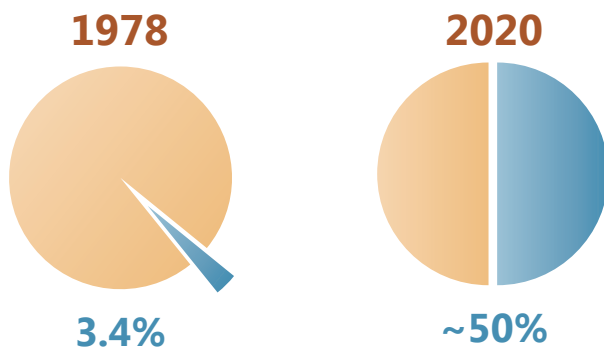


## The rise of private schools

Nearly 50% of all students are enrolled in schools run by non-state actors in India. From 2010 to 2014, enrolment in private schools rose by 16 million (Kingdon 2020).



Increase in student enrolment in private schools between 1978 and 2020

(Central Square Foundation 2020)

## What are Budget Private Schools (BPS)?

BPS charge fees less than the per-child expenditure incurred by government schools (per National Independent Schools Alliance). They cater to parents who are

- 1 From economically weaker sections or disadvantaged communities
- 2 Unable to afford the fees of higher-end private schools
- 3 Not satisfied with the education provided at government schools and seek affordable alternatives

BPS accounts for 70%-85% of student enrolment in India's most populated states (Kingdon 2020; CSF 2020).

## Legislations regulating education in India

Education is a **concurrent subject** (Entry 25), that is regulated by both Union and state governments.

### In numbers

#### Central level

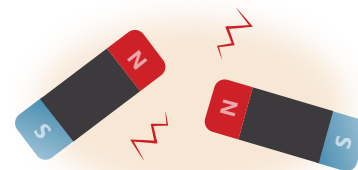
Right of Children to Free and Compulsory Education Act, 2009 (RTE Act).

#### State level

Roughly, **145** state Acts and **101** corresponding rules exist for K-12 education across India.

**West Bengal** has the most voluminous K-12 education laws in India with **61,458 words**. This is followed by Telangana (43,333) & Maharashtra (42,811).

**Nagaland** has the least voluminous K-12 education laws in India with **1,002 words**. This is followed by Kerala (7,312).



RTE rules, state acts, executive orders, notifications, and circulars issued are often in **dissonance** with each other (Ambast, Gaur, and Sangai 2017).

# Regulatory touchpoints for private schools under K-12 legislation

Currently, K-12 laws



## Licence to operate

Mandate schools to obtain infrastructure-based recognition



## Staff employment

Specify minimum teacher qualifications and salaries



## Inspection

Define purpose, procedure, and frequency of school inspections



## Grievance redressal

Govern issues, parties, procedure, jurisdiction, and finality (stage of no appeal for a dispute)



## Fees

Assign caps on school fee

We conducted a survey among **1,052 schools** across 5 states in India: **Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, and Telangana.**

