

# **Are Incentives ‘Game-Changers’ in Education Reforms?**

A study on different educational incentives/schemes offered in  
Government Schools of New Delhi, India



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## LIST OF ABBREVIATIONS

RTE: Right to Education

DOE: Directorate of Education

NDMC: New Delhi Municipal Corporation

MCD: Municipal Corporation of Delhi

HRD: Human Resource Development

MHRD: Ministry of Human Resource Development

DCCW: Delhi Council for Child Welfare

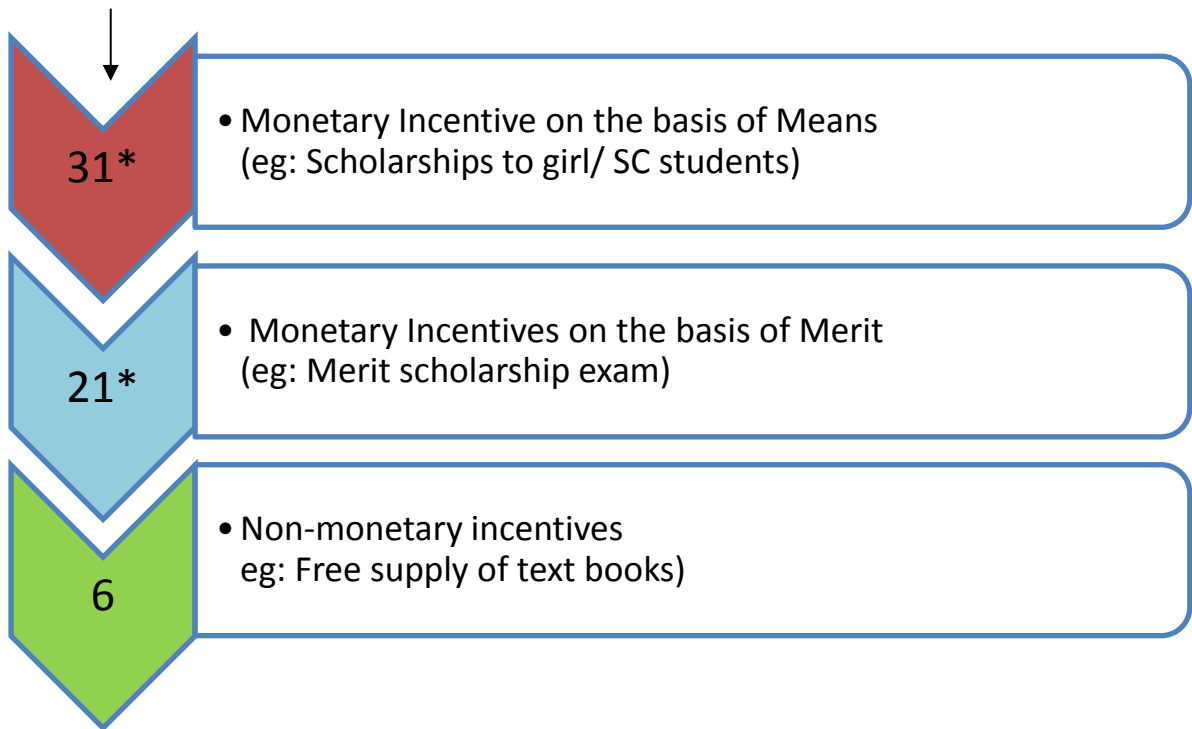
## INTRODUCTION

We all have learnt to respond to incentives, negative or positive, from the outset of life. Economists love Incentives, believing that they have astonishing powers to change situations. What are incentives? They are rewards for specific behaviour. If you get incentives right, people change their behaviour – the trick is to balance the cause and consequence. A slight tweak in these rewards can produce often drastic and unforeseen results.

This paper attempts to analyse how the Incentive based approach works in the realm of Education in Delhi, India. These Incentives are not organic. The Ministry of HRD and other governmental institutions like the DOE are responsible for inventing the Educational Incentives (monetary and non-monetary) in Delhi.

Among the schemes solely under the Delhi Government, there are about 43 Incentive based scholarships and schemes that are sponsored by various Departments of the Delhi Government - MCD, NDMC, DCCW and DOE among others. These Schemes can be divided into three types –

### Number of Schemes in Delhi



This paper uses representative data. Twenty parents of students enrolled in a school called 'Sarvodaya Balika Vidyalaya – Madanpur Khadar' are the source of this data. They were beneficiaries of two monetary incentive schemes, namely – Welfare of Educationally Backward Minority Students and Merit scholarship to SC/ST/OBC and Minority Students. The Method of Data collection was Personal Interviews.

\*Footnote – 15 schemes overlap between the 1<sup>st</sup> and 2<sup>nd</sup> category (like the Merit cum Means scholarships).

