The Great Indian Divide: Growing Inequality with Growing Economy

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Abstract

The article talks about the growing inequality in India in the context of the growing neo liberalism strategies being adopted. Earlier studies using data from various NSS estimates suggest that inequality has indeed widened, post reforms. The refutation of Kuznet's hypothesis is discussed. We move on to explore the various factors in the Indian context, which are increasing this divide, emphasizing on the period when the country ushered in the era of economic reforms. A growing need is being felt for an employment led growth with a special focus on the rural sector. Inequality has dampened the pro- growth effects of reforms. Trade-off between growth and inequality is warranted.

Key words: *growth, inequality, poverty, liberalization, reforms*

Introduction

Mass poverty and chronic underutilization of the vast human potential are widely recognized as the most pressing problems in many of the developing nations today. Poverty for instance, is no abstract drawback for the economy. It is a concrete fact that all over the country there are men, women and children who do not have enough to eat. In addition, a selected few do not know what to do with the bounty. Thus, inequality is a socio-economic phenomenon whereby the resources available to the society are used to satisfy the wants of a few while many do not even have their basic needs met. (Dandekar and Rath, 1971)

India along with China is one of the fastest growing economies of the world. It ranks next only to China in GDP growth. The economy of India ranks fourth in the world according to PPP (Purchasing Power Parity). India has moved forward in terms of growth because of growing liberalization and a market based economic system. However, these statistics are not telling all. Analyzing deeper we find that this vitality in economic growth has brought with it an ever-widening gap between the rich and poor. According to the recent available statistics, 80% of the Indian population lives on less than $2 a day and the richest 10% have a share of 31% in the total income of the country.[1] Going further, a recent study showed that 40 % of children under the age of three are malnourished.[2] We explore in this article some past studies on the growing and widening inequality in the country, moving on to factors, which are increasing it and conclude with some suggestive measures that may help to bridge the gap.

Inequality measures are important and matters of concern. They matter especially in developing countries, where people are more likely to see in it signs of injustice, privilege to selected few and unequal opportunity. In developing countries, inequality is economically destructive wherein it leads to a vicious circle of poverty. Economic theory suggests why weak credit markets and inadequate public education mean only the rich can exploit investment opportunities. India is a low-income country yet today there is a growing worry of the burgeoning army of its skilled professionals who are accentuating this great divide. If we mention global inequality, the world bank report says that the per capita GDP in richest twenty countries is 37 times higher than the poorest. According to recent rankings by various world bodies, India's position was a dismal 134 out of 182 countries in a survey. On the GHI[3] India's ranking was at 65(out of 84 countries). In another WHO report India's ranking was 171 out of 175 (2007-08) in terms of public health spending. At the same time, the collective wealth of India's richest 100 people is approx Rs 13 lakh crore which amounts to one fourth of country's GDP. The gap has increased significantly in the recent past.

The growing inequality has strong connotations with the opening up of the economy; this inequality, which we see, is in four forms intra-urban, intra-rural, rural-urban and inter-state inequalities. The wave of LPG (Liberalization, Privatization and Globalization), the economic reforms of 1991 and their relationship with the growing inequality in India forms the background of many research studies conducted in the recent past. There is conclusive evidence in most of them that inequality has indeed risen since the onset of the various economic reforms. Many studies have demarcated the urban and rural poverty differentials. In addition, many studies based on decomposition analysis[4] of poverty have found that growth in the post reform period significantly contributed to reducing poverty levels but the distribution of income (moving towards more inequality) put an upward pressure on poverty levels. There are many economic hypotheses in the history of economic literature, which talk of growth influencing inequality and vice versa[5]

