

India's labour question is also a social question: inequalizing growth and increasing social equality under neoliberal economic regimes

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Abstract The Indian growth story since its adoption of neoliberal economic reforms in 1991 is indeed a celebrated one especially by the increasingly powerful corporate capitalist lobby and their supporters within India as well as abroad. In fact the high growth performance started from the mid-eighties with limited internal economic reforms has now contributed to a long-term growth rate of 6% per annum for the last three decades. Although this record is excelled by China by a considerable margin over a longer period that in no way diminishes its contemporary significance. What is conspicuous by its absence is any reference to the increasing economic inequality embedded in a pre-existing social inequality and the consequent impact on the vast majority of the people referred to as *aam aadmi*, or common people, in India. One of the main justifications propounded, and pounded relentlessly, by the official statements and pronouncements as well as by large sections of the powerful media is that the process of high growth and its maintenance will 'trickle down' and reduce poverty because it will lift 'all boats'. Of course, growth did trickle down for some in the literal sense of lifting them out of an officially defined poverty line that has increasingly been challenged while leaving a large majority where they were. Such a process has been called 'inclusive growth' because it sought to give them some marginal benefits without any reference to the level or the rate of increase in economic benefits accruing to the non-poor and richer sections.

Keywords Social inequality · Neoliberal economic reform · Poverty and vulnerability · Informal employment

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Such an approach was the outcome of a series of modifications to what is referred to as the ‘Washington Consensus’. The actual experience of many developing countries and discontent with this Washington Consensus from the early 1990s to 2000 gave way to what is later called the ‘Post-Washington Consensus’ that blamed many developing societies and governments for failure of the policies under this consensus. It then added a few additional agenda that advocated a set of governance reforms and a few targeted poverty alleviation measures. Later, a debate on pro-poor growth emerged that questioned the ability of the neoliberal economic reform policies for poverty reduction and redistribution. It is this impasse that later got converted into an agenda of inclusive growth advocated principally, if not only, by the World Bank (for a discussion of the emergence of the term ‘inclusive growth’ see, Saad-Filho 2011). However, the overwhelming consensus among the reformed neoliberals was in favour of a growth that would qualify for being called ‘inclusive growth’ if it leads to any reduction in absolute poverty even if that happens to be considerably lower than the rate of growth in average income in the economy thereby increasing the existing inequality to a higher level. This idea of ‘inclusive growth’ without regard to the question of inequality that is being actively promoted in India has already undermined the earlier national agenda of economic development that goes beyond the restrictive notion of growth. However, the inequality-sensitive pro-poor growth argument continues to throw a powerful challenge to this notion of inclusive growth.

How does one measure whether the growth process is sensitive or not to the question of inequality? If the rate of growth in income of the poor (or any other indicator for poverty reduction/wellbeing) is less than the overall rate of growth in income (or any other indicator of wellbeing), then it is a case of inequality-insensitive growth because it leads to an increase in inequality even in the presence of some reduction in poverty. If both rates are equal then it is inequality-neutral because it leaves the initial inequality untouched. If the rate of growth in income of the poor is greater than that of the non-poor then it is inequality-sensitive in the sense that it leads to a situation of reduced poverty as well as inequality. The last one is the challenge countries like India are facing because of the many layers of pre-existing economic as well as social inequality and the imperative to expand the arena of social and economic opportunity (Fig. 1).

The shift in national economic policy regime in India in favour of an inclusive growth strategy—where any reduction in absolute poverty is considered inclusive—is nothing less than a paradigmatic shift from an earlier vision and perspective that was rooted in national economic development in which growth was indeed a prominent objective but not the overriding one. Ignoring the historical experience of present-day developed countries with regard to public spending on social security broadly defined to include health and education and its positive impact on growth (see, e.g. Lindert 2004) as well as that of the fast transforming developing countries especially in Asia, maximization of aggregate growth is being projected as a necessary condition for any kind of increase in pro-poor expenditure. The result has been a further increase in inequality which, in our opinion, has sharpened the social question in India. The social question in the Indian context is a complex one because it transcends the questions of adequate and decent employment, social security and social welfare to the bigger issue of social inclusion of those who have been trapped in the historically rooted hierarchical social structure. At the bottom of this hierarchical social structure are two groups officially designated as Scheduled Castes and Scheduled Tribes who, constituting around a quarter of the Indian population (around 300 million as of 2011), have been by and large bypassed in the process of high economic growth. This close weaving of the economic with the social mediated by a polity through an electoral

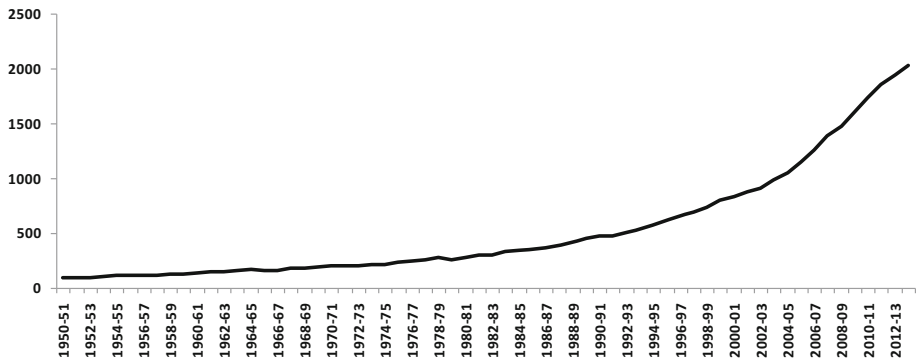


Fig. 1 India's Gross National Income at factor cost (1950–51 = 100)

democratic process should be considered as one of the toughest grounds for a search for growth with equity and social justice.

