

# Private vs. Government: New Evidence on School Performance and Implications for India's Right to Education Act

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**October 8, 2013**

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**Lecture Title:** “How does the Performance of Private Schools in India Compare to that of Government-Run Schools? Evidence from the Andhra Pradesh School Choice Project and Implications for the Implementation of Clause 12 of the RtE Act” – by Prof. Karthik Muralidharan (UC San Diego, NBER, NCAER, and J-PAL)

### **AP School Choice Project: Background, Objectives, Design, and Implementation**

- Student performance in private schools in India is typically found to be better than that in government schools, leading to a perception that private schools are better. BUT, students in private schools are more likely to come from socio-economically and educationally advantaged backgrounds. They also typically have 1-2 years of extra schooling (LKG and/or UKG) compared to students in government schools. Hence, the better performance in private schools (as found in the ASER reports, IHDS etc.) could simply reflect these other factors and not the actual effectiveness of the schools. The first (and main) question addressed here is: “Are private schools more or less effective than government schools – **holding all other factors constant?**”
- One of the concerns regarding Clause 12 of the RtE, mandating 25% reservation in private schools for economically weaker sections (EWS), is the possibility that students who are already in private schools may be adversely affected by an influx of under-prepared students. The second question addressed is: “How will the intake of students from EWS into private schools under Clause 12 of the RtE Act affect students who are already in these private schools?”
- The AP School Choice Project is designed to answer both these questions in the context of a 4-year long research effort conducted across 5 districts in Andhra Pradesh (East Godavari, Vishakapatnam, Kadapa, Medak, and Nizamabad). The key features of the study design include:
  - Scholarships (vouchers) were offered to students currently studying in Government schools that covered all the financial costs of attending a private school of their choice in the same village
  - The scholarship was offered by *lottery* to a randomly-selected subset of applicants creating a treatment group (lottery winners) and a control group (lottery losers) – who were *identical on average* on all other socioeconomic characteristics and previous school experience except for winning the lottery. **Thus, any differences in education outcomes in the four years after the lottery between the treatment and control groups can be attributed purely to the change in schooling environment** (made possible by the voucher) and will not be confounded by other factors
  - The study was conducted across 180 villages, with 90 villages selected by lottery to participate in the program, and 90 villages selected by lottery to continue business as usual. Thus, the design also has treatment/control villages and not just treatment/control students
  - Education outcomes were tracked for *all* children in *all* schools in *all* 180 villages (for the 2 cohorts of students offered the voucher – who were starting class 1 and class 2)
  - Thus comparing the outcomes of private school students in treatment villages (who were exposed to the EWS students moving to their schools) with the private school students in control villages (who continued business as usual), allows us to estimate the spillover effects on the children who started out in the private school.
  - Schools were NOT allowed to cherry pick students; if they participated in the program, they had to accept any students who won the lottery and chose the concerned school
  - 10,245 children were tracked carefully over this period, with 1,980 scholarships awarded, and around 1,200 accepted at the start (reduced to around 1000 after four years).

- The study was implemented from 2008 – 2012 by the Azim Premji Foundation, as part of a MoU with the Govt. of Andhra Pradesh and the World Bank to set up the Andhra Pradesh Randomized Evaluation Studies (AP REST) project that evaluated several education interventions over many years.
  - The project was mainly financed by the Legatum Foundation (for the scholarships) and the Legatum Institute (for the evaluation), with some additional support from DFID and the World Bank
  - Staff from the Azim Premji Foundation handled all communications to parents and schools and were also responsible for all data collection and administering of tests; GoAP provided permissions and administrative support; the World Bank provided technical support
  - All findings presented here represent the independent analysis and synthesis of results by academic researchers and incorporate several additional analysis and robustness checks based on comments from several global experts in the economics of education. But they do NOT represent the official views of any of the organizations named above, and have not yet been formally peer-reviewed.

### **AP School Choice Project: Summary of Research Findings**

- On average, private schools are worse than government schools on input-based measures of teacher quality, but they do much better on measures of teacher effort and active teaching
  - Private school teachers have lower levels of education, training, and experience; and are paid MUCH lower salaries (on average less than one sixth of government teacher salaries)
  - But they have much better measures of effort and time-on-task (lower rates of absence, more likely to be actively teaching, more likely to be in control of the class)
  - Private schools also have a longer school day and year, significantly lower pupil-teacher ratio, much lower rates of multi-grade teaching, and better school hygiene (basically, the lower teacher salaries allow them to hire significantly more teachers per student)
  - We find no significant change in household inputs – school time goes up, but time spent on homework does not (so any changes in learning outcomes we see are likely to be due to school-level factors as opposed to due to changes in household inputs induced by moving to a private school)
- But after 2 years and 4 years of winning a scholarship/voucher, we find no difference between lottery winners and losers in learning assessments on the two main subjects (Telugu/Maths)
  - The natural inference is that private schools are not more effective than govt. schools, and that the differences between govt./private schools are due to family background and prior schooling
  - But we also analyze the school time tables and find that private schools spend much less instructional time on Telugu (40% less time) and Maths (32% less time)
  - Private schools use this extra time to teach more English, Science/Social Studies (EVS), and also Hindi as a third language (which is not taught in govt. schools)
  - We find positive effects on all of these subjects (large and significant for Hindi)
  - Averaged across all subjects, we find a positive and significant “combined” effect of attending a private school (winning a lottery increased test scores by 0.13 standard deviations of the control school distribution of scores, and attending a private school did so by 0.23 standard deviations)
  - It is not possible to provide objective “weights” to gains in different subjects (unless we can figure out their long-term returns on the labor market), but even without weights, we can see that private schools are more productive because:
  - They are able to deliver equivalent outcomes as govt. schools on Telugu/Maths even with substantially less instructional time, and able to deliver better outcomes on other subjects.

