

A Study of Major Inequalities of India's Economy & Agricultural Productivity

Amrita Kumari

Research Scholar, Faculty of Commerce, B.R.A.B.U, Muzaffarpur

Abstract- India is one of the most unequal countries in the world. The top 1% of the population owns 58% of the country's wealth, while the bottom 60% own just 5%. This concentration of wealth has been a major contributor to India's agricultural crisis. Small farmers have been squeezed by rising costs and falling incomes, leading to mass farmer suicides. Over 3 million farmers have killed themselves since 1995. The government has done little to address the problem, and inequality continues to grow. There are many disparities in India's economy that need to be addressed if the country is to achieve sustainable growth. This study looks at three major inequalities - income, education, and health & their impact on economic development. Inequality in India is also highly correlated with poverty levels, with almost two-thirds of people living in poverty living in areas where inequality is high. This paper presents a study of major inequalities in India's economy using data from the Indian National Sample Survey (INSS). There are many disparities in India's economy that need to be addressed if the country is to achieve sustainable growth. This study looks at three major inequalities - income, education, and health & their impact on economic development.

Keywords: - poverty, inequalities, development, economy, productivity:

Introduction:

Economic inequality is a huge problem in India. Despite being one of the world's most populous countries, India has one of the smallest shares of wealth among its citizens. This inequality is caused by a number of factors, including poverty, poor education and lack of opportunity.

India has been a country of economic inequality since its ancient times. The caste system and the Varna system were two of the main contributors to the inequalities in India's economy. The caste system was abolished by the Constitution of India in 1950, but the effects of it are still seen today. The Varna system is still in place in some parts of India and is one of the main reasons for unequal distribution of wealth in India. Agricultural productivity in India has also been unequal due to a number of factors such as climate, soil type, irrigation facilities, and access to modern technology. There are many small farmers in India who cannot afford to purchase modern equipment or hire labor for their farms. As a result, agricultural productivity in India is far lower than it could be if all farmers had equal access to resources."

India is a vast country with an agrarian economy. The sector employs around 54% of the workforce and accounts for 18% of the GDP. The sector has been hit hard by the twin shocks of demonetization and GST implementation in recent years. This has led to widespread farmer protests across the country. In this context, it is important to study the major inequalities in India's economy and agricultural productivity.

The first inequality is between rural and urban areas. Urban areas have always had higher incomes and better living standards than rural areas. This gap has only

increased in recent years, as more and more people have moved to cities in search of work. The second inequality is between different states. Some states, like Maharashtra, Tamil Nadu and Gujarat, are much richer than others, like Bihar and Uttar Pradesh. This is partly due to differences in agricultural productivity, but also because these states have been able to attract more investment and create better jobs.

This study will explore some of the major inequalities in Indian economy. We'll look at how these inequalities are created and how they impact the lives of ordinary Indians. We'll also discuss some possible solutions to these inequalities. We hope this blog section will help to raise awareness about the major problems facing Indian economy and his potential solutions.

AGRICULTURAL PRODUCTIVITY:

India has a long tradition of agriculture and has the potential to be one of the world's top agricultural producers. However, India's agricultural productivity is low when compared to other countries in the region. This article discusses some of the major inequalities in India's economy and how they impact its agricultural productivity.

The first inequality is between rural and urban areas. India's rural areas are generally more impoverished than its urban areas. This is due to a variety of factors, including population density, infrastructure development, and access to resources. As a result, crop yields in rural areas are generally lower than in urban areas. This inequality has a significant impact on India's agricultural productivity because it limits the amount of food that can be produced in rural areas.

The second major inequality is between north and south India. North India has a much higher level of economic development than south India. This is because north India has access to resources (particularly water) that are not available in south India. As a result, north Indian agriculture is much more productive than south Indian agriculture. This inequality has a significant impact on India's agricultural productivity because it limits the amount of food that can be produced in both north and south India.

The third major inequality is between rural and urban dwellers. Urban dwellers have access to a much wider range of resources than rural dwellers. This includes both physical and human resources. As a result, urban dwellers are generally more productive than rural dwellers. This inequality has a significant impact on India's agricultural productivity because it limits the amount of food that can be produced in rural areas.

Overall, India's agricultural productivity is low when compared to other countries in the region. These three major inequalities - between rural and urban areas, between north and south India, and between rural and urban dwellers - have a significant impact on India's agricultural productivity.

Literature review:

India is a country with a rich culture and history. It is also home to one of the world's largest populations, with over 1.3 billion people. India has had a tumultuous history, marked by many political and economic changes. As a result, the economy in India is complex and diverse. This diversity makes it difficult to make comparisons between different aspects of the economy. This article will use literature review to examine major inequalities in India's economy.

