



Relationship between private schooling and achievement: Results from rural and urban India^{☆,☆☆}

Amita Chudgar^{a,*}, Elizabeth Quin^{b,1}

^a College of Education, Michigan State University, 408, Erickson Hall, East Lansing, MI 48824, USA

^b Department of Economics, Michigan State University, USA

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ABSTRACT

This paper contributes to the important but small body of research on the role of private schools in Indian education. It uses a household dataset from India with a rich set of household covariates and student performance data on reading, writing, and mathematics. For both rural and urban India the results from regression analyses indicate that private school students perform better on tests controlling for covariates. In both contexts, however, the private school benefit becomes largely, statistically, insignificant after conducting multivariate analysis on data balanced using the propensity score matching technique. The paper also makes an initial attempt to identify 'low-fee' private schools; within the regression framework it finds that children in such schools may perform no better than their public school counterparts. The data and methods used in this paper are not without limitations; however these analyses call into question the claim that private school effect may be unequivocally positive and highlights the potential heterogeneity in private school performance in the Indian context.

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1. Introduction

Several recent developments in Indian education have led to a growing interest in the performance of private schools, especially in their relative ability to improve student achievement compared to public schools. In the

western literature, which focuses primarily on the United States, several researchers have investigated this issue using a range of datasets and econometric techniques. In the Indian context, however, such research is still quite limited, so this study makes a useful contribution. We use the propensity score matching technique along with ordinal logit and ordinary least squares regressions on recent, nationally representative, household data from rural and urban India, and investigate the relative performance of public and private schools.

1.1. Indian education, relevant background

Several interrelated factors are driving the interest in how private schools are performing in India. In recent years India has enjoyed tremendous success in enrolling millions of previously un-enrolled children in school (e.g., Government of India, 2009–2010). As more children enroll in school, academics, policymakers and parents have become more interested in how well students are performing, regardless of what school they attend.

[☆] The results reported in this paper are based on India Human Development Survey, 2005. This survey was jointly organized by researchers at University of Maryland and the National Council of Applied Economic Research. The data collection was funded by grants R01HD041455 and R01HD046166 from the National Institutes of Health to University of Maryland. Part of the sample represents a resurvey of households initially surveyed by NCAER in 1993–1994.

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* Corresponding author. Tel.: +1 517 353 5342.

E-mail addresses: amitac@msu.edu (A. Chudgar), quineliz@msu.edu (E. Quin).

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At the same time, this massive surge in enrollments has placed additional pressure on the already strained government school system which is also the largest provider of education in India.² Several studies point to widespread parental dissatisfaction with the performance of the government schools. They argue that government schools are fast losing their enrollments to private providers (e.g., Muralidharan & Kremer, 2006). Guided at least in part by this growing dissatisfaction with the government school system, the nation has seen a steady growth in private school enrollments (e.g., Kingdon, 2007; Wadhwa, 2009). This growth in the private school sector is yet another factor that guides the growing interest in their performance compared to that of public schools.

The phenomenon of the growth of private schooling is also nuanced. Based on recent research, James Tooley and his colleagues argue that much of the growth in private schooling is actually occurring in the so-called 'low-fee' private school sector: privately-run schools that cost far less than elite private schools. One of the most important cost-saving strategies among these schools is lower teacher salaries. According to Tooley and Dixon (2003), at least in certain parts of urban India such schools may actually dominate and outnumber public schools. This fascination with a potentially low-cost yet more effective alternative to public schools is the third factor that has led to an interest in the performance of private schools in India.

Finally, and most recently, the Indian government passed the Right to Education Bill. Among other things this landmark bill mandates that all private schools must reserve 25% of their seats for poor and marginalized children, and that the cost of these seats will be paid by the government. The bill also mandates that the government will regularize the operation of private schools (Gazette of India, 2009). Once again, this highly debated and discussed bill has underscored the need to better understand how well private schools are performing in India.

To summarize; general growth in school enrollment, increased performance pressure on government school systems, growth in the private school sector, the emergence of low-fee private schools, and the added focus on private schools because of the Right to Education bill have led to great interest in the performance of private schools in India. Do these schools produce higher achievement and do they produce such outcomes more efficiently (at lower costs)? These questions have been at the center of several civil society and policy debates.³

² According to 2008–2009 data (Mehta, 2011) at the elementary level 70–80% of all rural enrollments are in government school where as 36–50% of all urban enrollments are in government schools. Since 70% of Indians still resides in the rural areas, this makes the government the largest provider of elementary education.

³ For instance, a group of citizens in New Delhi, India's capital, have formally come together to demand a more systematic implementation of school choice via school voucher programs. This School Choice Campaign (SCC) spearheaded the Delhi school voucher program. To give another example, in 2009 India's leading Economics and Policy journal *Economic and Political Weekly* carried an impassioned exchange spanning several issues between policy scholars, educational and economic researchers about the role and importance of private schools in Indian education.

1.2. Private school performance: Existing research from India

Little empirical evidence is available on the performance of private schools in India. Researchers have found that, in general, without accounting for covariates (or in raw terms) children in private schools out-perform those in public schools (e.g., Wadhwa, 2009). Even after controlling for covariates, various studies that rely on varied samples and varied methods generally tend to find a private school advantage (e.g., Goyal & Pandey, 2009; Kingdon, 2007; Muralidharan & Kremer, 2006; Tooley, Dixon, Shamsan, & Schagen, 2010).

However, to truly identify the effect of private schooling it is important not just to control for covariates in a regression framework but also to account for the selection issue. That is because children do not enroll in schools randomly; their school participation reflects their parents' explicit choices and the value their family places on education, factors that may in turn be related to the children's achievement. Conventional data indicate that children 'sort' into school types: typically, the children from better off and better informed families tend to enroll in private schools (e.g., Goyal & Pandey, 2009). This sorting leads to the possibility that in the regression framework $cov(PRIVATE, e_i \neq 0)$, where e_i is the error term in the regression equation which in turn would lead to a biased estimation of the 'private' school effect.

In India, to our knowledge, four studies have attempted to explicitly account for, or correct for, the selection issue (Desai, Dubey, Vanneman, & Banerji, 2008; French & Kingdon, 2010; Goyal, 2009; Kingdon, 1996). In general these studies find a positive effect for private schools; after appropriate corrections are made for the selection issue, this effect may be attenuated but it does not disappear. Kingdon (1996) uses the selection approach developed by Heckman, Ichimura, and Todd (1997) to correct for selection bias, and Goyal (2009) uses a technique proposed by (Altonji, Elder and Taber, 2005, cited in Goyal, 2009) to measure the selection bias. The key limitation of these studies is that their findings have only limited generalizability. Kingdon's study is based on data from one district in one state, and Goyal's study uses data from eight districts in just one Indian state.

French and Kingdon (2010) had access to data from all of rural India, with a set of household covariates including maternal age, maternal grade level education, and maternal reading ability. Like Goyal (2009), they measured selection bias using the technique proposed by Altonji, Elder and Taber. They used household fixed effects to correct for selection and measure the effect of private schooling at the child level (which is the focus of the present paper). They similarly used a 3-year panel of village level data to correct for selection and measure the private school effect at the village level. Using the household fixed effects approach they compared the performance of two children within the same household where one child was enrolled in private school and another in public school. This approach allowed them to account for all the observed and unobserved household covariates. However, the household fixed effects approach is also not without limitations. The

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