What we are reporting here is the findings of a series of studies summed up in a recent book¹ supplemented by the findings of other scholars and then to raise some connected issues and questions.

Growth and its impact on poverty

The dominant discourse in India to measure the impact of economic growth on poverty reduction has been to examine the rate of reduction in the incidence of poverty during a specific time period with reference to an officially defined poverty line. For a very long time and up until 2010, this official poverty line was well below the international 'extreme poverty' line of one dollar (in purchasing power parity terms) per capita per day that was later revised to the current figure of 1.25 PPP dollars. When an attempt was made by a government-appointed committee² to revise this 'line' under pressure from various quarters, the outcome was an uproar against what was perceived to be a marginal upward revision that continued to be below the above-mentioned international extreme poverty line let alone the other poverty line of 2 PPP dollars. This then led to the formation of another committee³ that has also upheld the principle of a 'poverty line' with some revisions to take into account the mounting criticism against the earlier exercise. Of course, such a bivariate classification of the population into what is now commonly called in India as

¹ See Kannan, K.P. *Interrogating Inclusive Growth: Poverty and Inequality in India*, Routledge, New Delhi and London, 2014.

² This committee is usually referred to as the Tendulkar Committee after the name of its chairman. It re-ignited the poverty controversy and the main thrust, from the point of the common people, was the question whether the expenditure cut off suggested as poverty line would make any sense. Apart from this, several other issues also became subjects of intense professional controversy. See, e.g. *The Indian Journal of Human Development*.

³ This committee, known as the Rangarajan Committee, was constituted in the aftermath of the controversy over the methodology and recommendations of the Tendulkar Committee. However, this committee also did not differ from the earlier committees on the idea of a 'poverty line' but sought to incorporate some additional requirements as protein. It would however appear that the report of this committee is also not free from methodological and estimation problems that have now been subjected to critical scrutiny. See, e.g., Raveendran 2014.

‘Below Poverty Line’ (BPL) and ‘Above Poverty Line’ (APL) makes no sense of the gradations of poverty and deprivation in India. While the estimate of poverty showed a relatively lower incidence when the official poverty line was applied, a considerably higher incidence was found when the official poverty line was pushed by a margin of 25% (that was close to the international ‘extreme poverty’ definition PPP\$1.25 per capita per day). By doubling the official poverty line (that was close to the international poverty line of PPP\$2 per capita per day) and characterizing the incremental group as ‘vulnerable’, it was found that a little more than three fourth of the Indian households/persons were either poor or vulnerable as of 2005.⁴ Of course, this is not a static picture but the result of a slow reduction over time that continued even at the height of the India’s economic growth during 2004–08. But then, the ‘snail’s pace’ of this momentum in the rate of reduction wouldn’t give any hope for a significant segment of the poor in the foreseeable future.

However, what was reported was only a tip of the iceberg of the continuing scenario of poverty and vulnerability. First, the faith in the market mechanism to reduce poverty through the ‘trickling down’ process is valid only in the literal sense of ‘trickling down’ given the snail’s pace of poverty reduction. This is not something that is unknown in the literature. What is significant in this process is that the situation is not one characterized by being either poor (called BPL) or non-poor (called APL). It is a process whereby some of the ‘extremely poor’ becoming ‘poor’ and some of the ‘poor’ becoming ‘marginally poor’ and some of the ‘marginally poor’ becoming ‘vulnerable’ before they get out of a situation of poverty and vulnerability altogether. Secondly, there is a close correspondence between informal work status and poverty and vulnerability that in turn is closely associated with low levels of educational attainments. But the systematic and well-entrenched correspondence is with the social status group of the poor and vulnerable. What it shows is a systemic and hierarchical structure closely resembling the broad social status groups with those belonging to the Scheduled Castes and Tribes (SC/ST) at the bottom, followed by Muslims and Other Backward Classes and the residual called the ‘Others’ at the top (see Table 1). We may characterize the SC/ST group as the Socially Most Disadvantaged (SMD), Muslims and the OBC as the Socially Somewhat Disadvantaged (SSD) and the remaining—Others—as the Socially Most Advantaged (SMA). What should be noted here is the widening gap or increasing inequality across the social groups when measured by the two poverty thresholds in which increasing urban inequality has been more striking than that in rural areas. For example, the incidence of the group ‘poor and marginally poor’ SC/ST was 2.31 times the incidence in the socially advantaged group Others in urban areas in 2000 that rose to 4.02 times within ten years (see Table 2).

