

A POLITICAL ECONOMIC ANALYSIS OF INDIAN ECONOMY DURING POST LIBERALISATION

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ABSTRACT

The present paper revealed that most striking dissatisfaction of the growth performance under liberalisation is that of high fluctuation and largely correlated with only service sector. A clear feature of mismatch between sectoral share of employment and sectoral share of GDP emerged from the trend since independence. Service sector which exhibits a steep increasing trend in case of GDP contribution shows a very marginal shift. The overwhelming majority of workers are employed in a massive unorganized sector. The public sector employment continuously declined. Enlargement of private sector employment was not able to effectively offset the deceleration experience in the public sector employment. The exploitation of women are continuing segregation in the labour market with women working in low paid sectors, discrimination in wages and increasing domestic burdens. Among all religious groups except Islam WPR is more than national average. The benefit of productivity increase under liberalisation did not accrue to workers but they are facing a corollary of the decline in the share of wages in net value added. India has got more unequal over the last two decades—India's Gini coefficient, the official measure of income inequality, has gone increased. The inequality is reemphasised with the declining per capita availability of cereals and per capita calorie intake.

KEYWORDS: Globalization, Exclusion, Washington Consensus, Idiosyncratic Pattern of Development, White Collared Employment Opportunities, Purchasing Power Parities per capita, Golden Growth Rates, Head Count Ratio, Gini coefficient, MPCE, Socio Economic Cast Census, Hindu' Rate of Growth.

I. INTRODUCTION

The 1990s marked a significant departure from the old paradigm of development and ushered in to hegemony of a new thinking which is centred on growth rate and super-enhancement of the surplus value with an exit of the state through massive privatisation and the pre-dominance of market forces. It is the “ideology of globalization” where only the free flow of market dynamics could survive. “When the ideology of liberalization began to dominate economic thinking, the focus of attention shifted. Development policy was effectively restricted to two major strategies: first, withdrawing or diluting interventions that resulted in any deviation of domestic price levels and relative prices from international or “border” prices; and second, facilitating and supporting private investment to encourage its reallocation into areas in which the country had a competitive advantage in both production and trade” (Chandrasekhar and Ghosh, 2015). In India, rhetoric objectives of different plans include to securing rapid economic development and expansion of employment, reduction of disparities in income and wealth, prevention of concentration of economic power and creation of values and attitudes of a free and equal society. But, the performance of the Indian economy in the last two decades makes a significant departure from that in earlier decades in terms of these objectives. It is in this context that this paper in its first section relates to trajectory of economic growth that tell us that what is the real truth of excitement about growth and what are the role of its sectoral contributors.

The second section focuses first, on employment growth and sectoral share of employment, and then looks at the evidence of possibly significant links, such as nature of employment and social distribution, structural changes, shares of wages in the national income and growing wage inequalities.

In the last but not least, the third section establishes the relationship between macroeconomic policy changes and social discrimination as well as exclusion. This section puts forward the argument that unviable path of development adopted under liberalisation in India leads to create gender, caste

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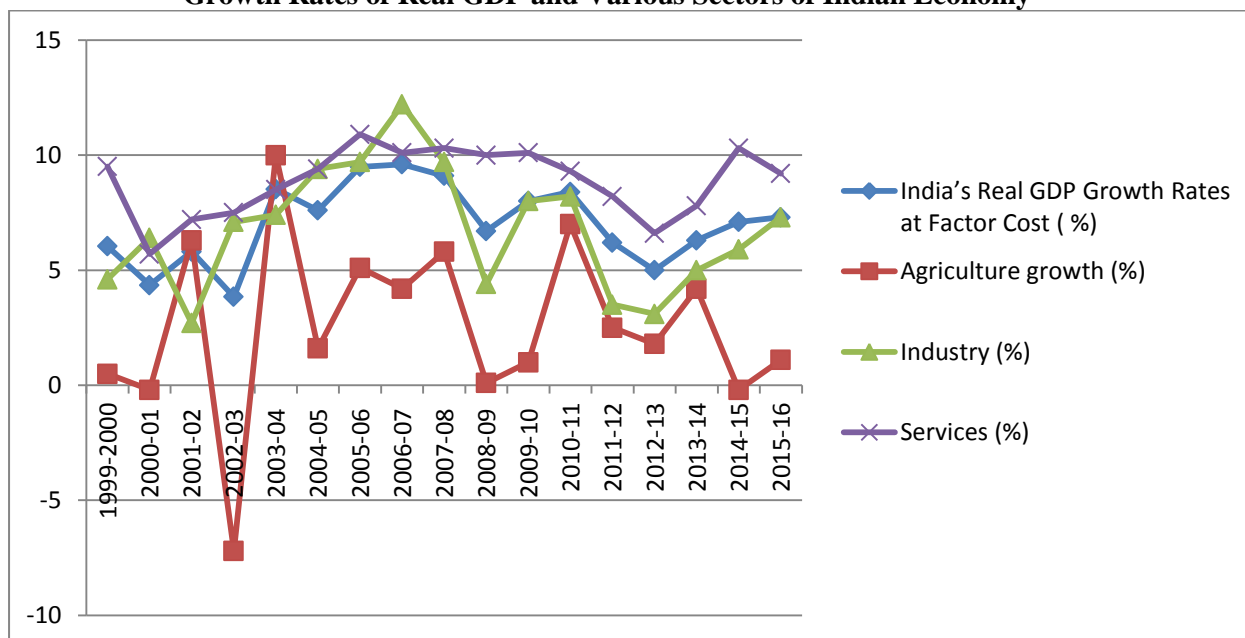
and class based worsened income distribution pattern that further have had an adverse impact on living conditions of working class in the shape of sharp increase in increase in poverty.

