

## **Financing Education\***

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The Draft National Education Policy unveiled by the central government puts forward a bizarre line of reasoning. Education, it is argued on the basis of a long-held and honourable belief going back to the Kothari Commission, should have an annual expenditure of around 6 percent of the Gross Domestic Product; we have come nowhere near this figure even after so many years and cannot do so on the basis of government effort owing to our stretched budgetary resources; hence, to realize this target, which most right-thinking persons in the country would accept, we must draw the private sector into the education sector, i.e. privatize education.

This argument is bizarre because it uses a laudable end to justify a means for achieving it that in the process of apparently doing so is sure to subvert it. It is analogous to an argument that might be advanced as follows: for making health facilities available to every Indian, we need to step up health expenditure well above its current ratio to the GDP; since this cannot be done out of our limited budgetary resources we must privatize healthcare. But the whole point of the objective in this case, of making healthcare accessible to all, gets effectively subverted by the means used purportedly for achieving it, which is privatization, that has the effect of making healthcare expenses exorbitant for all and beyond the reach of most. Exactly the same holds for education. This entire line of argument is an attempt to justify hurting people in the name of caring for them. It needs to be firmly rejected even in the guise in which it is presented, namely as a pragmatic palliative.

There is an obvious reason for this and also a less obvious one. The obvious reason, as already mentioned, is that any privatization of education makes it exorbitant and thereby excludes the most deprived segments of the population from its ambit. It therefore goes against the basic value of equality of opportunity that must inform any democracy. To be sure, there is no equality of opportunity in the Indian society at present; nor can there be genuine equality of opportunity in any society that follows the capitalist trajectory of development. But privatization of education removes equality of opportunity even from the list of cherished goals. It legitimizes inequality and hence amounts to a conceptual assault on our Constitution.

Two points may be made here by the proponents of privatization. One, even though privatization may make education more expensive, students can always take loans to study, which they can pay back when they complete their education and embark on some professional career. Hence as long as loans are available aplenty, there should be no cause for complaint, since nobody gets excluded from education.

This however is a completely misleading argument. If every student who passed through the educational system was assured of a job then there might be some point in this argument, though it would still be a wrong one (since it perpetuates inequality). But the fact of the existence of massive educated unemployment makes it completely untenable. An impecunious student who studies on the basis of a loan will find it impossible to pay it back if he or she cannot find a job at the end of the period of study. The pressure for repayment therefore would drive large numbers of students to desperation. They would be in the same predicament in which the bulk of the

country's peasantry currently is, and some of them could well adopt the same exit route as what three lakh peasants have adopted over the last two decades, namely taking their own lives. The glib assurance that loan-finance would prevent the exclusion of impecunious students from a privatized education system therefore is a loathsome idea which must be rejected.

The second argument that defenders of privatization advance is that the impecunious students should be subsidized by the government in private educational establishments. In fact something of this sort is already happening in many places, with a bizarre consequence, namely that private educational establishments jack up their fees for such students, precisely because the government is paying these fees. In Kerala for instance in many private institutions the dalit students have to pay higher fees than the non-dalit students, because this ipso facto increases government subsidies, and helps such institutions to enhance their profits. But, surely, instead of the budget being used to line the pockets of the private sector in this manner, it is much better for the government itself to take on the job of providing education.

So far we have only looked at the exclusion arising from the non-affordability of private education. But quite apart from such financial exclusion, there would also be more direct exclusion arising from the evasion of "reservations" in admissions, since private institutions often tend to ignore the need for "reservation" of seats for deprived groups.

The less obvious reason for rejecting privatization of education is that the "education" which private institutions provide is quite different from the "education" that is needed in a country like ours. The purpose of education in a society like ours must be to produce, if one borrows Antonio Gramsci's concept, "organic intellectuals" of the people, i.e. a group of intellectuals committed to defending the foundational values upon which this society, emerging from an anti-colonial struggle that defines its "modern" nationhood in sharp contrast to its history of caste-based institutionalized inequality, is seeking to reconstitute itself.

These "organic intellectuals" are not supposed to be produced only among those studying the humanities and the social sciences; they must also be produced among the engineers, the doctors, and the army of trained professionals. Without such "organic intellectuals" the project of creating a new India will be subverted and India too will join the ranks of the so-called "failed States" which abound in the third world. And a system of education that is privatized, and hence commoditized, creates "organic intellectuals" of international capital but not "organic intellectuals of the people". The former would consist of self-seeking, self-absorbed, socially-insensitive individuals interested solely in promoting their careers by defending the neo-liberal order under the hegemony of globalized capital, and advancing professionally within it; and being imbued with Hindu-supremacist and casteist values is a perfect complement to such self-seeking careerism. Privatization of education in short contributes to a subversion of the project of building a free India.

But, it may be asked, can resources for education be mobilized in the absence of privatization? The very posing of the question however points to its absurdity. If privatization can bring enough resources for education, then such resources ipso facto exist within the country. Why cannot the government mobilize these very resources

for erecting a predominantly publicly-funded education system (that does not exclude philanthropic private initiative)?

India has one of the lowest tax-GDP ratios among all the countries of the world. It is no exaggeration to say that the rich in India hardly pay any taxes: there is no wealth tax, no capital gains tax worth the name, and hardly much income tax that falls upon them. The bulk of the government revenue, taking the centre and the states together, is raised through indirect taxes; and even though it may appear at first sight that indirect taxes are paid by all, this is far from the case. An excise duty on tyres for instance which appears to fall upon those owning cars and trucks, actually falls predominantly upon the ordinary working people through higher transport costs, and hence higher prices, for essential commodities.

The only study ever attempted in India on the incidence of indirect taxes upon different expenditure groups, which was undertaken at the behest of the Indirect Taxation Inquiry Committee for the year 1973-74, suggested that 55 percent of the total indirect tax revenue (which then accounted for 80 percent of total tax revenue) came from persons who had a per capita monthly expenditure of less than Rs.100 at that time, a figure that was way below the exemption limit for income taxation.

The poor in short pay the bulk of the taxes in this country, from which the rich are excluded; and this phenomenon has got far more accentuated in the era of neo-liberalism. Earlier, while the tax-system itself was regressive, it was at least believed that it should be made progressive. With neo-liberalism however, an utterly regressive tax-system is blandly justified in the name of promoting growth, encouraging “make in India”, and so forth.

To say that education should be privatized because there are no resources with the government for meeting the required level of expenditure, is not only a pernicious argument; it is a logically self-contradictory one as well, for it amounts to asserting that the resources for raising educational expenditure both exist within the country and also do not exist (for if they did then a government with sovereign taxation powers should be able to mobilize them).

The absurdity of such an argument would be immediately clear if we talk about some other field, say defense expenditure. If the government were to say that because of the budgetary constraints we should privatize the armed forces, then there would naturally be a furore against such a move. But when the same thing is said about education, it is accepted even by many otherwise well-informed people as a perfectly legitimate argument. This argument is absurd; and its wide acceptance is a disturbing phenomenon in itself.

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