

PROSPECT AND IMPACT OF INEQUALITY AND UNEQUAL DISTRIBUTION OF INCOME IN INDIA

Dr. DEEPAK KUMAR ROY

C.M.J COLLEGE DONWARIHAT, KHUTAUNA, MADHUBANI

(L.N.M.U DBG)

ASST.PROF.(G.T)

DEPT. OF ECONOMICS

ABSTRACT

The study seeks to provide comparative global evidence on the role of income inequality, relative to income growth, in poverty reduction Methods. An analysis-of-covariance model is estimated using a large global sample of 1956-2017 unbalanced panel data, with the headcount measure(HCR) of poverty as the dependent variable, and the Gini coefficient and PPP-adjusted mean income as explanatory variables. The responsiveness of poverty to income is a decreasing function of inequality, and the inequality elasticity of poverty is actually larger than the income elasticity of poverty. Furthermore, there is a large variation across regions (and countries) in the relative effects of inequality on poverty.

Income distribution plays a more important role than might be traditionally acknowledged in poverty reduction, though this importance varies widely across regions and countries. When we talk about the condition of India then we can understand that the distribution of India is very widening.

KEY WORDS :- HCR, GINI COEFFICIENT, PPP , POVERTY, INCOME INEQUALITY

INTRODUCTION

Income inequality is an extreme disparity of income distributions with a high concentration of income usually in the hands of a small percentage of a population. When income inequality occurs there is a large gap between the wealth of one population segment compared to another. There can be varying types of income disparity segregations and analysis used to understand income inequality.

Income inequality and income disparity segregations can be analyzed through a variety of segmentations. Segmentations of income disparity analysis are used for analyzing different types of income distributions. Income distributions by demographic segmentation form the basis for studying income inequality and income disparity.

METHODOLOGY

The present study area to be based on secondary data which collected from the different analysis and research work. For the collection and analytical of this research study different journal , website, article ,seminar and some other view for the information of fact.

OBJECTIVE OF RESEARCH

- The LPG reforms were very favourable to top income earners and capital owners.

- Tax progressivity was progressively reduced. Top tax rates, which were very high in the 1970s (up to 98%), decreased to 30% in the 1980s and after.
- Privatizations removed government-set pay scales
- Growth at the bottom of the distribution was notably lower than average growth rates since the 1980s.
- Agriculture remains a key sector and land reform has been only very partial.
- In the absence of wealth redistribution by the government, societies will tend to aggravate inequality.
- As women are not recognised as farmers and do not own land, they have limited access to government schemes and credit
- India has a high number of multi-generational billionaires and many transfer wealth to their heirs
- Income inequality is "likely to exacerbate" due to the "governments inability to create jobs"
- Emphasis on reduction of the fiscal deficit leads to low spending on social welfare schemes.

DISCUSSION

The different types of income segmentations studied when analyzing income inequality may include distributions for:

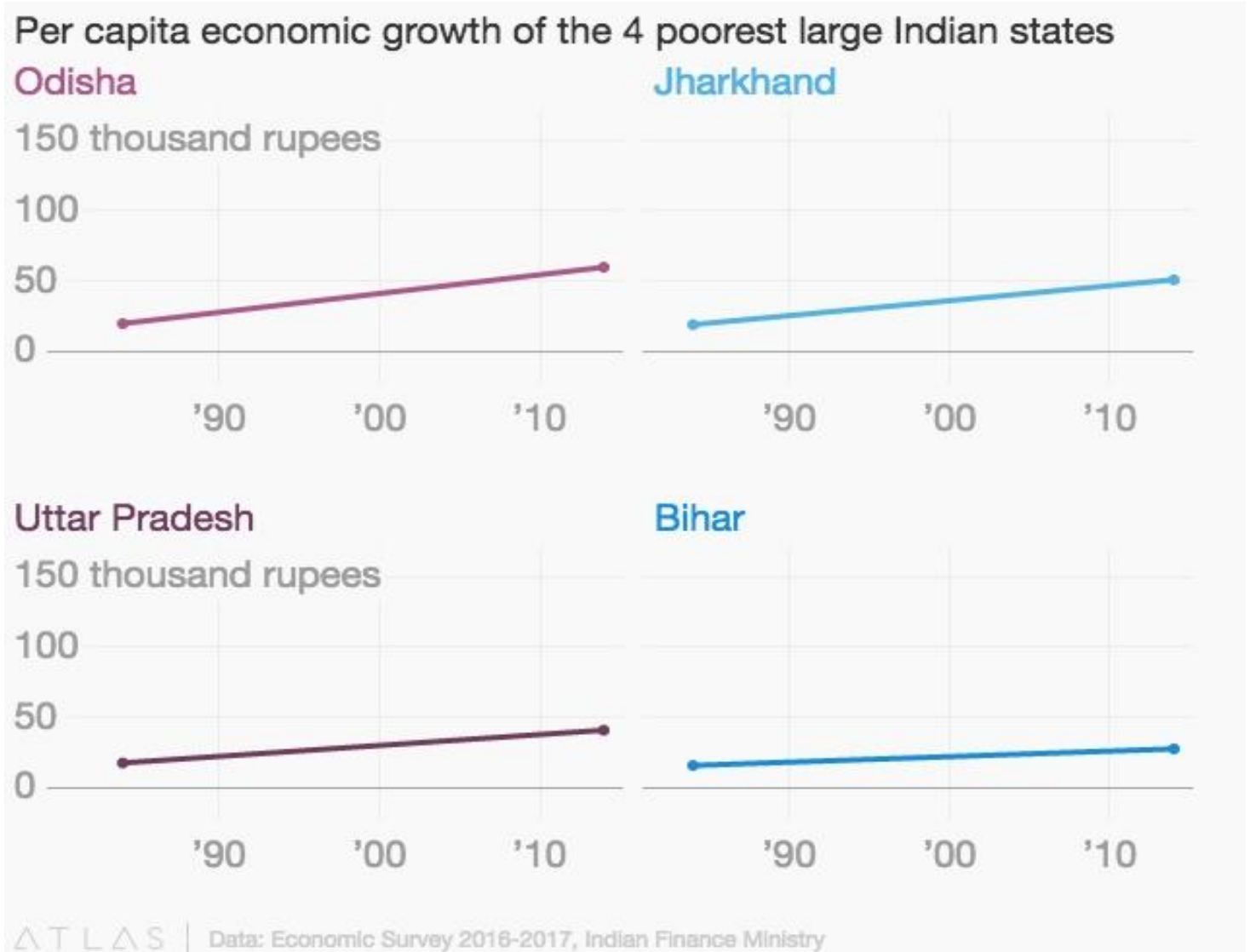
1. Male vs. female
2. Ethnicity

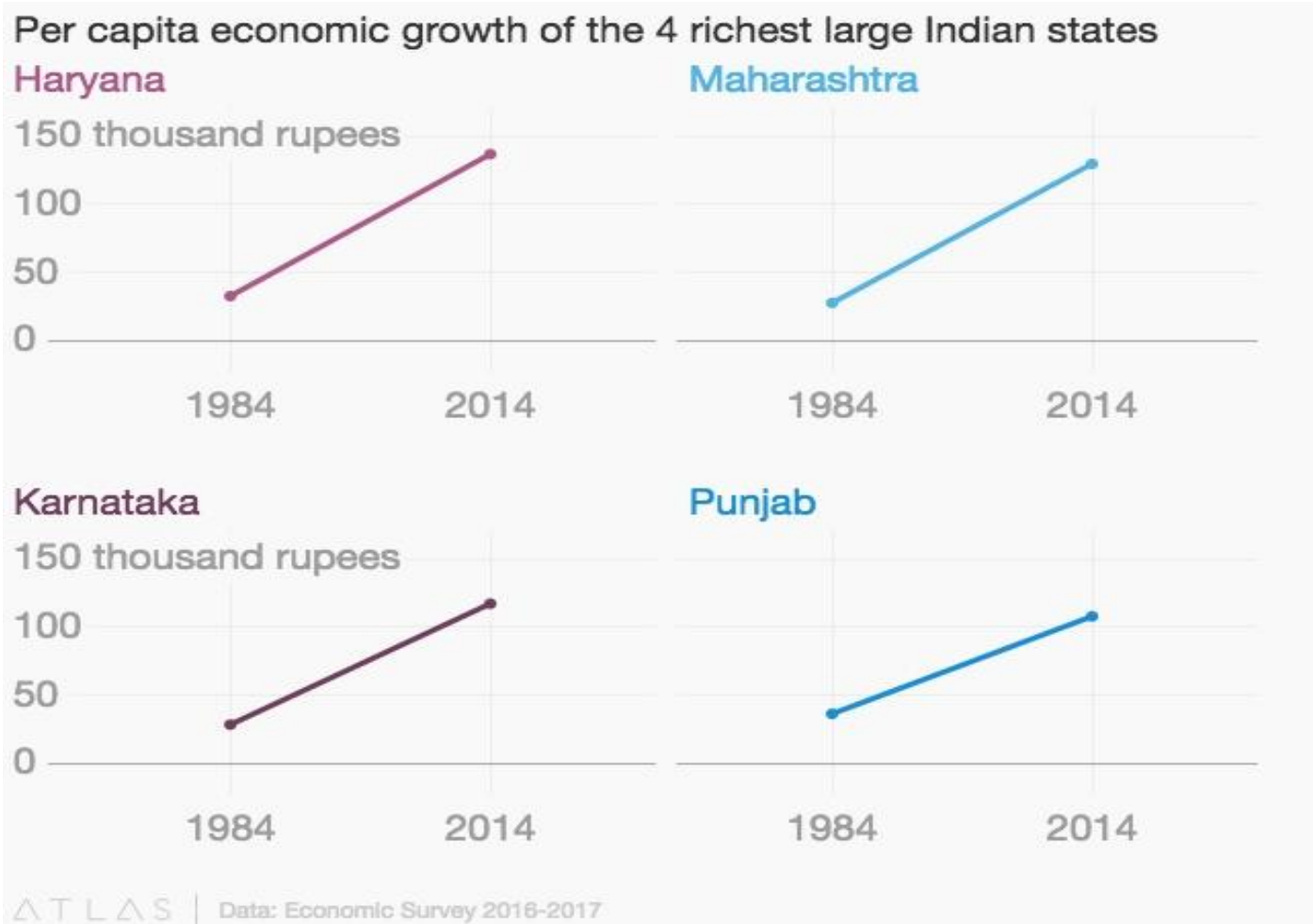
3. Geographic location
4. Occupation
5. Historical income

1. Male vs. Female :- It refers to the difference in earnings between women and men in the paid employment and labor market. For the year 2013, the gender gap in India was estimated to be 24.81%. Further, while analyzing the level of female participation in the economy, this report slots India as one of the bottom 10 countries on its list. Thus, in addition to unequal pay, there is also unequal representation, because while women constitute almost half the Indian population (about 48% of the total), their representation in the work force amounts to only about one-fourth of the total. The gender pay gap is considered to be a myth by conservatives and economists, since it does not take into account the total work hours and the working industry of the individual. If an entity is to act upon the wage gap, it would result in a trade off between equality of opportunities to equality of outcomes.

2. Ethnicity :- Tribal communities in India have been identified as ethnic group on the basis of their unique culture, language, dialect, geographical location, customs etc. The National Family Health Survey 2015-16 (NFHS-4) showed that 45.9% of ST population were in the lowest wealth bracket as compared to 26.6% of SC population, 18.3% of OBCs, 9.7% of other castes.

3. Geographical location :- The relative lack of growth in the poor states like Uttar Pradesh, Bihar and Odisha over the past 30 years is a major contributor to India in increasing the regional inequality. Given that **India** contains nearly 18% of the world's population, this divergence also has important consequences for global poverty and **inequality**.





From the above graph we can clearly see that the income and per capita income difference in different state in India.