## WHY DO WE USE INCENTIVES FOR GOVERNMENT EDUCATION IN DELHI, INDIA?

Not only can incentives be used in various ways, but they can be used for a plethora of issues and reasons. Under Education, Incentives are often used to motivate teachers to teach better and students to learn better.

Education plays a major role in improving economic opportunities for people and enhancing their quality of life by building capabilities, enhancing skill levels and providing more productive employment (Economic Survey of Delhi, 2010-11). At the Nation-State level, it has been argued that high rates of education are essential for countries to be able to achieve high levels of economic growth.

India is affected by many socio-economic problems. The Indian education sector has bared the brunt of the Caste System, oppression of the weaker sections of society, poverty and fixed occupations under the Varna system (what the father does, the son must do). An amalgamation of these factors resulted in a literacy rate of only 12% in 1947 (Source: Statistics India). Yet, Independent India has made progress (Literacy rate of 74.04% as per Population census of India, 2011) with opening the sector to Private players, Public-Private Partnerships, RTE Act and other public policies.

The intrinsic feature of School based Education is the idea of deferring gratification- for better pay, better jobs and higher social status. This delay in rewards doesn't help the case of India's poor families – who would prefer to send their children to work rather than to school. The incentive based approach to education aims at encouraging these parents to send their children to school, with the help of monetary and non-monetary (usually tangible) benefits. The incentive schemes implemented by the Delhi Government, like the free supply of text books and Merit Scholarship to SC/ST/Minorities, aims to do just that.

The main usage of Incentive based schemes by the Delhi Government is for the basic but crucial reason of motivating poor, backward and oppressed families to send their children to get formally educated and go through the schooling process. This is the prime reason why Incentives schemes are used by the Delhi Government. It champions the cause of Education for all in India. Through the RTE, education has become a fundamental right for all children of age group 6-14 years ; and incentive based schemes simply act as a lever to realise this fundamental right.

## IMPLEMENTATION OF INCENTIVE BASED SCHEMES

Keeping in mind that most of the Incentive schemes in the Delhi Government are for getting low income families' children to school, this paper attempts to analyse some academic and practical questions. The schools that are controlled and managed by Delhi Government and local bodies are the implementing partners of education schemes along with the Delhi Government. The central government gives the state of Delhi certain grant, which the Delhi government then gives to its respective departments for the execution of their planned schemes. The DOE is responsible for Incentive schemes and scholarships. The amount of incentive (as per the scheme) is released by the DOE to the various schools. After that, depending on the type of scheme, either a fixed/term deposit is opened in a Public Sector bank/post office for every eligible student or their parents manually collect the incentives from the school authorities.

*Sarvodaya Balika Vidyalaya* - Madanpur Khadar, the school from where the representative data is collected, uses the manual method of distributing monetary incentives. Teachers get Information forms filled by parents, which is a long procedure in itself (as it requires proof for meeting the incentive scheme eligibility in the form of SC/ST/OBC certificates, Income certificate and others). Then as and when monetary incentives are dispatched by DOE and received by the School, eligible parents are informed to collect the money from the School. Also, the school does not receive the incentive amounts in lump sum. Instead, money of one (sometimes two) scheme is received at a single time – as a result, parents have to visit school regularly to sometimes receive benefits of only Rs. 60/- at a time.

This procedure is repeated throughout the year for various schemes. There is no fixed schedule in the academic year to receive these incentives either. This process keeps the teacher occupied with administrative work throughout the year and parents are left in expectation and anticipation.

In the interviews conducted, it also came to notice that the parents cannot identify the scheme because of which they have received the money. An anecdote by a student's father illustrates "we have received Rs. 500/- today – I don't know whether it is because I have a girl child or because we are a minority"

