

## VOUCHER SYSTEM: AN ALTERNATIVE SOLUTION OF POOR PERFORMING GOVERNMENT RUN SCHOOLS

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**Abstract:** In India education is considered to be a quasi-public good. It is a public good because the benefit out of it affects society through human capital formation. However it is private good because it provides a platform for individuals to generate regular income. Historically the financial burden of education was borne by both state and central government, but this amount has been reducing over the years and with increasing rate of population, this has created a huge investment gap. This trend in public expenditure has serious policy implications. It has forced institutions to increase the cost per student in the form of sharp rise in tuition fees. It encourages self financing institutions which charge tuition fees on full cost recovery basis. This creates imbalances in the fee structure of private education that deepens the development divide. Though government of India has been trying various measures to improve the accessibility of education by implementing the projects like educational quality zones, but still the gap has been increasing. The paper asserts that the lessons to be learned from the experience of developed countries like U.S.A, Holland, Canada and the developing country like Bangladesh.

**Keywords:** voucher system, elementary education system.

**Introduction:** Education is central to the Human Resources Development in any country. National and State level policies are framed to ensure that this basic need of the population is met through appropriate public and private sector initiatives. Government endeavors to provide primary education to all on a universal basis, but quality education is somewhere neglected. Development of human capital is a national priority and it should be the endeavor of all that no deserving student is denied opportunity. Knowledge and information would be the driving force for economic growth in the coming years for the country that have broad base in population pyramid. After Right to education Government spending on education has increased but the quality is education remain stagnant. In this paper an alternate solution to government run schools has been evaluated, which is voucher system. This system will bring competition among private players as well as existing government run school have to improve their quality, if remain functioning.

**Review of Literature:** The modern idea of educational vouchers is attributed to Milton Friedman (1955). According to him the most feasible way about a gradual yet substantial transfer from government to private enterprise is to enact in each state a voucher system that enable parents to choose freely the schools their children attend. Hence there should not be any condition attached to the acceptance of vouchers that interfere with the freedom of private enterprise to experiment and to innovate. Voucher schemes are flexible to a great extent and therefore adaptable to a particular problem of a country, a region or a state. It is popular in developing countries like Bangladesh, Chile,

Colombia as well as in industrial countries like Poland, Sweden, U.K and the U.S, Since there is no other direct government subsidy, every institution will be in competition with each another. The well performing ones will succeed and according to their performance they can redeem many vouchers. Underperforming institutions have to improve or close down.

### **Few successful examples of voucher system in operation in secondary school education:**

**1. Bangladesh:** The Female Secondary School Assistance Project (FSSAP) is a similar example of a voucher program; it illustrates a successful attempt of providing monetary incentives for girls to reduce the direct cost of schooling and to encourage participation in a developing country. "The main objective of the FSSAP project is to stimulate a significant increase in secondary school enrolment of girls, thereby enlarging the stock of educated women capable of participating Centre for Civil Society Education fully in the economic and social development of the country. This approach will make Bangladesh a South Asia pioneer in supporting female secondary education." The project represents a so-called integrated package approach incorporating multiple interventions. As a primary component of the project, it has provided stipends ranging from \$12 in Grade 6 to \$36 in Grade 10, to girls who have been enrolled at secondary schools in 118 targeted districts and who meet eligibility criteria<sup>5</sup>. The stipend addresses the direct costs of education by providing a monetary incentive to assist with personal expenses (school fees, tuition, transport, books, stationery and uniforms) and tuition costs in all grades and books and examination fee allowances

in upper grades. Other components: salaries of additional teachers, occupational skills training; activities to promote public awareness; building facilities and capacity building at national and local levels. The stipend covers 30-54 per cent of direct school expenses. It is paid directly to the account of each girl, in a nearby commercial bank. The recipient girls are expected to pay out of their stipend the other school fees. Additionally, the FSSAP also provides tuition assistance, but this part of the financial assistance is paid to the school where the girl is enrolled. The FESP has had positive effects on enrolment, attendance, drop-out rates and (partly) on student's performance. This indicates that providing monetary incentives directly to girls can be an effective way of increasing their participation in secondary education. By July 1997, the gap between girls' and boys' enrolment was almost eliminated. The percentage of girls receiving Secondary School Certificates increased from 42 percent in 1996 to 52 percent in 1997. The project can surely be called successful, though there are still problems to be resolved. This will not be easy: Two-thirds of Bangladesh's girls still do not attend secondary school and the reasons are rooted in poverty. The poorest have to be offered higher stipends, but given the poverty of the entire country, the government may have difficulty continuing the stipends. Achieving sustainability remains a major task. With economic development, increased job opportunities and a substantial change in attitudes a broader impact on the lives of women in developing countries can be expected.