II. GROWTH PATTERN DURING THE PERIOD OF LIBERALISATION

For the advocates the policies associated with the Washington Consensus have long been viewed as conducive to efficient economic growth. The Indian economy appeared to be a good functioning in the age of market economy. Following are the main issues concerned with growth and its sectoral specificities:

- **High but Fluctuated Growth Trajectory:** The India which was infected with the so called 'Hindu Growth Rate' (Siva, 2013) in pre reform periods, witnessed a high growth trajectory after 1991. But, from the GDP point of view, the most striking dissatisfaction of the growth performance under liberalisation (figure 1) is that of high fluctuation (between 4 to 9 per cent). Figure 1 also indicates that service sector had always shown the highest and relatively stable growth rate in the economy over the years, with a few exceptions while the growth experience of other sectors has not been a consistent one as we can easily see wide fluctuations in agriculture and manufacturing. Thus, the growth of the GDP in India largely correlated with the service sector.

Figure 1
Growth Rates of Real GDP and Various Sectors of Indian Economy



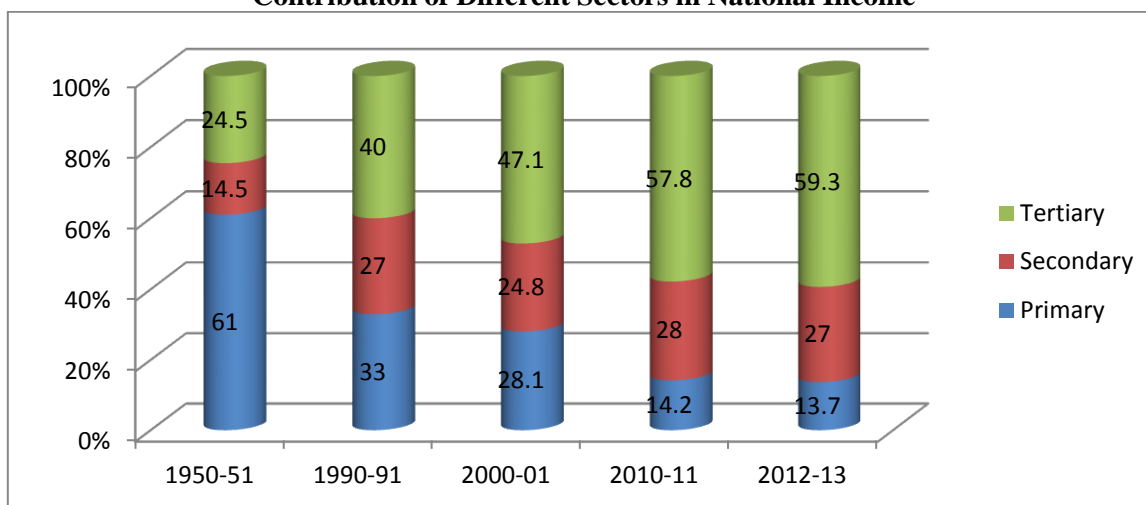
Source: Computed from Economic Survey 2015-16

- **Increasing Dominance of Tertiary Sector in GDP:** Figure 2 show that economic growth in India has been driven by the expansion of services that have been growing consistently faster than other sectors (as discussed). The data in figure reveal that after independence (particularly after liberalisation) primary sector lost its position of main contributor of GDP with the decline sharp of 47 percentage points (20 percentage points after liberalisation). It is the service sector that has occupied this position with gaining almost 35 percentage points and 12 percentage points respectively after independence and liberalisation. Industrial sector experienced relative stagnation in its share to GDP. Clearly, the areas of manufacturing into India have diversified failed to deliver the expected increases in productivity. Had they delivered, however, it would have adversely impacted the potential for growth in output and employment.

It is argued that the pattern of Indian development has been a specific one and that the country may be able to skip the intermediate industrialization- led phase in the transformation

of its economic structure. The interpretation of this “idiosyncratic pattern of development” (Kochar: 2006) is however ambiguous.