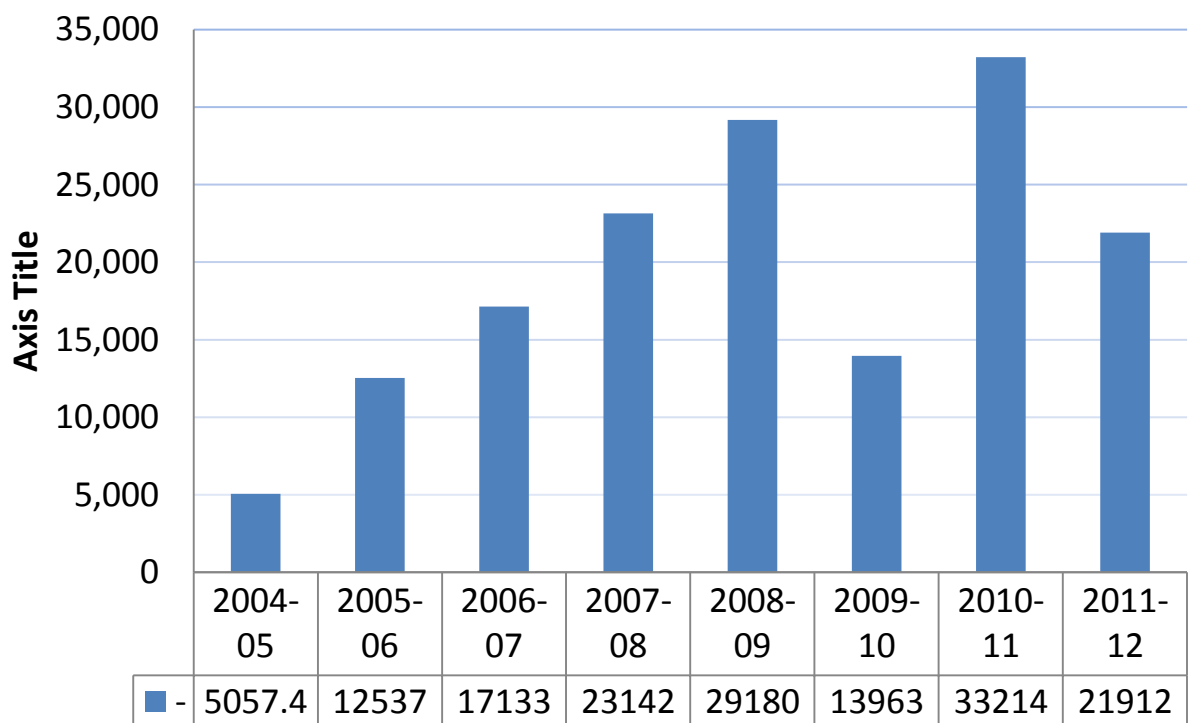
## CAN WE SEE THE BENEFITS OF INCENTIVE BASED SCHEMES IN DELHI?

The benchmark with which we can measure the benefits of Incentive based schemes is the objective or goal of the Ministry of HRD itself. Sarva Shiksha Abhiyan (SSA) is a Government of India flagship programme for achievement of Universalisation of elementary Education “in a time-bound manner”. Some of its goals are to

- Provide quality elementary education for all children in the 5+ to 13+ years age group
- Retention of all children till the upper primary stage
- People centred mode of implementation of educational interventions with involvement of all stakeholders specially teachers, parents, community, & Panchayati Raj Institutions and voluntary organizations. (Source :Ministry of HRD)

Looking at some Historical Data, shall help understand the progress Incentive based schemes have made in Education.

**FIG 1: DEMAND FOR GRANTS (MINISTRY OF HRD)**

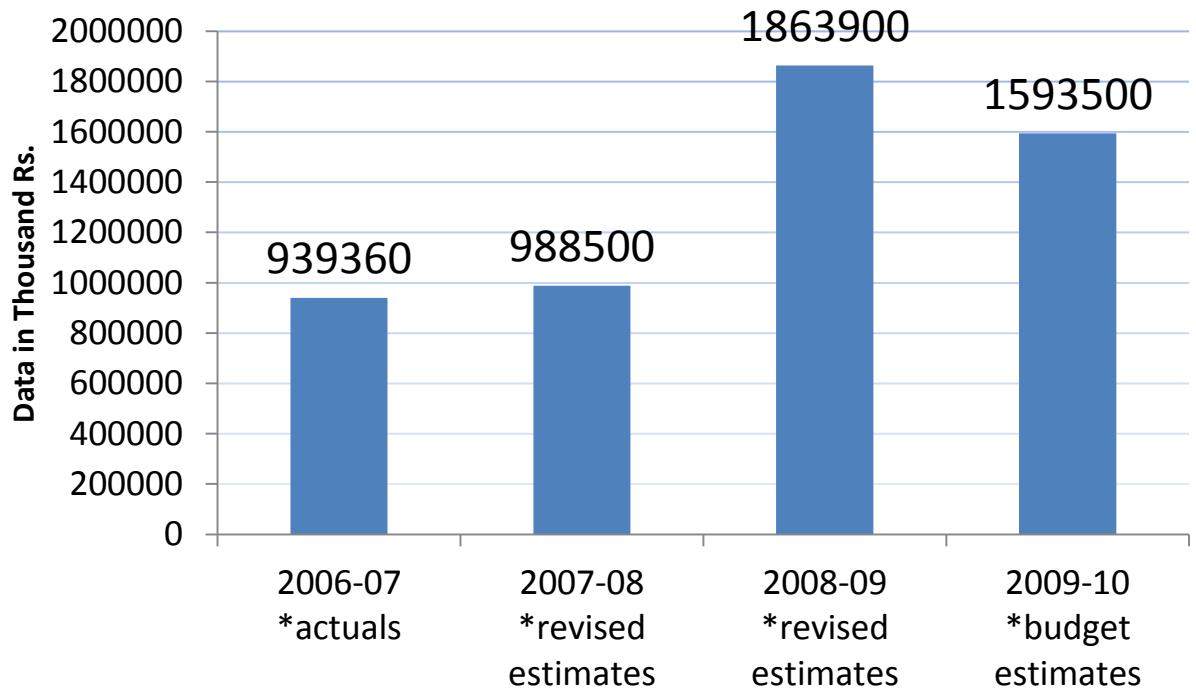


(Source: Ministry of HRD)

