Inequality – whether economic, social or political has been an issue of much debate and discussions both in national and international contexts. The most visible aspect is that of economic inequality - one that entails inequality of opportunity accentuated by gender, ethnicity, disability, and age, among others. Further, economic inequality tends to be associated with lower health achievements, high incidence of crimes and elitist biases of public policy and democratic politics. Economic inequality also has a universal nature – as it is a concern both among the rich and poor countries. According to the 2014 Pew Global Attitudes Survey, in the seven Sub-Saharan African nations polled, over 90% of respondents regard the gap between rich and poor as a big problem; in the United States, almost 80% do.\(^1\)

The seminal work of Thomas Piketty, “Capital in the 21st Century”, that focussed on inequality in the rich world — its historical magnitudes and the factors influencing it, has reignited the debate on the issue on economic inequality. Piketty’s concern regarding potential damage of high inequality is reasonable – this is an issue that India needs to be concerned about, especially in view of the growing economic inequality.

India is the world’s second largest emerging economy, with 15% of the global labour force, and an impressive growth record over the last two decades. However, rapid growth has not transformed the labour market and employment conditions in the country. Employment grew merely by 0.5% per annum from 2004-05 to 2011-12 - the period that saw the highest growth of GDP by 8.5% per annum. At the same time, 92% of workers are still engaged in informal employment. Close to 276 million workers live below a poverty line of $2 per day, and their bargaining positions have declined despite economy growth.\(^2\) Further, both rural–urban disparities as well as inequality within urban areas in per capita expenditure are growing.\(^3\) Recent data also indicate a growing concentration of per capita incomes at the top during the post-reform period. As the distribution of incomes and expenditures has become more unequal, poor people have not gained sufficiently from rapid economic growth.

The report by World Economic Forum and Oxfam for India\(^4\) reiterates the growing divide. In 1994, the top 10% of India’s population and the bottom 40% controlled the same portion of India’s wealth – around 25%. By 2010, India’s top 10% controlled nearly 30% of India’s assets, and the share of the


\(^{2}\)http://www.ihindia.org/ILERpdf/Highlights%20of%20the%20Report.pdf

\(^{3}\)As per the NSSO 68th round survey highlights the inequality among the rural and urban areas - the monthly per capita consumption expenditure of the top 5 per cent of the rural population was nearly 9 times that of the bottom 5 per cent. This further widened in urban areas, where the average consumption by the top five per cent of the population was about 14.7 times that of the bottom 5 per cent.

lower 40% declined to 21%. In addition, widely varying returns to India’s very unequally distributed human capital are undoubtedly putting upward pressure on inequality. Poor human development attainments linked to poverty contribute to an inequitable growth process and lost economic opportunities for India’s poor. 5

No doubt, India has made progress in addressing the structural drivers of inequalities through a range of rights-based policies as well as legal and programme initiatives. However, in order to address root causes of economic inequality, an inclusive economic growth model ought to promote equitable access to resources and services, and at the same time, create decent jobs and livelihoods for all women and men.

Objectives of the Round Table

The Round Table will (i) discuss the causes of the rising economic inequality in India, and (ii) explore opportunities for redressing these inequalities. It will attempt to answer the following questions:

- What are the drivers of economic inequality?
- Are there other ways of generating GDP growth that reduce inequality?
- Are there possibilities of promoting wage-led growth and employment-led growth as a counter to capital-led growth?
- What are the implications for women in particular of the current growth model that exacerbates economic inequalities?
- What role can technology play in alleviating inequalities?

This Round Table could be viewed as an agenda setting initiative to understand, further an approach, and determine relevant policy responses to address increasing economic inequality in India.