Therefore, an important social consequence of high economic growth in India has been its uneven impact across social groups leading to a greater degree of inequality than before. An equally significant outcome of this uneven impact has been the continuing stability in the social hierarchy along the admittedly broad social groups that we have examined. In that sense, increasing economic inequality seems to have strengthened the social inequality, i.e. the hierarchical order rather than weakening it. While there are several nuances to this outcome, we do not think that the overall picture would be significantly different.

For example, the two intermediate social groups, viz. Muslims and OBCs are indeed highly differentiated internally both in economic and social terms and some of the better

⁴ This finding, first reported by the National Commission for Enterprises in the Unorganized Sector’s *Report on Conditions of Work and Promotion of Livelihoods in the Unorganized Sector* (NCEUS 2008), led to a public furore at the state of poverty in a fast-growing India resulting in heated debates in and outside the Indian Parliament.

Table 1 Incidence of poverty across socio-religious groups

	Category	Year	SC/ST	Muslim	OBC	Others	Total
1	Poor and marginally poor	2000	59.7	54.6	48.1	25.9	45.9
		2010	45.2	39.6	30.8	13.3	32.1
2	Poor and vulnerable (including (1))	2000	90.0	87.0	84.5	64.2	80.7
		2010	81.9	78.9	70.8	44.5	69.0
3	Middle and high income	2000	10.0	13.0	15.5	31.8	19.3
		2010	18.1	21.1	29.2	55.5	31.0

Source: Computed from unit level data from 55th to 66th Rounds of the National Sample Survey and reported in Kannan 2014. *Note:* The Poor and Marginally Poor group consists of the ‘extremely poor’ (i.e. those who do not have more than 75% of the official poverty line in terms of consumption expenditure), ‘poor’ (i.e. those who are between the former and the official poverty line), and the ‘marginally poor’ (i.e. those who are above the official poverty line but below 1.25 times the official poverty line). The Poor and Vulnerable group consists of the above three groups plus the between 1.25 and 2 times the official poverty line

Table 2 Widening Gap as shown by the ratio in the Incidence of Poverty across broad Social Groups (with Socially Advantaged Group as the base)

Year	OBC	Muslim	SC/ST
Rural + urban			
Poor and marginally poor			
1999–00	1.86 (2.17)	2.11 (2.82)	2.31 (2.67)
2004–05	2.07 (2.43)	2.54 (3.38)	2.80 (3.08)
2009–10	2.32 (2.48)	2.97 (4.46)	3.40 (4.02)
Poor and vulnerable			
1999–00	1.32 (1.47)	1.36 (1.61)	1.42 (1.57)
2004–05	1.46 (1.64)	1.54 (1.90)	1.60 (1.81)
2009–10	1.59 (1.86)	1.77 (2.41)	1.84 (2.22)

Source: See Table 7.11 in Kannan 2014. *Note:* Figures in brackets are for Urban areas and without brackets for Rural areas

off groups (categorized as Middle- and High-Income Groups) are closer to the socially advantaged group categorized as ‘Others’. But what is significant is the correspondence of their intermediate social position as members of a larger group with that of their economic position. Every group has their share in the economic status classification but the share of the poor and vulnerable decreases as one goes up the social stratification ladder.

There are two other prominent inequalities in India in terms of economic performance as well as social/human development; regional and gender. The regional picture is also one of increasing inequality across the states. Gender inequality has a mixed record. But the evidence so far suggests that social inequality overwhelms the other two inequalities of region and gender.

Weakening role of employment in reducing inequality

In a situation of sharp asset or wealth inequality, the main route through which growth could mellow this inequality is through income arising out of employment. Historically, this has been one of the powerful instrumentalities in raising the living standards of the

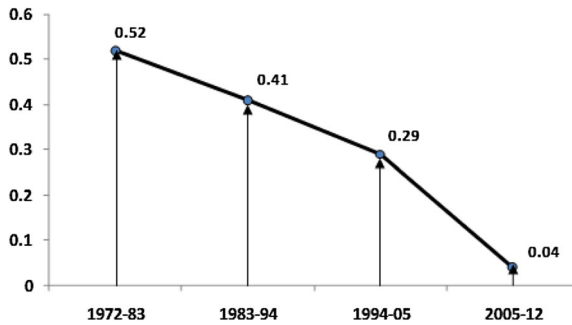


Fig. 2 Declining employment elasticity in India. Note: During 2005–12, employment elasticity in the industrial sector (including construction and mining was 0.48 while the agriculture and allied sector showed a negative employment elasticity of (–) 0.42. *Source:* India labour and employment Report 2014, Institute for Human Development 2014, p. 50

hitherto poor in many countries. In the Indian context this important link between aggregate income growth and employment has been weakening over time that has contributed to the above-mentioned result of a vast segment of poor and vulnerable co-existing with a small segment of the better off sections including the rich and the super rich. This has been referred to as the declining employment elasticity of growth. That is to say, for every percentage point increase in national income the percentage point growth in employment has been a declining one. In plain words, growth doesn't result in employment generation as much as before, let alone to a desired extent. In fact the period between 2004 and 2012 has witnessed the fall of the employment elasticity close to zero. This flies in the face of the 'trickle-down theory' repeated ad nauseum to justify neoliberal economic growth policies (Fig. 2).