The studies mentioned herein use the data collected from the NSS estimates of the household expenditure in India. A controversy seems to have arisen in the methodology adopted in the 55th NSS survey (1999-2000) and the previous rounds. In the 55th round the recall period of items such as food was changed from 30 days to 7 days and for low frequency items like medical expenses, consumer durables etc to 365 days. The poverty and inequality measures reported consequently went down. We need revised estimates to make the results comparable. Sen and Himanshu(2004) after adjusting the NSS data found out that rural inequality had indeed gone up in the post reform period. They went on to show that the MPCE[6] of the upper tail i.e. top 20% of the rural population had increased multiple times whereas the bottom 80% had suffered. Deaton and Dreaze(2002) have also come to similar conclusions using the adjusted data where they found that there was a substantial increase in rural- urban inequality from 1993-94 to 1999-2000. They also found out that with the adjusted survey data inequality had increased with widening rural-urban incomes and slower income growth in low-income states than the high-income ones. Sunderam and Tendulkar (2002) have also showed a massive increase in inequality in the 55th NSS round in comparison to the 50th round. They have shown that rural inequality has in fact increased in the post reform period. Another study by Raghbendra Jha(2000) which calculates the gini and other popular measures of poverty shows a sharp rise in inequality levels and only a marginal decline in poverty have characterized the post-reform period. He shows that though there has been a marginal decline in poverty post reforms but inequality has increased because of capital intensity in production, drop in the rate of labor absorption and the rapid growth of services sector Bannerjee and Pikkety(2005) used a different type of data from the previous studies. Their studies sprout from the income tax data. Using the income tax reports they found out that in the late 90s the income of the top 1 % of the population increased by over 50 percent. The major focus of many of these studies is rural- urban inequality differentials as well as regional inequality. The post reform period also led to a widening of regional inequality with richer states getting more of the booty. This is a highlight of many of the studies. Ghosh and Chandrashekhar(2006) showed that inter state inequality increased during post reform period. Punjab remained at the top and Orrissa at the bottom but the differentials widened. Ahluwalia(2000) highlighted the same point.[7]. The situation is grim and of a more serious nature if we dwell deeper into the study of inner rural and inner urban inequality. Inner urban inequality in India increased in the 80's whereas rural inner inequality declined in 1970's and has risen since 90's.[8] The consumption ratio as well as consumption gap between urban and rural have also shown signs of increasing inequality after 1991.[9]. A recent study done by Sen and Ravi(2008) based on 61st round of NSS (2004-2005) and comparing it with earlier years (1983-1993) found that inequality of consumption represented by the gini coefficient increased significantly for both rural and urban areas in the post-reform period. The rate of increase is higher for the urban areas. Also when talking about regional inequality they conclude that states which had low poverty ratios had high income and gini elasticities and vice versa. Thus, distribution is important in states with low poverty ratios and growth in states of high poverty ratios.

There is so much disparity in rural-urban areas that they may be treated as separate economies. Bhalla (2007) contradicts the above viewpoint in saying that inequality has remained stable. Azam and Shari (2009) have examined income inequality in rural India in 1993 and 2005. They attempt to ascertain the contribution of different income sources to overall income inequality and change in their relative importance between 1993 and 2005 through a decomposition of gini coefficient. This paper uses a unique data from National Council of Applied Economic Research (NCAER) to study the income inequality in rural India in 1993 and 2005. The paper finds that inequality in rural India has increased from 0.46 to 0.50 between the same time period, once inequality is measured based on income rather than consumption expenditure. The paper finds that farm income continues to be the most important source of income and income inequality in rural India; however, its importance has decreased significantly between 1993 and 2005. The decomposition in both years agree that two income sources farm income and salaries represent the inequality increasing sources of income, i.e., a marginal increase in these income will lead to an increase in inequality. Whereas income from casual labour both from agricultural and non-agricultural activities represents inequality decreasing source, i.e., a marginal increase in income from these sources will lead to reduction in inequality. The farm income is the major source of income in rural India in both the years; however, the share of farm income in total income has declined from 54 percent to 34 percent between 1993 and 2005. The UN development report 2006 for India estimates the Gini to be 32.5 which is growing and rising fast. This is a clear rise of 9.7% from 1990. The share of salaries in total income has gone up between 1993 and 2005. Even as the number of Indian millionaires and billionaires increase, the poverty line decided by a faulty methodology is pegged at Rs 327 a month for an adult living in rural area. After the appointment of the Lakdawala[10] committee, the methodology has changed though the basic ingredients remain the same. The consumption basket consists of the 30 outdated items, drawn from the consumption needs of families years ago.

Inequality also increases because of an increase in the relative share of output going to capital as compared to labor, a drop in the rate of labor absorption and the rapid growth of the services sector. The rise in inequality has diminished the poverty-reducing effects of higher growth. The general truth is that the reforms of the last decade have benefited the upper 20% of the population whereas majority of the rural population and part of the urban population find themselves worse off than before. The magnitude and rate of change of inequalities is quite substantial as very sharp contrasts are evident between the rural sectors of the slow growing states and the urban sectors of the fast growing states.

Trends in Rural Inequality Post 1991

We stress on this period as it was now that the economic reforms led the country into a phase of massive economic growth. This economic growth exacerbated rural poverty. A year of high inequality was the year 1997. We summarize by saying that the onset of this period led to a rise in rural inequality, a mild drop in rural poverty and a minimal rise in consumption levels. We see mild fluctuations from year to year due to drought conditions and other natural calamities.

Trends in Urban Inequality Post 1991

Urban inequality is starker in nature. Before the reforms set in, the inequality was at a constant level but the reforms had the gini figures soaring. One of the peak years being 1997.

