

State of Inequality in India Report

May 19, 2022

In news- The State of Inequality in India Report was released by Dr Bibek Debroy, Chairman, Economic Advisory Council to the Prime Minister (EAC-PM) recently.

Key highlights of the report-

- The report was prepared by the Institute for Competitiveness and presents a holistic analysis of the depth and nature of inequality in India.
- It compiles information on inequities across sectors of health, education, household characteristics and the labour market.
- As the report presents, inequities in these sectors make the population more vulnerable and trigger a descent into multidimensional poverty.
- The report is a stock-taking of both inclusion and exclusion and contributes to the policy debates.
- Consisting of two parts – Economic Facets and Socio-Economic Manifestations, the report looks at five key areas that influence the nature and experience of inequality.
- They are income distribution and labour market dynamics, health, education and household characteristics.
- Based on the data derived from various rounds of the Periodic Labour Force Survey (PLFS), National Family and Health Survey (NFHS) and UDISE+, each chapter is dedicated to explaining the current state of affairs, areas of concern, successes and failures in terms of infrastructural capacity and finally, the effect on inequality.
- The report stretches the narrative on inequality by presenting a comprehensive analysis that shapes the

ecosystem of various deprivation in the country, which directly impacts the well-being of the population and overall growth.

- The report moves beyond the wealth estimates that depict only a partial picture to highlight estimates of income distribution over the periods of 2017-18, 2018-19 and 2019-20.
- The **report emphasises that wealth concentration as a measure of inequality does not reveal the changes in the purchasing capacity of households.**
- The share of the top 1% accounts for 6-7% of the total incomes earned, while the top 10% accounts for one-third of all incomes earned.
- **In 2019-20, among different employment categories, the highest percentage was self-employed workers (45.78%),** followed by regular **salaried workers (33.5%)** and casual workers (20.71%).
- The **share of self-employed workers also happens to be the highest in the lowest income categories.**
- The country's **unemployment rate is 4.8% (2019-20), and the worker population ratio is 46.8%.**
- In the area of **health infrastructure, there has been a considerable improvement in increasing the infrastructural capacity** with a targeted focus on rural areas.
- States and Union Territories like **Rajasthan, Gujrat, Maharashtra, Madhya Pradesh, Tamil Nadu and Chandigarh have significantly increased health centres** (comprising Sub-Centres, Primary Health Centres, and Community Health Centres) between 2005 and 2020.
- The results of NFHS-4 (2015-16) and NFHS-5 (2019-21) have shown that 58.6% of women received antenatal check-ups in the first trimester in 2015-16, which increased to 70% by 2019-21.
- 78% of women received postnatal care from a doctor or auxiliary nurse within two days of delivery, and 79.1% of children received postnatal care within two days of

delivery.

- However, **nutritional deprivation in terms of overweight, underweight**, and prevalence of anaemia (especially in children, adolescent girls and pregnant women) **remains areas of huge concern** requiring urgent attention, as the report states.
- Additionally, **low health coverage, leading to high out-of-pocket expenditure, directly affects poverty incidences.**
- According to the report, **education and household conditions have improved enormously due to targeted efforts** through several social protection schemes, especially in the area of **water availability and sanitation** that have increased the standard of living.
- It is emphasised that **education and cognitive development from the foundational years is a long-term corrective measure for inequality.**
- By 2019-20, 95% of schools had functional toilet facilities on the school premises (95.9% functional boy's toilets and 96.9% functional girl's toilets).
- **80.16% of schools have functional electricity connections** with States and Union Territories like Goa, Tamil Nadu, Chandigarh, Delhi, Dadra and Nagar Haveli and Daman and Diu, Lakshadweep and Puducherry have **achieved universal (100%) coverage** of functional electricity connections.
- The Gross Enrolment Ratio has also increased between 2018-19 and 2019-20 at the primary, upper primary, secondary and higher secondary.
- According to NFHS-5 (2019-21), 97% of households have electricity access, 70% have improved access to sanitation, and 96% have access to safe drinking water.
- **Recommendations** like creating income slabs that provide class information, establishing universal basic income, creating jobs, especially among the higher levels of education and increasing the budget for social protection schemes have been made.