HIGHLIGHTS

STATE OF THE SECTOR REPORT

PRIVATE SCHOOLS IN INDIA

NEARLY HALF OF ALL INDIAN CHILDREN ATTEND PRIVATE SCHOOLS.

HOW CAN WE IMPROVE THEIR LEARNING?

CENTRAL SQUARE FOUNDATION

OMIDYAR NETWORK INDIA

EXECUTIVE SUMMARY: IMPROVING LEARNING OUTCOMES IN PRIVATE SCHOOLS

The Elephant in the Classroom

12 crore students study in private schools in India

While the policy ecosystem devises reforms to bring quality education to low-income students through the government system, many low- and middle- income Indian families are seeking private school alternatives.

50%

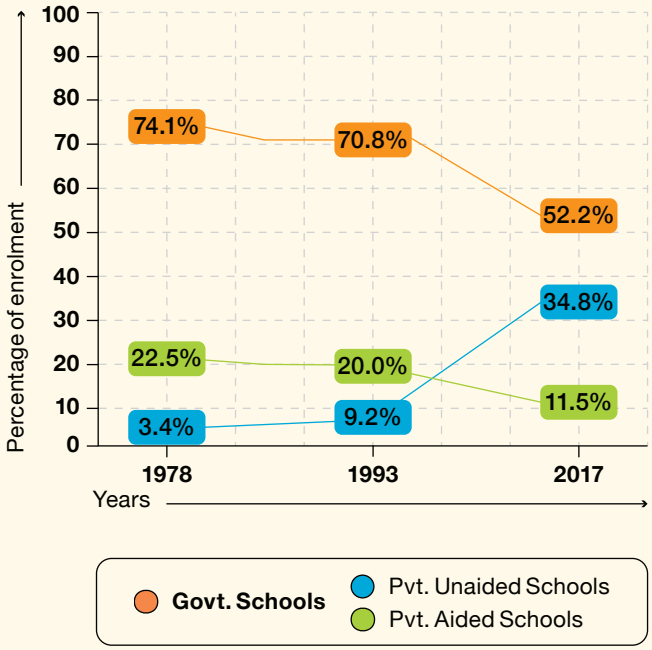
Nearly 50% of all students in India are enrolled today in the 4.5 lakh privately managed schools across the country (U-DISE 2019)

If considered independently, they make up the third-largest school system globally, just behind China and India's public school systems (UIS 2019). Some private schools in India receive government aid, but it is the 'unaided' school sector that has experienced massive growth in the last two decades and today serves 9 crore students (U-DISE 2019).

> The sector contributes approximately ₹1.75 lakh crores to the economy (MoSPI 2019)

Figure 1

GROWTH OF SCHOOL ENROLMENT OVER THE YEARS



Source: **U-DISE 2019**

Given the scale of the sector, the quality of education these schools impart is of immense importance to our human capital development.

Not Just Elite Schools, but not Yet Equal Access

70% of private school students pay less than ₹1000 per month in fees

This growth is driven by parents' demand for better quality education across the board. Contrary to popular belief, the private school sector is no longer the exclusive domain of the elite.

₹₹

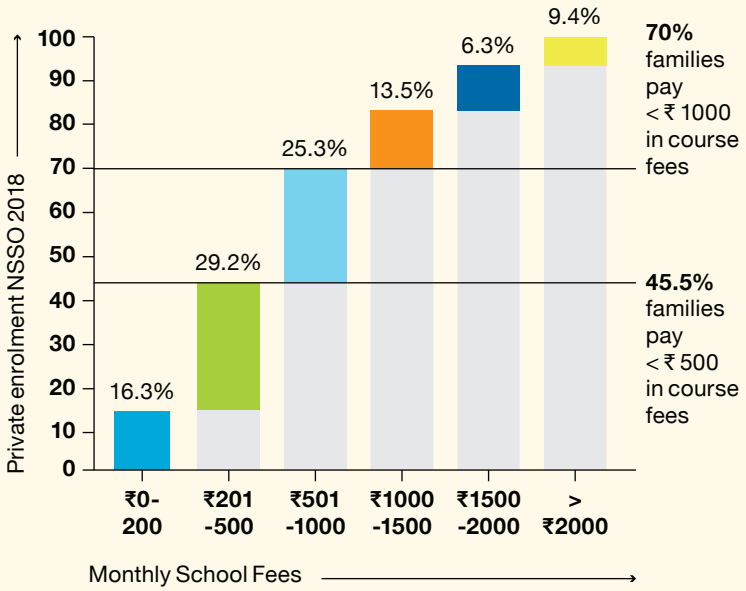
45.5% of students in private schools pay less than ₹ 500 a month as fees, suggesting that the majority of the sector is "low-fee" or "affordable"(MoSPI 2019)

This scale is representative of a citizens' movement in education. As the country becomes richer, more urban, and more attuned to the workforce needs of the 21st century - including oral English and digital literacy - a nimble, responsive private school sector is likely here to stay.

> Despite growing access among the middle class and poor, equity remains a concern

Private schools inherently involve payment for access and serve lower proportions of the poor, girls, and children from Scheduled Castes (SC) and Scheduled Tribes (ST). Significant attempts have been made to improve access to private schools through the Right to Education (RTE) Act Section 12(1)(c), which mandates a 25% reservation in private schools for socio-economically disadvantaged students with the state reimbursing costs to schools. However, the implementation of this act has been spotty across states and has exposed significant design challenges. An evaluation of the RTE 12(1)(c) implementation finds that students who enrol in private schools through the provision would likely have gone to private schools even without the RTE.

Figure 2
PROPORTION OF ENROLMENT AT VARIOUS FEE TIERS



Source: **MoSPI 2019**

Their learning outcomes are also not significantly better than those who apply for the RTE lotteries but do not get them (Damera 2017). RTE reimbursements have been a challenge for schools with long delays and approvals. Reimbursements for over 3.11 lakh students in 12 states were not approved in 2019-20.[1]

Learning Levels

35% of rural private school students in Grade 5 cannot read a basic grade 2 level paragraph

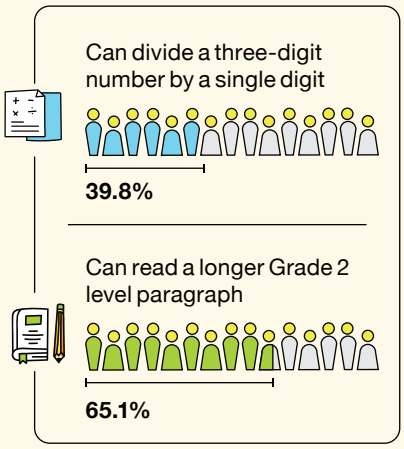
Learning quality, articulated in the National Education Policy (NEP) Draft 2019 as the key goal of the education system, still remains a challenge for all students across sectors. Though parents believe that private schools provide better learning environments for their children, actual student learning outcomes in private schools require much improvement (Azim Premji Research Group 2018, NCERT 2017).

[1] Reasons for non-approval include: states not submitting relevant documents, proposal for anticipated expenditure rather than actual expenditure; pre-primary admissions claimed

Private schools outperform government schools in terms of raw test scores and are much more cost-effective; however, when student background is accounted for, the learning gap narrows (DFID 2015, Muralidharan et al 2015).

Figure 3

MATHS AND READING COMPETENCY OF GRADE 5 CHILDREN IN PRIVATE SCHOOLS



Source: **Chavan 2019 (ASER 2018 Report)**

The ASER 2018 report shows that 35% of rural private school students in grade 5 cannot read a basic grade 2 level paragraph

More worryingly, learning levels in the private school system have remained stagnant for a decade. This indicates a lack of systemic forces that would lead to an improvement in quality.

Under- and Over-Regulation

Quality may be suffering because learning outcomes are under-regulated in the sector, whereas entry and operations are heavily regulated

Experts have sought to address the conundrum of poor learning levels in an otherwise accountable sector. The private school sector is heterogeneous, complex, and understudied, but existing theory and evidence point to two main culprits.

> The first barrier to improving learning outcomes is that while parents care about the quality of learning, it may be hard for them to judge how much their children are learning in school in absolute terms, or how good their school is in comparison to similar schools in their neighbourhoods

This is particularly true in early grades, and about 60% of all private schools do not extend to a board exam grade at all, making it particularly hard for parents to judge the quality of these schools (U-DISE 2019). This information gap also means that schools are less likely to invest in learning-focused but invisible improvements like teacher training and quality, and more likely to spend on things that are observable by parents but may not lead to much improvement in learning - like computer labs, or marketing that proclaims English-medium instruction.

> The second main barrier to improving learning outcomes is the current regulatory structure. These prescribe non- contextual input standards around land, infrastructure and salaries, which are difficult to meet for low-fee, under-resourced schools

For example, standards set for infrastructure or stipulations that teachers in private schools get paid at par with their government counterparts may not be practical in environments where fees are too low to meet these requirements. Complex regulation is aggravated by the fact that the regulator of private schools is usually the *same* department that manages the government system, setting up a conflict of interest. The mandate that private schools must operate as non-profit trusts or societies could also lead to unintended consequences such as poor financial records, as well as pose barriers to access to credit or investment. Regulatory prescriptions make entry and operation in the private school sector a challenge that further hinders the difficult task of teaching young students from poor backgrounds (Sampradaan Centre 2004).