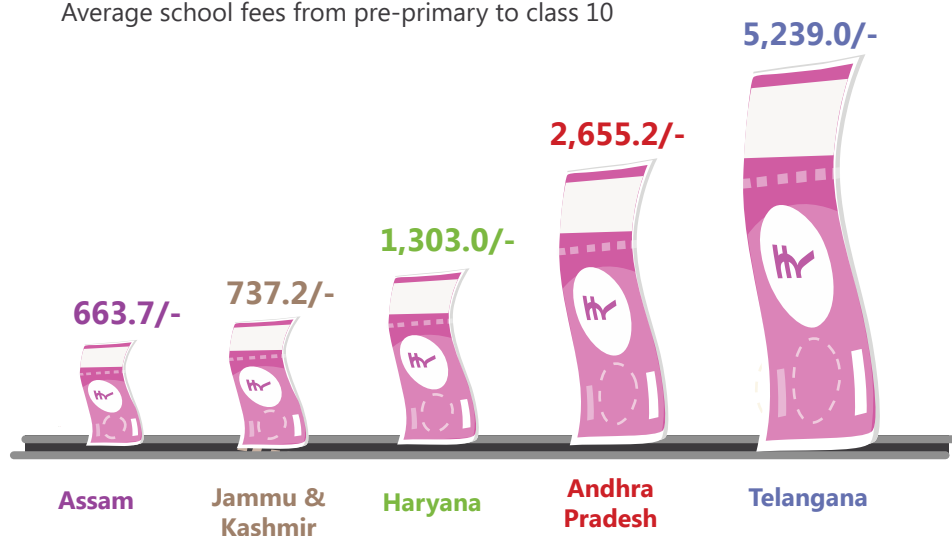
Our findings are as follows

## 1 Budget Private Schools offer quality education at low cost

To contextualise the quality of education provided by BPS, we studied the fees they charge. The figure below presents average monthly fees charged by BPS.

Average school fees from pre-primary to class 10

- BPS provide education at one-third the cost of government schools
- Their quality of education is marginally better than that of government schools



The following percentage of BPS either '**strongly agree**' or '**agree**' that their students are learning well *Haryana: 71.2%* ; *Andhra Pradesh: 75%* ; *Jammu and Kashmir: 62.1.9%* ; and *Telangana: 70.4%*.

## RTE focuses on input standards instead of quality

As per the RTE, no school may be set up and no existing school may continue to operate without recognition. This requires schools to meet input standards such as



At least one classroom per teacher



Separate toilets for boys and girls



A kitchen to cook mid-day meals



Access to a playground



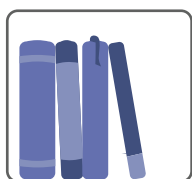
Safe and adequate drinking water



Barrier-free access to school building

## Budget Private Schools comply with legal requirements and offer additional facilities

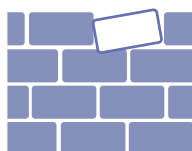
Most of the schools surveyed meet the infrastructure requirements for obtaining recognition under RTE. Some schools go beyond the mandate to offer additional facilities.



**85.04%**  
Have a library



**99.60%**  
Provide access to safe & adequate drinking water



**93.48%**  
Secure school building with a boundary wall



**99.38%**  
Have separate toilets for boys & girls



**69.2%** in Haryana, **70.5%** in Jammu & Kashmir had interactive smart tools available in the classroom



**All** the interviewed schools in Assam have computers available for students

Average taken across 5 states: Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, and Telangana.

## Budget Private Schools emphasise quality checks through regular meetings

BPS regularly organise parent-teacher meetings. These meetings signalled that learning outcomes and quality of education are the most critical discussion points for schools and parents.

Most discussed topics during parent-teacher meetings

**Teacher quality** **Fees**  
**Child performance** **Child safety**  
**Teacher behaviour** **Infrastructure**

# 3 K-12 laws accord differential treatment to private & government schools

State governments operate their own schools, regulate private schools, and set policies for all. Private schools have to compete with the government, that plays the role of both a market player and a referee. This creates a clear conflict of interest and regulatory asymmetry.

The following table shows how state functionaries are vested with multiple and overlapping functions

FUNCTIONARIES	REGULATORY			SERVICE DELIVERY	FINANCING	ASSESSMENT
	RULE MAKING	COMPLIANCE	ENFORCEMENT			
Director of Education						
Deputy Director of Education						
District Education Officer						
Local Authority						
State Government						

## Legislation grants tremendous discretionary powers to the executive

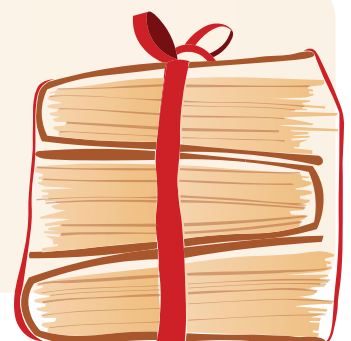
Common discretionary phrases in state-level K-12 legislation sized as per frequency



## Regulatory asymmetry

Government adopts a '**supportive approach**' to build the capacity of government schools but the **heavy hand of regulation** for private schools.