Figure 2
Contribution of Different Sectors in National Income



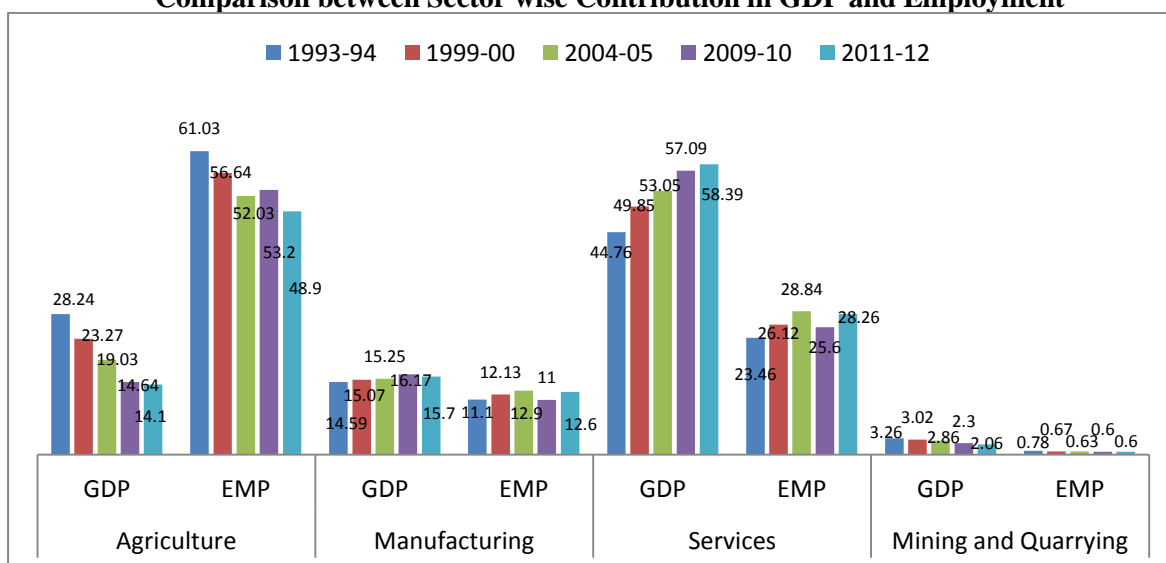
Source: Computed from Economic Survey, 2012-13

III. PATTERN OF EMPLOYMENT GROWTH AND STRUCTURAL CHANGE DURING THE PERIOD OF LIBERALISATION

Serious concerns about the “jobless” nature of the economic growth have been raised by some economists (Dasgupta and Singh, 2005). They warn of an insufficient demand for the rapidly growing labour force (a steady 2 per cent annually), of which only a fraction is employable in the newly emerging service activities. The story of employment growth and a structural shift in the nature of employment further highlight the process of exclusion during the era of liberalisation. The structure of employment may be studied through distinction between organised and unorganised sector and the relative share of self employment, regular salaried employment and casual labour. The main issues concerned with the pattern of employment growth and structural change are discussed below:

- **Mismatch between Sectoral Share of Employment and Sectoral Share of GDP:** A clear feature of mismatch between sectoral share of employment and sectoral share of GDP emerged from the trend since independence.

Figure 3
Comparison between Sector wise Contribution in GDP and Employment



Source: NSSO 68th Round and earlier Rounds and CSO

The employment data in Figure 3 revealed the major characteristic of growth in India i.e. the exclusion of masses. As discussed in last section, the agriculture is losing its position as main contributor to GDP. But, it is the sector where the majority of Indians earn their livelihoods till now. The contribution of agriculture in providing employment opportunities has declined from 61.03 per cent in 1993-94 to 48.9 per cent during 2011-12. The decline in agricultural contribution in employment is about 12 percentage point but the agricultural contribution in GDP is steeper of almost 20 percentage point during the same period.

The contribution of manufacturing in employment experienced the similar trend of stagnation as in case of the share of this sector to GDP (as discussed in previous section). Moreover, even within the manufacturing sector, the growth has been based relatively more on skill-intensive rather than labor-intensive activities, at least when compared to the trajectories of other rapidly developing (Asian) countries (Kochar; 2006). Service sector which exhibits a steep increasing trend in case of GDP contribution shows a very marginal shift of only 4.8 percentage points in share in employment from 1993-94 to 2011-12. This reveals the real truth behind the rhetoric spread by ruling class about the white collared employment opportunities, like IT-BPO, of tertiary sector during liberalisation. In reality, the IT-BPO services directly employed less than only 0.5 per cent of the Indian labour force in 2008, while, the indirect job creation was estimated at 1.8 per cent. On the other hand, the IT-BPO sector accounted for almost one-fourth of Indian export (Indian IT-BPO Industry; 2009). “Although, the shift from agriculture to non agricultural sector is always desirable but a disproportionate shift in employment vis-a-vis GVA indicates the prevalence of low productive employment where majority of the work force is concentrated. This also indicates that the decline in the share of agriculture in total employment is not enough. Besides the shift in sectoral share of employment and productivity during the last decade have shown that the working population displaced by agriculture has largely been absorbed by the non-manufacturing sector (other than service) while the productivity gains of new liberal regime have largely remained to the service sector (Anupama, Kaur and Toor, 2013)”. So, this indicates clearly about the un-fortunate process of income distribution unevenly happened in India since liberalisation.

- **Organised and Unorganised Sector:** Wages in the organised sector are much higher than in the unorganised sector. Moreover, the organised sector being regulated also provides greater job security and other benefits. Within the organised sector, jobs in the public sector receive much higher wages and accompanying benefits than those in the private sector for similar skills.

Table 1
Total Employment and Organised Sector Employment

	Total (in million)			Growth Rate	
	1999-2000	2004-05	2009-10	1999-00 to 2004- 05	2004-05 to 2009- 10
Total Employment (1)	367.37	384.9	400.8	1.97	0.82
Organised Sector (2)	28.11 (100)	26.5 (100)	27.6 (100)	- 0.30	0.82
Public Sector	19.41 (69.1)	18.2 (68.7)	17.2 (64.1)	- 0.60	- 0.56
Private Sector	8.70 (30.9)	8.3 (31.3)	9.9 (35.9)	0.36	3.58
2 as % of 1	7.08	6.9	6.9		
Unorganised Sector	92.92	93.1	93.1		

Source: Economic Survey (Various Issues), NSSO 68th Round

Note: Figures in Brackets are in percentage.