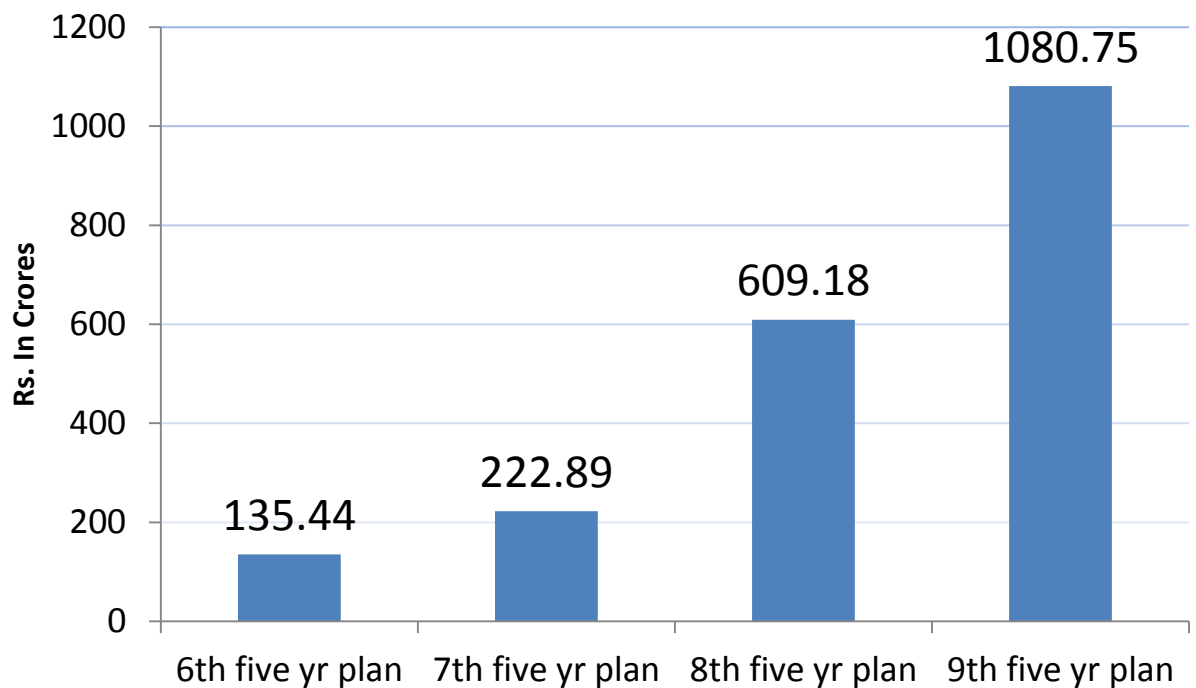
Note – Data for the year 2008-09 is an average.



