women particularly married as their staff. During survey, several women staff responded that they prefer to continue in the present job as far as possible.

The present regulatory mechanism of the state

In higher education a regulator need to perform five roles namely entry (permission to grant degrees), accreditation (ensuring quality), disbursement of public funds, access (fees and affirmative actions) and license (to practice profession) (Mitra & Singh 2008).[15] In India there are thirteen regulatory bodies[16] and they, except UGC, are in responsibility of ensuring quality of learning in particular streams (Agarwal 2006). UGC is in charge of maintaining overall standards of higher education and releasing of grants to individual institutions. In addition, different government ministries/departments also intervene in the sector at different levels. In general the regulatory system of India is criticized for lack of co-ordination, overlaps in functioning, lack of transparency, judicial intervention, over centralization and slow response to changes; instead of regulated the sector became tightly controlled but least reformed (Kapur and Mehta 2007). Here casualty is standards in and access to higher education.

In 2004, 'the Kerala Self-Financing Professional Colleges (Prohibition of Capitation Fees and Procedure for Admission and Fixation of fees) Act 2004' was passed.[17] In 2006, through another act, Government of Kerala constituted the Admission Supervisory Committee to supervise and guide the process of admission of the students in self financing professional colleges. But the non-professional SFCs are not included in it. Additionally the High Court ruled that the Committee is only in charge of supervising the self financing college's admission process and not instituted to fix the fee. Even though there were several instances of legislative and judicial interventions, practically, SFCs are not regulated either in terms of admission criteria or fee level. Considering the stagnated growth of public funding as well as mushrooming private institutions, strict regulatory mechanisms are highly relevant. When private institutes becomes majority, it is necessary to consider about equipping SFCs in revolutionizing higher education which requires proper regulatory mechanism in all levels – including student fee, admissions, syllabus, faculty recruitment and salary etc. (Kumar 2008).

The survey revealed that there is lot of areas where regulation is either weak or not implemented. In order to start a self financing college, management need to apply for 'Viability certificate' with the University. This certificate deals with the nature of the particular college only. Along with that the details of applied party will be verified. There will be no site inspection at this time. After getting the Viability certificate, the management can apply for 'No Objection Certificate' (NOC) with the government. Only the certificate verification is happening here also. With NOC the management can apply for approval with the national regulatory agency which is relevant. After field visits and certificate verification, the approval will be given. Now the management can apply for affiliation to the university. Now University inspection team will visit the field and forward their report. If the national regulatory agency gives approval, the University cannot reject the affiliation.[18] After getting affiliation the college can start classes. It is not necessary that the college must fulfill all the infrastructural requirements before starting up the classes. When the college starts, it will grant only 'sick category' status. This status will continue up to the passing out of first batch students; and the college is supposed to finish the entire necessary infrastructure by that time. There will be one more field inspection by both national regulatory agencies and University at the end of the 'sick category' period. The college needs to apply for it separately. If the inspection parties are satisfied with the facilities the college can continue its functioning. But, evidences show that the above explained measures are hardly implemented.

The absence of required physical infrastructure is evident when you visit several SFCs. On the other side the non-availability of competent faculty is aggravating the problem. The information provided by most of the faculty will not be true. In several colleges some faculties are almost permanent in nature (they are not permanent faculties technically but continuing in the same institution for a long time). Their salary pattern is more or less equal to unaided schools. On the other hand most of these colleges are almost like a big coaching centre. Classes are conducting just to finish the syllabus and discussions or debates are hardly happening. We can see teachers carrying guides and other such materials instead of basic text books.

Even though these colleges claim that they are providing facilities for extra-curricular activities, we cannot find anything substantial. Most of these SFCs have either a badminton court or a basket ball court at the maximum. Debate club, music club etc are only for the namesake. We cannot see SFCs presence in youth festivals for the university students or if there is it will be mostly on individual items.

In the past, there were several instances where judiciary and state government interfered in the quality aspects of these colleges. In such a move 40 colleges were recommended to be cancelled but they are still functioning.

Perceptions on regulation by stakeholders

The survey revealed that different people have different perception on regulation. Here we interviewed totally 14 managers, 21 principals, 32 teachers, 15 non-teaching staff and 43 students. [1919] Colleges do not permit to do survey within the college premises. So that survey with teachers, non-teaching staff and students happened outside the premises of the college. Some tuition centers helped to do this survey. The data was collected also form shopping complexes, ice cream parlors, railway stations and bus stands. Home visits also used for data collection. One private party organized as part of Valentine
's Day also used as field.

Out of the 14 managers, 8 were from engineering colleges and others were from arts & science colleges. Out of the 21 principals, 7 were from engineering colleges and others were from arts and science colleges. Out of the 32 teachers 15 were from engineering colleges are others are from arts and science colleges. Out of the 15 non-teaching staff 5 are from engineering colleges. Finally out of the 43 students 29 were from engineering colleges and 14 were from arts and science colleges.

All of managers revealed that the approach of regulatory agencies are rather not supporting. In reality, there are three layers of regulation that happens namely, the national regulatory body, the University and the state government. In the case of engineering colleges the Admission and Fee Regulatory Committee (AFRC) becomes the forth one. This is creating high pressure on the smooth functioning of SFCs. The partiality of AFRC is evident when fixing the fee level. The same is true when fixing the fee for non-professional courses. Managers observed that the prevalent notion that all SFCs are profit-driven is wrong; by citing their own colleges they said there are SFCs which give utmost importance to academic matters. The principals of different colleges also made similar observations. They have more to speak on university level issues. The complaints such as absence of fixed time table for examination, lack of competent syllabus, treating SFCs as second grade or profit oriented institutions etc were raised. Principals explained the facilities that they providing to teachers and students. Students will not be harassed if they are not able to pay fee at the right time. Teachers will get salary at the promised rate. All the supporting mechanisms are made available for them from time to time. But on the other side teachers and non-teaching staff said the regulation is not at all effective and the colleges are the new avenues of exploitation. It is observed that most of the teachers, non-teaching staff and students do not even know about regulation. They consider regulation is government control over the college. The interviews with non-teaching staff, who knows better about the financial transactions within the college, revealed that most of the allegations made by teachers and students are almost true. Students revealed that they paid several types of fee which are not mentioned in the prospectus to which they did not get any receipts. Teachers, non-teaching staff and students are expecting more and more stringent measures from government to control the exploitation of managements.

CONCLUSION

The changing scenario of the economic situation of the state, nation and around the world made it necessary for younger generations to build up and upgrade their skills and abilities accordingly. Incorporating this noble idea plus the paucity of public funds, the state government invited private parties to start SFCs which resulted in the massification of colleges. It was the financial paucity of state government that led to the movement of SFCs but we can assume that it was the dilapidated system of higher education ensured the public acceptance of SFCs (Praveen 2013). But some sorts of intervention in SFCs are necessary in order to ensure stability and expansion of the sector, equal opportunities to everyone, quality in teaching and to eliminate exploitation of staff and students. Effective implementation of existing regulatory measures should be ensured. Government must consult with SFCs for developing new regulatory rules. Considering the present structure of higher education in the state any movement without incorporating the spirit, strength and possibilities of SFCs will not deliver fruitful results.

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