Data given in table 1 reveal that during the post reform period, the share of organised sector employment in total employment crept up slowly from 27.37 million in 1993-94 to 28.11 million in 1999-2000, resulting in a growth rate of merely 0.53 per cent per annum.

This was largely the consequence of virtual stagnation of employment in the public sector during 1994-2000 as growth rate was – 0.03 per cent per annum. However, the organised sector employment grew marginally from 26.5 million in 2004-05 to 27.6 million in 2009-10. The public sector employment continuously declined with (-) 0.60 and (-) 0.56 per cent per annum during 1999-00 to 2004-05 and 2004-05 to 2009-10 respectively. Enlargement of private sector employment was not able to effectively offset the deceleration experience in the public sector employment.

It also has to be remembered that the overwhelming majority of workers are employed in a massive unorganized sector. From the overall stock of workers, 400.8 million (93.1 per cent) in 2009-10 operate in the unorganized sector mostly as informal workers with almost no access to social protection and usually with high vulnerability with respect to practices such as work irregularity, payment of less than minimal remuneration, risky work conditions, abuses of child labour etc. In fact, there is a strong relationship between the quality of employment and social and poverty characteristics. The unorganized (and informal) sector is usually seen as a transitory phenomenon that is expected to decline in the course of economic modernization at the expense of the expansion of organized/formal employment. However, the comparison of figures in Table 3 suggests that in the Indian case rather the contrary is true. There was an increase in the absolute number and percentage of informal workers between 1999-2000 and 2004-05, and this trend has not reversed the period since 2009-10.

- **Relative Share of Self Employment, Regular Salaried Employment and Casual Labour:** Data given in table 2 presents category of employment separately for rural and urban areas. In rural areas, in 1999-2000, 56 per cent of the workers were self employed, about 7 per cent were regular salaried workers and 37 per cent were casual labourers. The proportion of self employed has shown an almost similar share rural as well as urban area during last decade. The trend shows a fluctuation in share of total regular salaried workers and its rural segment. It also shows a slightly increase from 40.1 per cent in 1999-2000 to 43.4 per cent in 2004-05 2011-12. But overall share of regular salaried workers increased from 13.9 per cent in 1999-2000 to 17.9 per cent in 2011-12 while, the share of casual labour that has shown a marginal reduction from 33.2 per cent in 1999-2000 to 29.9 per cent in 2011-12. The decrease in the share of casual worker is 1 percentage point more in urban area than rural.

Table 2
Distribution of workers (Usual Status) by Category of Employment (in percentage)

	Self Employment	Regular Salaried	Casual
Rural			
1999-2000	56.00	6.7	37.3
2004-05	57.3	7.7	35.0
2009-10	54.2	7.3	38.5
2011-12	55.9	8.8	35.3
Urban			
1999-2000	42.1	40.1	17.8
2004-05	43.8	41.1	15.1
2009-10	45.1	41.4	17.5
2011-12	42.0	43.4	14.6
Total			
1999-2000	52.9	13.9	33.2
2004-05	53.8	16.26	29.9
2009-10	51.0	15.6	33.5
2011-12	52.2	17.9	29.9

Source: NSSO Surveys

IV. PATTERN OF DISTRIBUTION DURING THE PERIOD OF LIBERALISATION

The employment data discussed above revealed the major characteristic of growth in India i.e. the exclusion of masses. As discussed, the agriculture is losing its position as main contributor to GDP. But, it is the sector where the majority of Indians earn their livelihoods till now. This section tries to establish the relationship between macroeconomic policy changes and social discrimination as well as exclusion. It also tries putting forward the argument that these macroeconomic policy changes occurred during liberalisation have had adverse impact distributive justice with reference to women and various social as well as backward minority groups. Non-remunerative and unviable agriculture leading to distress for the bulk of the peasantry, worsening of income distribution, sharp increase in poverty are some of the main outcomes of neo liberal policies.

- **Globalisation and Gender Inequality:** Three major areas of exploitation of women are continuing segregation in the labour market with women working in low paid sectors, discrimination in wages and increasing domestic burdens.

Table 3
Nature and Trend of Women Employment

Total workers (in million)			Linked to agriculture (rural)		Regular women worker registered as % of all women workers		Casual women worker registered as % of all women workers	
T	M	F	M	F	2004-05	2009-10	2004-05	2009-10
472.9	344.79	128.11	59 %	75%	9	10.1	30	36

Source: NSSO 66th Round and earlier Rounds (2009-10), Note: T for total, M for male and F for female.