**FIG 2: DEMAND FOR GRANTS OF DELHI GOVERNMENT  
(DEMAND NO. 6-EDUCATION)**

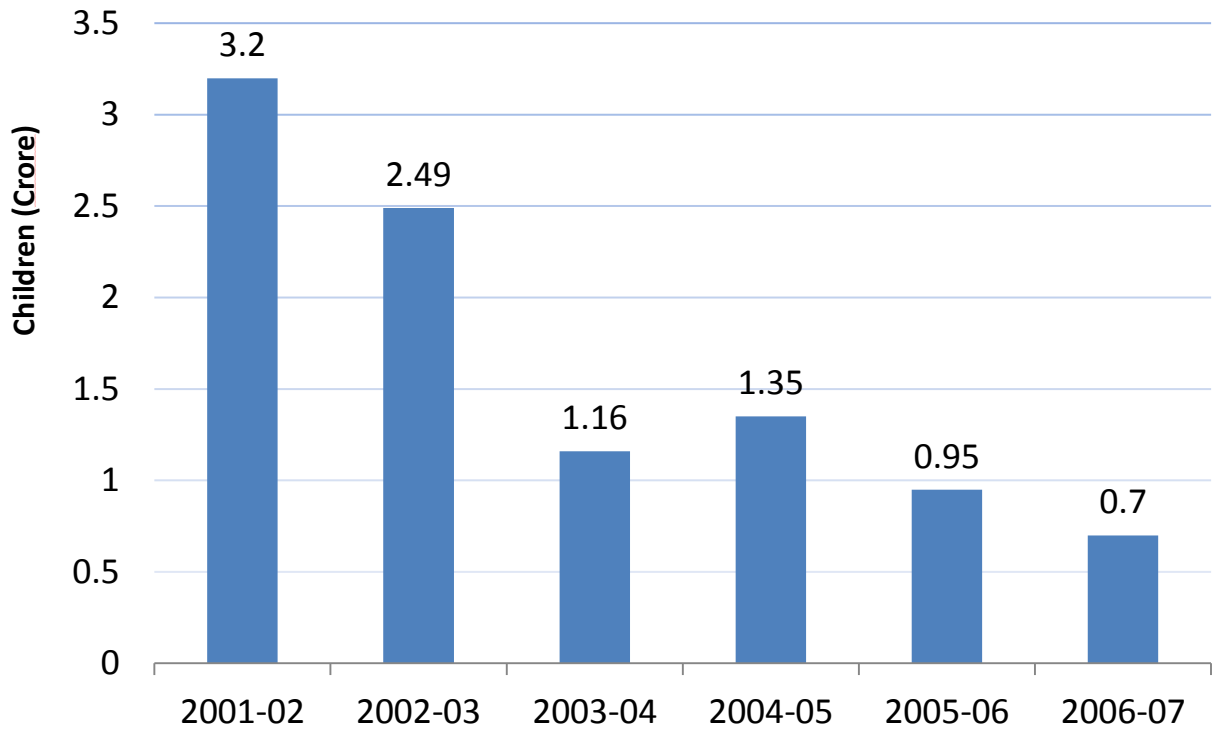


**FIG 3: EXPENDITURE ON EDUCATION SECTOR BY DELHI GOVERNMENT**



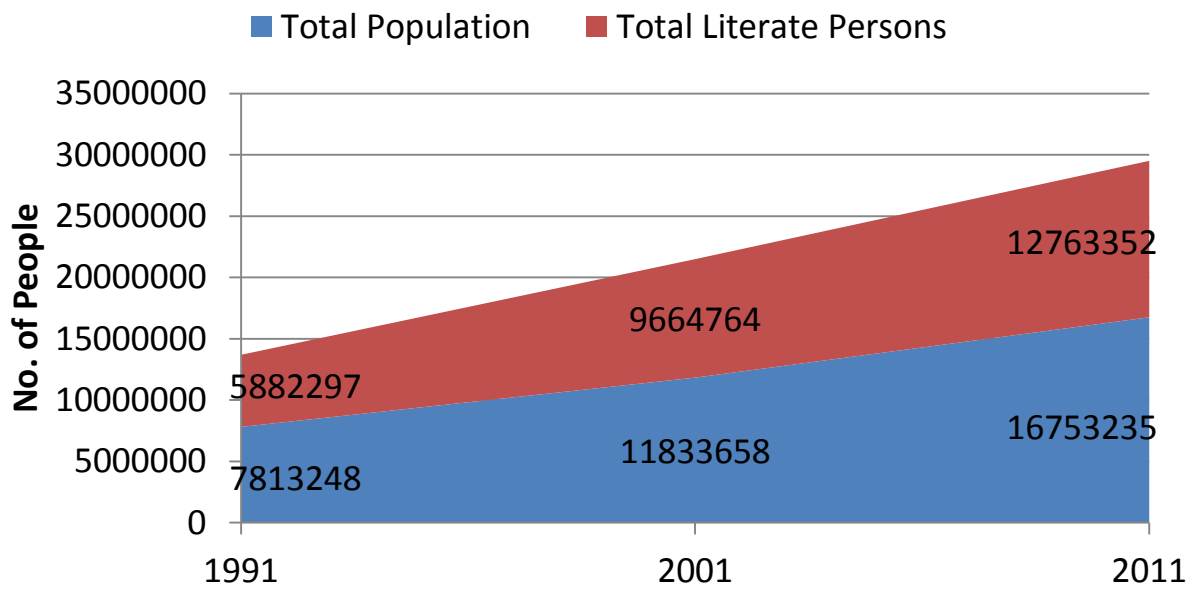
(Source: Economic Survey of Delhi, 1999-2000)