It is pertinent to note here that we cannot talk about poverty and inequality synonymously, there are instances, which show that though poverty fell but inequality increased. As India today churns out more and more of millionaires, the income gap between the top and bottom 10% of the population gets wider and deep. Studies have shown an increasing income gap between wages of workers of different skill sets. The writings on study of income inequality would be incomplete without mention of Kuznets (1955) who had suggested long back that growth initially widens the income gap but gradually narrows it as Industrial advancement is taking place. One of the plausible explanations why it has not happened in India's case would be the neglect of the 'Informal sector' from his study. The growth has ceased to trickle down. Kuznets inverted "U" hypothesis has many opponents. Today the growth under neo liberal strategies allows the non-poor to exclude the poor from the benefits. We examine here the multitude of apparent and hidden reasons for this growing and gnawing inequality in India. Thus, we conclude that this growth is making many worse off.

Objectives of the Study

The present study attempts to examine the trends in rural and urban inequality post reform period and to identify relationship between onset of reforms and increase in inequality. It also endeavours to ascertain the various factors which are increasing the inequality levels in the country, and suggests measures to overcome the problem of growing inequality in the country.

General Factors in an Economy which increase Inequality

Before we study factors specific to India that have exacerbated inequality we cursorily mention few factors which may have adverse effect on inequality in a developing nation. One of these could be the share of population employed by different sectors in the economy. If many move to higher sectors (from agriculture to industrial), inequality will rise assuming the wages to be higher in industrial sector. Technological change can also cause dispersion of wages because of an increased need for skilled workers and rising productivity of skilled workers only. Snower(1999) . A structural transition in the economy from agriculture sector (low wages) to industrial sector (higher wages) could also increase inequality.[11] Higher inflation and unemployment levels have inequality worsening effects as redistributes income in favor of the better offs in the society. Research has shown the relationship between educational expansion and inequality to be "U" shaped.[12] Inequality is high in countries like India where historic land, natural resources and wealth have concentrated in the hands of a small group of population. In India (rural and urban), the single most dominant factor contributing to inequality is education followed by changing work pattern and industrial growth. Uma Rani(2008)

Reasons why this Growth has failed to Penetrate

In this section we study in details factors which could have exacerbated inequality levels in the country focussing on reform measures.

Fiscal Policy Measures

There is a contraction policy, which is leading to a cut of government expenditure in crucial sectors such as agriculture, infrastructure, transport etc. Expenditure cutting is taking place in various employment generation and poverty alleviation schemes. There is reduction in food subsidies. Downsizing of employment in key public sector industries is taking place. Privatisation of very basic services like transport and electricity made it unaffordable for the poor. This was essentially a one-track approach; There is no effort to increase revenue through taxes. While revenue from direct taxes stagnated, indirect taxes revenue is reduced by cut in excise duties, customs duties and fiscal concessions given to foreign Investors as it entered the WTO regimen. We conclude that the fiscal policy measures initiated in the reform period did not allow the government to build up productive capacity in the economy. Lack of public investment dampened aggregate demand, negatively affected private investments; created infrastructure bottlenecks to future growth, and adversely affected the provision of important public services. Moreover, in a developing country, where capital expenditure on infrastructure and social services tends to crowd in private investment, reduced expenditure on these sectors led to the crowding out of private investment. Because of reduced public and private investment, there was inadequate productive employment generation, both in rural and urban areas. This was a key factor behind the increased inequality in the country.

Liberalization

FDI flows show a strong sectoral bias towards a few selected and favored sectors like information technology, high-end consumer goods, insurance and banking sector. Thus in a bid to attract these FDI flows in the country the government has totally neglected the rural sector, increasing inequality on the way. The more employment-oriented sectors like agriculture (Even today Agriculture contributes 70% of livelihood of people) which is labor intensive in nature thus reducing employment and increasing inequality. Also for obvious reasons FDI in the country has favored certain states which have good infrastructure over others. The states, which are able to create an environment for growth because of better infrastructure, good administration and relatively lower levels of corruption, have fared better whereas the so called BIMARU states[13] have lagged far behind in attracting FDI. This is taking place in highly skilled and technology intensive sectors thereby increasing demand and wages of skilled labour, increasing inequality on the way.Thus this display of FDI can momentarily create illusions of prosperity but in reality it has widened the rural- urban gaps and has done nothing at all in reducing inequality in the country.

Technological Progress

Technology exacerbates inequality by

favoring those with high skills and thereby increasing the "skills gap". A greater access to education can reduce this. In a recent study of cross-country analysis, Jaumolte Florence et al (2008), found that technology has contributed more in increasing inequality in developing nations whereas globalization has tended to reduce it.