- **Women are working in low paid sectors:** In India, out of around 472.9 million workers, 128.11 million are women, of whom around 94 per cent are in the unorganised sector. The most startling figures in the NSSO 66th round were that there were 21 million less women workers in the labour force in 2009-2010 as compared to 2004-2005. In the recent data, 3 million more women found employment in urban areas whereas 9 million women (principal status) in rural India went missing from the labour force. It is more likely that given the volatility in the labour market and the temporary nature of jobs available, women's participation in the labour force is undercounted and invisibilised. It is already known that there is an undercounting of migrant women workers. A large number of women take in home based work but need not necessarily report themselves as workers. It could also be the case that women have tried hard to find work and, not being successful, do not report themselves as workers. But even from the rest of the figures, it is clear that the claims that liberalisation has helped Indian women in the economic sphere are far from true. The large number of disappeared women from the labour force signifies distress at a level which is unrecognised in policy formulations. The NSSO data reveal that among all women workers, the share of regular workers registered a small one per cent increase from 9 per cent to 10.1 per cent between 2004-2005 and 2009-2010. However, the share of casual workers registered a substantial increase of more than 6 per cent (from 30 per cent to 36 per cent). The figure was around 5 per cent for men.
- **Self employment in workforce:** Thus, the global trend of casualisation of the workforce is seen in India too. The largest employment status category for both men and women is self-employment.

Table 4
Self Employment in Workforce (in percentage)

Male			Female		
2004-05	2009-10	2011-12	2004-05	2009-10	2011-12
54.2	50	48	61	53.3	51.1

Source: NSSO 68th Round and earlier Rounds

Among women workers, there was a sharp decrease in the share of self employment from 61 per cent to 51.1 per cent between 2004-05 and 2011-12. For men the fall was less (from 54.2 per cent to 48 per cent).

- **Women in construction work:** Another substantial increase has been that of women in construction work whose numbers have more than doubled from around 2.07 million to 6.50 million in 2009-2010. The construction industry is virtually defined by the casual nature of employment, the domination of contractors, unsafe and highly vulnerable conditions of work and even residence.
- **Increasing proportion of women engaged in domestic duties:** It is seen from table 4 that in rural areas, proportion of women engaged in domestic duties increased by about 5 percentage points between 61st (2004-05) and 66th (2009-10) rounds which further increased by about 3 percentage points between 66th (2009-10) and 68th (2011-12) rounds. In the urban areas, the proportion remained almost unchanged between 61st, 66th and 68th rounds.

Table 5:
Females Engaged in Domestic Duties (in percentage)

age group	Number of Females Engaged in Domestic Duties					
	Rural			Urban		
	61st round (2004-05)	66th round (2009-10)	68th round (2011-12)	61st round (2004-05)	66th round (2009-10)	68th round (2011-12)
15-59	53.4	58.9	61.6	65.0	65.8	65.1

Source: NSSO 68th Round and earlier Rounds

- **Inequality among Major Religious Groups:** Table 6 reveals Worker Population Ratio according to usual status (ps+ss) among persons of major religious groups during 2004-05, 2009-10 and 2011-12. It argues that among all religious groups except Islam WPR is more than national average. Christianity followed by the Sikhism has the highest percentage of people in employment all the time. WPR is lowest among Islam with 4.9, 5.2 and 6.7 percentage point lower than national average during 2004-05, 2009-10 and 2011-12 respectively. The most disappointed revelation about WPR during last decade of liberalisation is that it is the Islam in which change in WPR also lowest among major religious groups. This contradicts the very argument of the advocate of liberalisation calling it as a process of inclusiveness.

Table 6:
Worker Population Ratio according to Usual Status among Major Religious Groups (in percentage)

	2004-05	2009-10	2011-12	percentage point change in 2011-12 to 2004-05
Hinduism	38.35	38.6	41.2	2.85
Islam	32.8	32.7	33.5	0.7
Christianity	40.2	40.6	41.8	1.6
Sikhism	38.45	38.05	41.1	2.65
Others	42.1	40.25	43.5	1.4
all	37.7	37.9	40.2	2.5

Source: NSSO 68th Round and earlier Rounds

- **Poverty and Inequality among Major Social Groups:** Without discussing the issues of poverty and inequality in a social framework, any comments on Indian political economy will be called unjustified. This paper draws argument on this issue with using Socio Economic Cast Census (SECC) and NSSO 68th round report on Employment and Unemployment Situation Among Social Groups in India.
 - **Socio-economic gaps between Social Groups:** The SECC (India, 2011) data which are available for rural India have the potential to provide a credible data for evaluating what has happened on the name of development. These data reflect ground level reality because of data information gathered from the all household population

about their present conditions. These also provide a basis for evaluating inequalities existing in rural India. The table 7 is a clearly comments on the real face of Indian economy on account of monthly income nature of employment. It shows 74.52 per cent of Indian households' monthly income of highest earning is less than Rs. 5000. In case of SC and ST these figures 83.55 and 86.53 per cent respectively are more appalling. In rural India 54.71 per cent landless SC households which is far more than Other (34.51 per cent) and All India (38.36 per cent) deriving major part of their income from manual casual labour. These data also reveals that a very small segment of Indian households have the access to the salaried job either in government, public or private. These indicators also exhibit visible and critical gaps between ST, ST and Others segment of Indian households. The data regarding households with non-agricultural enterprises registered with government and households paying income tax / professional tax show evidence of similar tendencies.

Table 7
Socio-economic Situation according to social Group in India (in per cent)

Indicators	SC	ST	Other	All India
Monthly income of highest earning household member is < 5000	83.55	86.53	70.3	74.52
Monthly income of highest earning household member is 5000 – 10000	11.74	8.95	19.89	17.18
Landless households deriving major part of their income from manual casual labour	54.71	35.65	34.51	38.36
Households with salaried job in government	3.95	4.36	5.35	4.98
Households with salaried job in public	0.93	0.58	1.24	1.11
Households with salaried job in private	2.42	1.48	4.18	3.56
Households with non-agricultural enterprises registered with government	1.94	2.05	3.03	2.72
Households paying income tax / professional tax	3.48	3.35	5.05	4.57

Source: SECC (GoI 2011)

- **Inter-social-group differences in average MPCE:** In absence of income data, the concept of per capita (overall) expenditure is used for comparison of average living standards between social groups. The NSS concept of MPCE, which this paper use, is defined first at the household level (household monthly consumer expenditure ÷ household size) and serves as the indicator of the household's level of living.

