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EQUITY ISSUES: AN UNRESOLVED PROBLEM IN INDIA

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Abstract: After independence, India have transformed its status in the world beyond recognition. India was once a poor economic dawdler, has now become the seventh largest economy in the world in terms of GDP. India has transformed into a middle-income country from a low income one. But whether these benefits have been trickled down to the poor and under privileged sections of the society is now a valid question which leads to many controversies. This study intends to analyze equity issues and to inspect whether government policies after independence (before Covid 19) have fostered inclusive growth in India. This study also analyses the effect of covid 19 on intensity of inequality in India. In this paper inequality has been studied using four indicators namely sectoral inequality, regional disparity, poor- rich gap and inequality across social groups. This study throws light into the change in the intensity of inequality issues before and after Covid 19 pandemic. The study recognized several major reasons for the persistence of inequality in India since independence and they are: lame judicial system, poor governance and pathetic delivery of Government services, criminalized politics, corruption and inefficient institutions. The study also suggests measures to curb equity issues in India.

Key words: Inequality, regional disparity, trickle-down effect, development gap, rich-poor gap

I. INTRODUCTION

After independence Indian economy has transformed and has revamped itself into a super power. Once an object of disappointment, India has now become an object of envy among developing countries. India has transformed into a middle-income country from a low income one. But whether these benefits had been trickled down to the poor and under privileged sections of the society is now a valid question which leads to many controversies.

II. OBJECTIVES

The main objective of the present study is to analyze the equity issues in India.

The specific objectives of the study are:

1. Analyse equity issues and to inspect whether government policies after independence (before Covid 19) have fostered inclusive growth in India.
2. Analyse the effect of covid 19 on the intensity of inequality in India

III. METHODOLOGY OF THE STUDY

The study is descriptive cum analytical. The present study is formulated mainly on the basis of secondary data. The required secondary data have been collected from various government reports, journals, etc.

IV. GOVERNMENT POLICIES HAVE REDESIGNED INDIA

India had undergone a paradigm change in its economic policy by instigating the reforms in 1991. This has reshaped India and some of the biggest changes since then are described below.

Until 1991 India was a poor slow growing depressed economy but now India is equated with US and is considered as ‘bright spot’ by IMF. It has the Seventh largest economy (IMF 2021 data) in terms of GDP in the world. From the so called ‘Hindu Growth Rate’ prior to1991 India’s growth rate increased to 9 percent in the three years 2005-08 and is at 8.5 Percent in 2021 Q2 (National Statistical Office). After a -7.7 percent pandemic contraction in India’s GDP, IMF estimates a 11.5 percent real GDP growth in 2021-22 (Economic Survey and IMF projection). After a V shaped recovery path India is predicted to be the fastest growing economy in the world soon.

In 1967 William and Paul Paddock declared that there is no enough food aid to feed all needy countries so hopeless countries like India should be left to starve, conserving food aid for countries that were capable of survival. From such a pathetic situation India has now achieved the status of food surplus economy. In 2015 India is the world’s largest rice exporter in the world and substantial exporter of wheat and maize. India’s food grain production recorded its highest production in 2018 with 308.65 MT (Agriculture Ministry).

Yet India's success has been blemished by significant failures in achieving equity and regional equality. The government policies and measures have failed to trickle down the economic benefits to the vulnerable sections.

V. Growing economic inequality and widening of the development gap

This can be perused by four indicators namely sectoral inequality, regional disparity, poor- rich gap and inequality across social groups.

1. Sectoral inequality:

Everyone agrees that the economic growth and other macro-economic indicators were much better since 1991 and there is a tremendous rise in the growth of GDP since 1991. India's annual growth of GDP rose from 3.5 percent in 1950-1980 and 5.5 percent in 1980-92 and 9 percent for 2003-08. In the last one and a half decade India's growth rate is around 7 percent. It is 6.9 percentage in 2018, 8.5 percent in Q2 of year 2021 and projected to be 11.5 percent in 2021-22 (Economic Survey and IMF projection)

In spite of the high growth of GDP the distribution of GDP in the three main sectors of the economy is crucial for sustainable long-term growth and equity. Agriculture contributes 20.19 percentage of GVA at current prices whereas industrial sector contributes 25.92 percentage of GDP and service sector accounts for 53.89 percentage (Ministry of Statistics and Programme Implementation- 2020-21 data). Historical experiences reveal that the share of agricultural sector in GDP and employment should decline in order to attain development and to set a country into its growth trajectory. India has been successful in reducing the share of agricultural sector in GDP but its share in employment (41.49 percent- ILO estimate- 2020) still remains high. In addition to that industrial sector as well as service sector in India was not equipped to absorb the surplus labour from agricultural sector. Therefore, economic growth in India is lopsided.

Let us analyze the share of different sectors in terms of GDP and employment in different countries. This is clearly depicted in the following table.