Stagnation of Employment

The rate of growth of employment in the rural sector is very low. Post reforms there have been widespread downsizing in various PSU's. The leading service sectors in India absorb highly skilled labor. The sectors, which have contributed to employment generation and output, are the FIRE[14] sectors. In contrast, the manufacturing sector has not been able to absorb the vast labor force. The increase in employment and income gap has led to increased urban disparities. A move of employment from agriculture to industry should improve distribution of income but this is again controversial. The increasing income inequality in the post reform period is because of rising manufacturing exports and imports. Among manufacturing exports, during the 1990s, there was a phenomenal growth in exports of high-technology goods. This change in the skill composition of Indian manufacturing export basket offers a plausible explanation of stagnation of exports during the period 1991-97 even though the industrial output tripled. The total organized sector employment increased by a paltry 5.6%.The wage differentials have widened between the class of casual workers and regular salaried class workers. Rural non-agricultural employment is also on a total decline, the overall tendency in urban areas is towards casualization of labor. Although employment increase and higher wages are seen in few sectors such as information Technology, communication etc but when we take the entire economy into perspective this can only be talked of as miniscule.

Trade Liberalization

The skilled labor sector has benefited by trade liberalization whereas it has had counter effects on sectors like agriculture. Initial trade liberalization is always in favor of the higher income groups. Liberalization stands to be worse for those countries, which are highly dependant on primary commodity exports, the prices of which have dramatically declined. . Over here, import oriented domestic production replaces employment intensive production thus again reducing employment and on the way increasing inequality and contributing to the growing divide. However, here another contradictory theory also suggests that since in India agriculture employs an increasing number of people, an increase in export prospects of agriculture tends to remove inequality

Unequal Distribution of Land

Land distribution in the rural areas is highly inequitable with a minority possessing the majority of land. In addition, since land is government propriety many a times the poor are compensated so little in exchange of their land. Massive land grabbing happening at the cost of displacement of poor and various guises adopted by the government and corporations have been discussed in this series vividly. The problem has deeper impacts since India's accession to WTO with declining prices of agricultural products and lesser elasticity of these in comparison with other goods in the international markets. Firstly, most farmers who have no land or only have a little do not have access to financing programs to develop non-agriculture ventures that could increase their household income. Although the green revolution produced a positive effect on agricultural growth and farmers' income, it also brought about other negative effects such as higher cost in seeds, irrigation and technology. When this combines with an inadequate public distribution system, it completes the entire circle. Many small and marginal farmers have been dispossessed of their land and forced to work as landless farmers. These are few factors, which have accentuated the rural- urban divide,making farm income unstable.

Opening up of the Financial Sector

The Economic reforms of 1991 also had a major impact on the banking sector wherein priority sector lending eased and various norms such as capital adequacy ratios came to be implemented. Because of this, the banks shied away lending to agriculture and other small-scale industries, which worsened the inequality situation further in the country. In addition, benefits of financial deepening may disproportionately accrue to the rich who have more collateral/income.

Drop in Wages, Rise in Profits

The Economic reforms in the country have seen a virtual decline and stagnation of wages and improved profits to the corporations. These tendencies are more pronounced in the organized sector of the economy. The share of wages has been stagnating within this sector, and that of mixed income (self-employment and agricultural income) has been declining, indicating a rise in the share of profit.

Increasing Share of Service Sector

The increasing share of service sector in the country's GDP (58%) approximately has also contributed to the growing divide in the skilled wages and non skilled wages. Here it is pertinent to mention that this sector is increasingly contributing to the GDP of the country. Although share of services rose from 42 percent to 48 percent in GDP during the 1990s, the employment share actually declined by one percentage point during the decade.

Employment and Wage Inequality

Post liberalization there seems to be a rising inequality amongst different occupational groups. Real agricultural wages have grown at 2.5 percent or so in the 1990s, while public sector salaries have grown at almost 5 percent per year during the same period. Elasticity of employment being low in agriculture, the agricultural sector in terms of employment has shown stagnation. The income of the construction workers who constitute a substantial share in the urban informal sector is only 42% of the high skilled workers of the service sector. Yet, within manufacturing, employment in the organized sector has "declined significantly" (Tendulkar 2003) despite high rates of overall growth while employment in the informal/ unorganized sector has increased. But the wages paid in this sector continues to be very low.

Regional Inequality

Discussion on inequality is incomplete without a mention of the regional inequalities. This inter state inequality contributes almost 50 percent to total inequality. The regional development is highly skewed with the star performing ones usually being the forward states. An egalitarian pattern of growth requires growth in the most backward of states such as Bihar, Madhya Pradesh, Orissa, and Uttar Pradesh. Even the states with higher agricultural growths in the post reform periods like Haryana and Panjab were those, which were richer relative to the rest. This has been observed in otherwise well performing states such as Kerela, which recorded a moderate level of growth with moderate inequality in the pre reform period based on distributive justice, and other government measures started showing very high levels of inequality in the post reform period working on the principles of unbrindled neoliberalism. With the onset of reforms the variation of regional disparities amongst the states has increased further. If the economic status is being determined by where one resides, such a loop sided growth is worrisome indeed.