Five Pillars of Reform

What can be done to improve learning and equity in private schools?

1

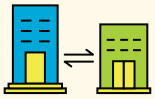
Create a universal learning indicator to help parents compare learning performance across schools and make informed decisions. This could happen through an early grade key stage assessment which develops a universal learning indicator across schools. For e.g, in "X" school, 98 percent of grade 5 students read with comprehension. This universal indicator could be widely disseminated to parents.

> Evidence from South Asian experiments as well as international reforms suggests that this would motivate schools to focus on learning improvement (Andrabi et al 2017, Afridi et al 2017, Murnane et al 2017). This would also be key to informing and empowering parents to demand quality in the long term.

2

Develop a pragmatic accreditation framework that factors in constraints of low fee schools and state capacity to implement while focussing on learning outcomes and child safety. Such a framework would be best leveraged by systematically empanelling independent accreditors, and, once again, disclosing information widely to parents. Parents could then choose, based on their context and priorities, what they want in their child's school.

3



Establish an independent regulatory agency for the private school sector. Assessment and accreditation should be coordinated through a regulatory agency that is independent of the department for education to prevent conflict of interest - in keeping with the principle of separation of powers at the core of regulatory design.

4

Review the non-profit mandate for the education sector and existing fee regulations to attract investment and enable easy access to credit for schools. The government could also explore opening corporate governance structures to private schools to drive greater transparency and accountability. Classifying private schools as micro, small, or medium enterprises could enable higher credit availability for the sector.

5

Strengthen RTE Section 12(1)(c) which mandates 25% reservations for underprivileged children to ensure more robust targeting and fee reimbursements. Stronger targeting mechanisms for disadvantaged sections wishing to participate in the scheme are needed, and transparent and direct fee transfers to parents rather than reimbursements to schools will create greater accountability around fund release. These steps will help fulfil the intent of the law and create more equity in access.

Ecosystem Implications

A better regulated private school sector with more informed, empowered parents will make space for a flourishing ecosystem. A quality incentive for schools will lead to an increase in school demand for innovative, learning-focused **service providers** across fields like teacher training, school management, and education technology.

Impact investors could consider funding these service providers, as well as directly funding schools and school chains (if the non-profit requirement for private schools is lifted).

Philanthropists could focus on providing low marginal cost products and services for bottom of the pyramid private schools, as well as building parent demand for learning.

Finally, strengthening the private school ecosystem can also help improve the **government education system.**

> Only thoughtful and structural reforms will give the students studying in private schools their best chance at learning. And we cannot make substantial progress towards better learning for India's children without facilitating this chance for the nearly 50% of them in private schools.

The COVID-19 Crisis and Private Schools

COVID-19, with accompanying economic challenges, is likely to have a very serious impact on the private school sector. In the short term, due to stress on parent and school finances, the sector is likely to shrink, with parents shifting their children to more affordable schools, including government schools, and schools with lower liquidity possibly even closing. Along with enrolment, learning will also be affected. Evidence suggests that disasters or shocks leading to school closures may adversely impact student learning even when measured 4 years after the event (Andrabi et al 2020). A preliminary survey finds that learning gaps between low- and high- fee schools are likely to be exacerbated during periods of remote learning. Lower-fee schools are struggling with digital transition due to challenges around household access to digital devices and internet access for teachers. The majority of parents of private school students have been unable to provide their children with study support during this period.

However, in the medium to long term, the factors that have led to private school growth - namely, parent demand for learning quality - will remain, and the sector will revert to its current size or even grow. This crisis provides an opportunity to restructure the sector to focus on learning outcomes. Regulatory reforms have been proposed across sectors to build healthier norms post COVID-19, and private school education should be one of them. Flux in the sector may lead to the exit of the lowest quality providers, and regulatory tweaks in this period will enable a new generation of entrepreneurs to better deliver quality across the pyramid, and allow a healthier, more transparent sector to evolve.

SCALE AND GROWTH OF PRIVATE SCHOOLS

India's aspirations for quality education and 21st century skills are growing. Given its scale, focussing on the private school sector is crucial to achieve this aspiration

47.5% of students in **India** attend **private schools**, making India's private school sector the third largest school system in the world.

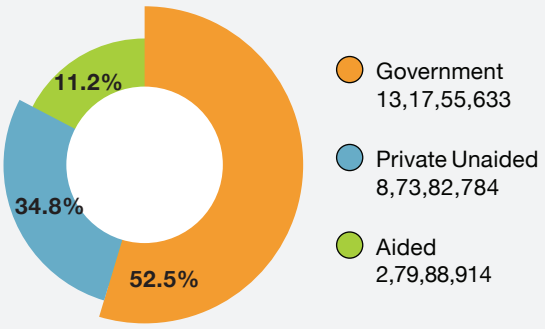


Fig 1 | Source: U-DISE 2019

The proportion of students attending private schools has **grown rapidly** over the last two and a half decades.

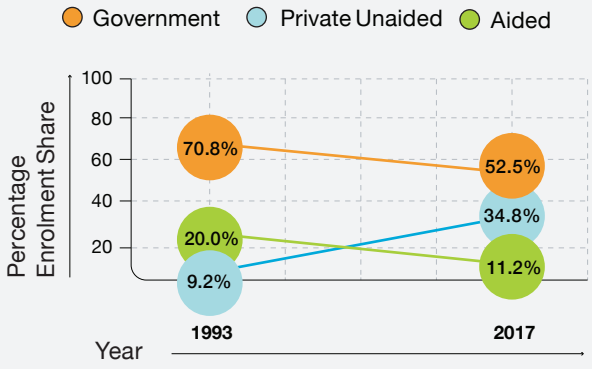


Fig 2 | Source: NCERT, U-DISE

73% of students in urban areas attend private schools. Enrolments in **rural private schools** have risen greatly in the last last one and a half decades.

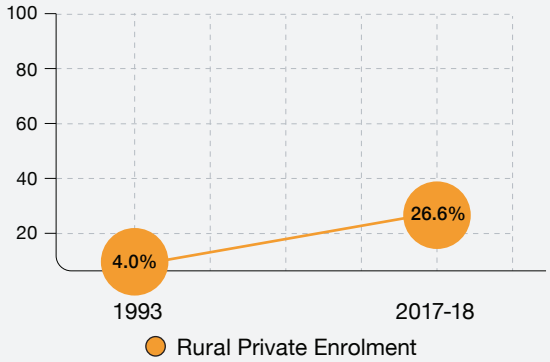


Fig 3 | Source: NCERT, U-DISE

16 states have over **50%** of students in private schools. The following 8 states have the greatest private enrolment share.

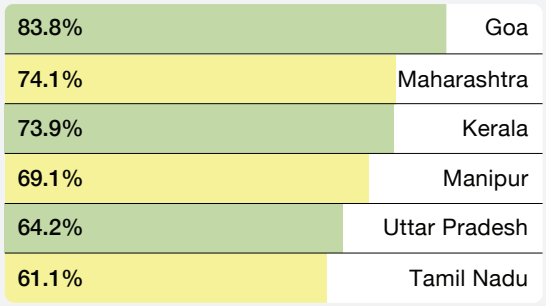


Fig 4 | Source: U-DISE 2019

The sector contributes approximately **₹ 1.75 lakh crores (23 billion USD)** to the economy*

ILLUSTRATIVE COMPARISON OF INDIA'S PRIVATE SCHOOL SECTOR

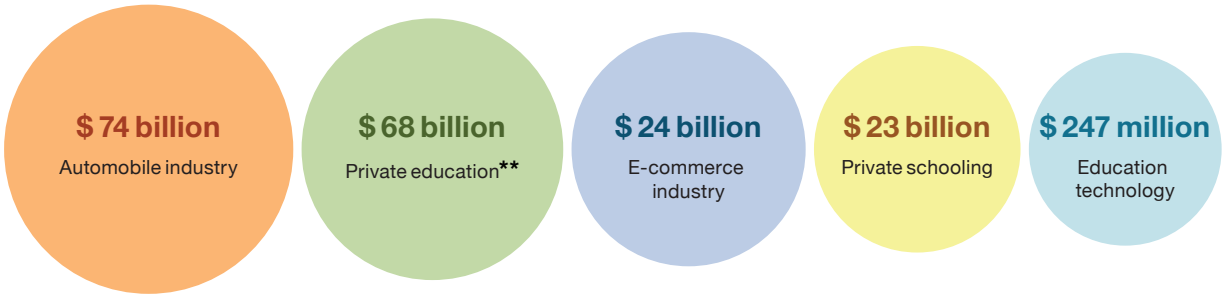


Fig 5 | Source: SESEI 2018, Economist 2019, Delloite 2019 and KPMG 2017

*Calculation based on MoSPI 2019 and U-DISE 2019

**Private Education includes KG to Higher Education and Coaching

Within private schools, the majority of students attend private unaided schools i.e. schools financed and run independently of the government