Table 8
Inter-social-group differences in average MPCE: change over time, all-India

Social Group	Percentage Difference of Average MPCE from Average MPCE of All-Social-Groups Population					
	Rural			Urban		
	2004-05	2009-10	2011-12	2004-05	2009-10	2011-12
ST	-23.7	-17.2	-21.5	-18.5	-9.5	-16.6
SC	-15.0	-11.9	-12.4	-27.9	-27.2	-22.9
OBC	-0.4	-1.6	-0.6	-17.2	-15.4	-13.5
Other	22.6	21.6	20.2	24.1	24.3	23.3

Source: Source: Household Consumer Expenditure across Socio-Economic Groups, NSS 68th Round, July 2010 - JUNE 2011

The table 8 shows change in all India data of inter-social group differences in average MPCE over time. This table reveals very mammoth differences in average MPCE between the different social groups in India. In rural as well as urban there is big difference exist between different social groups. The MPCE of all segment of population, except other segment that comes from upper cast, are below from national average. In rural area average MPCE of ST followed by SC has far below than

average MPCE of all-social-groups population. In case of urban area, reversely, SC followed by ST depicts the most vulnerable segment of society. The changes in average MPCE of all-social-groups of population over 2004-05 to 2011-12 shows a weak hope of convergence among different groups based on MPCE. Because, these data depict only a marginal decline in the difference between MPCE of different groups.

- **Average MPCE over item groups for each social group:** The increased consumption expenditure figures may cause a flutter of excitement among pro- neoliberal advocates, but in fact the real figures of earnings in the same survey are exceedingly low. This choice -based withdrawal argument is a cruel misreading of realities. The percentage break-up of average MPCE over item groups for each social group also make a statement in this regard. The table 9 shows that 51 and 41 per cent of MPCE respectively of rural and urban Indian households spent only on food items. In case of SC and ST population this break up is having large portion of MPCE. This adversely affect to the share of education and medical care of these vulnerable section.

Table 9

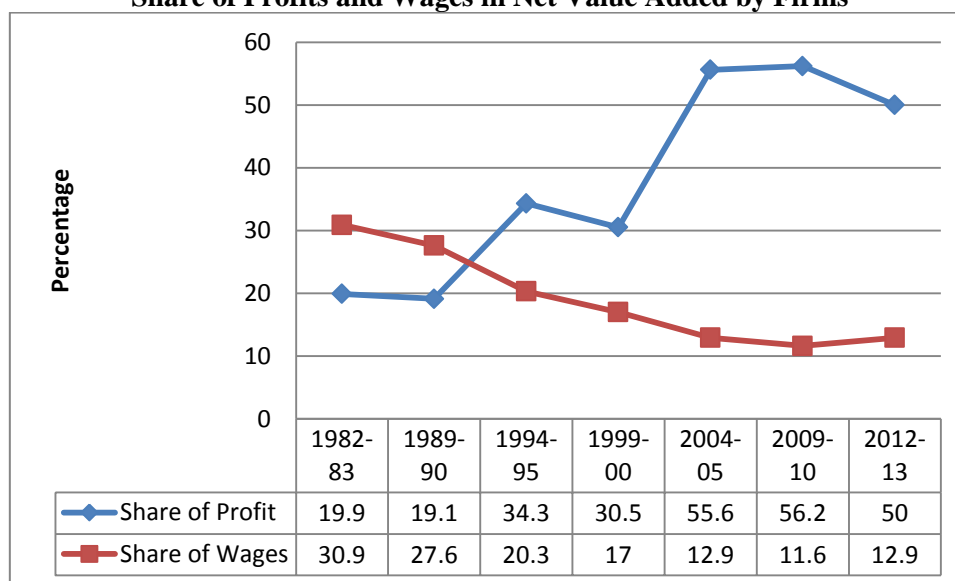
Percentage break-up of average MPCE over item groups for each social group (2011-12)

	Rural					Urban				
	ST	SC	OBC	OTHER	ALL	ST	SC	OBC	OTHER	ALL
Food Total	56	55	53	51	53	44	47	45	40	43
Education	2	3	3	4	3	6	6	6	8	7
Medical Care	4	7	7	7	7	5	6	6	5	6

Source: Household Consumer Expenditure across Socio-Economic Groups, NSS 68th Round, July 2010 - JUNE 2011

- **Increasing Level of Class based Inequality:** In India, development under globalisation closely conformed to the aspiration of the finance capital as well as Indian ruling class. The following are the main issues concerned with the class and inequality:
 - **Rising share of profits and deteriorating share of wages:** Unfortunately for labour, and fortunately for capital, the benefit of that growth or productivity increase did not accrue to workers. A corollary of the decline in the share of wages in net value added by firms was of course a rise in the share of profits.

