

Private inputs into schooling: Bang for the buck?

Willima Wadhwa, Director, ASER Centre

ASER data shows that the proportion of children enrolled in private schools in rural India has been rising steadily. In 2006, 18.7% 6-14 year olds were enrolled in private schools and this number has increased to 29% in 2013. As in everything else, there is a lot of variation across states. In 2013, private school enrollment varied between 6.6% in Tripura and 70.5% in Manipur. However, this rising trend is observed in states with both low and high private school enrollment. For instance, in Uttar Pradesh, a high private school state, enrollment in private schools increased from 30.3% in 2006 to 49% in 2013. In Jharkhand, a low private school state, the increase was from 4.3% to 15.7% in the same period. Clearly, rural households are revealing a preference for private schools, even though this results in additional expenditure that they would not incur if they sent their children to government schools.

While ASER does not collect detailed information on household characteristics, the building material of the house the child lives in has been recorded, since ASER 2008. Following NFHS, ASER records three categories of 'house type' - katcha, semi-pucca and pucca.¹ In the absence of household income or consumption data, this variable works as a good proxy for affluence. In 2013, 29.5% of surveyed households were katcha, 26.4% semi-pucca and 44.1% pucca.²

The positive correlation between income and private schooling is well established. Indeed, in 2013, the proportion of children enrolled in private schools is much higher among pucca-households (44.2%), than the national average (29%). However, even among katcha-households, as many as 15% children are enrolled in private schools. Thus, even among poor households, parents are making a conscious choice in favor of private schools.

It is not just on private schools that parents are choosing to spend money; they are also spending money to get their children additional help in the form of paid private tuition. Close to 25% children in Std I-VIII in rural India pay for tuition classes. Once again, there are significant variations across states. In 2013, West Bengal had the highest proportion of children availing of private tuition (72.4%). In contrast, this figure was 14.2% in Uttar Pradesh and 5.4% in Rajasthan. At the All India level, there is a marginal difference between government and private school children in the incidence of tuition - 24.1% in government schools as compared to 22.8% in private schools. This is surprising, since one would expect that a higher proportion of private school children would opt for tuition. In fact, one does observe this in many states. This pattern may not be visible at the All India level since, by and large, it is in the low private school states that the incidence of tuition is high. For instance, in Bihar where only about 8% of children go to private schools, 51.4% get private tuition. In contrast, in Uttar Pradesh with close to 50% private enrollment, only 14% children get private tuition. Faced with fixed budget constraints, rural households seem to be optimizing the best that they can. However, note that they are still choosing to pay for some private input into the schooling of their children, when the free option of government schooling is available to them.

Furthermore, less affluent households are not very different from more affluent ones in this regard. At the All India level, 23.2% children from katcha houses paid for tuition classes as compared to 25.4% children who lived in pucca houses. So, despite a much tighter budget constraint poor parents are still choosing to spend extra on their children's education. This pattern is reflected across states as well. In a poor state like Bihar, as many as 45.8% children living in katcha homes paid for tuition compared to 58.5% of those living in pucca homes.

Looking at private schooling and private tuition together, therefore, reveals that large proportions of children are getting some form of private input into schooling. Combining these two variables, we can divide children into 4 categories: children in government schools with no tuition; children in government schools who also take private tuition; children in private schools with no tuition; and children in private schools who also take private tuition. Children in the last three categories have some private input in their schooling. In 2013, 46% of all rural children were either going to private schools and/or getting private tuition. Not surprisingly, among richer households, this proportion was as high as 60%. While the number was lower for less affluent households at 35%, it still comprised a significant proportion.

¹ Following NFHS, a pucca house is defined as one, which has walls made of burnt bricks, stones, cement, timber, etc., and roof made of tiles, GCI sheets, asbestos cement sheet, etc. A katcha house is defined as one which has walls and roof other than those mentioned above, such as un-burnt bricks, bamboo, mud, grass, reeds, etc. A semi-pucca house is one with wall made of pucca material, but roof made of material other than those used for pucca house.

² In ASER 2013, a total of 327,397 households were surveyed.

But does this extra expenditure result in better learning outcomes? There is now a fair amount of literature showing that private schools deliver better learning outcomes. There is significant variation across states and some of the private school advantage can be explained by other factors, such as educated parents and home environment, which are correlated with the private school choice. But, even controlling for home background, there is evidence that children in private schools perform better. One thing to note here is that while private school learning levels may be higher than those in government schools, children in private schools also are far below grade competency. For instance, in 2013, the proportion of Std. 5 children who could read a Std. 2 level text is 41.1% in government schools. The corresponding number for private schools is 63.3%- indicating that one third of children even in private schools are at least 2 grades behind in reading ability.

What about tuition? Are coaching classes effective? Are parents getting a big enough bang for their buck? In Std. 5, overall, about 47.3% children could read a Std. 2 level text. If we decompose this number into learning outcomes of the 4 groups mentioned before, the following points emerge:

1. Among children who do not take tuition, the private school advantage is even greater - 37.4% Std 5 children could read a Std 2 level text in government schools, versus 61.8% in private schools.
2. Private tuition helps narrow this difference to a large extent. Of the government school children in Std. 5, with tuition, 52.1% could read a Std. 2 level. In other words, additional help in the form of paid tuition bridges 60% of the gap in learning levels.
3. Children in private schools also improve their performance with tuition, but not as much as those in government schools. Among private school children in Std. 5, who also paid for private tutoring, 69.3% could read the Std. 2 level text.
4. These patterns are observable for most states. In states with a low proportion of private schooling, like Bihar and Jharkhand, the gains from tuition for government school children are even greater.