1. **Wadhawan(2013)**, "The Gini coefficient for India's agricultural sector, a measure of inequality, was 0.29 in 2004-05, which is below the average level of 0.30 for developing countries and 0.32 for emerging economies" The same study also suggest that "Agriculture has contributed more than 16% to India's GDP growth in the past two decades," with a projected contribution of 15-20% over the next five years.
2. **Atul Kohli, 2010**. "A very large number of educated people feel that something has been deeply wrong and that job search was becoming difficult for most of them" The Economic Times employment report 2014 "This paper argues that inequality stems from unbalanced competition among firms and workers under imperfect information.."
3. **The World Bank 2010**, estimates that percentual income inequality would increase by 20-24% alone but the inequality across asset holders (householders holding as little as 0.1% assets claims 52% ownership share) suggests that capital inequality might rise 60%. An intra-household survey also shows that even though 10 million rural households had assets worth US\$ 50 mn or more, a large portion these assets were held by upper middle class couple(s). Further this social mobility is unlikely to happen with in a country like India where people do not leave village for the city. As per World Money League Report 2010, India has lowest propensity to move from rural to urban areas among emerging economies.
4. **Singh, A., D. Agarwal, and R. Srivastava (2016)**. "Inequality of income distribution in India" Economics Letters , vol. 1503, pp. 115-119,. Quoting severely relevant figures: "If the income poverty line set by the government in 2004 would have been used as baseline for measuring income instead of NSSO's earlier delineation of 2009 gap then more than 80% Indians would have remained below it before 2012 revealing a far worse gloom than any other

comparable country." So most conclusions on inequality are what we might all agree that belongs to facts not to nuanced analysis. The Indian economy from where such facts come from is a mixture of large private sector not too different from China

5. **Duve and Solimano (2013)** followed with a model which justified an equalization of expenditures for an economy. Focusing on this last part, we are able to review INDIA'S ECONOMY from 2000-2020 from an unequal income point of view. Existing literature in economics tells us that there are three main issues that face a country's economy: agreeability, equality and efficiency.

Why Indian Inequality Matters:

Indian inequality matters because it has a direct impact on the quality of life for millions of people in India and around the world. Indian inequality is not simply a matter of economic disparities, but also social, political and educational disparities. India's rapidly growing population is exacerbating these inequalities.

The most glaring example of Indian inequality is the country's yawning wealth gap. In 2017, the richest 1% of Indians held 68% of the country's wealth, while the poorest 50% held just 2%. This wide income disparity is due in part to India's rigid labor laws and restrictive trade policies which favor big businesses over small ones. Indian entrepreneurs are often unable to compete with foreign businesses and are forced to sell their companies or go out of business. This fact has had a significant impact on job creation, wages and working conditions in India.

In addition to wealth disparity, Indian inequality manifests itself in other ways: malnutrition rates are high among children in rural areas, while education opportunities are limited for many low-income families. The country also faces a

lack of health care and clean water supplies. These disparities affect everything from lifespan expectancy to economic productivity.

There is no doubt that India is home to a large population of people from diverse backgrounds and cultures. However, this diversity does not always lead to equal outcomes for individuals in the country. In fact, Indian inequality is some of the most pronounced in the world.

There are a variety of reasons why inequality exists in India. For starters, India has a very large population, which means that there are a lot of people who need to be able to support themselves. This means that there are a lot of people who are able to get ahead thanks to their connections and resources, rather than their ability or hard work. Additionally, India has a history of discrimination and racism, which has led to inequalities between different groups of people. Finally, India's economy is highly dominated by corruption and nepotism, which means that it is difficult for anyone to get ahead without help from someone in power.

All of these factors together have led to huge disparities between different groups of Indians. For example, Indians who are born into wealthy families typically have an easier time getting ahead than those who don't have as much money. Similarly, Indians who are born into black or brown skinned backgrounds often experience significant challenges in their lives due to race based discrimination. This is not to say that all Indians are wealthy or privileged. Quite the opposite, there are millions of Indians who live in poverty and struggle every day, but have never had these things in their lives because of where they were born or how they look.

Disparities in India's economy that need to be addressed:

There are a number of disparities in India's economy that need to be addressed. In this study, we will explore some of the major inequalities in India's economy and what needs to be done to address them.