**FIG 4: REDUCTION IN OUT-OF-SCHOOL CHILDREN**

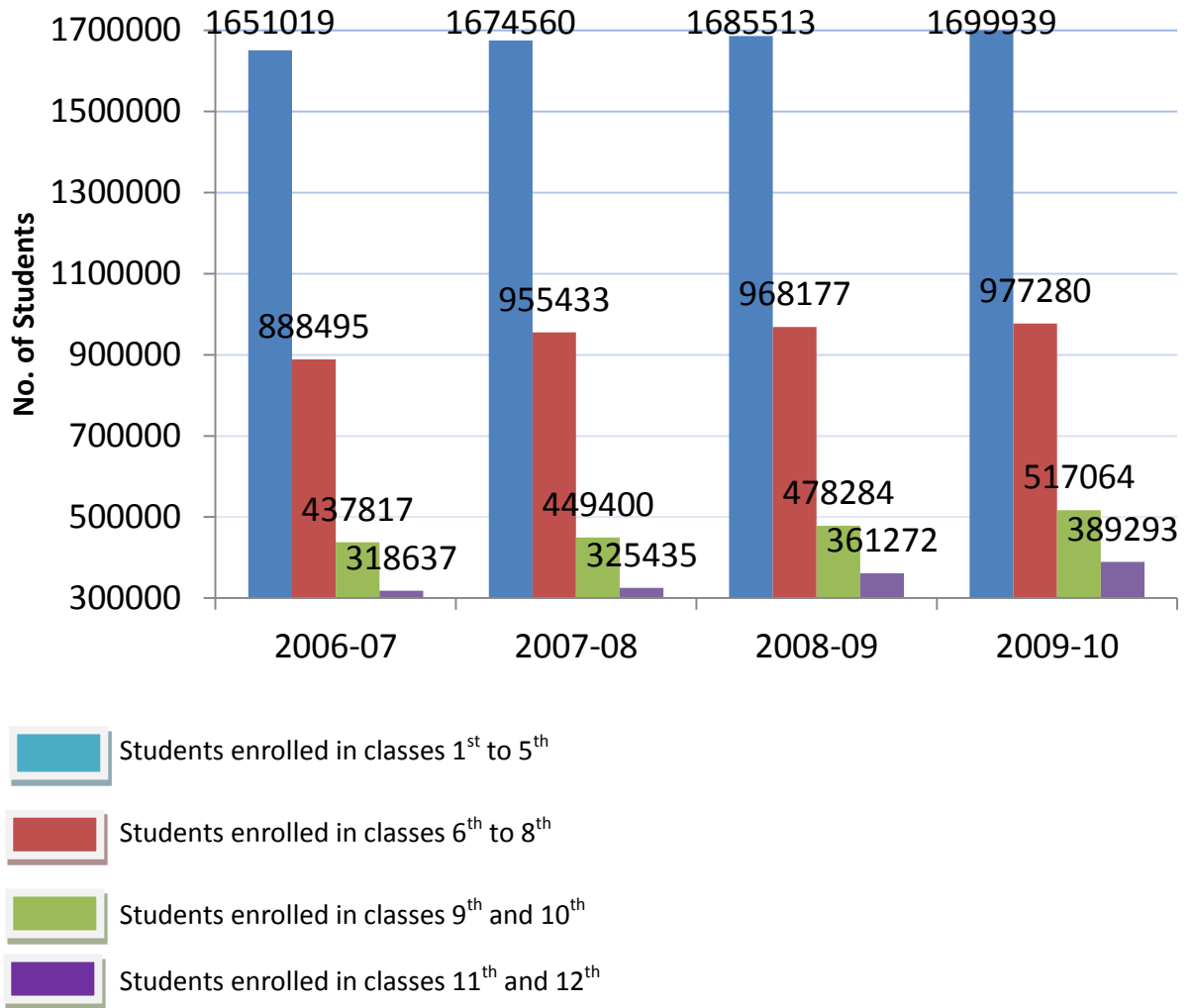


(Source: MHRD)

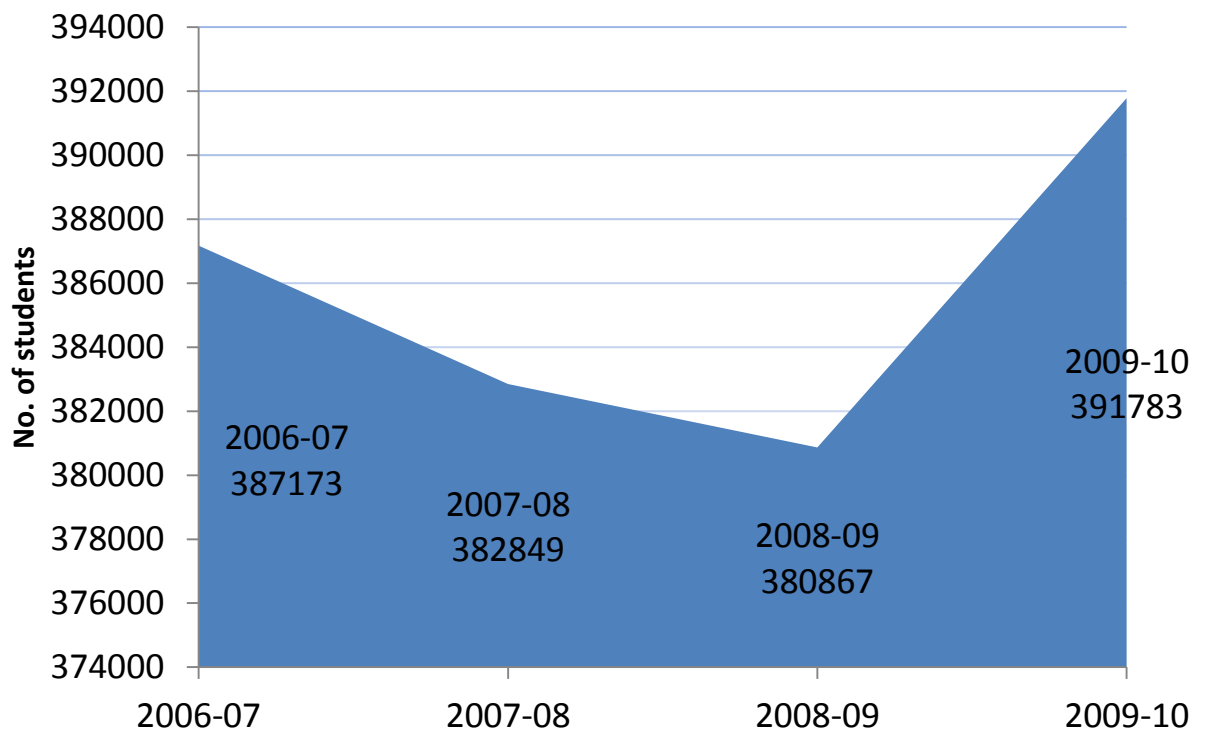
**FIG 5: PROGRESS OF LITERACY IN DELHI**