Conclusions

The stark reality is that vast population in the country today is mired in poverty, depressing quality of life, health, education, food and nutrition. A case in point is the GOI report[15] which talks of a major industrialisation drive in Chattisgarh's iron-ore rich districts as biggest grab of tribal lands after Columbus. This level of inequality once it transcends a boundary starts to erode the social stability of the nation. Growth as we understand today is creating stressed relationship among the privileged and non-previliged leading to social unrest in the economy. This is breeding ground for social unrest such as Naxalism.

We need to understand that this growth by itself will not trickle down until and unless continuous and sustained effort is done to make it happen. There is a need to peruse progressive legislation; social welfare policies attain distributive justice. The ultimate aim of growth should be to improve the living conditions. India needs to work hard on its economic system. An endless effort to globalize, liberalize and privatize will not work when more than half of the population in the country is starving. It is to emphasize here that high rate of growth has indeed increased the inequality level, which has retarded the poverty reduction process. If a trade off is to be set then there is no harm in having moderate growth with moderate inequality. Employment generation with a labour intensive industrial growth is highly warranted at this time. It is very important in this era of trade liberalization to make this growth work for the poor. The trade policy in the short term should target to make the exports of those goods, which unskilled labour makes more competitive. In the end, it may mean the poor to increase their skill set for which all constraints have to be removed. This would mean a compulsory state expenditure on rural education and providing the right facilities. Development of rural Infrastructure, transportation and storage facilities can make the small farmers also gain from the increase in exports thus ameliorating inequality. Human capital development is also very important. In order for the gains from this growth to perforate, the federal needs to take up seriously the task of education, training and skill development.

We need to stress in here the multitude of poverty alleviation programmes, which are started by the Government knowing that on its own, this growth will not trickle down. These programmes have concentrated on employment generation and asset endowment for the needy. Time is ripe for right attitude and political commitment to make these programmes a success. To make the village panchayats the sole discretionary body in dispensing out the funds for the programmes and decentralizing the decision making process. To make this growth pro poor need is to work on the agriculture sector which till date employs the majority of the population. This could mean concentrated efforts on the revolutionary SHG programmes.

Suggested Measures

There is no substitute for growth but we need to work on a different path to achieve it. The composition of growth needs to be altered to make it more agricultural oriented especially in the poorest of areas. There is a need to work upon the efficiency of the working of the public expenditure and social security schemes for the poor to insulate them from macro economic shocks. Amit Bhaduri(2009) stresses upon getting devoid of corporate neoliberalism, giving importance to the working of the internal market, economic growth through employment growth, getting out of the grip of central decision making. Making NREGS an ambitious programme, delegating maximum decisions and freedom from the hands of *panchayat* and local bodies are economically viable and politically feasible alternatives, as the author suggests.

We are talking about not only the income divide but also the increasing insecurities and vulnerabilities that accompany it. It is time to concentrate our attention on equity and provision of public goods. Recent trends have shown a declining ratio of development expenditure to non-development expenditure. This needs a reversal. Time is ripe to stop the celebrations on the growth rates & India shining slogans with a blind eye on inequality. There is a growing need to move towards a degree of equalisation even at the cost of slowdown in growth. Inequality is enemy of human development. It is time to fight it out.

Table 1: Trends in Rural and Urban Inequality in India

	1993-1994	1994-1995	1995-1996	1997	1999-2000a	1999-2000b
Rural Gini	28.5	29.19	28.97	30.11	26.22	26.33
Urban Gini	34.5	33.43	35.36	36.12	34.4	34.25

Source: Jha (2004), 1999-2000a –Using 30 day recall method, 1999-2000b – Using 7 day recall, the shorter recall period was used in the 55th round.

Table 2: Gini Co-efficient for Rural and Urban areas Poverty and Inequality Percentage Change per annum

Gini Co-efficient	1983	1993-94	2004-05	1963-94	1994-05
Rural	30.79	28.55	30.45	-0.21	0.17
Urban	34.06	34.31	37.51	0.02	0.29

Source: Dev and Ravi (2007), op. cit.

Table 3: Inequality in India : Can you spot a Worsening?