2. **Cleveland, USA:** The first publicly funded American voucher program was the Cleveland Scholarship program, including both, secular and parochial schools. The voucher provided up to 90 percent of a student's tuition to a maximum of US\$2,250, which is the equivalent of just over a third of the cost of sending a child to a Cleveland government school. The planning and administration of the lottery providing low-income students with vouchers, was impeded by a court case launched by the American Federation of Teachers and others. The research on the Cleveland scheme is based on academic testing of students and interviews with parents. The two "very important" reasons for parents to apply for a voucher: first, parents looked for "improved academic quality" in their children's education (85 percent); second, they wanted "greater safety" in their school environment (79 percent). All scholarship recipients were "far more satisfied" with independent schools than the families attending government schools, and more satisfied than those who were offered and refused a voucher. Even more interesting is that wealthier families were more likely

to be satisfied with government schools than were poor families. Such a difference could not be found among voucher recipients attending independent schools. In 1981 a voucher scheme was established with the objective of providing opportunities for able but poor students. By 1995 about 29,800 students were using these selective vouchers at 294 specified independent schools in England (there is a separate system for Scotland). Every year, about 5,000 new pupils enter the program at the ages of eleven or thirteen. Under the scheme today, low-income parents can get assistance with tuition fees for any eligible independent school.

#### **Current status of Voucher proposal in India:**

##### **A) Delhi Voucher Project**

This is a privately-funded pilot (The project is managed by Centre for Civil Society (CCS) as part of their School Choice Campaign: 'Fund Students, Not Schools!' In 2009, CCS also launched another voucher pilot with 400 Muslim girls) or proof-of-concept program in Delhi. In 2007, school vouchers worth up to 3,600 per year were awarded to 408 students in 68 wards of Delhi. In these 68 wards, more than 50 School Choice activists reached out to more than 1.2 million parents. All students in government primary schools qualified for the program. Over 125,000 parents applied for a voucher for their child. As a fair and transparent method of selecting students from the large number of applicants, a public lottery was held in each ward where the local Ward Councilor picked 12 students — six winners and six for a waiting list, in case some of the students in the first list had eligibility or acceptance problems. Those who did not win the lottery submitted a petition to their Ward Councilor asking for school vouchers from the government. In the all-India campaign, more than 250,000 parents submitted voucher demands to their elected representatives. The vouchers were awarded to winners in the presence of the Chief Minister of Delhi Sheila Dikshit and the Education Minister Arvinder Singh Lovely. In the assessment of the project, the voucher children performed better in reading and mathematics. These students and their parents were more confident. In the first week of school, many principals complained of voucher students not coming on time, showing up without taking a bath, combing their hair or wearing proper uniforms, and many did not bring lunch and often resorted to 'forced sharing' of lunch from others. After a couple of meetings with parents, the situation slowly improved, which meant that both the students and parents became more punctual, improved their hygiene and took extra effort to prepare for the school with proper lunch and a full school bag. More importantly, after two years of the program, the aspirations of parents changed this 'crowding in' of

investment is very powerful when the parents find more responsive schools because of others' investment (through vouchers), they also begin to invest more because now they become more hopeful for the future of their children. first government-sponsored school voucher program in India (Pahel in Uttrakhand).It is billed as a PPP initiative that provides school vouchers worth `3,000 per student per year to children (6-14 yrs) who are rag-pickers, scavengers, snake-charmers, or orphans. The eligibility criterion is that the child should have been a drop-out for at least a year or never enrolled and that there is no government school/Education Guarantee Scheme (EGS) centre within a kilometer of their habitation. The scheme was started in 2007 in the city of Dehradun and based on its success, a year later, was expanded to Nainital and Udham Singh Nagar with a total of 651 children.The experience in Colombia as well as Vermont, USA suggests a voucher scheme which would be very reasonable to implement in India. Small and geographically distant communities could provide their students with vouchers to attend either private schools or public schools in another town. Out of 14 towns examined, 11 provide or pay for school buses to transport students to nearby public schools. Of the three remaining districts, one holds parents responsible for transportation; the second reimburses parents for driving their children to the nearest bus stop and, if there is no nearby bus, the town reimburses parents for the full trip; and in the third the town pays the entire cost of transportation. In addition, some private schools run buses that pick up students. Unlike Chile, in India it is not only the rich families who are prepared to invest in their children's education. But poor also spend money for a better future for their children. The Chilean example tells us that public schools will be able to compete with private schools only if the government puts additional effort in improving the curriculum, the quality of teaching and the management of education. Due to these lessons it is more important than ever those private schools in India get recognized more easily and that the license-permit raj is abolished. In India, children are not out of school because of lack of demand. Poor quality of government education delivery is a crucial reason for their absence from school. Parents who are laborers, auto-rickshaw drivers or market stall-owners send their children to budget private schools, spending between 6 per cent and 11 per cent of income on education. These schools are not philanthropic but work on commercial principles and they receive no government subsidies. In addition, they offer free places for very poor students, up to one-third. Budget private schools spend resources on curriculum