(Sharma and Chandra 2017)



# Differences in the language of the provisions related to private schools vs government schools

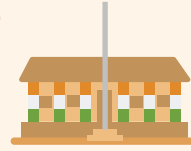
## Private schools

## Government schools

**Shall be granted permission**  
**May enter & seize**  
 Shall jointly & severally liable  
 Shall not be terminated  
 Shall be suspended dismissed or removed  
**Shall deposit & pledge**  
 May cause an inspection  
 Shall be liable  
**May takeover**  
 May debar  
**May withdraw**  
 Shall be recognised  
**Shall conform**  
 Shall handover  
**Shall be punished**  
 Shall cease to function



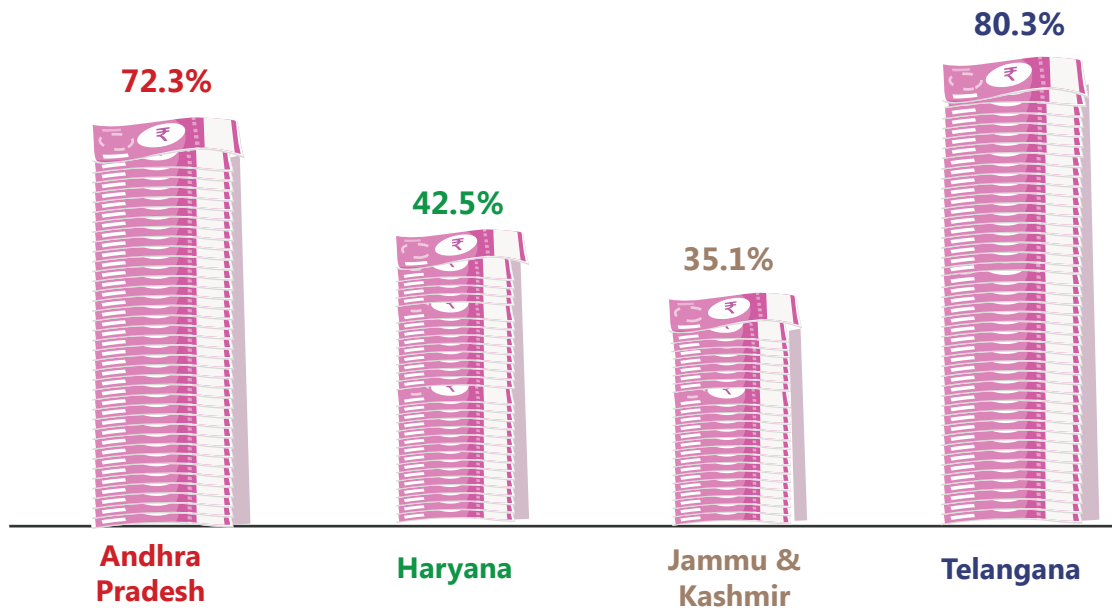
**Shall ensure**  
**Shall provide available**  
 Shall maintain  
**Shall monitor**  
 Shall decide  
**Shall develop**  
 Shall admit  
 Shall identify  
 Shall perform  
**Shall establish**  
**Shall prepare**  
**May make available**  
 Prepare, coordinate, oversee  
**Shall enrol**  
**May suitably alter**  
**Shall estimate**  
**Shall designate**  
 Shall organise  
 Shall undertake



# 4

## The unofficial 'requirements' for recognition

Percentage of BPS that paid more than what was officially required for recognition