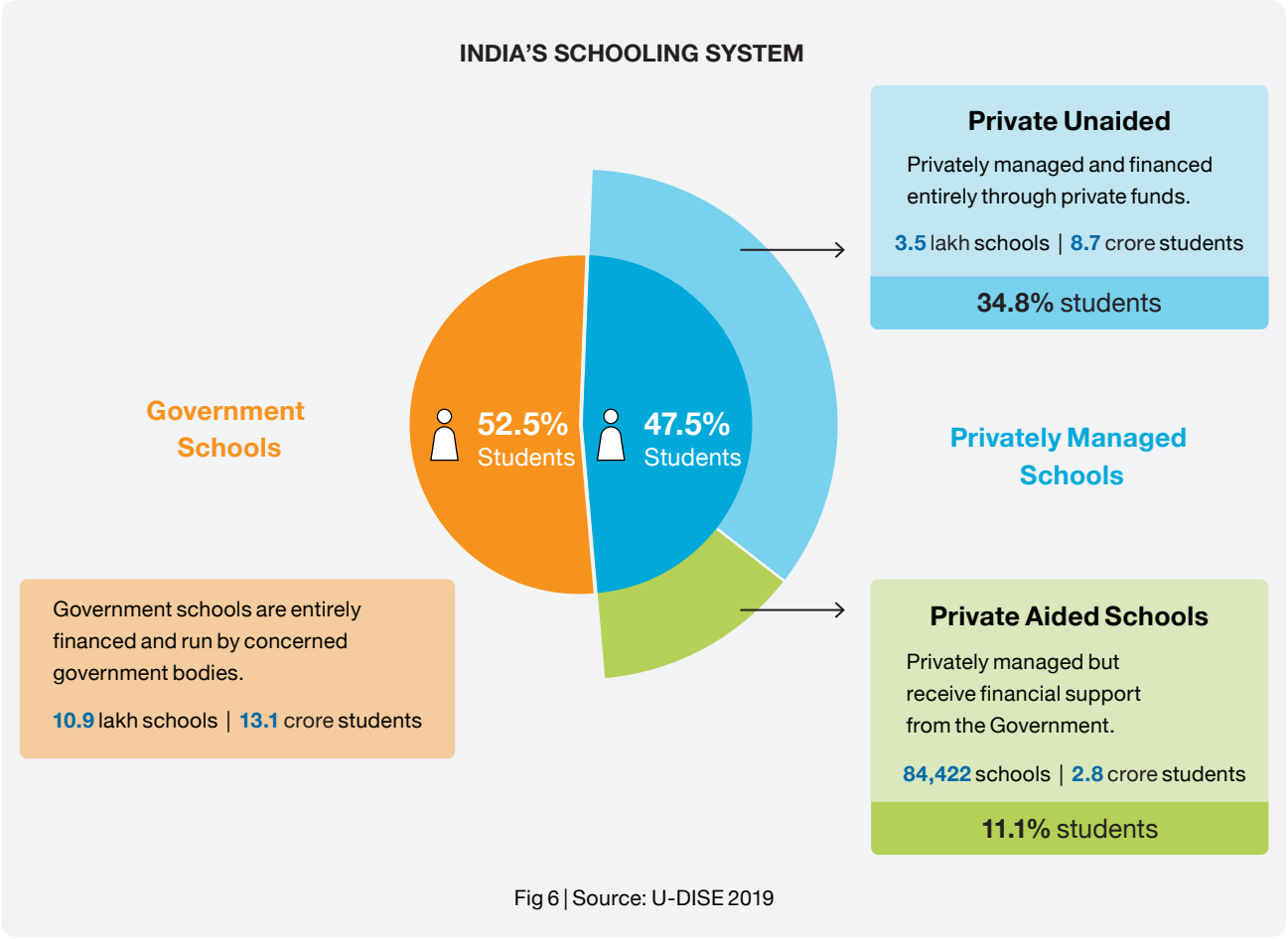
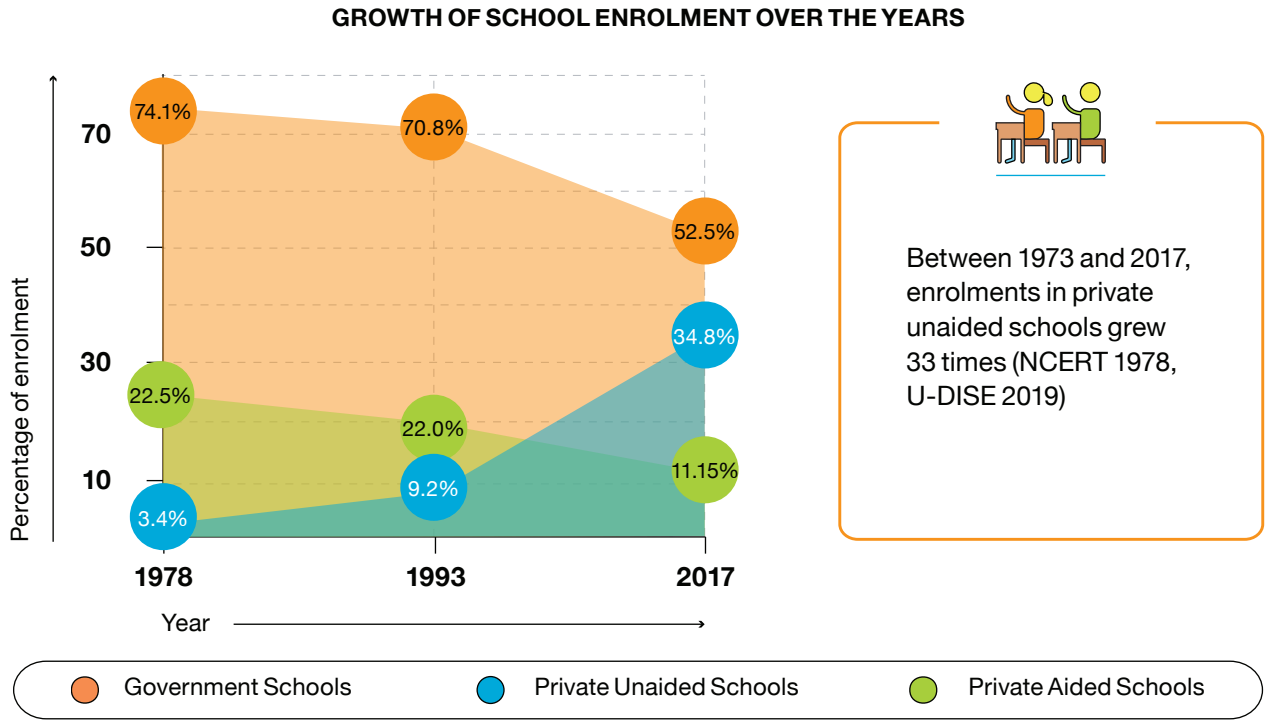


Fig 6 | Source: U-DISE 2019

Since liberalisation, the sector has seen remarkable growth led by private unaided schools



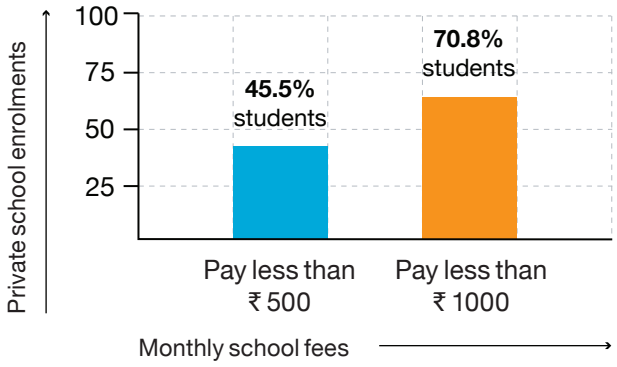
Between 1973 and 2017, enrolments in private unaided schools grew 33 times (NCERT 1978, U-DISE 2019)

Fig 7 | Source: NCERT, U-DISE

ACCESS & EQUITY IN PRIVATE SCHOOLS

Contrary to popular perception, most private schools are low-fee schools

PROPORTION OF ENROLMENT AT VARIOUS FEE TIERS (MoSPI 2019)



The monthly median fee in an elementary private unaided school is ₹ 958 in urban India and ₹ 500 in rural India

Fig 8 | Source: MoSPI 2019

The sector is geographically diverse. Over 70% of urban students and a quarter of rural students attend these schools

In 16 Indian states, more than 50% of students attend private schools

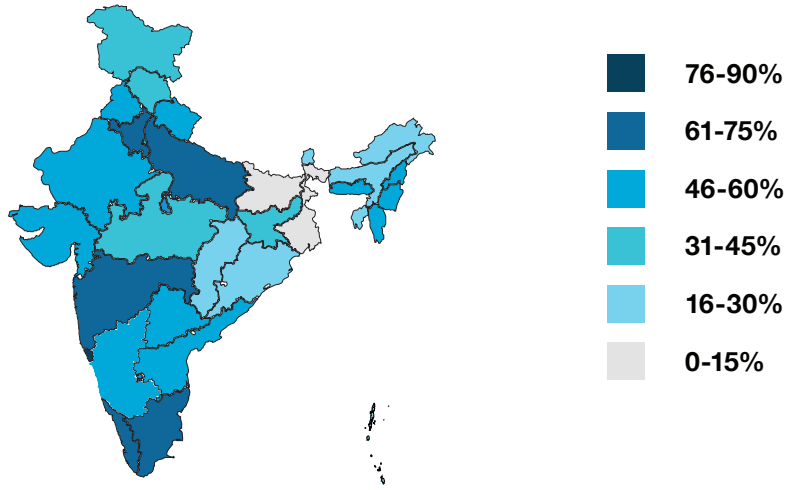
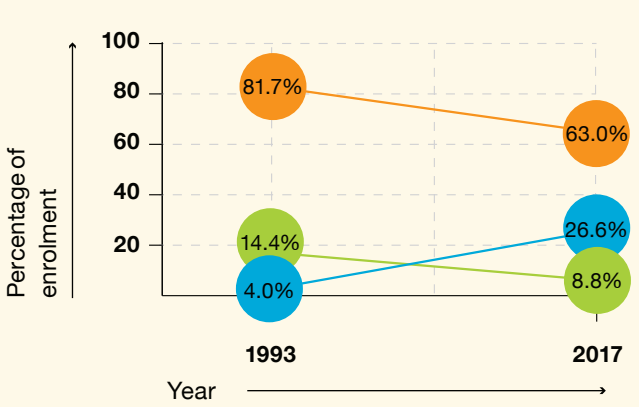