	1983	**1987**	**1993**	**1994**	**1997**	**1999**
Inequality						
Inequality1 (own)	32.6	33	32.6	34.9	34.1	32
Inequality1a (Ravallion)	32.1	33.1	31.5	36.3	37.8	
Inequality2 (own: without adjustments)			0.29	0.28		
Inequality2a (Deaton-Dreze adjustments)			0.31	0.32		

Inequality 3 : % Share in total consumption (own)

Inequality 3: % Share in total consumption (own)						
Poor: Bottom 20 percent	8.4	8.6	8.7	8.5	8.4	8.9
Poor: Bottom 40 percent	12.5	12.4	12.4	11.9	12.1	12.6
Rich: Top 20 percent	41.4	42.1	41.8	43.9	43	41.4

Data Source: NSS consumer expenditure surveys conducted for respective years for all authors.
Notes: Inequality1 and 1a are Ginis; inequality 2 and 2a are the variance in log per capita expenditures. (VL). Own computations (Bhalla) and Deaton-Dreze are based on unit-level NSS data.
Sources: Bhalla, Surjit S: *Not as Poor, nor as unequal, as you think: Poverty, Inequality and Growth in India, 1950-2000*, report prepared for the Planning Commission, Dec. 2003

Table 4: Inter-States' Income Gap between Indian Urban-Rural areas in the year 2000

State/UT	Urban Per capita Income Rs./annum	Rural Per capita Income Rs./annum	Ratio of urban to Rural	Rank
Delhi	29364	24852	1.18	1
Haryana	18134	14855	1.22	2
Changdigarh	34509	27256	1.27	3
Punjab	21413	16540	1.29	4
Pondicherry	18938	13215	1.43	5
Rajasthan	15850	10693	1.48	6
Assam	17231	11109	1.55	7
Gujarat	22742	14574	1.56	8
Goa	17440	11017	1.58	9
Karnataka	18394	11300	1.63	10
Kerala	17372	10342	1.68	11
Andhra Pradesh	19143	11033	1.74	12
Bihar	12404	6976	1.78	13
Uttar Pradesh	12257	6738	1.82	14
Himachal Pradesh	19881	10816	1.84	15
Tamil Nadu	24246	12888	1.88	16
Maharashtra	23747	11769	2.02	17
All India	**19407**	**9481**	**2.05**	
Madhya Pradesh	14719	7079	2.08	18
Meghalaya	20714	9284	2.23	19
West Bengal	23892	8792	2.72	20
Orissa	15993	5704	2.80	21

Source: Indian Market Demographic report 2002, NCAER, New Delhi, 2003.
Note: Not including Arunachal Pradesh and other states.

