

- India significantly lags its Asian neighbours in 2 key components of human capital – Education and Health.
- Govt acknowledges the above stated findings of NAS and ASER, and pledges to ensure ‘right to learning’ as a Central object of the Right to Education Act.
- Compulsory education and enforced child healthcare to be a unified objective; modernising our public schools; imparting better English education and raising Govt spend on education/health.

### AN OVERVIEW:

Human capital is a fundamental building block of labour productivity and long-term competitiveness, which in a globalised world translates into matching the efficiency of rival nations. For India, the competitors are China and other Asian neighbours. Various studies indicate that while India’s unit labour cost of manufacturing is similar to that of China, and significantly lower than that of other Emerging and Organisation for Economic Co-operation and Development (OECD) countries (e.g., 16% of Germany), India’s manufacturing export has remained low (and dismal in comparison with China). Despite economic liberalisation’s positive impact on industrial output and export, our productivity has grown very timidly (Dougherty et al. 2009). There are many short term and long term factors, such as regulation, business environment, infrastructure and human capital, to name a few, that appear to hold back India’s productivity growth.

In this chapter, we look at the human capital scenario – more specifically education. First, we will look at the current scenario, and then separate the long-term issues from the ones that can be rectified over a shorter time frame (say by 2025). It is the latter set of issues that we are mainly concerned about here. The long-term issues can limit the gains to be made by government intervention. For the sake of completeness, I will briefly mention the long-term issues that we need to be aware of.

### ANALYSIS & DISCUSSIONS:

One important lesson of the Millennium Development Goal exercise is that the ‘demand’ for education remains stubbornly low, so much so that despite significant expansion of school facilities all over India, the tendency to drop out is still significantly high at the secondary school level. Why is this so? Several issues seem important. There is a misperception among parents, Banerjee and Duflo (2011) argues, that time spent at school has lower future returns than time spent at learning some work skills. This perception does not fit with the overwhelming evidence contrary to that produced by the returns to schooling literature globally. While the problem of misperception is not unusual among the many developing countries nations, India is the only large economy to exhibit this problem.

Our school level interventions seem to be failing for factors relating to the labour market and informal sector. Some studies have shown – and it is not generalisable to the whole economy – that workers who start working early in the informal sector often manage to transition into formal sector large firms based on their long experience rather than education. In other words, informal sector is not always a subsistence sector; it can be a pathway to large firms and good jobs at the end, and if so, then dropping out of school is worthwhile from an individual’s point of view (Saha and Sarkar, 1999). This picture, as said above, holds mainly for older children; one would expect that at the primary school level, interventions should have a more positive impact. Indeed, a recent study (Shah and Steinberg, 2017) confirms this hypothesis.

There are specific factors that seem to matter for girls’ continuation at high school. Lack of proper toilet facilities, cost of travelling to school, risk of sexual assault in public places, and negative social attitude to girls’ education all create enormous barriers for girls. Despite all this, it is very heartening

to see that this is one demographic (girls) that stands out in every aspect of educational achievement: girls are coming to school and staying at school at a much greater rate than before, thanks to vast improvements in road networks (Pal, 2010).

More importantly, how the school investments interact with social attitudes, labour market incentives, roads and industries is not well understood. The relationships are complex, and research has thrown up some surprising insights. For instance, it has been seen that after Green Revolution, the returns to education improved in Northern India (Foster and Rosenzweig, 1996), which suggests that technological intervention in industry or agriculture can unleash strong incentives to learn. Another study shows that globalisation led to greater schooling of girls in some backward caste communities in Mumbai (Munshi and Rosenzweig, 2006).

While many external factors may continue to block the progress in education, there is still much achievable both at the primary and secondary levels by designing the interventions correctly.

### **PRESENT SCENARIO:**

It is not very comforting that between 1951 and 2011 India's literacy rate has improved by less than 1% a year to reach only 73%, while China, Malaysia, Vietnam and Sri Lanka have all reached a literacy rate close to 100%, although a few decades ago their literacy rates were comparable to or even lower than India's. By the current progress, India needs another thirty years to catch up with its Asian competitors.

To make the matter worse, there is huge gender disparity. In 2011 only 64.6% women were literate against 80.9% males being literate. The adult literacy rate (for the age group above 15) among the STs is just 51.9%, substantially behind other population groups (Government of India, 2016a, 2016b).

One good news is that the literacy rate among children is nearly 100%; so, one may expect that twenty years from now Indian workers' productivity is likely to be at par with their East Asian counterparts. Unfortunately, that expectation seems to be unfounded. As various studies indicate, when it comes to literacy and numeracy skills, Indian children are learning very poorly, remaining at least 2 to 3 years behind the East Asian children.