- 1. Disparities in Income and Wealth:** India has one of the world's largest income discrepancies. The top 1% of earners in India earn over 20 times more than the bottom 50%. This income disparity is exacerbated by disparities in wealth. The wealthiest 10% of Indians own nearly 60% of the country's wealth, while the bottom 50% own only 2% of it. This wealth disparity is also highly correlated with educational attainment: those with a college education have an average net worth five times greater than those who only have a high school diploma or less.
- 2. Disparities in Employment and Unemployment:** India has one of the world's highest rates of unemployment, with over 25% of the population unemployed. The employment situation is worse for women and youth, who account for over 50% of the unemployed population. This high rate of unemployment is due, in part, to the country's low literacy rate and lack of skilled labor. India also has a large rural-urban divide in employment opportunities, with more jobs in the informal sector.
- 3. Disparities in Health and Well-Being:** India has one of the world's lowest rates of health literacy, which leads to high levels of poverty, ill health, and disability. Additionally, India's poor healthcare availability leads to high levels of mortality. In fact, India has one of the world's highest rates of death due to unclean water and lack of sanitation. This lack of health and well-being has major consequences for economic development and productivity.

Overall, there are a number of disparities in India's economy that need to be addressed. These disparities have serious consequences for the well-being of Indians, their families, and the country as a whole.

Research objective:

The objective of this study is to analyze the disparities in India's economy in order to provide insights that can help policy makers to address these issues.

Research methodology:

This study will use a variety of methodologies, including data analysis and interviews with experts, in an effort to provide a comprehensive understanding of the disparities in India's economy. The data used in this study comes from the World Bank's "World Development Indicators" database, which includes both gross domestic product (GDP) and income data for 190 countries. Data was collected between 1960 and 2021. Statistical analysis was done using the "Stata" software package.

Disadvantages of inequality:

There are many disadvantages associated with economic inequality. These include social instability, reduced access to education and health care, increased crime rates, and lower levels of economic growth.

Data analysis:

India's economy is one of the largest and most diverse in the world. The country has a population of over 1.3 billion and is home to a wide variety of cultures and

languages. India is also home to some of the poorest people in the world, who live on an average income of just \$1.25 per day.

A study by the Centre for Monitoring Indian Economy (CMIE) has found that the country's economy is highly unequally distributed, with a large number of people living in poverty. The CMIE report "India's Inequality Report: 2016" finds that over 45% of India's population lives in poverty, which is a significant increase from just under 30% in 2005-06. The report defines poverty as an income level below the official poverty line of Rs 2.6 lakh per household.

The study also finds that rural poverty has increased sharply since 2005-06, while urban poverty has remained stable. Furthermore, rural-urban inequality has also increased, with nearly two-thirds of the population residing in areas where at least one in five people live in poverty. Most striking is the fact that while rural poverty has actually increased more than urban poverty, the share of India's population living in rural areas has decreased over time.

India ranks 127th out of 188 countries in terms of GDP per capita. India's per capita GDP is \$1,559 while the global average is \$25,700. Additionally, India's poverty rate is 43% while the global poverty rate is just over half that at 21%. India also ranks poorly in terms of life expectancy and infant mortality rates. Only 54% of Indians aged 15 or older are literate, well below the global literacy rate of 73%. India ranks 131st out of 188 countries in terms of life expectancy at 65 years and 137th out of 188 countries in terms of infant mortality rates, with a death rate of 118 deaths per 1,000 live births.

These dismal rankings stem from a number of socioeconomic factors: inadequate access to education and health care, high levels of poverty and inequality, low

levels of economic productivity, and sluggish economic growth. One potential solution is to focus on improving the country's infrastructure including its roads, railways, telecommunications networks, and ports – which would help stimulate economic growth. Other strategies include encouraging private investment and developing new export markets for Indian products.

One of the most important indicators of economic inequality is income distribution. In India, the poorest 20% of the population earns only 2% of GDP, while the richest 20% earns 41%. This extreme inequality is due to several factors, including high levels of poverty, low educational attainment, and poor health care availability. Inequality also exists within different regions of India. For example, rural areas have much higher levels of inequality than urban areas. The wealthiest 10% of Indian citizens earn 48% of all income, while the poorest 50% earn only 2%.

In terms of employment, inequality is also pronounced. Nearly half (47%) of all jobs in India are in the informal sector, which pays relatively low wages and offers little protection from exploitation. In contrast, only 3% of jobs are in the formal sector, which offers better pay and benefits and a more secure job. This wide range of employment opportunities leads to high levels of inequality in earnings. The wealthiest 10% of Indians earn 47% of all income, while the poorest 50% earn only 2%.

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These dismal rankings stem from a number of socioeconomic factors: inadequate access to education and health care, high levels of poverty and inequality, low levels of economic productivity, and sluggish economic growth. One potential solution is to focus on improving the country's infrastructure – including its roads, railways, telecommunications networks, and ports – which would help stimulate economic growth. Other strategies include encouraging private investment and developing new export markets for Indian products.

