

# UNIT INSTITUTIONAL COST IN HIGHER EDUCATION \*—A Study in Method

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## I. Introduction

1. Unit cost studies are of great importance in the study of educational finances and are of particular significance in the present rapid educational development in our country. These studies assume even greater importance for higher education where it is much more expensive to create facilities and to keep them running than at the lower levels of education. The present study is confined to only one aspect of the educational cost, the *current institutional cost* per student per year. The principles outlined here are illustrated with the figures for the academic year 1964-65 supplied by the two constituent colleges of the University of Poona.

2. The cost of education can be interpreted in two different ways, from two different points of view : (1) Student Cost; and (2) Institutional Cost.

*Student Cost* : This is the cost which the guardian of a student (or the student himself) incurs in maintaining him in an institution of higher education at a particular stage of education. It may be broadly divided into the following parts : (a) tuition and other fees, (b) cost of books and equipment, (c) cost of maintenance, that is, board and lodging, and (d) other expenses, such as cost of clothing, cost of conveyance and similar miscellaneous items of expenditure. Sometimes further refinement can be attempted by introducing a fifth category : (e) the net opportunity cost, which is the income the student foregoes in pursuing his present education—the net income which he would have earned by working or serving instead of getting himself educated. It should be possible to estimate accurately the components (a) and (b) of the Student Cost; the figures for (c) and (d) will differ very greatly from student to student, and no reliable and representative estimates can be constructed without carry-

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