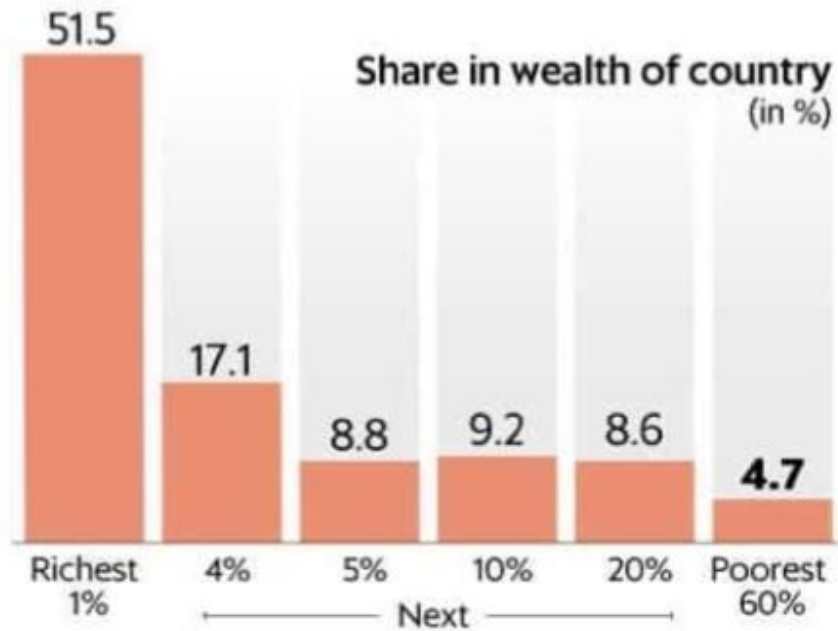
4. Occupational :- It is the concern of Indian Economy that the most of high income group belongs to those people who working in secondary and tertiary sector. In India about 30% population engaged in service sector who earn more income and share to GDP more that 56%, secondary sector contribute about 31% while primary sector contribute only 14% to the GDP .

Due to the wide difference in the generation of Income create the more inequality in the society.

Chart 1

The Indian plutocracy

The richest 10% have 77.4% of national wealth; the poorest 60% have 4.7%.



Source: Credit Suisse

10% of the richest Indians have 77.4% of the wealth in India; the poorest 60% have 4.7%. Graphic: Mint

CAPITAL ACCOUNT

Richest 10% of Indians own over 3/4th of wealth in India

5.Historical :- Economic inequality is the unequal distribution of income and opportunity between different groups in society. It is a concern in almost all countries around the world and often people are trapped in poverty with little chance to climb up the social ladder.

IMPLICATION OF RESEARCH

- The LPG reforms were very favourable to top income earners and capital owners.
- Tax progressivity was progressively reduced. Top tax rates, which were very high in the 1970s (up to 98%), decreased to 30% in the 1980s and after.
- Privatizations removed government-set pay scales
- Growth at the bottom of the distribution was notably lower than average growth rates since the 1980s.
- Agriculture remains a key sector and land reform has been only very partial.
- In the absence of wealth redistribution by the government, societies will tend to aggravate inequality.
- As women are not recognised as farmers and do not own land, they have limited access to government schemes and credit
- India has a high number of multi-generational billionaires and many transfer wealth to their heirs
- Income inequality is "likely to exacerbate" due to the "governments inability to create jobs"
- Emphasis on reduction of the fiscal deficit leads to low spending on social welfare schemes.

REFERENCES

1. https://en.m.wikipedia.org/wiki/Income_inequality_in_India || **Income inequality in India**
2. <https://www.oxfamindia.org/blog/what-inequality>
OXFAM INDIA
3. <https://www.drishtias.com/to-the-points/Paper2/inequality-in-india> || DRISHTI
4. Banerjee, A., and T. Piketty (2005). ‘Top Indian Income 1922–2000’. World Bank Economic Review, 19(1): 1–20.
5. Himanshu (2015). ‘Inequality in India’. Seminar, 672: 33–35.
6. World Bank (2016). ‘Poverty and Shared Prosperity 2016: Taking on Inequality’. Washington, DC: World Bank.