Figure 1 : Indices of Real Per Capita Income by Fractile Groups

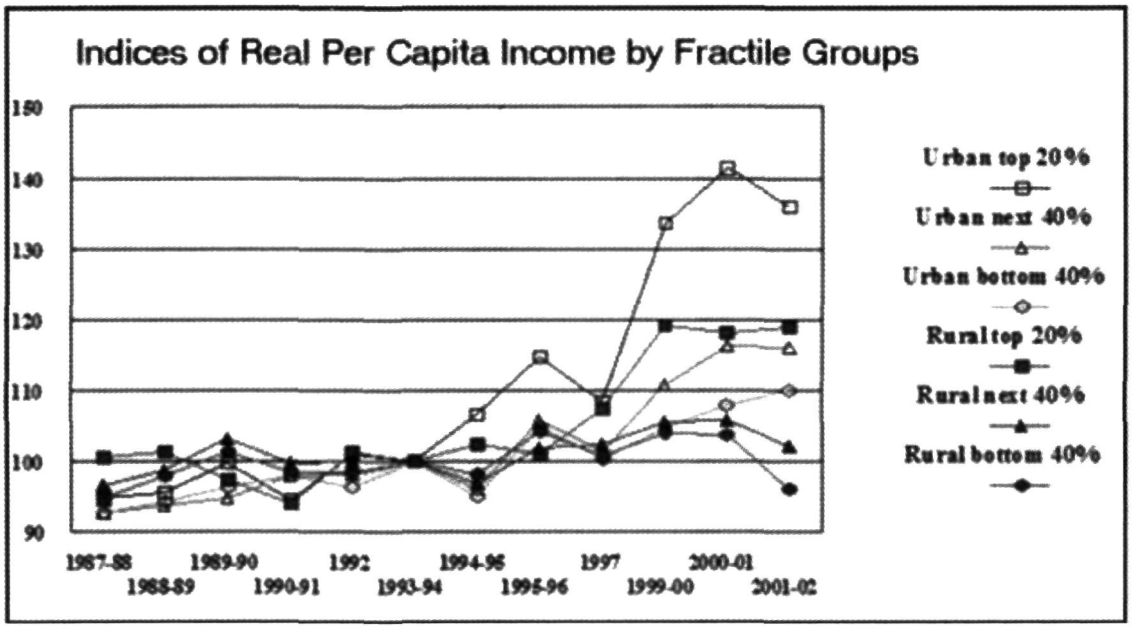
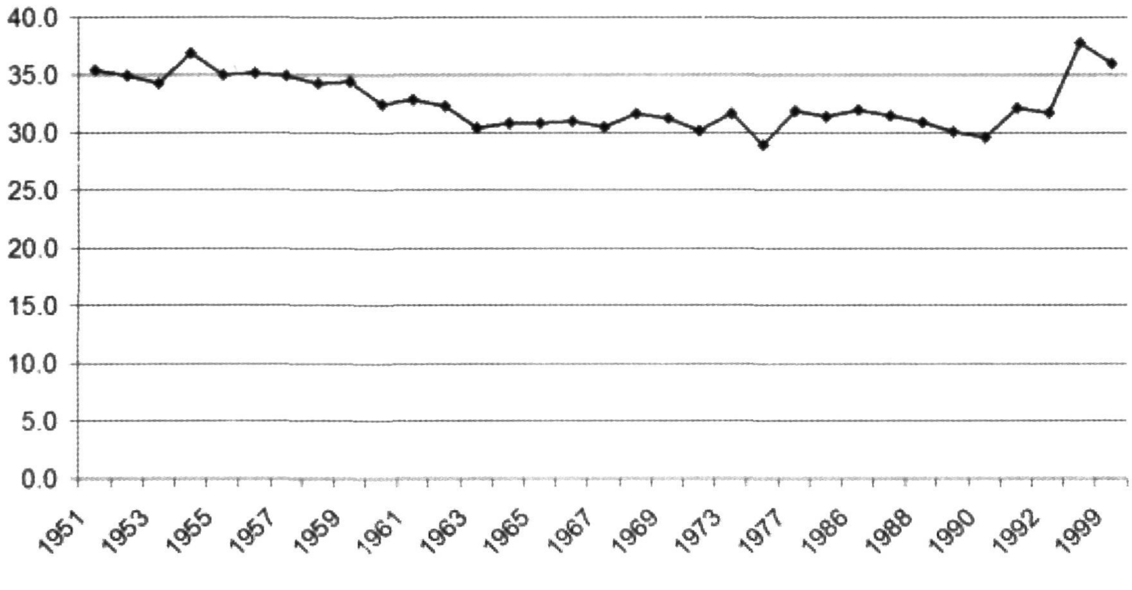
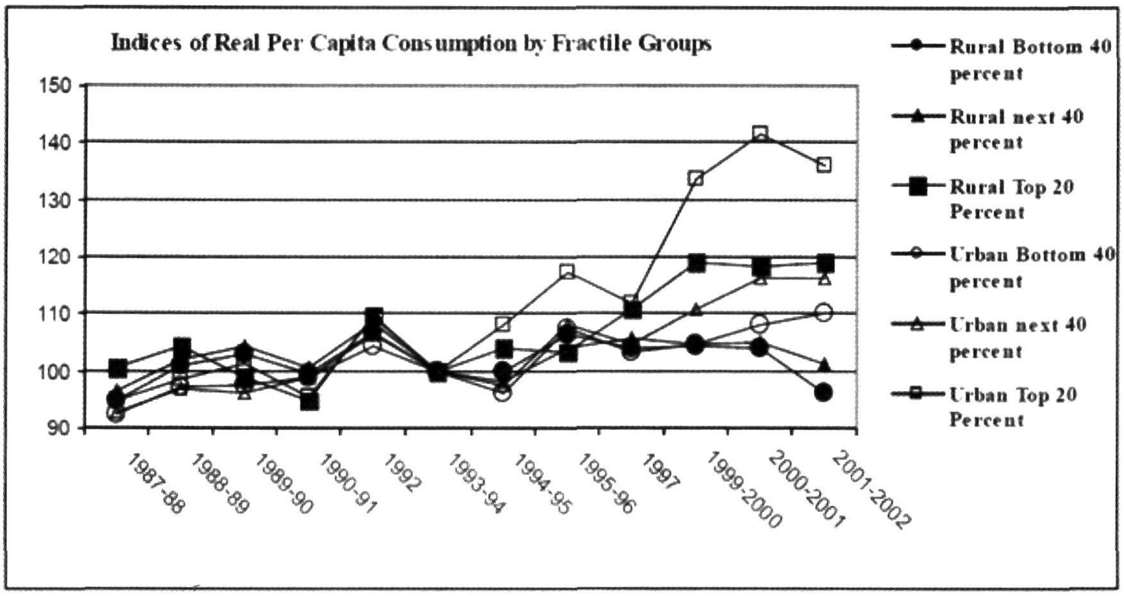


