

## **The mess in education**

**Ajay Shah, Business Standard, 28 February 2006**

Putting educationists in charge of education policy is much like putting the DoT in charge of telecom policy.

Everyone thinks the government should do more on education. But the case for State involvement in education is not that clear. Education is actually mostly a private good and not a public good. I study, I benefit. It is not like (say) national security, where the State builds an army and everyone benefits from being safer. In household surveys, the poorest quartile of Indian families spends a big chunk of their income on education for their children. This reflects the private benefits of education.

Unlike difficult industries like telecom, there are no network externalities in education. The only complexity in education is that while the student captures much benefit, a part of the benefit spills over onto society. This can justify some expenditure of public funds on education.

The choices for education policy fall into five alternative frameworks. The first is "Do Nothing"—where the State stays out of teaching. There is still a role for the State in curriculum development and running tests.

In the second framework, "Augment Purchase", the State gives money to citizens to buy more educational services. This can be scholarships or education vouchers. Here, the private sector produces educational services. However, the State thinks that some of the benefits of an educated child spill over to society at large, so the State augments the purchase of education services by parents.

The burden of choice of educationist is then put on parents, who are well motivated to care for the interests of their children. As an example, the unique rise of coaching classes in India reflects the dissatisfaction of parents with the educational outcomes being produced through schools on the bottom line, which is test scores. Private schools are better held accountable by parents in outcomes. Hence, India has built up a big private sector in education, ranging from private schools and coaching classes to NIIT and private colleges. The children of CPI(M) leaders go to private schools and attend private coaching classes, in an endeavour to perform at tests.

The third framework is "State Production But Do No Harm". Here, the State tries to produce educational services. But at the same time, it does not do damage to private schools. Now parents face a choice between free public schools versus unfree private schools. This is roughly the approach of the Sarva Shiksha Abhiyan (SSA), which might more accurately be termed "Sarkari Shiksha Abhiyan". SSA does not set out to solve the problem of education; it sets out to send more money into State production of educational services.

Free schooling from a government school competing against unfree schooling from a private school is perhaps like a situation where BSNL drops rates to zero. This is not fair competition. But more importantly, this may or may not be an efficient way to achieve our goals. We have to be clear on whether we want educated children or we want to keep government schools in business. As the recent Pratham data have demonstrated, while SSA has done well on getting children into school, they don't seem to learn much!

The fourth framework is "State Production While Damaging the Private Sector". Here, the State is not content with unfair competition, but tries to simultaneously wreak damage on private producers. As an example, the State now wants to force private schools to take on a quota of students prescribed by politicians. This is analogous to the State forcing private telecom

companies to take on customers prescribed by politicians. In many situations, the State makes it difficult for students in private schools to appear in board exams.

Finally, the fifth framework is "Ban Private Participation". This is like the old DoT approach to telecom. In education, today, it is essentially impossible for a private party to start a university.

India faces a choice between these five frameworks on education policy: between (I) Do Nothing, (II) Augment Purchase, (III) State Production But Do No Harm, (IV) State Production While Damaging the Private Sector and (V) Ban Private Participation. We started out with a small public sector education system and were drifting into I—do nothing. Then came SSA and we took a big plunge into III—State production but do no harm. Now we seem to be deteriorating further into IV—damage the private sector. All along, we have had a slice of V—ban private participation—through steep entry barriers in higher education.

The single key idea that needs to be brought to bear on education policy is loyalty to students and not to educationists. The purpose of education is to achieve educated children. Educated children are those with functional skills: they can perform in tests. All else is a means to that end—whether it is enrolment rates or "joy of learning" or mid-day meal programmes. All questions on education policy should be judged by the extent to which they can deliver higher scores on internationally standardised tests for the average 15-year-old in India. In this case, taking the private sector seriously is inescapable.

The SSA mentality, and the recent law-making efforts of the political class, are not consistent with the interests of students. The money spent on SSA will give better results if it is rooted in sound thinking about education. Our quest should be to strengthen the purchasing power of poor parents, to strengthen the information available to them about alternative schools and to increase competition between schools. As an example, the State can collect information on the performance at tests of all students of all schools, and release newspaper advertisements with a ranking of schools on scores in international standardised tests. This would help parents choose better. The State should build public transport systems, which brings a bigger range of schools within the choice set of parents, and thus increases competition between schools.

Putting educationists in charge of education policy is much like putting the DoT in charge of telecom policy. It is not surprising that we have profound policy blunders as a consequence. Telecom obtained a breakthrough in 1999, when control of telecom policy was wrested away from the DoT. In similar fashion, the path to sound policies on education requires a radical break from the vested interests of the existing providers.