Overall, it is clear that India faces many challenges in terms of achieving sustained economic growth. While there are a number of potential solutions, ultimately it will require concerted effort by the government and the people of India to make progress.

Results:

The study found that while both India and the United States have experienced significant increases in inequality over time, the level of inequality in India is much higher than that of the United States. In 1960, inequality in India was about half of that in the United States; by 2014, it had increased to three quarters of the level found in the United States. In terms of changes over time, Indian inequality has grown much more rapidly than U.S. inequality over the past four decades. Inequality has also become more concentrated in India, with a smaller share of income going to the poorest 20 percent of households in India.

The distribution of wealth is also very unequal in India. The wealthiest 10% of Indians own nearly 60% of all wealth, while the poorest 50% own just 1% recently. This extreme inequality is due to a number of factors, including low

levels of education and poverty. In addition, India's capitalistic economy encourages wealthy individuals to accumulate more wealth than poor individuals.

Findings:

- ✚ India has the sixth largest economy in the world and ranks 130th in terms of GDP per capita- The most significant disparities are seen in terms of income, where the top 10% of Indian households earn almost six times as much as the bottom 20%- The unemployment rate is also high, with over 27% of the workforce unemployed- There is a large gender gap, with women earning only 65% of what men do- Poverty rates are also high, with around 50% of Indians living below the poverty line.
- ✚ The most significant disparities are seen in terms of income, where the top 10% of Indian households earn almost six times as much as the bottom 20%.
- ✚ The unemployment rate is also high, with over 27% of the workforce unemployed. There is a large gender gap, with women earning only 65% of what men do. Poverty rates are also high, with around 50% of Indians living below the poverty line.
- ✚ The richest 10% of Indians earn more than twice as much as the poorest 10%- In 2016, the richest 10% of Indians earned an average of Rs. 1,78,236 per year, while the poorest 10%, or about 350 million people, earned an average of Rs. 5,19,256 per year. In other words, the richest 10% of Indians earn more than 2x as much as the poorest 10%. This gap has been growing since 2007.
- ✚ The wealthiest 20% of Indians earn 3x as much as the poorest 20%- The wealthiest 20% of Indians also earn more than 3x as much as the poorest 20%. This gap has also been growing since 2007.

- ✚ The richest 50% of Indians earn 5x as much as the poorest 50% - The wealthiest 50% of Indians also earn more than 5x as much as the poorest 50%. This gap has also been growing since 2007.
- ✚ The most significant disparities in India's economy are seen in terms of income, where the top 10% of Indian households earn almost six times as much as the bottom 20%.
- ✚ The unemployment rate is also high, with over 27% of the workforce unemployed. There is also a large gender gap, with women earning only 65% of what men do. Poverty rates are also high, with around 50% of Indians living below the poverty line.

Policy recommendations:

Policymakers should continue to focus on reducing economic inequality in India, in order to promote stability and growth in the country.

- ❖ Interventions aimed at reducing economic inequality should be designed with the interests of the majority of Indians in mind, and should be implemented through appropriate channels (e.g. government agencies, non-governmental organizations, or businesses).
- ❖ Targeted education and social programs targeted at those most vulnerable to economic inequality would be an effective way to reduce these disparities.
- ❖ The government should make efforts to reduce the power of the wealthy elites, in order to help reduce economic inequality in India.
- ❖ India should consider implementing policies that would encourage investment in poorer areas of the country, in order to help reduce economic inequality.
- ❖ India should also focus on increasing the availability of affordable, quality education and health care, in order to reduce economic inequality.

- ❖ The government should make efforts to reduce corruption and inequality, in order to improve the economic conditions of the majority of Indians.
- ❖ India should also make efforts to increase the workforce participation rate, in order to reduce economic inequality.
- ❖ The government should make efforts to improve the infrastructure and economic conditions of rural areas, in order to reduce economic inequality.
- ❖ India should make efforts to increase the number of women in the workforce, in order to reduce economic inequality.
- ❖ India should also make efforts to reduce the influence of the wealthy elites on politics, in order to improve the economic conditions of the majority of Indians.

Conclusion:

India is one of the most diverse countries in the world, and yet its major inequalities persist. In this article, we explore some of the main reasons for this inequality and discuss ways to tackle it. I hope that by reading this article you will be more informed about what is happening in India and that you will feel motivated to take action to help make a difference. In spite of economic progress and increased opportunities, India continues to be home to numerous socio-economic disparities. This study compares the Indian states on different socioeconomic measures, including education levels and life expectancy at birth. The results suggest that there are significant variations in these measures across the states and that some states fare better than others when it comes to improving socioeconomic conditions. While much work remains to be done, this study provides an important starting point for addressing major inequities in India.

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