However, in the Indian context employment is a complex arena that calls for a more nuanced approach and understanding as with most similarly placed developing economies. Large segments of poor people cannot remain unemployed in the sense it is understood in the advanced capitalist countries. Their survival depends on engaging in some economic activity. Economists who have been seized of this problem for long called it a situation of surplus labour and the need to expand the modern sectors of the economy to absorb them into gainful—productive—activities. The reality in most developing countries has defied this Lewisian model of economic growth. The situation in India is therefore characterized by the existence of a vast informal sector for employment along with a small formal sector—82–84 per cent for the former and 16–18% for the latter between 2000 and 2010 (see Table 5). Informality is essentially defined here as insecurity in employment, earnings and social security.⁵ However, employment in the formal sector need not necessarily ensure security in the above sense. Since the launch of neoliberal economic reforms the share of the informally (insecurely) employed in the formal sector has been on the rise

⁵ According to the NCEUS (2008:3) which provided a comprehensive definition to the concepts of informality and formality in work, two distinctions were made i.e. sector and employment. They are: (a) The informal sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten workers; and (b) Unorganized/informal workers consist of those working in the informal sector or households, excluding those workers with social security benefits provided by the employers and the workers in the formal sector without any employment and social security benefits provided by the employers.

giving rise to a classification of informally employed in the formal sector. When these two are combined the share has been 92 per cent and unchanging since the early 1990s. This of course includes agriculture that remains the single largest sector of employment (now close to half the workforce) contributing to only 13–14 % of national income. This is no longer the traditional peasant subsistence economy with low commercialization but one increasingly characterized by monetized market relations in land, labour, credit and the product. If one keeps the agriculture apart—to which there is very little justification given the circulation of labour between agricultural and non-agricultural occupations—the share of informal sector employment would be 67% and informal labour 85% of the total non-agricultural workforce!

The increasing economic and social inequality is closely linked to this employment scenario. Most of the poor and vulnerable, i.e. around 80%, work as informal workers.⁶ If one examines the universe of informal workers, 80% belong to the poor and vulnerable category. Therefore, the link between poverty and vulnerability on the one hand and informal (insecure) work status is quite close. From the social point of view what makes this link significant is the close association of social status with poverty-vulnerability status and the consequent informal work status. Probing deeper one finds a close correspondence of informality with low educational status. At the same time, education is a leveller and a means to get out of the poverty trap and those who have secured a higher educational status from socially disadvantaged groups have managed to negotiate their economic transition. However, for those in the bottom of the social status the threshold level of education required to come out of the poverty status is much higher than those in the socially advantaged group.

The most disappointing sector in terms of employment performance is the formal manufacturing sector that has been characterized by ‘jobless growth’ for a long period of a quarter century ending with the mid-2000s. While recent figures show an upward trend the situation is one of growth in informal employment suggesting a shift of labour from the informal sector to that of formal sector as informal labour. Detailed work on the plight of these workers cast doubt on their ability to secure higher wage rates although their earnings could be higher because of regular work often exceeding the legally stipulated working hours but under conditions of rigid labour control and insecurity of employment. That gave rise to, as it happened in the National Capital Region comprising Delhi–Gurgaon, several violent protests and conflicts between the workers and their employers (see, e.g. Annavajhula and Pratap 2012a, b).

Wealth inequality

This picture of high growth and widespread poverty is of course rooted in certain structural characteristics of the Indian economy and society. The most important one is the structure of inequality in wealth. Data availability for the recent period has restricted the scope of studies focusing on wealth inequality that in itself has been quite limited compared to studies based on consumption. The limited period for which data are available (1991–2002) shows that not only the initial level of inequality in wealth is highly skewed

⁶ This means one-fifth of the poor and vulnerable households have members working in the formal sector as formal workers but with wages that do not enable them to come out of the group of poor and vulnerable defined as two times the pre-2010 official poverty line that was equivalent to the international poverty line of two PPP dollars per day per capita.

Table 3 Wealth disparity by social groups, 2002

Group	Population share (P)	Wealth share (W)	Ratio (W/P)
Hindu FC (SAD)	22.6	38.7	1.71
Non-Hindu FC (SAD)	9.4	12.5	1.33
OBC (SSD)	40.3	36.0	0.88
ST (SMD)	8.0	3.9	0.49
SC (SMD)	19.7	8.8	0.45

Source: Compiled from Table 5 of Zacharias and Vakulabharanam (2009)

SAD means Socially Advantaged, SSD means Socially Somewhat Disadvantaged and SMD means Socially Most Disadvantaged

in India, but it has also been widening. Such widening inequality has been seen to be only marginal but scholars pointed out the several limitations of the data in reflecting the true picture of widening inequality. The Gini coefficient of per capita assets increased by one percentage point between 1991 and 2002, whereas it increased by two percentage points for per capita net worth.⁷ But what is striking is the unequal structure of wealth distribution. Going by household distribution of wealth, the top 10% owned half the total assets (50.39%) in 1991, whereas the bottom 10% owned a miniscule, i.e. a mere 0.37%. By 2002 these shares increased to 51.51 and 0.40%, respectively. In fact 50% of Indian households owned just about 10% (9.99) of total assets in 1991 that went down to 9.56% in 2002. But a stronger picture of the growth in inequality in wealth was revealed by a highest growth rate in asset accumulation (3.4% between 1991 and 2002) of the top decile in consumption compared to the lowest decile (0.8%) suggesting that *‘that the rich have pulled away from the poor in asset accumulation’*.