Fig 9 | Source: U-DISE 2019

SCHOOL ENROLMENT IN RURAL AREAS



Rising rural incomes, greater availability of both private and government services, better roads and better access to electricity in villages have all facilitated the growth of private schools in rural India (Pal 2010)

Government Schools | Private Unaided Schools | Private Aided Schools

Fig 10 | Source: NCERT 1982, U-DISE 2019

Increasingly, private schools are accessible to low and middle income families, however, equity for girls, SC and ST students remains a concern

PRIVATE SCHOOL EXPENDITURE BY HOUSEHOLD EXPENDITURE QUINTILE

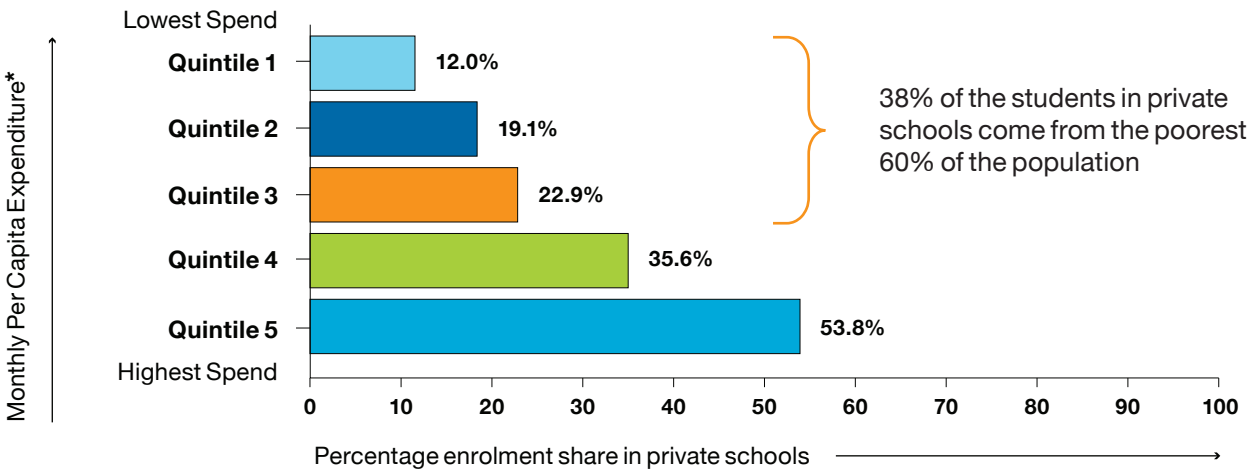
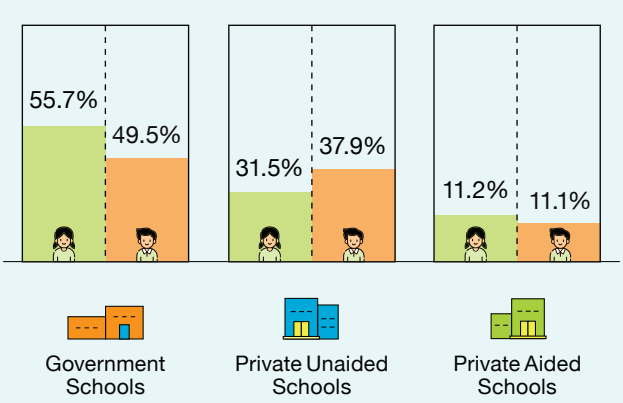


Fig 11 | Source: MoSPI 2019

*A quintile represents equally divided fifths - the poorest assumed to be the first quintile, or first 20%, and the wealthiest assumed to be the fifth quintile, or people between 80%-100%

WHAT PERCENTAGE OF GIRLS AND BOYS ATTEND EACH TYPE OF SCHOOL?



The average expenditure on education for girls is 11%-18% lower than that for boys (MoSPI 2019). This pro-male bias is seen across communities, castes, household expenses, and irrespective of whether the parents are educated or not (Maitra et al 2016)

Fig 12 | Source: U-DISE 2019

25% of SC students and 17% of ST students are enrolled in private schools, lower than national average

SCHOOL ENROLMENT BY CASTE AND MANAGEMENT TYPE

A comparison of IHDS surveys from 2004-05 to 2011-12 shows that over 7 years, private unaided enrolment for SCs has expanded at the same rate as enrolment for Forward Castes (Chudgar et al 2016)

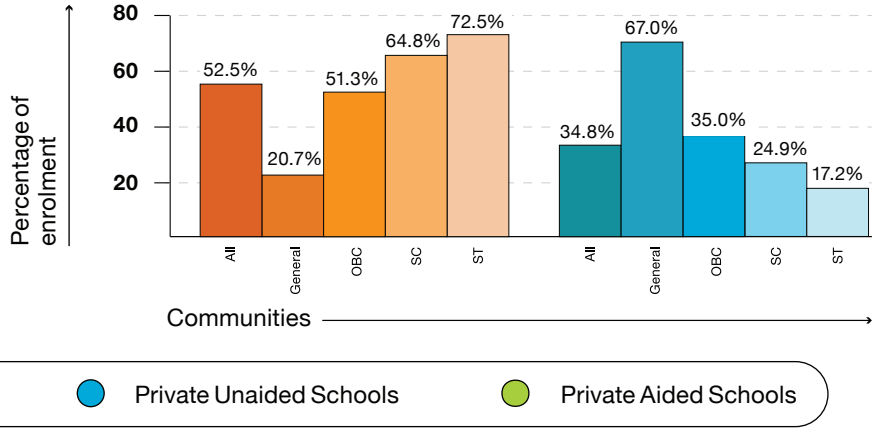


Fig 13 | Source: U-DISE 2019

India has attempted to expand school choice for parents through various schemes, but design and implementation of these need to be improved

Lottery for the Poor: RTE Section 12(1)(c)

25%

This is India's largest voucher program wherein private schools are mandated to reserve 25% of their seats for the socio-economically backward

Implementation is spotty, with high variation across states. Nationwide, only 29% of 21 lakh reserved seats are filled

An evaluation finds that students who enrol in private schools through the provision would likely have gone to private schools even without the RTE. Their learning outcomes are also not significantly better than those who apply for the RTE lotteries but do not get them (Damera 2017)

Government is supposed to reimburse schools but schools have faced long delays in receiving the same

Public Funding, Private Management: The Paradigm of Private Aided Schools

Private aided schools are nominally run by their private management boards and heavily governed by the state. Teacher recruitment and salaries are managed by the state

After the early 1970s, teachers are only as accountable to their respective private managements as government school teachers are to district education authorities (Kingdon 2017)

Experiments for Inclusion: Direct Benefit Transfer through School Vouchers

In the Andhra Pradesh School Choice experiment where government school students were asked to apply for vouchers, those from Scheduled Caste communities were equally likely to apply for the voucher

The addition of voucher-accepting SC students to private schools considerably increased the fraction of SC students therein. The provision of vouchers can thus significantly reduce socioeconomic stratification in private schools (Muralidharan and Sundararaman 2015)

VOICES FROM THE GROUND

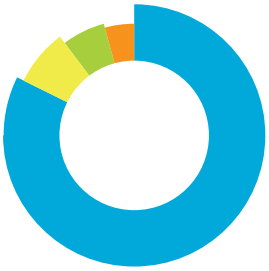
Impact of Late Reimbursements

"We don't really have a problem with the Right to Education Act. It allows poor students to come to our school. We have 149 students here and they are doing well. But what are we to do when the government does not reimburse for it? We have not got fees for the past four to five years. In fact, we got the reimbursement for the 2014 batch only in 2018. This has affected our finances. We try to make do with the ₹ 8 lakh we collect monthly as the fee from other students. But, sometimes, we are forced to pay teacher salaries very late," said a Sion-based School Principal.

