

Gist of EPW February Week 3, 2021

The Economic and Political Weekly (EPW) is an important source of study material for [IAS](#), especially for the current affairs segment. In this section, we give you the gist of the EPW magazine every week. The important topics covered in the weekly are analysed and explained in a simple language, all from a [UPSC](#) perspective.

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Politics of Inflammatory Oil Price Rise

Context:

The article analyses the reasons behind the increasing fuel prices in India.

Trends in prices of petrol and diesel:

- A question that always puzzles and irks most people is why there has always been a rising trend in oil prices and not a falling trend? This is particularly noticeable since the oil companies have been permitted to fix prices to reflect the trends in global prices on a regular basis since June 2017.
- The recent hike in oil prices has been severe as it has led to a spike in petrol and diesel prices by 29% within a time span of less than a year.
- The petrol and diesel retail prices in Delhi have increased from 69.6 and 62.3 per litre in mid-April 2020 to 89.9 and 80.3 by mid-February 2021 respectively.
- In general, upward and downward fluctuations in oil prices occur every few weeks or in one or two months, but this time, the upward swing has been continuing for long.

Reason for increasing prices:

- The oil companies state that this is because of the rise in the price of oil imports from \$19.9 per barrel in April 2020 to \$54.8 in January 2021, which is quite high.
- But, if we look at the linkage between the retail prices of petrol and diesel and the prices of crude oil in global markets, then a very less influential link between the former and the latter is evident.
- In reality, the prices charged to the retail petrol pumps by oil companies constitute only around one-third of the retail prices of both petrol and diesel and, taxes mainly constitute the remaining part, which is approximately two-thirds of the retail prices.
- And this does not include the 2.5% customs duty and 3% social welfare surcharge on imports of crude oil. If these two are taken into account, then the share of taxes in retail prices of petrol and diesel will be even more.
- **Going deeper into understanding the build-up of retail petrol and diesel prices, it is found that the major reason behind growing oil prices is the increase in the evidence of oil taxes.**

- In late 2015, when the National Democratic Alliance Government came into power, 28 per litre was charged by oil companies to retail petrol pumps in Delhi which is almost similar to the prices charged in early January 2021.
- Nevertheless, there has been a rise in the retail price of petrol by 37% and now it has become 84 in 2021 as compared to 61 in 2015.
- The primary reason behind this is an astonishing increase in excise duty by 73% on petrol, during the period of six years by the government and the increase in value-added tax was seen to be increased by 53% in the same period.
- Hence, it is clearly evident that the increase in retail oil prices is the result of the higher taxes imposed by the centre and the state on petrol as well as on diesel.
- There is a close association between oil and high taxes across the world.
- The data collected on G7 countries reflect that for every per litre of oil sold, one third is contributed by the crude oil price, 18% is contributed by the industry margin and taxes contribute 50% of the total price.
- In some countries such as the United Kingdom and Italy, 60% of the retail prices are constituted by taxes.
- It is clear that India is on the higher side in comparison to rich as well as neighbouring countries as taxes in India constitute two-thirds of the retail prices of oil.

Impact of fuel prices on state and centre exchequer:

- These high taxes on oil products have been acting as a moneymaker for both the central and state governments.
- The data for 2019–20 depict that the total direct and indirect taxes imposed on the oil sector by the government account for a huge amount of 5.5 lakh crores.
 - This amount is approximately 17% of the total tax collection in India and around 3% of the gross domestic product.
- The trend from 2014–15 reflects that the share of oil taxes imposed by the central government has increased from 52% to 60%.
- Contrary to this, the share of states has gone down from 48% to 40% because states only levy royalties on production of oil and octroi and entry taxes after the implementation of the goods and services tax.
- The actual losses of the states are much higher in oil taxes because the central government which derives more than three-fourths of the oil revenue from excise duties has changed the duty structure.
- Due to this, the share of the state government in basic excise duty which is shared with the states has been reduced. Not only this, the central government mobilize a larger share of oil excise duty through surcharge and cess, which is not shared with the states.
- It is evident from the trend that the contribution of basic excise duty on branded petrol has been decreased from 42.6% in 2016 to only 12.2% in 2021 and from 62.9% to 21% in the case of diesel during the same period.