Figure 4:
Share of Profits and Wages in Net Value Added by Firms



Source: Annual Survey of Industries, various issues.

Figure 4 shows that the years after 1982-83 saw the ratio of profit to net value added soar, from just 19.9 per cent to a peak of 56.2 per cent in 2009-10. The driver of this remarkable boom in profits was a rise in the profit margin, or the ratio of profits to the value of output. Increases in profit shares have clearly been the result of the ability of capital to extract more profit from every unit of output. In the name of economic reform, the government, through tax concessions, transfers of various kinds and sale of land and scarce assets to the private sector at extremely low prices, engineered this profit inflation.

In globalisation which is the extreme of capitalism, it is difficult to escape the joblessness and exclusion of working class. The same figure also exhibits the curse for workers. It shows the years after 1982-83 saw the ratio of wages to net value added declined drastically, from a high 30.9 per cent to a miserably low of 11.6 per cent in 2009-10. It is the capitalist mode of production which has produced the workless person, make surplus and accumulation. All through the history of capitalism, accumulation takes place in two ways: one is the normal dynamics of capital expansion (appropriation) through the unfolding of its production process and the other is the coercion and outright loot (forcible expropriation) whose brutalities Marx define as the primitive accumulation of capital. The recent tendency of rising profits and deteriorating share of worker seem to be the similar story of Marxian primitive accumulation of capital.

- **India's Gini coefficient:** According to a new report on inequality by Organisation for Economic Cooperation and Development (OECD), the top 10 per cent of wage earners now make 12 times more than the bottom 10 per cent, up from a ratio of six in the 1990s. Moreover, wages are not smoothly spread out even through the middle of the distribution. The feature of exclusion is well elaborated by table 10, which shows the Gini indicators, based on available household statistics. Wage inequality has driven more general income inequality in the country. India has got more unequal over the last two decades—India's Gini coefficient, the official measure of income inequality, has gone from 0.32, 0.38 and 0.56 for 1993, 2008 and 2010 respectively with 0 being the ideal score. Inequality in earnings has doubled in India over the last two decades, making it the worst performer on this count of all emerging economies. Even consumption data suggest increasing inequality of consumption, in both vertical and horizontal terms (Vanneman and Dubey, 2011). The national Gini coefficient for consumption increased from 0.31 in 1993–94 to 0.36 in 2009–10. “The ratio of urban to rural consumption went up from 1.62 to 1.96. The largest increases in consumption expenditure were concentrated in the top decile of the urban population: between 1993–94 and 2009–10, the income of the top urban decile went from 7.1 to 10.3 times that of the bottom urban decile and from 10.5 to 14.3 times that of the bottom rural decile” (Chandrasekhar and Ghosh, 2015).

Table 10

Levels of inequality in the latest year before the crisis and in the mid-1980s

Gini at Disposable Income			Gini for consumption**	
2010	2008	1993	2009-10	1993-94
0.56*	0.376	0.324	0.36	0.31

Source: <http://www.oecd.org/social/socialpoliciesanddata/49170475.pdf>,

* Desai et al., 2010, **Vanneman and Dubey, 2011.

- **Inequality and Poverty:** The issue of inequality is strongly correlated with the issue of poverty itself. Some fundamental aspects and tendencies belonging to poverty are discussed below:

- **Declining Head Count Ratio (HCR):** It should also be noted (Table 11) that the percentage of the population considered to be poor has declined since the early 1993s. In particular, one observes a dramatic reduction in numbers of the poor between 1993

and 2009-10, the percentage of the poor dropping from 45.3 per cent to 29.8 per cent. The all-India HCR (head-count ratio) has declined by 7.3 percentage points from 37.2 per cent in 2004-05 to 29.8 per cent in 2009-10, with rural poverty declining by 8.0 percentage points from 41.8 per cent to 33.8 per cent and urban poverty declining by 4.8 percentage points from 25.7 per cent to 20.9 per cent.

Table 11
Percentage and Number of Poor Estimated by Expert Group 2009 (Tendulkar Methodology)

	Poverty Ratio (%)		
	Rural	Urban	Total
1993-94	50.1	31.8	45.3
2004-05	41.8	25.7	37.2
2009-10	33.8	20.9	29.8
Annual Average Decline from 1993-94 to 2009-10			
2004-05 from 1993- 94	0.75	0.55	0.74
2009-10 from 2004-05	1.60	0.96	1.48

Source: Data book for DCH (Commission, 2012)

However, one must be very cautious in interpreting these data. Most significantly in this regard it is important to note that the data contained in table 11 are based on estimates of monetary income. This poverty line represents the extreme poverty “line of the famine”. The only reason for the above official result of ‘declining poverty’ is its steady lowering of the standard over a long period of time, since 1973- 74. If the pass mark in a school is continuously lowered over a 40 year period - thus the lowering becomes substantial - then it is not surprising if the percentage of failures shows a fall, but it is quite wrong to claim improvement because to compare, the same standard must be applied.

- **Poverty and calories daily intake:** What happens to poverty estimates if we use the true poverty lines at which the Planning Commission’s own nutrition standard is met? Table 12 shows that the percentage of persons in poverty increased sharply after economic reforms started and 75/73 percent of the rural/urban population was actually poor by 2009-10.