- Further, the per-child cost in the private schools is less than one-third that of the govt. schools
  - To summarize: Private schools in this setting deliver (slightly) better test score gains than their public counterparts, and do so at substantially lower costs per student
  - But the ‘absolute’ level of performance in the private schools is still quite low – and we see no improvements in Telugu/Maths from attending a private school
  - It is likely (though not necessary) that private management will be able to deliver even better education outcomes if they have the same per-child spending as the government schools. This is a very important area for future research.
- How do the impacts of winning a scholarship vary by socio-economic, school, and market characteristics?
    - There is no difference in impacts by most SEC characteristics, but Muslim students seem to benefit more from receiving the scholarship
    - There is suggestive evidence of important differences in impact by medium of instruction of school attended:
      - Going to an English medium private school led to worse scores on Telugu, Maths, and EVS, but much better scores on English/Hindi (relative to staying in a Govt. School)
      - Going to a Telugu medium private school led to better outcomes on all subjects relative to staying in a Govt. School (but less than English medium schools in English/Hindi)
      - Suggests that switching medium of instruction may hurt accumulation of content knowledge (Maths/EVS) for EWS students. This is consistent with evidence from cognitive neuroscience that first-generation learners are best off being taught in their native language (which allows for reinforcement at home)
      - Also, suggests that private schools may be even more effective than the estimates above, when students do not undergo a disruption to the medium of instruction
      - BUT, these results are not as precisely estimated as the others and should be treated as only suggestive and a lot more research is needed in this area
    - There is also suggestive evidence that winning a scholarship led to even better outcomes in villages with more choice and competition among private schools. This suggests that gains to scholarships/vouchers may be even higher in urban areas (but more research is needed here).
  - We find no evidence of any negative spillovers on students who were already in private schools
    - Suggests that most of the concerns about quality dilution in private schools have been driven by a small fraction of elite private schools in major metros, that cater to a very small fraction
    - The result could also reflect efforts made by schools to integrate the scholarship children effectively (including starting in lower classes for few months, and providing some extra classes)
    - In fact, almost all the private schools very happily participated in the project – mainly because they trusted that the Azim Premji Foundation would make scholarship payments on time.
    - Thus, effective school integration across socio-economic classes was achieved at no cost to existing students in the private schools

**Implications for Implementation of Clause 12 of the RtE** (these represent Prof. Muralidharan’s personal synthesis based on this research and other relevant evidence from around the world)

- The RtE Clause 12 Provision on reservation for students from EWS in private schools (with fees to be reimbursed by the government) could be a rare example of a policy that improves equity and efficiency and also does so at a lower cost than the status quo!

- We find test score gains for government-school students who attended private schools
- At no cost to students who were already enrolled in the private schools, and potential improvements in attitudes and empathy of advantaged students toward EW peers (Rao 2013)
- Reimbursements to Private Schools are capped at per-student spending in Govt. Schools
- Clause 12 is a real opportunity to improve both equity and efficiency, but substantial efforts need to be made to implement this in a transparent and systematic way
  - Lots of theory/evidence to suggest that the potential benefits from implementing Clause 12 will be lost if private schools are allowed to cherry pick students from within the EWS section
  - Default view seems to be that compliance with Clause 12 is a 'school-level' issue and that every school should individually fulfill its responsibilities to reserve 25% places for EWS children
  - This is a recipe for cherry-picking, favoritism, and other forms of irregularities
  - **It is essential that implementation be seen as a 'system' level issue** and Clause 12 should be implemented in a centralized and coordinated way at the city, block, or district level
- Prof. Muralidharan will soon write a detailed note on a model implementation protocol for Clause 12 of the RtE, but the basic idea consists of just 3 steps:
  - Require all private schools to provide audited enrollment and fee (all inclusive) data to the govt. (that will determine both the number of places under the quota and the rate of reimbursement)
  - EWS parents (eligibility determined and verified by the Government and not by the schools) rank schools (private and government) as per their preference ordering
  - A lottery is conducted whereby each EWS applicant gets a lottery rank and EWS quota spots in schools are filled as per the precedence ordering established by the lottery rank
  - This process will resemble college counseling/admissions, with the only difference being that the 'merit list' is determined by lottery
  - A unique ID will have to be established for each student/school to help document the school that is being attended (and to avoid duplication), with electronic monthly transfer of fees to schools
- Regulation/recognition of private schools should be based on requiring full disclosure and transparency on all metrics needed for parents to make informed choices, but should not be based on input mandates
  - The evidence from multiple studies clearly shows that qualification is NOT quality. Our evidence suggests that private schools are able to make up for lower formal qualifications of teachers with greater time on task, and effort, and significantly smaller PTR's (enabled by lower salaries)
  - It is NOT the case that qualifications cannot be valuable, rather the point is that they are neither necessary nor sufficient markers of quality. So it is good to require full (and audited) disclosure of all inputs (including teacher quality), but it does not make sense to mandate qualifications or to shut down schools for not meeting mandates that are poor predictors of quality
  - Parents do not uniformly prefer private schools! In our study, only 60% applied for the voucher and only around 60% accepted it even when they won it, with around 20% of those who accepted and moved to a private school, returning to a government school over time
  - Parents actively weigh and re-evaluate their choices, and so the focus should be on empowering them with the tools to make better informed choices and less on input mandates