- Therefore, the share of states in the excise duty collections from petrol and diesel which now exceeds 2 lakh crore annually, has reduced to a considerable extent.
- Even if we look at the collection from customs duty, there is no share of states in the 3% surcharge levied on the imports of crude oil.
- Hence, it is quite clear that the centre is gaining the most from the increasing retail prices of petrol and diesel at the cost of both the states and the consumers.

Conclusion:

- Because of the inelastic demand for oil and its ultimate impact on the consumers, it has been an easy choice for the government to impose higher taxes.
- More importantly, the middle-income groups which suffer from the immediate effect of the hike in oil prices such as disproportionately higher transport costs, have very little importance in political concerns, hence, they can not resist such a hike in prices.
- On the one hand, the government is providing substantial tax cuts to the corporate sector and on the other hand, it is trying to make more and more money from petrol and diesel consumers and states.

School Education in NEP 2020

Context:

The government has introduced the [National Education Policy, 2020](#) (NEP 2020). The article analyses the various aspects of the policy by taking into consideration the underlying structural inequalities in the school education system.

Introduction:

- The NEP 2020 is designed in such a manner that makes it different from the previous two national policies of 1968 and 1986 in qualitative terms.
- It reveals a value-laden state policymaking exercise through its possibilities for educational thinking and policy concerns.
- It is created on the basis of five preceding drafts namely, the Ministry of Human Resource Development's (MHRD) Subramanian Committee's National Policy on Education 2016 report, its companion document "Some Inputs for a draft National Education Policy 2016," NITI Aayog's "Three Year Action Agenda" released in 2017, MHRD's Kasturirangan Committee's Draft NEP 2019 report and subsequent NITI Aayog's "The Success of Schools: School Education Quality Index."
- The NEP 2020 represents the features of the five drafts and has incorporated an economic approach.
- The 66 pages of the NEP 2020 policy text read as if education is a benign process disconnected from its wider socio-political context.

Overlooking Structural Inequality

- The NEP 2020 overlooks certain structural inequalities. First is concerned with the ignorance of the fact that the current Indian school education system largely naturalizes social hierarchies.

- The objective of the NEP 2020 is education for all, a rhetoric that is mentioned seven times in the document but only through the persisting multilayered hierarchies of access enclosed in the distorted school system.
- These hierarchies include various kinds of schools such as private, budget schools, and government schools, and each of them caters to students belonging to specific social classes.
- Hence, it bypasses the rooted inequalities in the existing unequal school system.
- There is a section in NEP 2020 which is dedicated to “Equitable and Inclusive Education: Learning for All,” another to “Financing: Affordable and Quality Education for All” and speaks of “full equity and inclusion”, “equitable high-quality education for underprivileged and socio-economically disadvantaged groups”, and “equitable public education system that is truly needed for India’s future”.
- It is not stated in the NEP 2020 that its objective is to initiate the constitutional vision of free and elementary education of fair quality to all the children of India.
- It only depicts it as an alternative when it asserts that “the aim of the public-school education system will be to impart the highest quality education so that it becomes the most attractive option for parents from all walks of life for educating their children”.
- The separate school systems for children that belong to different social classes in Indian society have always been a matter of concern while making policy.
- The NEP 1968 recommended that a free, state-funded, and compulsory school system (CSS) should be set up across the country to eradicate the inequalities in the school system.
- However, there is no reference to the term CSS in NEP 2020.
- With the ignorance of these existing structural inequalities, the policy development aimed at the establishment of a free public elementary education system comes to an end.