Table: 1: Share of different sectors in GDP and employment in different countries

Countries	**Period (2017,2019)**	**Agriculture**	**Industry**	**Service**
Japan	GDP	1.1%	30.1	68.7
	Employment share	3.42	24.22	72.4
South Korea	GDP	1.76	32.8	57.02
	Employment share	5.1	24.58	70.28
Taiwan	GDP	1.8	36	62.2
	Employment share	4.9	35.9	59.2
China	GDP	7.9	40.5	51.6
	Employment share	27	29	44
Indonesia	GDP	13.7	38.26	44.4
	Employment share	28.5	22.36	49.14
India	GDP	20.19	25.92	53.89
	Employment share	42.6	25.12	32.28
USA	GDP	0.9	18.9	80.2
	Employment share	1	19	80
UK	GDP	0.6	19.2	80.2
	Employment share	1.5	18.8	79.7

Sources: https://www.statista.com/statistics

The table 1 clearly depicts that the share of different sectors in GDP and employment in different countries wildly differ. In Japan, USA and UK, GDP share is in parity with employment share of different sectors. In USA 0.9 percent of GDP is contributed by agriculture sector where 1 percent of people are employed. That is, 0.9 percent of GDP is distributed to 1 percent of population. Similarly, 0.6 percent GDP is distributed to 1.5 percent of population in UK and 1.1 percent of GDP is distributed to 3.42 percent of population in Japan. In China and Indonesia there is sectoral inequality but they are in a much better condition than India. In India 53.89 percent GDP is generated by 32.28 percent population. That is, 32.38 percent population enjoys more than 50 percent of countries GDP. Share of agriculture sector in India's GDP is 20.19 percent and the employment share is 42.6 percent. This data indicates the intensity of sectoral disparity in India. In India 42.6 percent people are getting only 20.19 percent of GDP. Sectoral disparity is an unsolved issue in India. Even after reforms India is unable to solve this issue.

2. Poor and super rich: gap widens

India's poverty ratio did not show much decline between 1947-83 and remained higher at about 60 percentage. After liberalization in 1983 India witnessed a significant diminution of its poverty and is at 24.6 during 2010-11. During 2004-05 to 2010-11 period around 138 million Indians raised above poverty line. Thus, government policies to some extend have trickle down its benefits to the lower strata of the economy.

Agriculture and allied sector accounts for 9.08 percentage of the total exports in India. Agri export grew by 5.1 percentage in 2013-14. Agriculture and its related goods contribute about 38 percentage of total exports in India. Thus, clearly India is a food surplus economy. But many economists have raised the question 'Is India a food surplus economy?' Due to lack of storage and use of inefficient technologies in food production lot of food is wasted every year. If India was able to store, utilize and distribute its produced items properly then its self-sufficiency in the food production will not be questioned.

The International Food Policy Research Institute published Global Hunger Index in which India scores 30.3 (scale ranging from 0 for no hunger to 100 for complete hunger) which is much worse than Pakistan (28.5), Sri Lanka (17.1), South Africa (14), China (6.5) in 2019. In the year 2021 India's GHI score is 27.5 which is again much worse than Pakistan (24.7), Sri Lanka (16), South Africa (12.9) and China (less than 5). Hunger index not only measures poverty but also measures nutritional status of population such as underweight and under sized children. Thus, surplus production and efficient distribution alone cannot solve this problem and government policies have failed to address these issues. Thus, even though India improves its food storage and distribution facilities improvement in nutritional status remains to be a prodigious issue of concern.

An average Bihari finds it difficult to purchase food from PDS but on the contrary the number of billionaires is increasing in India. Among India's top 100 richest people 52 are billionaires in 2017 which was only 27 in the previous year. The collective wealth of the top 100 is almost one-fourth of the country's GDP. The wealth of richest top 10 Indians are almost 4 times that of China's top 10. In the midst of these billionaires' poverty in India is estimated at 24.6 percentage in 2010-11 and hunger is at dismal levels. Thus, the post reform period was marked with an exacerbation of inequality between rich and poor.

3. Regional disparity

India is a country of large cultural, political and economic diversity. Government policies failed to address regional disparity in India. While framing a policy or implementing a reform Government should take these diverse features into consideration. Praveen Chakravarthy and Vivek Dehejia (2015) have elucidated the regional inequality between states. They point out that in 1960, the average person in Bengal earned Rs390 per annum whereas the average person in Tamil Nadu earned only Rs330. But in 2014, the average Bengali earned Rs80,000 while the average Tamils earns Rs13,6000. The Southern States like Kerala, Tamil Nadu and Karnataka have climbed up rapidly while West Bengal and Rajasthan have climbed up slowly the ladder of economic growth. The most important aspect was that the top 3 states were 1.7 times richer than the bottom three in 1960 but now in 2014 the gap has doubled. In 2014, Kerala one of the richest states in India is 4 times richer than the poorest state Bihar. The Economic survey 2021 states that access to bare necessities is highest in states like Kerala, Punjab, Haryana and is lowest in Odisha, Jharkand, West Bengal and Tripura. These studies clearly prove the economic disparities among the states are widening in contrary with the global trend. Thus, the post reform period was marked by an increase in regional inequalities and an increase in inefficiencies in formal institutions which in turn resulted in failure of government policies in achieving regional equality.