LEARNING OUTCOMES IN PRIVATE SCHOOLS

Parents prefer private schools because they want better learning for their children

REASONS FOR CHOOSING PRIVATE SCHOOLS



- **73.1%** Better learning environment than govt. schools
- **12%** English-medium education
- **10.2%** Government Institute is not available nearby
- **4.7%** Other reasons

Studies have suggested that perceived failures of the government school system might be associated with the increasing demand for private education. Parents are more likely to send their children to private schools when the public school in their village displays both high levels of teacher absenteeism and has a high Pupil-Teacher Ratio (Kremer et al 2005 and Pal 2010)

Fig 14 | Source: MoSPI 2015

Overall, private schools are likely to be more efficiently run, and deliver outcomes at a third of government per-pupil expenditure

Private Schools	Government Schools
246 students on average	**120** students on average
81.4% of schools have 1 teacher per grade	**40%** of schools have less than 1 teacher for 2 grades, leading to multi-grade multi-level classrooms
1/3rd per-pupil expenditure of government schools	Less cost-effective for similar learning outcomes

Fig 15 | Source: U-DISE 2019

- Lower teacher salaries and larger school sizes contribute to cost-effectiveness in private schools
- Better Teacher-Grade Ratio means more student attention, better management spans, and more teacher specialization at later grades
- However, the proportion of chain schools, which are found to provide higher learning outcomes in other countries, is believed to be small and confined to middle- and high-fee schools in India

Compared to government schools, raw test scores in private schools are significantly higher. But this gap reduces significantly after adjusting for disadvantages in student background (Muralidharan and Sundararaman 2015)

Learning outcomes in private schools need attention

ARITHMETIC AND READING COMPETENCY OF GRADE 5 STUDENTS IN PRIVATE SCHOOLS

Fig 16 | Source: Chavan 2019 (ASER 2018 Report)

60% of rural private school students in **Grade 5 cannot solve a simple division problem**, and **35% cannot read a basic grade II level paragraph.** This suggests learning issues begin at the foundational level, and in early grades

Consequently, in the National Achievement Survey, on average, students in grade 10 in private schools scored below 50% in 4 out of 5 subjects.

CLASS X NAS RESULTS FOR PRIVATE SCHOOLS AFFILIATED TO STATE BOARDS

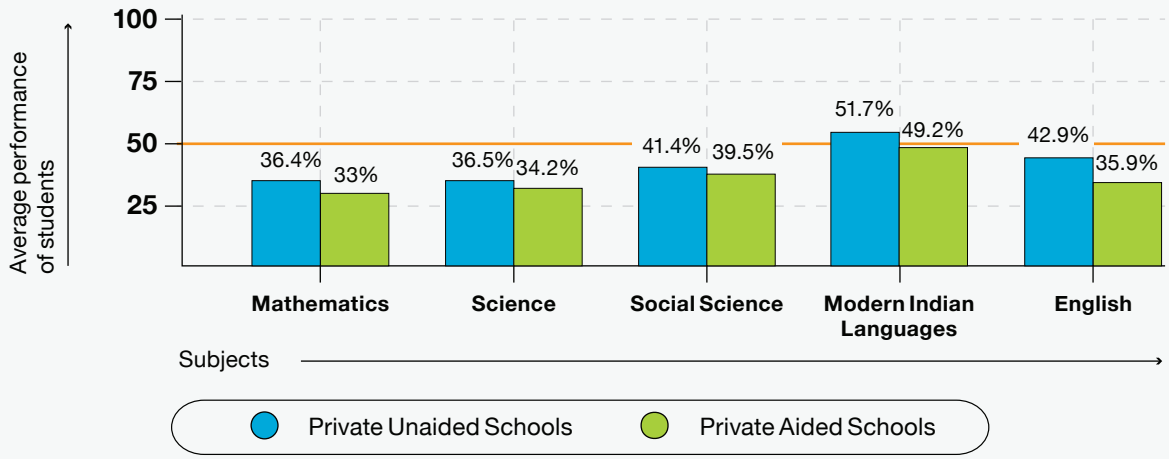


Fig 17 | Source: NCERT - National Achievement Survey (NAS) Dashboard 2017

ARITHMETIC AND READING LEVELS: TRENDS OVER TIME IN GRADE 5 IN PRIVATE SCHOOLS

Over time, learning levels have either stagnated or declined

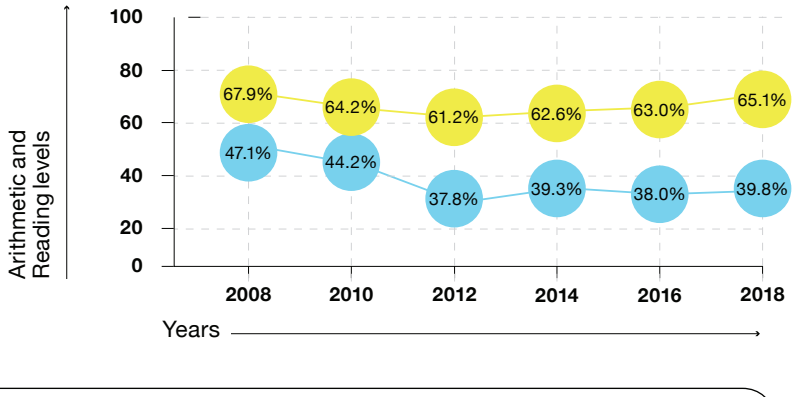


Fig 18 | Source: Chavan 2019 (ASER 2018 Report)

Learning outcomes in private schools vary across geographies and income

STATE-WISE VARIATION IN PERFORMANCE OF CLASS 5 PRIVATE SCHOOLS' STUDENTS

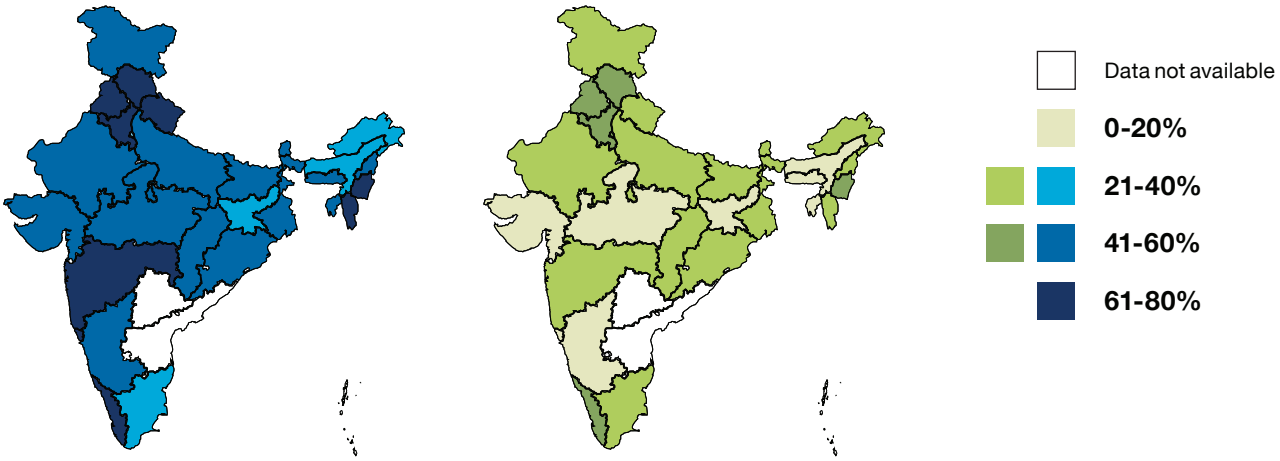


Fig 19 | Source: ASER Centre 2018

There is great inter-state variation in learning achievements across states. States like Kerala, Himachal, Haryana and Punjab perform well, while Assam and Jharkhand have lower test scores among the larger states.

However, even amongst top performing states, learning levels are low. In Punjab, the state with the highest reading ability in ASER, approximately 1 in 5 children cannot read a grade 2 text. Similarly, approximately half the children assessed in the top 3 states could not solve a division question.

URBAN-RURAL DIFFERENCES IN PRIVATE SCHOOLS

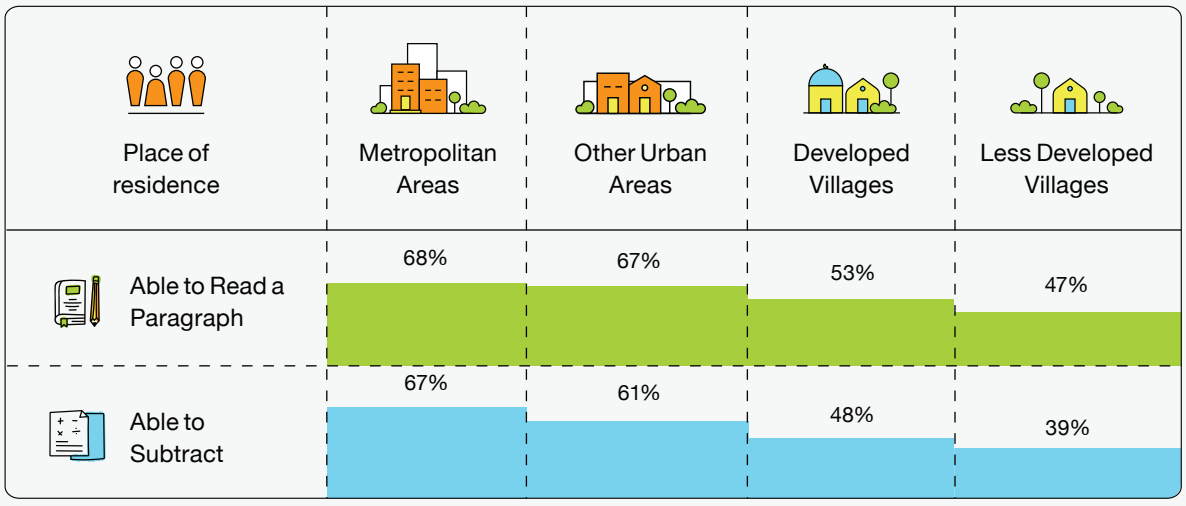


Fig 20 | Source: Pande and Dubey, n.d. (Data from India Human Development Survey 2011-12)

Private schools in metropolitan areas tend to have higher scores than those in smaller towns and villages. Private school students in less developed villages have the worst outcomes - 53% cannot read a paragraph and 61% cannot subtract (Pande and Dubey, n.d.).