Towards a Technocratic Society

- In any given context, quality, efficiency, and accountability are the indicators of the status of school education. The comparison between government and private schools shows government schools in poor light. This increases the demand for “reform of state education system along market lines”.
- In policy-making, the fundamental aims and purposes of education, segregated and stratified school institutional system in India, and the weak regulatory structure to oversee education in India are hardly referred to.
- Second, the aim of the policy is to globalize the knowledge-based economy and society (KBES) under which knowledge is interpreted as uncritical, lifelong learning of skills to become a productive national global citizen within a globalizing polity.
- If NEP 2020 visualizes to rearrange the educational system then it aims at a technocratic KBES.
- This vision of NEP ignores the social divisions such as prevailing inequalities, regional imbalances, patriarchal oppression, and caste fault lines. It is abandoning the view that equitable education is a harbinger of an inclusive society.
- There is an introduction of online and digital education as a separate section which remains the area of major concern in the NEP 2020. The section on digital education is discussed against the background of “various dramatic scientific and technological advances, such as the rise of big data,

machine learning, and artificial intelligence” and “the increasing demand for a skilled workforce” while speaking of “artificial intelligence-based technologies”, “the emergence of digital technologies and the “emerging importance of leveraging technology for teaching-learning at all levels from school to higher education”.

Indifference to Educational Data

- NEP in its quest to align the state education system with market fundamentalism has largely ignored the principle of data-driven policymaking.
- There are two types of very important educational data that should be taken into account during policymaking.
 - First, it is evident from the indicators of social consumption that barely 10.7% of the households across different states have access to computers and merely 23.8% have internet access.
 - There are various rural-urban disparities enclosed in these social indicators as it is visible from the data that only 4.4% and 23.4% of households have computers in rural and urban areas respectively.
- There is also a difference in the accessibility of the internet in the rural and urban areas as only 14.9% of households have internet access in rural areas as against the 42% in urban areas.
- The aim of NEP 2020 to promote “online and digital education” is going opposite to the direction of equitable access to education.
- The NEP 2020 talks about the incorporation of technology in a manner that will be able to mitigate the concerns of equity after the eradication of the digital divide.
- But, this does not go in line because of the social inequalities prevalent due to inequalitarian infrastructure.
- A recommendation to establish an autonomous body namely, the National Educational Technology Forum (NETF), has been made by NEP 2020 “to provide a platform for the free exchange of ideas on the use of technology to enhance learning, assessment, planning, administration”.
- One of the key initiatives of this forum will be to conduct pilot studies for online education which will be of use in the absence of theoretical or empirical pieces of evidence highlighting the pedagogic value of online teaching.
- The other significant data which is being ignored by NEP 2020 is the exponential increase in the enrolment of children in private schools as compared to public schools.
- The data of NIEPA 2016 reveal that 77,063 new private schools were opened in 2015–16 whereas, the number of government schools reduced to 12,297.
 - According to the data, there was also a significant reduction in the enrolment of children in government schools by 11 million from 2010–11 to 2014–15 and as against this, the enrolment in private schools increased by 16 million during the same period.

Online Education and Privatisation

- According to U-DISE, 120 million students are attending private schools which are 4,50,000 in number and 130 million children are studying in 1,09,000 state-run government schools.

- In no other country does such a large number of students attend private schools. In OECD countries, less than 10% of children attend private schools.
- The private school system deepens segregation in our society as school education overlaps with other social differences of class, caste, and gender.
- The private sector is going to be the biggest sector in the education domain.
- NEP 2020, on one hand, emphasizes that the public education system is the foundation of a vibrant democratic society and calls for reforming it and on the other hand, calls for encouraging the private/philanthropic school sector.
- This indicates a policy shift away from putting uncompromising thrust on the public school system.

Worrying Outcome

- NEP 2020 opens the possibility of making education a market commodity. It will aid private capital to dominate the private education space assisted by digital technologies.
- The NEP has made the fundamental role of the global market in framing education policies acceptable in the absence of social imagination.
- Big corporations with deep pockets and digital technologies further dominate the educational sector. This goes against the quest for strengthening the equitable public education system.
- The NEP 2020's vision of "education for all by 2040," may be actualized but at the cost of excluding a large section of our population through increasingly multilayered hierarchies of access as per inequalities prevalent in the society.

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