Wealth inequality across the broad social groups, available for 2002 (see Table 3), is considerably less pronounced than across the economic grouping of consumption deciles. This is because of the sharp intra-group inequality. Studies revealed that the share of ‘between- group inequality’ in 2002 was only 12.6% whereas the ‘within-group inequality’ accounted for 87.4% (Zacharias and Vakulabharanam 2009:20). Such a finding points to the nature of within-group inequality especially among the socially advantaged and that could be due to a variety of factors including education, quality of assets such as land, industry of employment and so on. This of course makes the picture a more complex one but the hierarchical nature of this inequality across broad social groups not just in wealth but also in consumption and education should not be lost sight of (Table 4).

It is this highly skewed nature of wealth inequality that has also contributed to the consumption inequality. Studies based on consumption inequality have reported a widening of that inequality although this is also subject to several limitations that do not convey neither the true nature of consumption inequality or as a proxy for income inequality. Several studies were carried out on the subject of consumption inequality although those cover both rural and urban areas before and after the initiation of neoliberal economic reforms are far and few. Tapalova (2008) reported a decrease in consumption inequality between 1983 and 1994, i.e. prior to the economic liberalization with the Gini coefficient declining from 31.9 to 30.3 while Sarkar and Mehta (2010) reported an increase of 1 percentage point—from 33.7 to 34.7 for the same period. However both the studies reported an increase between 1994 and 2005; Tapalova reported an increase of 2.2

⁷ Net worth is defined as total value of wealth minus debt.

Table 4 Hierarchical nature of poverty and vulnerability and education but modified by urban residence

Category	Incidence of poverty and vulnerability			Mean years of schooling of workers in the (2005)			
	1994	2000	2010	Informal sector		Formal sector	
				M	F	M	F
Urban others (FC) *		53.4	29.5	9.5	8.1	11.9	13.1
Urban OBC	*	78.4	55.0	6.6	3.5	9.5	8.8
Rural others (FC) *		71.5	57.9	6.2	3.2	9.5	6.6
Urban Muslims	87.6	86.0	71.5	4.9	2.9	5.9	8.4
Urban SC/ST	87.1	83.9	65.5	4.9	2.4	7.4	5.6
Rural OBC	*	86.3	76.4	4.3	1.7	7.2	5.0
Rural Muslim	87.9	87.6	83.4	3.1	1.4	5.9	4.9
Rural SC/ST	91.7	91.5	86.0	3.0	1.2	5.5	2.9

Source: Kannan 2014

Until 1994, unit level data from the National Sample Surveys do not permit separation of the group OBC and FC from those belonging to Hindu other than SC and ST

Table 5 Population in the Poor Economy and Prosperous Economy in India and their Rural–Urban division

Category	Urban (Million)	%	Rural (Million)	%	Total (Million)	%
1	2	3	4	5	6	7
Population 2010 (ml)	365.4		821.3		1186.7	100.0
Poor and vulnerable in 2010 (as % of total population)		50.6		77.8		69.0
Poor economy	184.9	15.6	634.5	84.4	819.4	100.0
Poor and vulnerable population						
Social composition		100.0		100.0		100.0
1. Others	37.6	20.3	83.0	13.1	120.6	14.7
2. OBC	62.2	33.7	238.8	37.6	301.0	36.7
3. Muslim	40.7	22.0	77.8	12.3	118.5	14.5
4. SC/ST	44.4	24.0	234.9	37.0	279.3	34.1
Middle and high income (as % of total population)		49.4		22.2		31.0
Prosperous economy	180.5	49.1	186.8	50.9	367.3	100.0
Middle- and high-income population						
Social composition		100.0		100.0		100.0
1. Others	90.1	49.9	60.3	32.2	150.4	40.9
2. OBC	50.8	28.1	73.6	39.4	124.4	33.9
3. Muslim	16.2	9.0	15.5	8.3	31.7	8.6
4. SC/ST	23.4	13.0	38.4	20.5	61.8	16.8

Source: Incidence of Poor and Vulnerable as well as Middle- and High-Income and total population were computed from unit level data, 66th Round of NSS on Employment-Unemployment (2010), Government of India. For details see Kannan 2014:Ch.7

Bold values indicate the size of the Prosperous and Poor Economies in terms of million as well as their percentage share

percentage points from 30.3 to 32.5, whereas Sarkar and Mehta (2010) reported an increase of 3.1 percentage points, from 34.7 to 37.6. Both studies reported a decline in rural inequality and hence the focus got shifted to urban inequality. Tapalova reported very little increase in urban inequality between 1983 and 1994 (Gini coefficient 34.0–34.3) while during the 1994–2005 period it increase to 37.8. Sarkar and Mehta reported a decline in urban inequality for the first period (36.7–35.7) while it increased to 38.9 for the latter period.