Figure 2 : Income Inequality in India - Gini Index



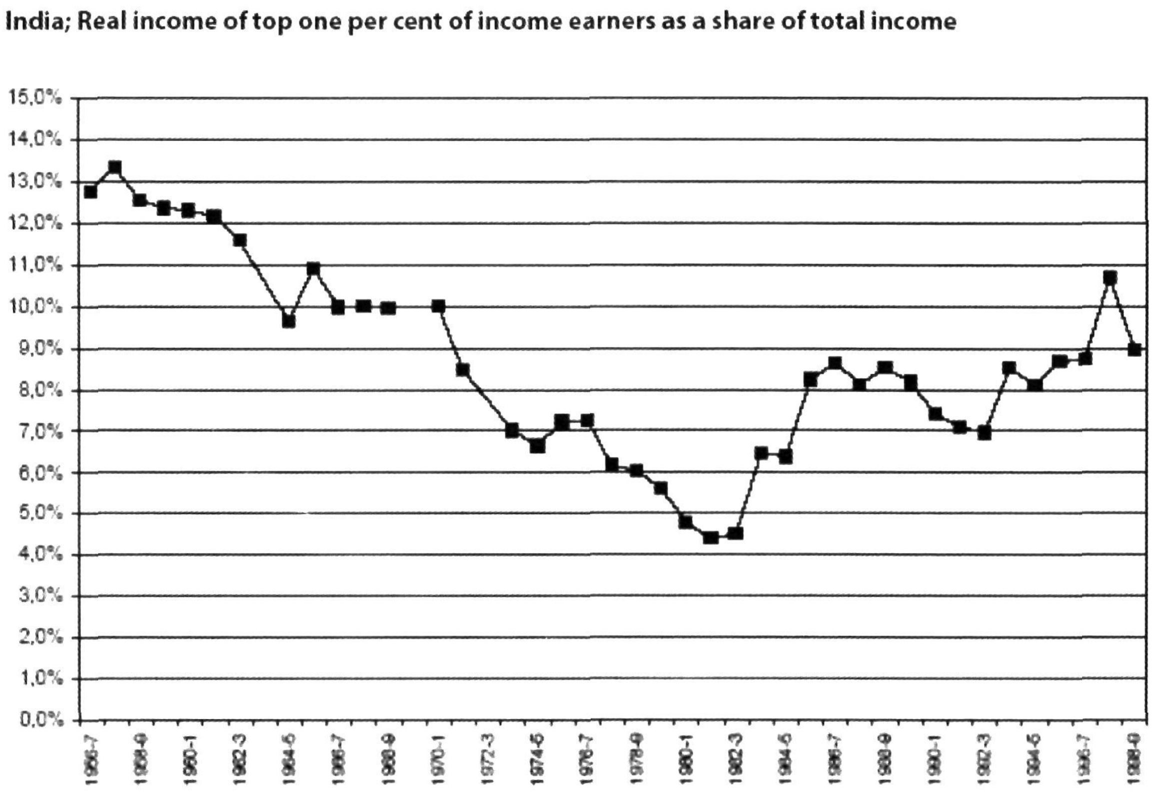
Source : WIID 2007, UN HDR 2003, 2006

Figure 3 : Indices of Real Per Capita Consumption by Fractile Groups



Source: Sen and Himanshu (2005).

Figure 4 : India; Real Income of Top One Percent of Income Earners as as Share of Total Income



Source: Banerjee and Piketty (2001).

Endnotes
Endnotes

[1] Statistics available at http://hdrstats.undp.org/en/countries/data_sheets/cty_ds_IND.html
[2] BBC News available at http://news.bbc.co.uk/2/hi/south_asia/7902136.stm
[3] Global Health Index report (2009), is a multidimensional statistical tool used to describe the state of countries' hunger situation
[4] Refers to studying of relation between two factors say poverty and equality keeping the rest constant (growth), Disintegrating into various parts.
[5] Ferreira(1991)
[6] MPCE refers to Monthly per capita expenditure, which is deduced by dividing the monthly income of the household by the number of members.
[7] For details on regional inequality refer to works of Das and Barua(1996),Rao, Shand and Kalirajan(1999) and Kurian(1977)
[8] Global Poverty and Inequality Database (GPID) and the UNU/WIDER World Income Inequality Database (WIID)
[9] Government of India," Selected Socio-Economic Statistics India 2002
[10] Committee reconstituted in 1990 to examine the proportion and number of poor
[11] Some studies like Dastidar ghosh Ananya have not found any relation in India's context.
[12] For further study refer to Cornia and Kiiski, 2001
[13] Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh
[14] FIRE – Banking, Financial Institutions, Real Estate and Insurance
[15] For details refer to state agragarian relations and unfinished task of land reforms, New Delhi: Ministry of Rural Development

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