**FIG 6: NUMBER OF STUDENTS IN EDUCATIONAL INSTITUTIONS IN DELHI**



(Source: Statistical Handbook 2011, Delhi Government)

**FIG. 7: NUMBER OF SC STUDENTS IN DELHI**

(Source: Statistical Handbook 2011, Delhi Government)

Fig 1 depicts the relative increase in the budget allocation for Education by the MHRD, from 2004 to 2011. Over the years, consequently, there has been an increase in the grant received by the state of Delhi from the MHRD (Fig 2). The increased Delhi grant, presumably, ensued an increased expenditure on the continuing Incentive schemes initiated in earlier fiscal years and also the formulation of new incentive schemes (undertaken on the basis of resources available – after Revenue expenditure is accounted for). Increased expenditure on Education is shown in fig 3.

Now, there will be an increase in expenditure on the continuing incentive schemes or in the number of Incentive schemes altogether only if there is an increase from the demand side (i.e. more student beneficiaries). Therefore, rise in incentive schemes and expenditure is directly proportionate, and a necessary condition for increase in number of student beneficiaries who are enrolled in school, and vice-versa.

This is backed by the historical data of reduction in out of school children (fig 4), progress of literacy in Delhi (fig 5), Increase in Number of students in Delhi, especially SC students who benefit directly from the means based monetary incentives (fig 6 and 7)

## DATA FROM PARENTAL INTERVIEWS

Data collected from 20 Parental Interviews on Incentive schemes seems to suggest the similar picture. They seem to do a good job of latently, being a motivator to the underprivileged and oppressed parents to send their children to school for education.

Since most of the Education based incentive schemes under the Delhi Government focus on luring parents to send their children to government schools, the first step in motivating them to do so is for them to know that such schemes exist. When asked whether they were aware about the availability of monetary benefits before admitting their child to a Government school, all 20 parents answered in affirmative.

Another interesting point is when asked about the importance of providing education to their children, there was a consensus among the parents that education is beneficial and crucial in today's economy. One parent mentioned, in a matter-of-fact manner, that "Now minimum education is even a prerequisite to finding a match for marriage." Therefore, it can be argued that there is a social consciousness about the importance of education among Parents, but incentives simply give impetus to their choice of educating their child or not. Another parent mentioned that "primary education is free, so there is no harm in sending our child to school. We will decide later on whether to continue with her education or not." This opinion was affirmed by 15 out of 20 parents when they said "cheaper education" was the prime reason as to why they chose a government school for their child's education. The remaining 5 reasoned that the school's 'closeness to the neighbourhood' was the deciding factor.

Among the 20 interviewed parents, there were 12 parents of students below class 8<sup>th</sup> (they receive free tuition, books, uniform) and 8 parents were of students in class 9<sup>th</sup> or above (who don't receive free tuition, books, uniform). The parents of students below class 8<sup>th</sup> answered that they spend about Rs. 2,000 or less per annum on their child's education. On the other hand, parents of students in or above class 9<sup>th</sup> spent about Rs. 4,000 per annum.

In addition, parents receive monetary benefits if they meet the eligibility criteria of different schemes. 8 parents said the money that they receive is saved for their child's future education, 5 deposited it in their bank and 7 parents used this money on miscellaneous expenses. These answers highlight the fungibility of money and that is what makes Incentive schemes attract and motivate parents – the freedom to use some extra money on the basis of your requirement. As a result, it can be argued that incentives do manage to get students into school. But Parental satisfaction does not end with just incentives- 13 out of 20 parents wanted the school to also help their child to acquire better grades; 3 parents wanted the school to provide help with the child's homework and the remaining parents wanted better infrastructural facilities.