ACADEMIC PERFORMANCE BY HOUSEHOLD INCOME QUINTILE FOR CHILDREN ATTENDING PRIVATE SCHOOLS*

*Tests were administered to children aged 8-11 years

Fig 21 | Source: Pande and Dubey, n.d.

Socioeconomic status is a key factor that impacts learning outcomes across the board, and there is a wide learning gap between the richest and poorest students in private schools. However, even amongst the students from the wealthiest households, 30% of students in the 8-11 years age group cannot read a story and 32% cannot do basic subtraction.

Learning levels in private schools are driven by a range of factors

Parents lack information on school quality	Since 60% of private unaided schools end before the grade of board exam testing, it becomes difficult for parents to judge the quality of their schooling options (U-DISE 2019).
English-medium instruction	42.5% private schools offer English as a medium of instruction. Even though, parents link English-medium instruction with higher labor market returns, research shows learning outside mother tongue in the early years can have negative impact on learning outcomes (Abadzi, 2008).
Teaching Quality	Teacher salaries and qualifications in private schools tend to be lower than in government schools. However, teacher presence and activity are higher on average in private schools which are stronger predictors of learning outcomes (Singh 2013, Kremer and Muralidharan 2008).
Student's socio-economic background	Poverty, parental education, and gender are found to be among key indicators that affect student learning in rural primary schools in India, with poverty being the strongest predictor of low learning levels (Alcott and Rose 2017).
Lack of learning-focus in regulations	The current regulatory architecture does not prioritise learning, and enforces non-contextual requirements which might have adverse effect on school quality.

ROLE OF PHILANTHROPY IN ADDRESSING LOW LEARNING LEVELS

Bain Philanthropy Report 2011 found that 40% of high net worth donors see education as their top cause (Bain and Company 2011). Philanthropists seeking learning impact could catalyse existing forces within the sector to drive scale.

This can be done through investments in service providers who assist schools with educational and operational needs like teacher training, lesson-plan scripting or assessment or access; in school chains and in innovative financing options through non-banking finance companies. Philanthropists can also enable school choice by building parent understanding of quality markers or piloting effective dissemination of universal learning indicators to parents, as, for example, some part of the consultancy FSG's PIPE program (Jain 2018) or non-profit Akshara's Gram Panchayat Contests (Kurukundi, n.d.) aim to do.

The primary objective of any education system is learning, and it is critical for Indian policymakers and schools to re-orient towards this through practical and evidence-based policies that work well for all schools.

KEY BARRIERS TO LEARNING IMPROVEMENT

Today, there are two key systemic barriers to improvement in learning outcomes: Regulation and Information

DYNAMICS OF THE PRIVATE SCHOOL ECOSYSTEM

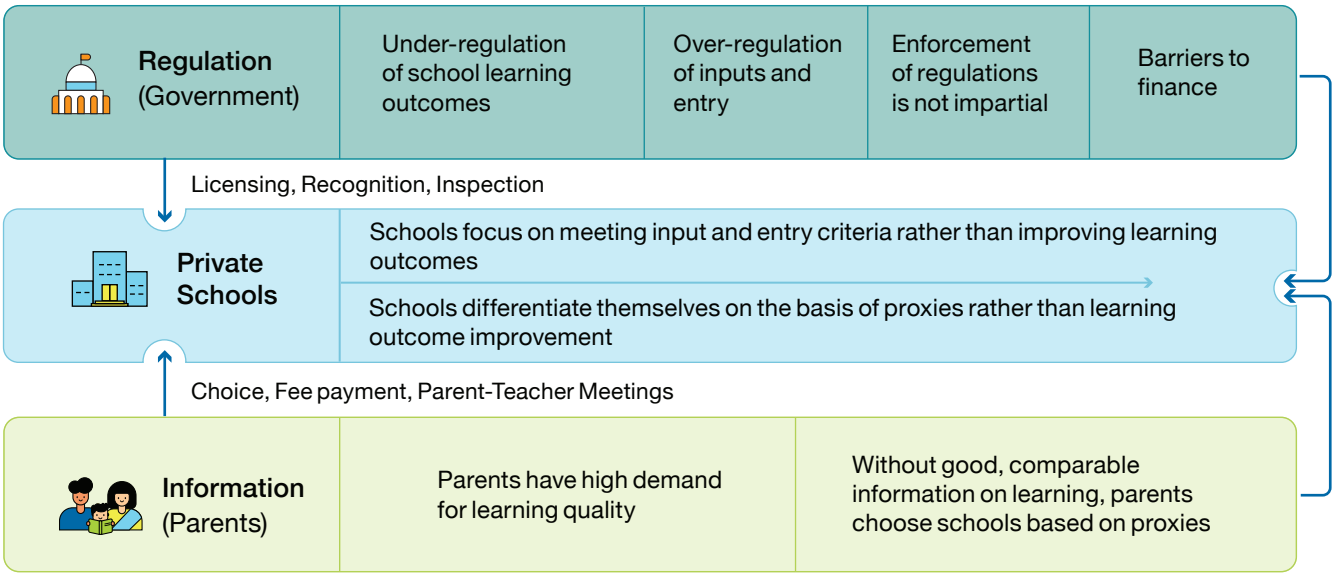


Fig 22

The first barrier to learning outcome improvement is complex, input-focused regulations

a) Learning outcomes are not a focus of existing regulatory frameworks

SOURCES OF PRIVATE SCHOOL REGULATION

Governance*	**Societies Registration Act, 1860 or the Indian Trusts Act, 1882** *Central Legislation*	**Right to Education Act (RTE), 2009** *Central Legislation*	**State Education Acts**** *State Legislation*
Finance*	**Societies Registration Act, 1860 or the Indian Trusts Act, 1882** *Central Legislation*	**Fee Regulation Acts/Bills** *State Legislation*	**Multiple Court Judgements** *Courts*
Operations	**Right to Education Act (RTE), 2009** *Central Legislation*	**State Education Acts**** *State Legislation*	
Infrastructure	**Right to Education Act (RTE), 2009** *Central Legislation*	**State Education Acts**** *State Legislation*	**CBSE, ICSE, State Boards, NIOS** *Boards*
Learning Outcomes	**CBSE, ICSE, State Boards, NIOS** *Boards*		

*Additional sources include Companies Act, 2013 in Haryana, Uttar Pradesh and Section 8 of Companies Act, 2013 in Maharashtra
**State Education Acts include State Acts, Rules, State RTE Rules and Government Orders on RTE norms

Fig 23

b) Regulatory agency design complicates implementation

i. CHALLENGE: Conflict of Interest and Unclear Responsibilities

Implementation Gaps

1. Delegation of powers to officials through geographic distinctions, not specific functions.
2. One official holds two positions across government and private schools e.g. Govt. school principal and inspector of private school
3. Multiple agencies regulate private schools without coordination: e.g Commissions for Protection of Child Rights, Boards.
4. Inspection proformas have yes/no answers to subjective questions - eg. "How thought provoking were the teachers' questions?"

Consequences

- Delays or unexpected refusals of recognition, requirements beyond the RTE Act, 2009
- Policies to streamline opening of aided/unaided schools are delayed
- Allowing parents to avail the benefit of seats for students from Economically Weaker Sections under the RTE Act, 2009 only when all seats in government schools in the area are occupied
- Property tax increases only for private unaided schools
- Reimbursement under 12(1)(c) of RTE to private unaided schools delayed or pending

ii. CHALLENGE: Implementation Gap due to Limited State Capacity

Implementation Gaps

1. Government officials claim that understaffing leads to low task completion, estimate that department operates at 40% capacity
2. A process spanning 2-3 days is stipulated for each inspection as per Delhi state guidelines (Delhi School Education Act & Rules, 1973), yet notice to schools only requires 2-3 hours for inspection.