Consumption inequality could be a proxy for measuring income inequality provided it reflects the structure of income distribution. However, consumption figures for the upper deciles are often underreported and there could be a wide gap between consumption and income due to a high rate of saving which is not the case at the lower deciles of consumption. It is in this context studies based on income data, even if partial, become relevant. One such study, by Banerjee and Piketty (2005) points to an extreme form of income inequality in India. In the absence of detailed data on income distribution, the authors examined data from individual income tax returns to examine the evolution of top incomes and wages for a long period ranging from 1922 to 2000. The study shows that the shares of the top 0.01, 0.1 and 1% in the total income shrank substantially from the 1950s to the early to mid-1980s, but then rose again, so that today these shares are only slightly below what they were in the 1920s and 1930s. The top 1% had a share of around 13% of income in the early 1920s, and then rose to a peak of nearly 18% during the late 1930s before coming back to around 13% during the 1950s. Subsequently it went down steadily to around 4.5% in the early 1980s, and then steadily increased to 9% by 1999–2000. Banerjee and Piketty concluded by saying that

The results suggest that the gradual liberalization of the Indian economy did make it possible for the rich (the top 1%) to substantially increase their share of total income. However, although in the 1980s the gains were shared by everyone in the top 1%, in the 1990s the big gains went only to those in the top 0.1%. The 1990s were also the period when the economy was opened. This suggests the possibility that the ultra-rich were able to corner most of the income gains in the 1990s because they alone were in a position to sell what world markets wanted. (2005:19).

The initial wealth inequality produces an unequal income or consumption inequality. But if we expand wealth to include such human capabilities as educational attainments, specialized skills, social capital by way of social networking (e.g. privileged access to information, social solidarity and support and so on), then the dynamics of distribution also becomes unequal resulting in increasing inequality that has been only partially captured in the empirical studies. When the initial wealth inequality (in terms of physical and financial assets as well as capabilities) is closely linked predominantly to the hierarchical social structure we find the intersecting nature of social and economic inequality. Given the political exigencies of an electoral democracy as well as the pressure from below, a small segment is able to come out of this intersection through affirmative action (limited by a small share of employment in the public sector) and to a lesser extent through acquiring higher educational capabilities. However, the record during the neoliberal era is the increasing nature of this unequal process making the catching up process all the more difficult and elongated. This is especially so between those at the bottom represented by the Socially Most Disadvantaged groups of SC and ST and the Socially Advantaged group of 'Others' at the top. But from a macroeconomic point what has become increasingly sharper is the divergence between those who constitute the emergent prosperous economy and the relatively poor segment of the livelihood economy of the poor and vulnerable. Let us call it

(a) the Prosperous economy and (b) the Poor economy. By depicting the Prosperous and Poor Economies in terms per capita per day consumption expenditure of two PPP dollars above and below, respectively, we get a rough idea of the economic dualism that is also associated with employment and its quality, education and the broad social group association. Table 5 gives the population magnitudes as 365 million population for the Prosperous Economy and 821 million for the Poor Economy in 2010. We shall comment on the social composition and its implications later.

Our studies showed that there has been an increasing inequality between the two in terms of income and consumption. The higher growth performance largely, if not only, benefits the Prosperous Economy while the Poor Economy gets an increasingly lower share.⁸ What is not working effectively or weakening over time is the ability of the economy to generate gainful and secure employment. As mentioned earlier, this is measured by the employment elasticity which has been declining sharply leading to a ‘jobless’ growth syndrome that was earlier confined to only the organized (formal) manufacturing sector. This has been the main manifestation of the disjunction between growth and employment and consequently of the absence of any meaningful trickle-down effect. However, even the reduced pace of employment creation has been in the informal sector which acts as a default sector especially through self-employment for a long time. By the time some employment gets generated in the formal sector, it has been of an informal, i.e. insecure kind without any employment or social security. Neoliberal policies have actively contributed to such a situation by arguing for a flexible labour market and the freedom to hire and fire at will that has effectively taken away the remaining semblance of enforcement of labour legislation in the country. Large private corporations as well as public corporations and government departments now hire on a contingent or temporary basis keeping workers on their toes even when they are regularly employed for long years. Such a process has generated a lop-sided transformation of the economy generating a larger share of its income from non-agriculture but employment continued to be concentrated in agriculture and related activities until a few years ago. But even the employment structure during the neoliberal reform period has slowly given way to a sectoral transformation towards non-agriculture but with a horizontal transition from old informal/insecure employment (rooted in feudal relations) to new informal/insecure employment based on market relations. Insecurity of one kind has been replaced by insecurity of another kind aided by migration from rural areas to urban areas as well as rural to rural areas and the attendant anxieties of dislocation and disempowerment.⁹ Despite some marginal increase in employment in the formal sector in the recent period the informal–formal dichotomy has hardly undergone any significant change (see Table 6).