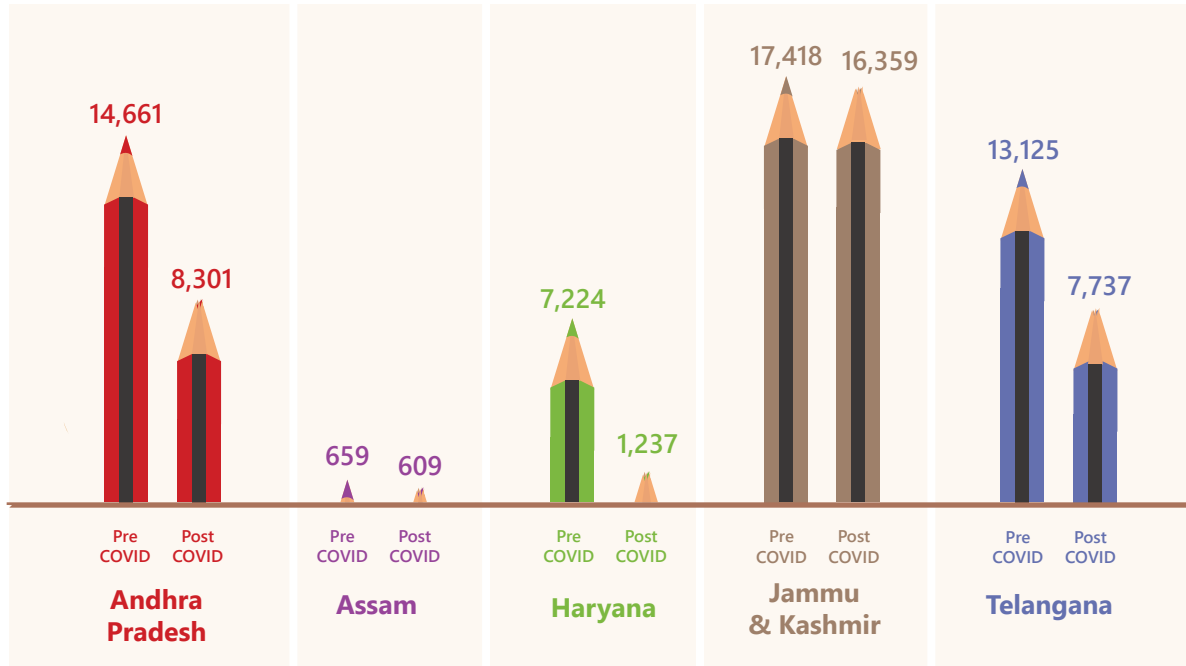
*"We can't work without bribing. It happens every time without fail. CBSE processes are much more transparent but with the Haryana State Board, it's impossible to get work done without bribing. I spent about 23 lakhs on just bribing this year."*

- Haryana school owner

### K-12 laws require private schools to prove their "need" in the locality

Andhra Pradesh, Delhi, Gujarat, and Telangana lay down an 'essentiality' or an 'educational need' requirement for private schools to set up.

# 5 Impact of COVID on BPS



Students in 1st Grade: Pre-COVID vs Post-COVID

The government order to shut down schools across India in March 2020 came at a great cost to BPS. Schools saw significant drop outs as parents were unable to pay fees. Further, it became difficult to conduct meaningful assessments of learning.

*“We conducted regular staff meetings. Our first step was to make staff understand that they would not get paid immediately. We also poured our own money into this.”*

*“We had to reduce staff, we have also reduced our own personal expenditure to ensure sustainability.”*

-School owners

Most schools began relying on WhatsApp and sending pre-recorded videos of teachers, and worksheets for students. Schools tried to engage students actively (regardless of fee payment) in online education.

## Fee default rate of schools

We documented a **sharp rise in the default rate for fee** collection from 2019/20 to 2020/21



**21%-40%**  
Default rate  
of most schools

After the spread of COVID-19 and its consequent lockdowns, nearly all schools across the five states struggled with fee collection. In **Haryana**, the percentage of schools with a default rate **greater than 31%** rose from ~56% to ~87%.

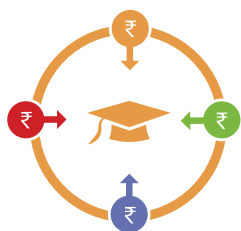
# Policy recommendations



## 1

### Replace input-based licensure with focus on quality of school services

K-12 laws must be revisited to focus on the quality of education, instead of infrastructure. They must allow more **autonomy for private schools to experiment and innovate.**

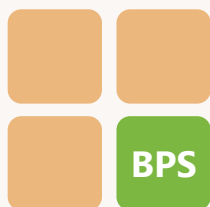


## 2

### Allow different types of service providers for K-12 education by lifting restrictions on capital

This will give schools the **freedom to run as a company, attract investments**, and be held to the accounting standards of other businesses.

Not only will this bring in another layer of **accountability** in the sector, but also **encourage innovation** and diversity in offerings.



## 3

### Create a separate regulatory category for budget private schools

The present norms, that **increase the operating costs**, should be revisited. A new category can be formulated from a **principles-based approach** that caters to **differences in schools** across India.

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