Consequences

- As a consequence, there can be 2-8 years between inspections for schools
- Though annual inspections are stipulated, only 3.4% schools are inspected in a year
- The entire inspection process can take upto 919 days, as inspection team goes through a 68 point checklist
- Inspection report can be shared after upto 573 days after the inspection

iii. CHALLENGE: Lack of Accountability

Implementation Gaps

1. Inspection Reports not publically available
2. Opaque mechanism for complaint resolution for parents and schools
3. Long and costly judicial pathway

Consequences

- Non-standardised judgements on inspections cannot be challenged
- Many school owners informally admit to "facilitation payments" to inspectors, suggesting high levels of graft
- Parents cannot use inspection information to drive accountability

Fig 24 | Source: Centre for Civil Society, 2019 and Centre for Civil Society, Forthcoming

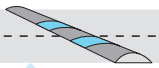
c) This results in hurdles across the school lifecycle

Opening a School

1. Capital required for school infrastructure, staffing etc. as per the RTE Act, 2009
2. Challenges with investment due to non-profit status
3. Cumbersome licensing to open, in Delhi: 125 documents required, which move through 155 steps and over 40 officers

Day-to-Day Operations

1. Unpredictable, potentially corrupt, and lengthy inspection - can take upto 919 days
2. Matching government teacher salaries would lead to 300% fee rise for 45% of students
3. Many states have fee regulation acts in place or under review
4. Reimbursements for 3 lakh students under the RTE Act Section 12(1)(c) unpaid, only 63% of RTE funds sanctioned



Growth and Scale

1. Since schools are legally nonprofits, they often lack financial documentation
2. Access to credit is challenging, which makes scale in the sector difficult

Fig 25

Case Study: Steps for Opening a Private School in Delhi

Registration Certificate

Office of the Registrar of Societies

Delhi Societies Registration Act (1860)

7 Documents Required

Essentiality Certificate

Department of Education

Delhi Education Act (1973)

29 Documents Required

Certificate of Recognition

Department of Education

Delhi Education Act (1973)

82 Documents Required

Certificate of Upgradation

Department of Education

Delhi Education Act (1973)

31* Documents Required

Certificate of Affiliation

Central Board of Secondary Education

CBSE Affiliation Bye-Laws

18* Documents Required

MCD Certificate

Municipal Corporation Delhi

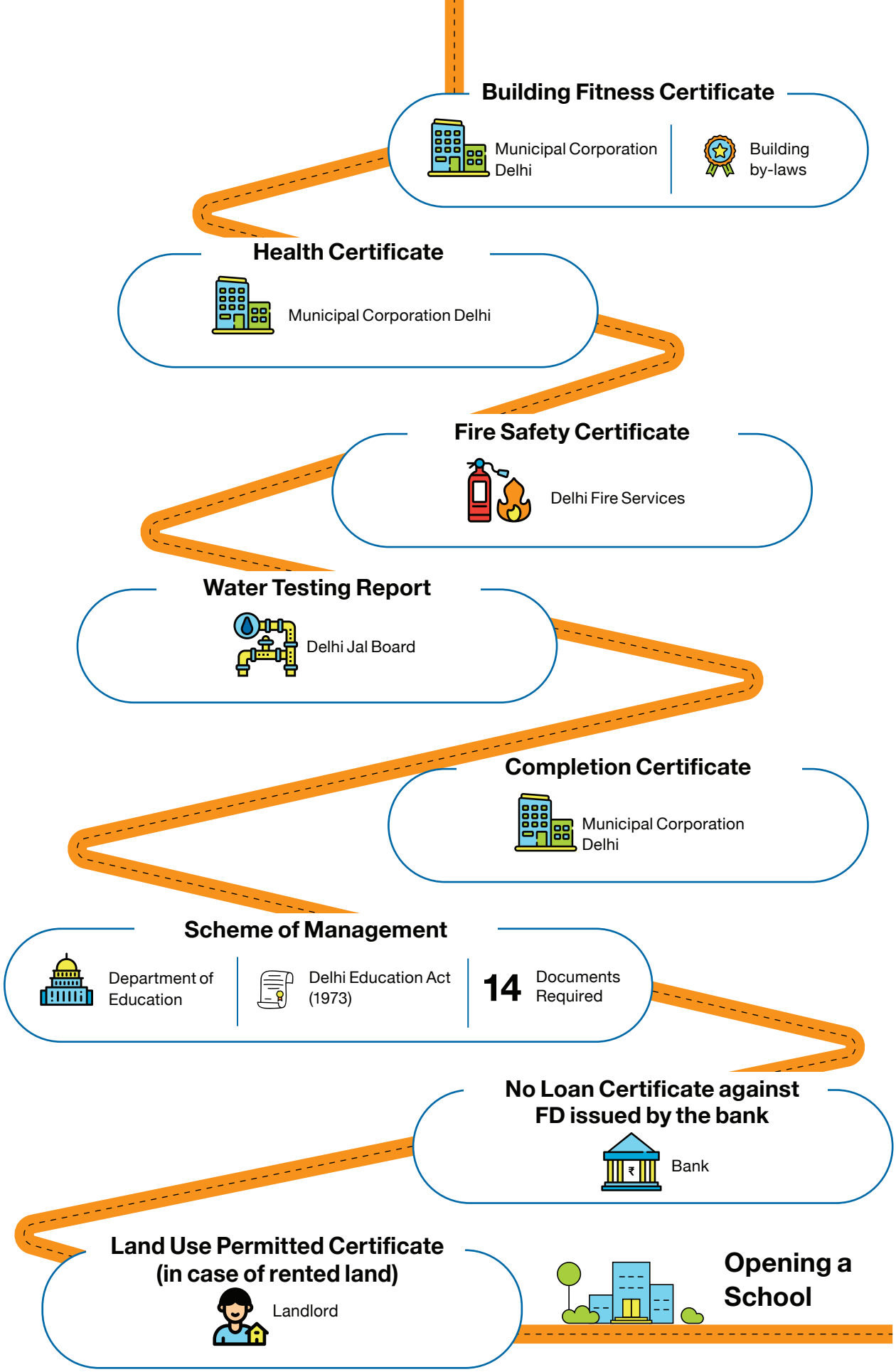
Affidavit Regarding the Proper Purchase of Land and no Violation of Master Plan in the Land Used

Municipal Corporation Delhi or Delhi Development Authority

Site Plan of theBuilding/ Sanctioned Building Plan

Municipal Corporation Delhi or Delhi Development Authority

Building by-laws



*Indicative of the requirements to be followed, which may entail more than one document (Government of National Capital Territory of Delhi, n.d., FICCI 2014, Wadhwa, n.d., Department of Education: Government of National Capital Territory of Delhi, n.d., and Central Board of Secondary Education, n.d.)

Fig 26

VOICES FROM THE GROUND

Is the road to adopting existing regulatory norms also the road to quality?

Shishir (name changed) is the owner and HM of a low- fee private school in Hyderabad which recently achieved the status of a recognised private school, meaning that the school now supposedly adheres to the regulatory norms set forth by the government. Shishir laments that the process of achieving recognition was a long and difficult process for him, especially since he saw no value addition to his school except the permission to expand his school from elementary to secondary grades. Some of the regulations like the requirement of hiring B.Ed. qualified teachers or the presence of a playground seem impractical to him, especially since the inspector in-charge doesn't check for these in his annual inspection.

Shishir says:

> I spent ₹ 4-5 lakh to get recognition for this school. That is money I could have spent on improvement projects, and time I could have spent dealing with problems in the school and not running around behind someone. Recognition in itself does not have any effect on the quality of learning in the school

The second barrier is lack of information on school quality for parents, due to the under-regulation of learning outcomes

INFORMATION ASYMMETRY AND LOW LEARNING

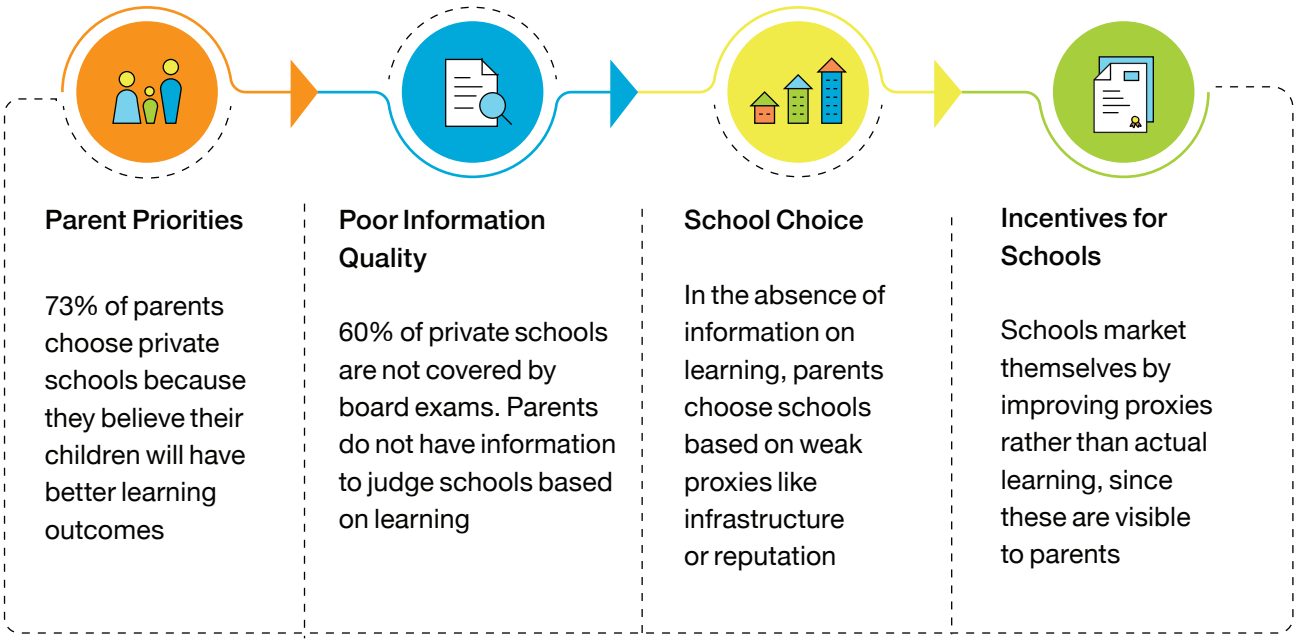


Fig 27

The COVID-19 crisis has also reinforced the urgent need to enable this sector through reform, as revealed by the findings from an exploratory survey done by CSF with nearly 100 stakeholders, including parents, school leaders, teachers and service providers in the private schools sector