It is in the fairly rapid expansion of the Prosperous Economy that the neoliberal economic reform has contributed significantly. This churning around and the consequent display of wealth and income has perhaps lured the Poor Economy to believe that it is also

⁸ This admittedly broad division between the Prosperous Economy and the Poor Economy is akin to Kalyan Sanyal’s characterization of dualism in the Indian economy as Need Economy and the Capitalist Economy (see Sanyal 2007). However, we do not attribute any degree of autonomy to the two but strong interdependencies and linkages in a context of the low road to capitalist growth. In addition, the Poor Economy is largely more co-terminus with informal work than informal sector. This allows for the possibility of a small segment of informal sector (e.g. self-employed with capital) belonging to the Prosperous Economy and a similar small segment of the formal sector workers (e.g. those low wage informal workers) to belong to the Poor Economy.

⁹ This has been a running theme in the work of Jan Breman based on his field work in India and Indonesia covering a period of half-a-century since the early 1960s.

Table 6 Pace of structural transformations and their lop-sidedness in the Indian economy

A. Structural transformation in income generation (as share of GDP)					
	1983	1994	2000	2005	2012
1 Primary sector (agriculture and allied)	35.5	28.4	22.7	19.0	14.1
2 Secondary (industry, construction, mining and quarrying)	25.8	26.8	25.5	27.9	27.5
3 Tertiary (Services)	38.7	44.8	51.8	53.0	58.4
4 Share of non-agricultural sector (2 + 3)	64.5	71.6	77.3	81.0	85.9
B. Slow but steady structural transformation in employment (as share of total employment)					
1 Primary sector (agriculture and allied)	68.6	64.0	60.7	56.3	48.9
2 Secondary (including mining and construction sector)	13.8	15.0	15.7	18.8	24.4
3 Tertiary (services) sector	17.6	21.1	23.6	24.9	26.7
4 Share of non-agricultural sector (2 + 3)	31.4	36.1	39.3	43.7	51.1
C. No structural transformation in quality of employment, i.e. the persistence of dualism in employment (as shares of total employment)					
	1983	1994	2000	2005	2012
1 Informal workers in the informal sector	na	na	85.7	86.0	81.8
2 Formal workers in the informal sector	na	na	0.3	0.3	0.3
3 Informal workers in the formal sector	na	na	5.8	6.4	10.1
4 Formal workers in the formal sector	na	na	8.0	7.3	7.8
5 Total informal employment (1 + 3)	na	na	91.5	92.4	91.9
6 Total formal employment (2 + 4)	na	na	8.5	7.6	8.1
7 Total informal sector employment (1 + 2)	na	na	86.0	86.3	82.1
8 Total formal sector employment (3 + 4)	na	na	13.8	13.7	17.9
9 Total employment in the economy (%)	100	100	100.0	100.0	100.0
10 Total employment in the economy (million)			396.4	457.5	471.4

Source: Computed from data from the respective NSS Rounds. GDP shares computed from CSO data given in *Economic Survey*, various issues

na means not available

its future. All the three pillars of liberalization, privatization and globalization have been operationalized consistently by successive political regimes. Although the initial impetus was the balance of payments crisis, India has also fallen in line with the trade liberalization, free flow of foreign capital, if not capital account convertibility, and the attendant globalization sans the movement of labour. Its remittance income from workers abroad dates back to the trend started in the early 1970s following the significant changes in the price of oil especially of the countries in West Asia. The launching of Special Economic Zones creating a special playing field for the private corporate sector along with fiscal incentives and easy credit policies has witnessed the significant growth of the private corporate sector. From a share of half the total investment in the economy during the early eighties the private sector now accounts for more than three-quarters of the investment. The emergence of what is called information economy has benefitted the educated middle class not only in employment terms but also in securing higher earnings linked to employment opportunities abroad as well as in the domestic economy but catering to external demand for such services.

Such new and high-income employments have gone largely to the socially advantaged groups given their higher educational attainments, higher wealth status, urban residence and social networking. While the backlog of illiteracy/low education and modern skill of

the majority of the labour force is a major developmental challenge, what is more evident is the priority in establishing additional higher educational institutions. Socially such policies resonate well with the aspirations of the emerging middle and richer classes in all social groups and receive their wholehearted support. But when public investment is limited also by ideology, the social sectors such as education and health care have been opened up as opportunities for investment as business. There has been an unprecedented increase in such profit-making institutions largely located in urban India. Banking and finance has been another arena that witnessed an accelerated growth performance. All of these ultimately require construction activities that continue to be one of the leading sectors of the Indian economy as far as its growth is concerned.