5 It is interesting to note that India’s billionaire class now control over $250 billion. Half of India’s billionaires’ acquired their wealth in “rent thick sectors”, such as real estate, mining and telecom, where profits are dependent on access to scarce resources through government permission.
Round Table Structure - Session Details
Day 1 - 8\textsuperscript{th} January, 2015 (Venue: NIAS, Campus)

Session 1: Addressing Drivers of Economic Inequality-Perspectives from the Field

In brief: Global reports reveal that growing economic inequalities are largely due to over reliance on capital and finance as the drivers, and neglect of labour. This has happened mainly on account of trade and financial globalization processes that have weakened the bargaining position of relatively immobile labour vis-à-vis fully mobile capital. This has resulted in capital-led growth with widespread unemployment and has contributed to lower costs of labour and exploitation of the workforce in the developing countries. There is a need to support the lower end of the economy (for e.g., enterprises in rural areas) where there is more labour and more poverty. The speakers in this session will present their insights on the location of engines of growth and how to promote inclusive growth that is driven by employment and not excessively by capital.

Session 2: Pursuing Employment Led Growth to address economic inequality

In brief: The fact that profit-led economic growth models cannot deliver jobs and incomes is fast gaining currency. Research indicates that this disconnect between growing profits and productive investment is largely because most of the increase in profits tends to go financial sectors, rather than real productive sectors. Also, companies tend to use profits to pay out higher dividends to their investors or invest in financial assets. Furthermore, economic uncertainties tend to restrict investments in real economic activities. This lack of productive investment has adverse consequences especially for developing countries as it impacts not just employment generation and livelihoods, but also the ability to provide the poor with basic needs. Therefore, there is a strong case for policies that seek to ensure more equitable distribution of the gains from economic growth and that promote wage and employment-led growth. The speakers in this session will discuss the ways in which India can effectively harness its potential of employment-led growth. The speakers will also deliberate on the challenges that India currently faces in the context of employment-led growth – as low productivity employment continues to dominate the labour market in both agriculture and other sectors. Further, providing education and skills to the growing young population and meeting their job aspirations remain challenges. As the pace of migration and urbanization is likely to accelerate in the future, planning urban growth and formulating effective labour market policies will assume greater importance.

Session 3: Gender and Economic Inequality

In brief: Increasing economic inequality adversely impacts women. Evidence suggests that there is a strong link between gender equity and economic equality, and that women are more likely to prosper in more egalitarian economies. In a situation where preferences of the rich tend to drive policy outcomes, economic elites are disproportionately likely to oppose egalitarian, pro-worker economic reform. At the same time, there is a strong case for pursuing gender equality to address economic equality. Research, for example, shows that increasing female employment and earnings tend to reduce household income inequality. Increasing women’s employment, flexible workplace policies could offer the additional advantage of boosting economic growth. At present, India faces declining participation of women in work due to the lack of appropriate employment opportunities. In the wake of rising educational levels, the coming years will witness a surge in the number of educated women; many of them will be graduates or more. At present, qualified women enjoy much higher labour force participation rates than average. The country has unfortunately not been able to create enough jobs even for the limited number of educated females in the workforce. This is reflected in the very high rates of unemployment of young women—around 23 per cent among 15 to 29 year-old women, which
is double that of their male counterparts. So the challenge for creating suitable employment opportunities for the youth bulge is particularly acute with regard to young women. The speakers in this session will provide a feminist critique of the current economic model and also offer suggestions and ideas to improve women’s labour force participation in India.

**Session 4: Technology and Innovations – Reversing the inequality**

**In brief:** Technology is created in response to market pressures—not the needs of poor people, who have little purchasing power. As a result, there is a widespread belief that technology has caused inequality by favouring the high skill workers (exacerbating discrepancies in education and skills). However, advancing technologies has the potential to further human development and reduce inequality. For instance, in order to increase competitiveness in the global markers, the cost of production can be substantially brought down by investing in technological innovation and not by the usual method of by saving on labour costs and impoverishing workers. Technology has an important leveraging role to play in facilitating human development through ushering in information rich and diversified economy. The health, globalisation and the threat of digital exclusion and environmental sustainability can be addressed by investing in Science and Technology backed by the appropriate policies.

**Day 2 - 9th January, 2015 (Venue: NIAS, Campus)**

**Session 5: Address Economic Inequality: New Policy Directions**

The aim of this session is to facilitate a sharing of concrete ideas to help arrive at key policy directions to address economic inequality in India. This session will build on the earlier sessions and will present a summary of discussions and way forward.