Table 12
Trends in the True Percentage of Poverty All India, 1973-4 to 2009-10

	1973-74	1983-84	1993-94	2004-05	2009-10
Percent of Persons below 2200 calories daily intake (Rural)	56.4	56	58.5	69.5	75
Percent of Persons below 2100 calories daily intake (Urban)	49.2	58.5	57	64.5	73

Source: (CPIM, 2010)

This means that by making its incorrect estimates quoted above, the Planning Commission is currently excluding 41 per cent of the rural population and 52 per cent of the urban population, from the BPL category. “The number of the actually poor who are being left out is about 500 million and far exceeds the number of those officially recognized as poor” (CPIM, 2010).

- **Indian Economy infected with declining per capita calorie intake:** Comparison of estimates for India (Table 13) from NSS surveys between 1983 and 2011-12 shows calorie intake declining in both sectors after 1999-2000, the decline being sharper in the urban sector, but recovering again to regain a level of about 2100 Kcal per person per day in the rural sector and about 2060 Kcal in the urban in 2011-12. Although, these are far below from the level of 1983.

Table 13
Estimated per capita calorie intake per day in India

	83	93-94	99-2000	04-05	09-10	11-12
Rural	2221	2153	2149	2047	2020	2099
Urban	2089	2071	2156	2020	1946	2058

Source: Nutritional Intake in India, 2011-12, NSS 68th Round, Report No. 560(68/1.0/3), October 2014

- **Declining Cereals availability per Head per Day since liberalisation:** What we produce, is not the same grain which is actually available to the people, because there can be exports or imports, and because there can be addition to public stocks or drawing down of stocks. Output adjusted for trade and change in stocks is called availability. In recent years even though per head output has been falling, per head availability has been falling even faster because there is export and addition to stocks.

Table 14
Cereals Availability per Head per Day

	1978	1980	1990	1995	2000	2005	2010
Gms. Per day	458	446	494	491	455	442	441

Source: Data from Ministry of Finance Govt. of India Economic Survey 2011-2012

- The table 14 show data from the Economic Survey, 2011-12 .The Economic Survey is released by the Finance Ministry every year just before the Budget. These show clearly that that per capita availability per day was rising before economic reforms comparing the three year averages from 1977-79 to 1989-91. Exactly the opposite happened during the period of economic reforms and export thrust; the per capita availability falling to 440 grams per day during 1989-91 to 2007-09 (Table 8). This is the actual consumption level of grain for all purposes.

V. CONCLUSIONS AND A PERSPECTIVE FOR INTERVENTION

The overview of the trend of economic growth in the context of liberalisation and globalisation during the past two and a half decades reveals that the policy orientation is highly concentrated on the high rates of growth not on the real economic development. The most striking dissatisfaction of the growth performance under liberalisation is that of high fluctuation and largely correlated with only service sector. The service sector with gaining almost 12 percentage points occupied the main contributor of GDP lost by primary sector with the decline sharp of 20 percentage points during liberalisation. Industrial sector experienced relative stagnation in its share to GDP. The story of employment growth and a structural shift in the nature of employment further highlight the process of exclusion during the era of liberalisation. A clear feature of mismatch between sectoral share of employment and sectoral share of GDP emerged from the trend since independence. Service sector which exhibits a steep increasing trend in case of GDP contribution shows a very marginal shift of only 4.8 percentage points in share in employment from 1993-94 to 2011-12. This reveals the real truth behind the rhetoric spread by ruling class about the white collared employment opportunities under globalisation. The overwhelming majority of workers are employed in a massive unorganized sector. The public sector employment continuously declined with (-) 0.60 and (-) 0.56 per cent per annum during 1999-00 to 2004-05 and 2004-05 to 2009-10 respectively. Enlargement of private sector employment was not able to effectively offset the deceleration experience in the public sector employment. The trend during last decade shows a fluctuation in share of total regular salaried workers and its rural segment while, the share of casual labour has shown a marginal reduction. The exploitation of women are continuing segregation in the labour market with women working in low paid sectors, discrimination in wages and increasing domestic burdens. Among all religious groups except Islam WPR is more than national average. WPR is lowest among Islam with 4.9, 5.2 and 6.7 percentage point lower than national average during 2004-05, 2009-10 and 2011-12 respectively. The analysis of SECC shows that 74.52 per cent of Indian households' monthly income of highest earning is less than Rs. 5000. In case of SC and ST these figures 83.55 and 86.53 per cent respectively are more appalling. 51 and 41 per cent of MPCE respectively of rural and urban Indian households spent

only on food items. In case of SC and ST population this break up is having large portion of MPCE. This adversely affect to the share of education and medical care of these vulnerable section. The benefit of productivity increase under liberalisation did not accrue to workers but they are facing a corollary of the decline in the share of wages in net value added. India has got more unequal over the last two decades—India's Gini coefficient, the official measure of income inequality, has gone from 0.32, 0.38 and 0.56 for 1993, 2008 and 2010 respectively with 0 being the ideal score. The inequality is reemphasised with the declining per capita availability of cereals and per capita calorie intake. With these concluding remarks, this paper suggests a macroeconomic policy shift having an outlook in favour of agriculture and manufacturing for expansion in employment. It suggests regulatory interventions for improving quality and formalization of employment. There is a need of addressing gender, religious and cast dimensions of exclusion along with other social and class based inequalities. Only a comprehensive, responsive, effective and pro working class macro-economic policy outlook can lead India towards sustainable and inclusive development.

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