

Growth and Inequality in India

Background

India, a country of immense diversity and socio-cultural richness, grapples with deep-rooted economic and non-economic inequalities. While economic inequality reflects the disparities in income and wealth distribution, non-economic inequality encompasses that in education, healthcare, social opportunities, gender, caste, and regional disparities.

Since the economy started growing faster since the 1990s, inequality has shot up. Drawing from empirical analysis of Simon Kuznets, which says that economic growth initially leads to an increase in inequality, this is presently being witnessed in India. Limited employment opportunities, particularly in formal sectors, exacerbate economic inequality.

While a certain well-off section can take better advantage of opportunities, at the same time, a large population in the informal economy, which absorbs a significant portion of the unskilled workforce, face the problem of low wages, job insecurity, and minimal social protection. As evident, top 10% group accounts for more than 60% of total wealth in sharp contrast with mere 6% shared by the bottom 50% of our population.¹

However, the fact that inequality has grown with growth does not mean that we should abandon growth. This is in light of the fact that as India witnessed an annual growth of 8.7% in 2021 from 5.2% in 2011, its extreme poverty² count has also fell from 22.5% in 2011 to 10.2% in 2019.³ Thus, while growth may have increased inequality, it has also reduced poverty.

This brings out an important dichotomy that is often reflected in our policy debates: *the growth-based narrative versus the inequality-based narrative*. The problem with focusing on a single narrative is that without understanding the relationship between growth and inequality, mechanically trying to reduce inequality or increase growth might lead us nowhere.

Thus, while there is no one-size-fits-all solution, one effective approach to combating inequality could be through the creation of good and better jobs. By focusing on job quality and associated opportunities, policymakers, businesses, and the civil society should work together to overcome the 'wage problem' of the Indian economy.

Keeping this context in mind, CUTS International, under its project 'Good and Better Jobs in India', supported by the Ford Foundation, is organising this webinar to understand the views of diverse experts on this issue.

¹ <https://www.theindiaforum.in/economy/trends-economic-inequality-india>

² <https://economictimes.indiatimes.com/>

³ <https://data.worldbank.org/>

Agenda

1700-1710 Welcome and Opening Remarks	Bipul Chattopadhyay , Executive Director, CUTS International
1710-1900 Panel Discussion and Q&A	<i>Chair</i> Bipul Chattopadhyay , Executive Director, CUTS International <i>Panellists</i> Himanshu , Associate Professor, Centre for Economic Studies and Planning, Jawaharlal Nehru University Rituparna Chakraborty , Co-founder, TeamLease Services Ltd. Santosh Mehrotra , Professor, Centre for Informal Sector and Labour Studies, Jawaharlal Nehru University Sonal Sharma , Coordinator-Microentrepreneurship, Self-Employed Women's Association (SEWA Bharat) Gautam Mody , General Secretary, New Trade Union Initiative Prerna Seth , Fellow, JustJobs Network