4. ***Inequality across social groups***

In the post reform period India witnessed a diminution in its poverty rate. Between 2004-05 and 2011-12 overall poverty rate in India fell by 15.7 percentage. The decline was 21.5 percentage for Dalits, 17 percentage for Schedule Tribes and 18 percentage for Muslims. The rate of decline was comparatively lower for upper class with 10.5 percentage and Hindus with 15.6 percentage (Swaminathan. S, Anklesaria Aiyar). The reduction of poverty in the post reform period cannot be denied but this alone cannot prove a reduction in inequality across social groups.

The NSSO 70th round data clearly depict the prevalence of inequality across social groups in India. The data shows that 13.4 percentage of population engaged in agriculture are SC and 16.3 Percentage are ST and 45.4 percentages of them are OBC. Thus, more than 70 percentage of the population engaged in agricultural sector are people from backward category but the land they hold is only a meagre percentage of the total holdings.

In almost all the major states the inequality is prevalent. In general land distribution is highly skewed. Across India SC, ST groups are particularly vulnerable to landlessness. This forced them to accept exploitative jobs and wages. They are also subjected to many displacements without rehabilitation. These groups should be given land which will be the first step towards their empowerment.

Even though India was able to reduce the incidence of poverty after independence, inequalities persist in the form of skewed distribution of land, low literacy rate, high infant mortality rates and high malnutrition etc. These issues need immediate redressal.

VI. Effect of covid 19 on inequality in India

The inequality and regional disparity have been increased in India after the advent of Covid 19 pandemic. The latest World Inequality report highlighted that the condition of poor people in India have worsened after the terrific hit of the pandemic. The report conveyed that top 10 percent rich people are holding 57 percent of national income in India and bottom 50 percent are holding just 13 percent. When it comes to wealth, the bottom 50 percent holds only 6 percent wealth. The report clearly states that India is worst hit by the pandemic and poor in India is the one who suffers the most. The report points that when India is removed from the analysis the income share of bottom 50 percent will be increased slightly. Thus, it is clear that Covid 19 has increased inequality in the country. Especially the poor-rich gap in India has increased tremendously after the advent of Covid 19.

VII. Findings

Researcher identifies certain reason for the persistence of inequality and regional disparity in India.

1. ***Insufficient social security nets:***

Developed countries provide lots of social security nets to its people whereas India is not able to satisfy even the basic needs of its entire population. While adopting models from developed country we should make sure that our social security nets are in parity with theirs otherwise even the best imported policies will be a failure in ensuring inclusive growth.

2. ***Lame judicial system:***

Judicial system is said to be blind but in India it is also lame. There are many pending legal cases which will take years to clear. The ratio of judges per million populations in US is 107 while it is less than 50 in India. It might be one of the reasons behind the stupendous delay. The corruption among senior lawyers and judges has also increased nowadays which accounts for the inefficiencies in administrative system and thereby leads to the failure of government policies in addressing equity issues.

3. ***Poor governance and pathetic delivery of Government services:***

For the success of any government policies good governance is essential. India's poor governance and inefficient delivery of government services accounts for the failure of its policies in addressing the equity issues.

4. ***Criminalized politics***

In India criminals take part in elections and become ministers. A study by Association of Democratic Reforms in 2014 estimated that out of 543 members of parliament 186 have pending criminal cases which were only 158 in 2009. This rise in criminalization of politics is yet another reason behind the failure of Government policies.

5. ***Corruption and inefficient institutions***

For achieving neutrality, efficiency, equity or any other related concept a corruption less administration is essential. Even though India climbed 9 points and achieved 76th position out of 168 countries in Transparency International's Corruption Perceptions Index the corruption is still an untacked problem in the country. According Garry S Becker, the criminals rationally see that the benefits of their crime out weight the cost such as the probability of apprehension, conviction and punishment and their current set of opportunities.

Thus, there is an urgent need to make the legal system efficient only then we can make the administrative system efficient. With corruption and inefficient administration even efficient policies will be a failure in achieving equity.

VIII. Suggestions for reducing inequalities in India

The study suggests the following measures to address the equity issues in India and to ensure inclusive growth.

1. Government should adopt more inclusive policy along with ambitious reforms. Government should adopt second Generation Reforms which addresses all the equity challenges in India.
2. To reduce hunger in India Government should include nutritional education and reinforce the food security by providing food with vitamins, iron, iodine etc.
3. A corrupt Government cannot introduce successful policies. Thus, people should be empowered enough to react against the corruption and check the same.
4. Institutional changes should be initiated in India because it can bring about efficiencies in governance.

IX. Conclusion

All the issues related to equity are indeed problems of justice, political ethics and ignorance of people. The main problem is the existence of an inefficient legal system which leads to distortions in formal institutions in turn leading to corruption and inefficiency. Thus, the legal system should be made efficient and there should be rule of law, only then we can make the administrative system efficient. All these inefficiencies exist because in India people are tolerant to corruption. Thus, people should be empowered so that they would react against corruption. Unless we tackle the menace of corruption, we can never ensure equity and inclusive growth in India.

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