There are two types of evidence on 'what children are learning' – one from the government run National Achievement Survey (NAS) conducted by NCERT and another conducted by the NGO Pratham, called Annual Status of Education Report (ASER); they measure different aspects of learning and are not comparable to each other. But some interesting facts have emerged. NAS (2015) reports that girls are now outperforming the boys, and there is no significant disparity between rural and urban India with respect to children's performance in language, mathematics and environmental studies. As before, SC/ST children are performing below others. But surprisingly, between 2010 and 2014 the average performance of all children has fallen (NCERT, 2015). ASER focuses exclusively on the deficiency of learning. Their 2016 report on rural children shows that between 2014 and 2016, children's reading ability has improved at the primary level, but not at the higher levels. If anything, the situation has been somewhat worse for the age group 13-14 (ASER, 2016).

But their report also reveals a stunning picture of learning deficiency. Only 9.8 percent students of class I meet or exceed the expectation of being able to read grade I text or grade II text. The remaining 90.2 percent class I students fail the reading test, out of which a whopping 46.1 percent can't even correctly identify letters/alphabets. Among the older children, the picture is not better either. Only 13.4% class II students can read grade II text. Another 17.3 % of children of class III and 19.2% of children in class IV fail to read beyond grade I text. Even among the eighth graders, 13.0% students cannot read grade I text. Clearly, something needs to be done and needs to be done soon.

It is heartening to see that the latest NITI Aayog document titled Strategy for New India @ 75 acknowledges the above mentioned findings of NAS and ASER, and pledges to ensure 'right to learning' as a Central object of the Right to Education Act (Government of India, 2018, p. 114). The document also envisages an electronic national education registry to track every student's performance to ensure school completion up to Class X.

What are the reasons for learning so little or retaining so little of classroom lessons? Several factors come up, such as poor teaching and absenteeism by teachers (Chaudhury et al., 2006), late start in schooling and lack of supplementary teaching. The issue of shirking by teachers has been addressed in the incentive literature and the solution seems to be a mix of better pay and better monitoring; see Duflo et al. (2012) for more on this. On the issue of late start and insufficient teaching inputs, the question comes down to money. The education literature affirms that an early headstart gives many children an advantage that seems to persist through later years of schooling (Currie et al., 2002).

But Desai and Vanneman (2015) argue that some children are late bloomers, even though early start is beneficial for a majority; so additional resources are needed to help those students who are not blooming on time. The same argument can be extended to later years in high school for students, who for whatever reasons fall behind.

So, effectively the issue comes down to introducing pre-schooling (a key factor of attraction for private schools) at government schools, and tracking children's performance throughout and deploying resources to help the weaker students until they graduate out of the high school. We will make some suggestions in this regard.

### **Health For All**

Health is another story of disappointment. By the key indicators of child health, height-for-age and weight-for age, there is significant disparity between the rich and the poor. The infant mortality rate (IMR) of India is much higher than all its South Asian neighbours. Although India has done very well to reduce its IMR from 50 (per 1,000 live births) in 2009 to 42 in 2012 and then to 38 in 2015, it is still not good enough. In 2015, IMR was 31 in Bangladesh, 27 in Bhutan, 29 in Nepal and 8 in Sri Lanka, and just 9 in China. Our efforts to immunise the children are awfully inadequate. In the first year after birth only 71.3% babies are given DPT, and its follow up booster is given to only 41.4% children. Women in their adult lives carry on the ill effects of poor immunisation and low nutrition from childhood in the form of low BMI resulting in lower birth weight and low immunity of their babies. The percentage of women with low body mass index (BMI) was 35.8% in 2005-06, almost same as in 1998-99, and the percentage of women suffering from anaemia was a whopping 55.3% in 2005-06 (in 1998-99 it was 51.8%).

It is probably clear at this point that versus our Asian neighbours, we significantly lag in two key components of human capital – education and health. Both reflect some stubborn problems: (i) failure of the public education and health care systems, (ii) failures are on many dimensions – outreach, reliability, management, quality and spreading awareness, (iii) some problems are intergenerational transmitting through poor maternal health, and cultural issues relating to the treatment of women, (iv) exclusion of weaker sections of the societies (such as SC and ST).

It would be unfair to say that the government has not done much. In fact, since liberalisation, the government has adopted a series of measures, notably Sarba Shiksha Abhiyan campaign, setting up of primary schools in rural areas, mid-day meal at every school and finally passing of the Right to Education Act (RTE) in 2009. Polio has been (almost) eradicated, and IMR has fallen; earlier our IMR was shamefully high close to some poorest countries. Many studies indicate the mid-day meal has encouraged regular school attendance, which suggests that the private sector can also join in to improve the mid-day meal programme. There is at least one primary school within a kilometre or so of every village. These are progresses.