However, it is quite possible that there is a self-selection problem in the case of tuition as well. Differences in learning levels between children, which we are attributing to the incidence of tuition, may be due to other characteristics of the household that are correlated with tuition. For instance, richer households are more likely to send their children to private schools and pay for additional help. But it is these very households that are also more likely to have educated parents and a more supportive learning environment at home, both of which are correlated with better learning outcomes. Although it is true that a larger proportion of children living in pucca homes go to private schools, pay for tuition, and have higher learning levels, gains from tuition are not limited to the upper tail of the income distribution. Table 1 below gives learning levels of Std. 5 children by the type of home they live in.

Table 1: % Children in Std. 5 who can read a Std. 2 level text – 2013				
ASER 2013 (Rural)	Govt+NoTuition	Govt+Tuition	Pvt+NoTuition	Govt+Tuition
All	37.38	52.12	61.75	69.34
Katcha	29.36	46.86	54.15	58.08
Pucca	46.57	59.53	65.01	71.66

³ See for instance: Desai, S., A. Dubey, R. Vanneman and R. Banerji. 2008. "Private Schooling in India: A New Educational Landscape." *India Policy Forum*, 5:1-58; Wadhwa, W. 2009. "Private Schools: Do They Provide Higher Quality Education?" in *Annual Status of Education Report*. New Delhi: Pratham Resource Centre and ASER Centre; Muralidharan, K. and M. Kremer. 2008. "Public and Private Schools in Rural India." In *School Choice International: Exploring Public-Private Partnerships*, ed., P. Peterson and R. Chakrabarti. MIT Press.

Not only do children in the lower tail of the income distribution gain from tuition, it also seems that tuition makes up for other household-based disadvantages. Note that children who live in katcha homes and get tuition have very similar learning outcomes to those who live in pucca homes and do not take private tuition. Further, additional private input in terms of private schooling results in a similar jump in learning outcomes.

What these numbers seem to suggest is that private inputs into schooling may be leveling the playing field, giving poor children a leg up. Even after we control for other household characteristics and parents' education, learning levels of poorer children improve significantly with tuition - about 12 percentage points.

ASER 2013, for the first time, recorded how much rural households spend per month on private tuition. The mean tuition expenditure per child in rural India is Rs. 168 per month. Richer households spend a little more - mean tuition expenditure is Rs. 191 for children who live in pucca homes. What is surprising is that poor households don't spend that much less - Rs. 146 per month for children who live in katcha homes. Among this group, those whose children go to government schools spend Rs. 139 per month on paid private tuition.

The government's SSA allocations have been rising steadily. Between 2005-06 and 2011-12, SSA allocations rose by a whopping 360%. The rise in actual expenditures was more modest at 200%. This is because utilization has been falling. In 2005-06, 68% of the allocation was spent. By 2011-12, only 43% of the allocation was actually spent, leaving more than 50% of the allocation unspent. In 2011-12, the average cost per child in government schools was about Rs. 2023 annually, based on actual expenditures. But, the allocation was more than double at Rs. 4673. If these unutilized funds had been spent, it would have resulted in an additional expenditure of Rs. 220 per month per child - more than what parents are spending on private tuition!

Parents, whether rich or poor, are consciously making the choice to spend more on their children's education. They would not do so year on year, unless there was a return on these expenditures. These choices are reflected in the data with more and more children getting some private input into their schooling process. Furthermore, evidence from different studies using different methodologies, consistently shows that children with supplemental private inputs perform better in terms of learning outcomes. So parents are clearly choosing private interventions to better their children's educational prospects.

The question is, why can't government schools deliver on learning? The interventions we are talking about are not particularly sophisticated or need a huge outlay of expenditure. Private schools in rural areas are not the elite public schools seen in urban metros. It is well documented that rural private schools have fewer facilities as compared to government schools and their teachers are less qualified and paid less than their government counterparts. Similarly, private tuition classes tend to be crowded and are often taught by government school teachers themselves.

So, what is it about these settings that facilitate better outcomes? Two things come to mind immediately. First is the link between incentives and accountability. If someone is paying for a service, the onus is on the service provider to deliver, because the consumer can always "vote with her feet". This creates accountability in the system. Both incentives and accountability are completely missing from the public school system.

Second, teaching-learning activities are organized differently in the private sector. The ground reality in rural government schools is an increasing number of small schools, 50% or more children sitting in multigrade classrooms, huge variations in learning levels of those who are in the classroom, wide age distributions in the classroom, close to 20% children being first generation learners with no learning support from either parent. Yet, the brief to teachers remains "complete the curriculum"; the direction to schools to build more classrooms, kitchen sheds, office-cum-stores and supervise the midday meal.

So what are possible ways forward to improve learning levels? Pratham has demonstrated that, even within the public school system, simple interventions that start from the current learning level of the child and build up can deliver learning gains in a short period of time. Because these interventions are simple, they can easily be scaled up. They don't require hiring more teachers or building more infrastructure in schools. We don't need more allocations, what we need is more effective use of the allocations we already have.

⁴ Various issues of "Analysis of Budgetary Expenditures on Education," Ministry of Human Resource Development, Government of India.