development and support teachers with training, though their infrastructure like libraries, computers, and science equipment often needs improvement. Although the private school teachers are often better qualified than teachers in government schools they are paid 25 to 40 per cent less. On the other hand, they are less likely to obtain appointments in government schools; duo to existing corruption and cronyism their Governments put private schools off through bribery and corruption. E.g. school recognition requires relatively big physical infrastructure, which is often not possible to have. If this is the case, private schools have to pay bribes of around Rs 50,000 to obtain recognition and Rs 25,000 per year to retain the recognition or opt out of the system. But public-private partnerships are also possible.To put it clearly: a public system can narrow children's options by forcing them to attend an inferior school when a superior one could be within reach. It is maybe the most striking argument for vouchers that they enable families to overcome these obstacles to get a genuine chance of equal opportunities.

**Conclusion:**

*Establish Education Quality Zones*

The Indian government has already established EPZs—Economic Priority Zones—to foster entrepreneurship and innovation through a variety of sectors in the economy. According to James Tooley's (professor of education policy at the University of Newcastle upon Tyne, did his research on private education for the poor in India, China and Africa,) suggestion, the EPZs could be a pattern to create "Education Quality Zones (EQZs)". They could be fruitful testing grounds for educational innovation. The crucial function would be to create geographical areas where new models would be applied. One could start with more relaxed rules and regulations concerning education till the introduction of a real avant-garde thinking concerning the role of the private sector. E.g. programs in which private education companies take over the management of failing government schools - through outright sale, long-term leasing, or management on contractual basis. At present, the Indian Government provides grants to schools as well as state run schools also exist. However, to realize the aim voucher schemes, namely providing families with a maximum degree of choice within a decentralized and competitive system of schools, it is imperative that the support is given directly to the pupils or to their parents, instead of to the institutions. The experience all over the world clearly suggests that it is not so much the size of the government education budget but how the budget is spent that determines the efficacy of the education system. Our own state of Kerala stands witness to the

significance of choice and competition in education. In the case of budget private schools in Andhra Pradesh, fifteen private schools that were researched had fees of between Rs 35 – Rs 350 per month (about 70c to \$7.00 per month), with most in the lower range. Contrary to common assumptions, government spending in education is not a substitute for private spending. E.g. in Kerala, the government has been spending more on education than in other states but the people there follow the governmental example. The poor in this state spend roughly about one third of their annual per capita income on elementary education. Thus governmental and private spending is complementary. There are numerous parallel systems being established. Prominent among others is the *District Primary Education Program (DPEP)* launched in 1992 with assistance from World Bank and European Union. The program promotes primary education through decentralized planning and integrated programming at district level. It has been extended to 149 districts in 14 States in 1997. The *Lok Jumbish (LJP)* and *Shiksha Karmi Projects (SKP)* are two other internationally assisted projects. Lok Jumbish is

establishing a boundary between the local community, the teaching profession, the educational administration and the learners. The Shiksha Karmi Project has been trying to respond to the problem of teacher absenteeism in the distant and inaccessible areas of Rajasthan. Many of these programs are confronted with the problem of stagnation and inadequate sustainability. Despite important achievements, the duty of UEE is far from complete. Schools and enrolments have surely increased but so has the number of out of school children. Today India has one of the largest illiterate populations in the world. Caste, gender, class and regional disparities in UEE are still evident and persistent. The demand for quality education is far too obvious through improved awareness and social mobilization, though supply is generally inadequate. The educational administration in most states and municipals is far from able to effectively deal with widespread problems concerning shortage of teachers, inadequately designed school buildings, lack of teaching/ learning equipment, need-based teacher training and a syllabus related to real life requirements.

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