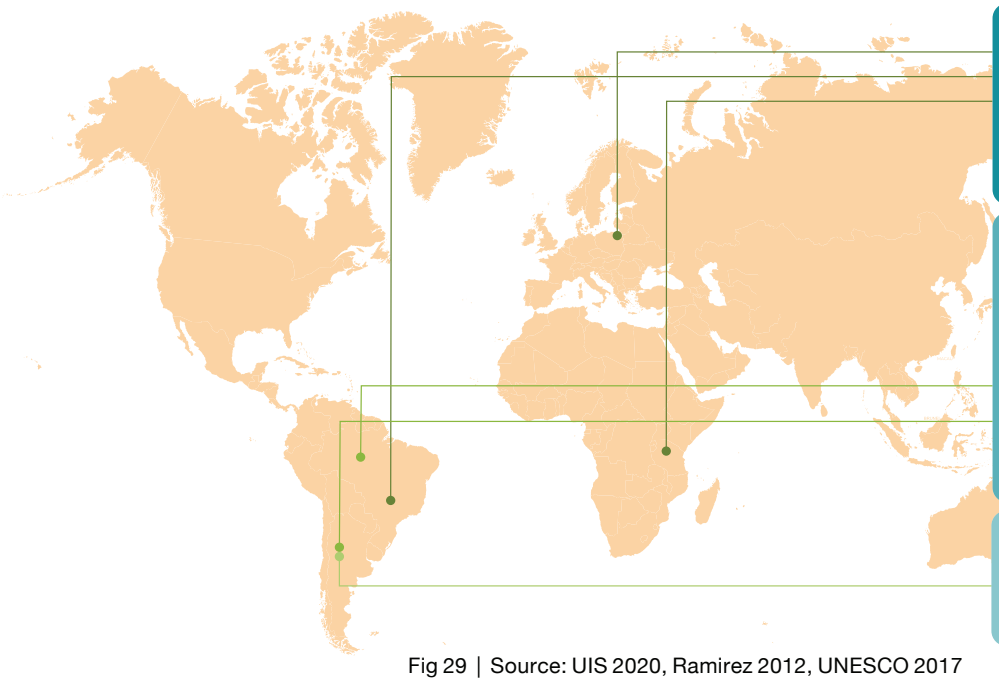
Short Term	Medium to Long Term
COVID-19 Impact	
• Significant impact on school revenue • Reduced fees payment; anticipated switches to cheaper and govt. schools • Unpaid teacher salaries • Access to working capital difficult	• Demand from parents will lead to continued growth in private school enrollment share • Structural reforms (if done right) will enable entry and financing and give rise to new generation of school entrepreneurs and investors
Structural reforms to open up the sector and provide better information to parents	
Implications	
• Potential school closures • Impact on student learning due to challenges in accessing online education	• More open, efficient sector • Empowered parents, exercising demand effectively • Overall improvement in learning and equity outcomes

Fig 28

GLOBAL GOVERNANCE MODELS

Various countries have taken the need to improve private school governance very seriously, focusing on different areas

PRIVATE SCHOOL ENROLMENT ACROSS THE GLOBE



Regulatory Independence: UK (OFSTED/ISI), Tanzania, Uruguay (INEEd)

Learning Outcome Measurement and Information Disclosure: Chile (SIMCE), Bangladesh (Primary School Certificate), Brazil (Prova Brasil)

Expansion of Access through Vouchers: Chile (SEP)

Fig 29 | Source: UIS 2020, Ramirez 2012, UNESCO 2017

Reforms in Chile helped it improve on PISA scores drastically

Policy

Universal Learning Indicator (SIMCE)	Students in Grade 4 assessed yearly, Grade 8 and 10 every alternate year. Socioeconomic status (SES) characteristics also collected	Index accounting for academic, non-academic outcomes and student SES used to rank schools	School quality information disseminated to parents through newspaper reports, parent reports, geo-referenced website

Implications

Parents don't have learning outcome information

Schools and Grades		Lang.	Math
School 1	Grade 4	26	24
School 2	Grade 4	27	34
School 3	Grade 4	45	50

Parents are given the school reports

Schools compete to improve their schools' outcomes

Outcome improvements are signalled in the next school report

Fig 30 | Source: Ramirez 2012, Meckes and Carrasco 2010, Andrabi et al 2017, Afridi et al 2017

Research studies by Harvard Evidence for Policy Design and Indian Statistical Institute in South Asia find that disclosing test-based school quality information to parents improves student learning

Impartial regulatory systems have been attempted in the UK and Uruguay, but need practical design, as seen in Tanzania

Britain and Tanzania: Independent Inspection-Led Systems

Highly trained inspectors monitor school quality, support school improvement, and disseminate best practices

Implementation Fidelity

Britain	Tanzania
• Schools are graded in four categories (Outstanding, Good, Requires Improvement and Inadequate) • The weakest schools are inspected every 18 months, while the strongest are inspected every five years • Inspectors are chosen from among the best performing teachers and are highly trained to support schools	• Shortage of personnel and lack of transport, leading to low frequency of inspection • Inspections focused on infrastructure rather than pedagogy • Leads to a large number of unofficial schools and graft

Uruguay: Independent Assessor and Accreditor

- It compiles key information for national monitoring (statistics and indicators); and evaluates the Uruguayan education system across private and public schools, producing the biennial "Report on the State of Education in Uruguay."
- It develops evaluation and assessment capacities in the system (improvement of practices and training for evaluation and assessment)
- It contributes to the development of evaluation and assessment procedures and instruments
- It is supervised by a governing board with six members: two nominated by the state agency responsible for planning, management and administration of the public school system, two nominated by the Ministry of Education, one nominated by Uruguay's oldest public university and one nominated by a representative of private school providers

Fig 31 | Source: Ofsted 2018, Baum et al 2017, Uwazi Infoshop at Twaweza, n.d., OECD 2016, Roberts 2015

International Examples of For-Profit Private Schools

While rigorous evidence on the links between for-profit schools and learning quality of education systems is hard to find, for-profit schooling is legally permitted across the world. Countries that allow for-profit schools include the USA, China, Japan, Germany, the UK, Brazil, Canada, Sweden, South Korea, Singapore, Hong Kong, Thailand, Vietnam, Indonesia, Dubai, Abu Dhabi, Qatar, Oman, South Africa, Egypt, Kenya, Morocco, and Uganda (EY Parthenon 2019).

POLICY IMPLICATIONS

Five reform pillars to improve learning in private schools emerge from international and research-based evidence

Create a universal learning indicator
to help parents compare learning performance across schools and make informed decisions

Develop a pragmatic accreditation framework
to replace input requirements that factors in constraints of low-fee schools and state capacity to implement while focussing on learning outcomes and child safety

Establish an independent regulatory agency for education, separating government powers between school provision and regulation for impartiality

Review non-profit mandate and existing fee regulations
to attract investment and enable easy access to credit for schools

Strengthen RTE Section 12(1)(c)*
by ensuring more robust targeting and fee reimbursement mechanisms, like direct benefit transfers

*Mandates 25% reservation in private schools for economically disadvantaged students

Fig 32

The demand for quality and improvement these reforms create will ripple out to to other key stakeholders in the ecosystem

Increased demand for **service providers** focused on quality once parent demand for quality becomes effective

Space for **investors** to invest directly in schools as well as service providers

Philanthropists could focus on quality improvement for bottom of the pyramid schools and parent empowerment

Government school system improves in tandem, driven by competition

Fig 33

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ABOUT THE ORGANISATIONS

Central Square Foundation (CSF) is a non-profit organisation working towards ensuring quality school education for all children in India. Since 2012, CSF has partnered with the government, the private sector, non-profit organisations, and other ecosystem stakeholders to improve the learning outcomes of children, especially from low-income communities. CSF is driven by its mission to enable the school education system to adopt solutions that are scalable, sustainable and effective so that all children get equal access to opportunities needed for leading a better life.

To learn more, please visit **http://www.centralsquarefoundation.org/**

Omidyar Network India (ONI) invests in bold entrepreneurs who help create a meaningful life for every Indian, especially the hundreds of millions of Indians in low-income and lower-middle-income populations, ranging from the poorest among us to the existing middle class. To drive empowerment and social impact at scale, ONI works with entrepreneurs in the private, non-profit and public sectors, who are tackling India's hardest and most chronic problems. Omidyar Network India makes equity investments in early stage enterprises and provides grants to non-profits in the areas of Digital Identity, Education, Emerging Tech, Financial Inclusion, Governance & Citizen Engagement, and Property Rights. Omidyar Network India is part of the Omidyar Group, a diverse collection of companies, organisations and initiatives, supported by philanthropists Pam and Pierre Omidyar, founder of eBay.

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