But the main issue is that successive governments (both Centre and states) have failed to formulate an integrated strategy to improve education and health together. This is imperative, because there is proven complementarity between the two. Even more crucially, within health or education each, success depends on the coordination and cooperation between multiple participants – such as doctors and nurses, teachers and parents etc. There is also an assumption that it is primarily a parental responsibility to see that the child is admitted to a school or in good health. This assumption is valid for educated and/or well-off parents, but for the uneducated parents it is impossible to make the right decision at the right time. Therefore, the state must intervene in a pro-child manner.

## Government of India's Objectives

The Government of India has launched the New Education Policy, after the draft policy has undergone a nationwide public consultation (Government of India, 2016b). The policy document has identified 13 themes ranging from learning outcomes and child health to teacher training. A welcome development is that the child's learning and high school completion both have taken the top spots of the policy agenda, as seen in the latest NITI Aayog document (Gol, 2018).

We should aim to achieve the universal primary education by 2025 for all demographic groups, SC&ST, girls and religious minorities. Their learning achievement must also reach a measurable level – at least 50 percent of the students of that grade must be able to demonstrate the corresponding level of numeracy and literacy. And we should aim to achieve the health outcome of the Sri Lankan level by 2025.

## CONCLUSIONS:

Now we make some modest policy recommendations.

- 1) **Integration of Healthcare and Primary Education:** Compulsory education and compulsory child health care (immunisation, BMI, height and weight check-ups, nutrition monitoring and so on so forth) should be a unified objective, thus forcing all schools – private or public – to liaise with health professionals and monitor child health everywhere, especially for the poor and in the rural areas. The latest announcement of the Government on universal health insurance (the so-called Modicare) does not go into the issue of the child health in coordination with primary schooling. But there is promise for child health through households; but clearly that remains to be seen.
- 2) **Save Public Schools From Being Merely the Poor Man's option:** We know that private school is an irreversible reality in India. Private education has spread rapidly in India and in many cases cost effectively (EdInvest, 2000). Even for low income children there are low cost private schools (Tooley and Dixon, 2003; Desai et al., 2008). There is also some evidence to suggest that private schools are better schools, and do a better job in teaching English, mathematics and science (Kingdon 1996; Singh, 2015). But this is not generalisable. Several studies both for India and other countries show equivalence or superiority of public schools (Pal and Saha, 2018; Chudgar and Quin, 2012). Therefore, we should not see private investment in education as a substitute for public investment in education.

Instead, we should make every effort to save our public schools, modernise them and make them as good as private schools. For this, the government needs to be flexible and depending on the grassroots conditions should adopt any array of changes. In addition, we should aim to develop private public partnership in education, based on the ground reality.

Here I suggest a few measures:

- i) Introduce better English education (a key reason for parents to turn to private schools) – reading, writing and some speaking, for which the teachers can be trained. As such the functional literacy of English is improving automatically due to the usage of smartphones; so, there is no reason why government schools cannot teach English better.
- ii) Like the private schools, start KG classes because research shows that early start makes a difference to later age learning.
- iii) Have remedial classes for weaker (i.e. falling behind) students from grade eight to ten to prepare them for the secondary board exam. This is the time many children drop out, as they fear failing in the final exam. Private tuitions are not affordable for everybody. This is also an area to develop partnership with private companies; all options including remote learning, paying private tuition companies to tailor their service for weaker students can be explored. The government's proposed idea of individualised tracking system is a welcome development and its details should be thoughtfully worked out.

- iv) We should also have a catchment area-based admission policy for our primary and high schools and then each primary school should be treated as a feeder to a designated high school nearby. Uncertainty over admission into a government run high school often drives parents to go for an integrated private school.
  - v) The private sector can also run the mid-day meal programme in schools for low income children, especially where the government money is insufficient or the school is non-formal. Such activities can easily be recognised as acts of corporate social responsibility (CSR). This will incentivise the private sector to be a partner of the government where suitable and the programme can be run uninterrupted and/or lifted to a higher standard.
  - vi) Introduce vocational education at high schools. The private sector can help in designing the vocational education programme based on the industry needs. The NITI Aayog document (Gol, 2018) makes a clear cut suggestion of giving a choice to the students and parents to branch out to a NSQF-aligned vocational education at the post-secondary level. This is a very good development.
  - vii) We need more mixed gender schools to overcome the gender divisions and social prejudices.
- 3) **Government Spend Must Increase:** Government spending has been on the rise, but often the government is obsessed about advertising the spending figures, and not assessing the outcomes of spending. The suggestions made above are meant to improve the outcome. Still, as a nation we are spending less than the international standard. We should increase the government spending on education to 5% of GDP, and on health to 3% of GDP.

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