When asked whether these Parents face any hindrance, sending their child to school – the common answers included financial problems despite the incentives, uncertainty of their work and varied social issues. Also, the girl students were asked what they thought about attending school, and surprisingly, the researcher got very honest answers. 4 students liked attending school and thought education was important for personal growth; 5 students thought it was simply a compulsion to attend school (they knew that they will drop out after 8<sup>th</sup> grade, anyway)

and 11 i.e. the majority of students did not think that education is important to acquire a job and survive in this world. Yet all had high aspirations for their future, when asked what they would wish to be when they grew up – almost as if there was no correlation between education and employment success.

## ARE INCENTIVE SCHEMES A GOOD POLICY?

Till the year 2010, free tuition, books and uniform were only provided to students of class 1<sup>st</sup> to class 5<sup>th</sup> (the group with the highest student enrolment). Taking another look at fig 5 shows that as the class grade increases, there is a decrease in the student enrolment numbers. This doesn't meet the goal of 'retention of all students till the upper primary stage' under the SSA. Thereafter, the number of students in classes 6<sup>th</sup> and above has drastically dropped.

This phenomenon doesn't achieve the goal set under the SSA of 'retention of all students till the upper primary stage'.

There are many questions that arise under Incentive based approach of Education – is there a difference between parental motivation and student motivation? One aspect is for parents to respond to monetary incentives and send their children to school; another aspect is for students to respond to education while they are in school. There is a dearth of student centric incentive schemes under the Delhi government, which can be used to motivate the students to respond to education and study well.

As a result, the parental centric incentive schemes under the Delhi government only ensure enrolment of students till a grade where tuition is free. But the main aspect of Education is the development of the human resource and for that students need the opportunity to respond to incentives too.

Of course, there are critics of incentives in education who believe that students should value education in itself and that by providing cash incentives, you reduce the intrinsic motivation among students. But it can be argued on the basis of many researchers conducted globally (Ronald G. Fryer, Samuel Todd, Reed and Busby) and the representative data collected for this research that incentives manage to latently and manifestly motivate parents, students and teachers for better results

So, incentive based schemes under the Delhi government succeed in getting students into school but that is not where their endeavour should end – the picture is not complete unless you aim to get optimum results out of a student who is already in school.

Another goal under the SSA is to impart quality education to students in government schools. Looking at the answers of the parents it can be concluded that this goal hasn't been achieved. 14 parents agreed that their children are lesser inclined to studies than the students of the neighbourhood private school. Also, 17 parents said that they were not satisfied with the quality of education provided by the school. This seems to be a macro problem as teachers agree with this accusation too. MHRD has a rule that even if a student gets 'E' grade in annual examinations, they must be promoted to the next grade.

This shows that though incentives do a good job of getting children to school, that's not only what parents want. They also want quality education for their children which is not being imparted. This problem can be solved through Incentives too. It is a matter of getting the incentives right and restructuring them for the desired result.

## CONCLUSION

Incentives are a good policy to attract students to enter school, but the quality of education is what sustains the children to complete their education. In fact, incentives are something we should look to more in education. There should be more of a reason for kids to want to go to school and want to learn than just the fact that it is required of them, and incentives provide just that.

Incentives can be structured on various dimensions like – What was rewarded, how often were incentives given, the grade levels that participate and the magnitude of the rewards (Ronald G. Fryer, Jr). A permutation and combination of these dimensions can achieve various results.

In a Research titled "Financial Incentives and Student Achievements", Ronald G. Fryer explains that incentive used for inputs (that go into producing marks/results) get better results than incentives used for outcomes (marks themselves). Dohn Community High school in Cincinnati, Ohio gives visa gift cards to students as a prior incentive to complete projects or get good grades in tests. On the other hand, in *Sarvodaya Balika Vidyalaya* and other government schools, incentives such as Merit Scholarship money are often given after the students have already reached the next grade level. All schemes under the Delhi government are output based ones.

There are other types of Incentive schemes that are used in cases of social assistance called Conditional Cash Transfers (CCT) wherein receipt of aid is dependent on family's compliance with certain prerequisites. Government of Mexico's program called 'Oportunidades' (based on a previous program called PROGRESA) is based on this feature. It is designed to target poverty by providing cash payments to families in exchange for regular school attendance, health clinic visits, and nutritional support.

This is a holistic program that aims at breaking the cycle of poverty that is reproduced generation after generation. Oportunidades is credited with decreasing poverty and improving health and educational attainment in regions in which it has been deployed. As of 2006, around one-quarter of Mexico's population participates in Oportunidades. Also, in this program, cash transfers are made from government directly to the families, leading to transparency and accountability. Opportunity NYC is also a CCT program that, the first major one, which has been implemented in the United States.

So, incentives have managed to be a game-changer for the Education scenario in Delhi government schools, but only for getting children to school. The Delhi government, by using more and different types of incentive based schemes, can achieve the goals under SSA program. With restructured and innovative schemes, it can complete the entire puzzle of quality education, human resource development and poverty alleviation.

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