

Rapidly Growing Economic Inequalities in India

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On January 16, 2022, Oxfam, a non-profit organization, released a report on the rapidly growing economic inequalities in the world ahead of the 50th Annual Meeting of the World Economic Forum (WEF). The findings of the report on the rapidly growing economic inequalities in India show that the country’s wealth is being rapidly grabbed by billionaires and the common man is suffering from the problems arising out of the rapidly growing economic inequalities. The Covid pandemic has sharply widened economic inequalities in the country. While the number of billionaires has increased from 102 to 142 in 2021, the income of 84 per cent households has declined in India. The expenditure on healthcare has been reduced by 10 per cent from the revised estimates(2020-21). In addition, there has been a reduction of 6 per cent for education and 1.5 per cent for social security.

Between March 2020 and November 30, 2021, the wealth of the country’s billionaires increased from Rs 23.14 lakh crore to Rs 53.16 lakh crore. The 98 richest Indians in the country have the same wealth as much shared by 552 million bottom people. In 2020, 46 million Indians are projected to be pushed into abject poverty, which is close to half of the world’s new poor, according to the United Nations. Economic inequalities are on the rise even when the country’s urban unemployment rate rises to 15 per cent and the healthcare infrastructure is on the verge of collapse.

According to the Oxfam report, the one-fifth increase in the wealth of the country’s 100 richest people is the result of an increase in the wealth of the Adani business family alone. The family ranks second in India and 24th in the world in terms of wealth. The family’s wealth increased from USD 8.89 billion in 2020 to USD 50.5 billion in 2021. During the same period, Mukesh Ambani’s wealth has increased from USD 36.8 billion to USD 85.5 billion.

As many as 13 million women lost their jobs in 2020 due to the Covid pandemic. This figure highlights the fact that growing economic inequalities have plagued women workers during the Covid pandemic. Whenever employment declines, the first blow falls on women workers.

One of the saddest aspects of the Oxfam report is that in the last four years, the share of

Central government revenue from indirect taxes has exceeded direct taxes. In this regard, it is important to know that indirect taxes are levied by the government at the time of purchase of goods or services like Goods and Services Tax (GST) and these taxes are levied on the rich and the poor at the same rate, whereas the ability to pay taxes by the poor is much lower than that of the rich. Reducing corporate taxes from 30 per cent to 22 per cent has cost the Central government Rs 1.5 lakh crore. In 2016, the wealth tax imposed on the extremely rich was abolished. These figures highlight the fact that while the wealth of the affluent has skyrocketed during the Covid pandemic, the tax burden on the common man has increased. The report suggests that a 4 per cent tax on the wealth of the 98 richest people would be sufficient to meet the expenditure of the Mid-Day Meal programme for school children that could be run for 17 years. With just 1 per cent wealth tax revenue, the cost of school education and literacy can be met or the Central government's Health Insurance Scheme Ayushman Bharat can be financed for more than 7 years.

The Oxfam report found that even when in the federal structure of the country, the reins of government revenue are left in the hands of the Central government, the states are left to deal with the Covid pandemic, with their insufficient financial and manpower resources.

After the independence of the country, the Planning Commission was set up in 1950 and Five Year Plans were introduced from 1951. The period from 1951-80 is considered the planning period. During the planning period, there was establishment and expansion of the public sector, as well as monitoring and regulating the functioning of the private sector. Various research studies, and government data show that economic inequalities in the country decreased during this period. After 1980, planning was put in reverse gear and the NDA government replaced the Planning Commission with the pro-capitalist/pro-corporate NITI Aayog. The 'New Economic Policies' of liberalization, privatization, and globalization adopted in the country since 1991 have weakened the public sector enterprises and it has severely curtailed monitoring and regulation of the private sector. Due to these reasons, not only the economic inequalities in the country are increasing rapidly, but also the income of a large section of the workers is also declining, a fact which has been brought to the fore in this Oxfam report.

About half of the country's population depends on agriculture for their livelihood. According to official figures, this half population of the country was given about 16 per cent of the national income in 2018-19. With the exception of large farmers, the rest of the peasantry is economically very poor. According to the latest official data, 71 per cent of the farmers in the country own less than 2.5 acres of land and 17 per cent of the farmers own less than 2.5 acres to less than 5 acres of land. The economic condition of these peasant classes is very poor. The economic condition of the two pillars of the agrarian economy — agricultural labourers, and rural artisans is very miserable as they have no other means of production except to sell their labour. The use of machinery, and herbicides in the package of 'New Agricultural Technology-NAT' adopted in the agricultural sector has drastically reduced employment in the agricultural sector, with the greatest impact being on agricultural labourers, and rural artisans. Research studies conducted in different parts of the country have revealed the fact that except the large farmers, the rest of the peasantry, agricultural labourers, and rural artisans have so much debt on their heads that they are not in a position to even pay the interest on the debt as these sections have to borrow only to keep the stove burning for two times meal, which takes the form of debt due to non-repayment of loan on time. Debt and extreme poverty are like twins, when one grows the other follows. Debt on the part of these peasants, agricultural labourers, and rural artisans, and extreme

poverty among them, manifests itself in the form of increasing suicides.

The percentage of informal employment in the total employment is increasing rapidly after the adoption of 'New Economic Policies' in the country. About 95 per cent of employment is informal. The uncertainty of finding even such employment, very low wage rates, and lack of other facilities are making the lives of informally employed workers miserable. In different parts of the country, mechanization, automated machines, and the use of artificial intelligence are reducing employment at a large scale. Rising unemployment reduces the income of the working class as well as increases economic inequalities.

For making the lives of people livable and the progress of the country, along with the taxes suggested by Oxfam the economic development model should be pro-people and nature-friendly. We will have to establish again a mixed economy consisting of a strong public sector and monitoring and regulating of the private sector.

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