But what is conspicuous from the point of the Poor Economy is the inability of its younger generation to move into the formal sector employment that is secure with higher wages. Such aspirations are limited by the declining employment opportunities of the above kind. This compels them to seek work in low paid and insecure/irregular work in the expanding urban economy. Marginal increases in wages and earnings notwithstanding, they end up in a vicious circle of poor and vulnerable category on the one hand and low paid and insecure work on the other. For example, in the fast-growing construction sector 80–85% of the employed consist of casual workers who are the least paid/earning and the most vulnerable in the Indian workforce. But the relatively higher wages and the prospect of higher days of employment has further encouraged large scale migration of rural, less educated youth from poorer and socially disadvantaged sections to migrate to urban areas. Despite low overall employment growth that has fallen largely on the women, migrant and casual labour have also experienced some modest increases in real wage rates. Of course, there are other forms of subordination and discrimination in which the women workers from the Poor Economy continue to be the worst victims of low payment (very often less than the stipulated minimum wages) besides lower shares compared to men, low level of participation in the formal sector as well as employment. It is therefore no wonder that the biggest problem in the Poor Economy is not unemployment but low wages and earnings. By the very meagre official poverty line, a quarter of the workers can be reckoned to be poor as of 2012 while the expanded category of poor and vulnerable that we deploy here would make it much higher. Of course, inadequacy of employment also matters to them although the official surveys are not able to capture them adequately given the structural characteristics of the Poor Economy especially in rural areas.¹⁰ But here again the educated women have the highest incidence of unemployment than men.

In sum, the evolution of the Indian economy and society under the neoliberal dispensation that is strongly supported by the global neoliberal economic powers has witnessed the further sharpening of the divide between the haves and have-nots. It has created a relatively prosperous economy consisting of a sizeable middle and rich classes, driven by a powerful and largely corporate economy along with a poor of insecure workers and people with increasing disparity. That India now boasts of having 100 dollar billionaires makes the media so ecstatic that it eagerly waits for the next count. At the same time, the breakdown of the employment mechanism to bridge this widening gap is a prominent characteristic of this phase of neoliberal capitalism in India that hardly gets the kind of media or governmental attention given to the billionaire news.

¹⁰ The NCEUS recognized this deficiency in the quantity of employment and estimated that in 2005 around 7 per cent of the labour force could be reckoned as severely unemployed, 2.3% as underemployed and 5.3 per cent as those who worked only part of the time. See, NCEUS 2009:39.

Sharpening social question

Such a process of high but lop-sided growth is the result of what may be called ‘betting on the strong’, i.e. those with capital, knowledge/skill, urban residence and social networking with a special focus on the private corporate capital. The resultant emergence of a significant Prosperous Economy is now divided equally between urban and rural areas. But given the size of the rural population they account only for a little less than the quarter of the population there but account for half of the urban population. This urban dominance should be seen along with a disproportionate share of the socially advantaged groups in urban areas accounting for half the total urban prosperous economy. It is also significant to note that the OBC group—socially intermediate categories—have by now emerged as the dominant group in the rural Prosperous Economy because of its higher share in the rural population combined with the upward economic mobility of sections within this broader group. While the average per capita income of the Poor Economy is unlikely to be significantly different from its average consumption expenditure (on which the calculations are based), it is quite likely that the average per capita income in the Prosperous Economy could be several times higher than what is indicated by average consumption expenditure. This is because almost all savings of the economy (30–32% of national income) could be from this group. But more importantly, the income generated in the black economy (both unaccounted income as well as illegal income) estimated to be around 50–75% of the national income could be attributed to this Prosperous Economy. That would indeed show a much sharper inequality between the Prosperous and Poor Economies with the latter dominated by the socially advantaged groups employed in the formal or secure economy or in high-income self-employment activities. The economic inequality between the bottom social groups—SC and ST—and the top socially advantaged groups would have indeed got sharpened further during the neoliberal growth regime. The benefits accruing to a smaller segment of the socially intermediate group of OBCs need not be discounted here; in fact, a sharpening of social conflicts between them and the bottom group of SC population is part of this often violent process of sharpening the social question.

The social composition of the urban Prosperous Economy is such that the socially advantaged account for half of its population and an emerging OBC group for 28%. But in the rural Prosperous Economy the OBC group (SSD) dominates with close to 40% share followed by Others (SAD) with 32%. This is also reflected in the political arena with the rise of a more assertive politics of the OBC for greater political and social inclusion that often pitches them against the most disadvantaged social groups because they have also been asserting their right for greater inclusion and economic mobility. Therefore, the social solidarity could run through social identity lines making the distinction between the Prosperous and Poor Economies less politically relevant. However, as pointed out earlier, these broad social groups contain innumerable subgroups across the Indian states with different languages and other regional identities. The point is that while economic differentiation has a close correspondence with a broadly hierarchical social status groups, the social terrain is subject to a complex web of further hierarchies and differences. While constitutional objectives and mandates advocate greater inclusion of the socially disadvantaged through an open electoral democratic process, the economic instrumentalities for such inclusion and equalization are being left to the market mechanism with the state retreating from its national economic development agenda. In that sense, there is an increasing tension between the economic and the political spheres.

For example, the process of high growth in a low-income economy like India often involves increasing rate of extraction of natural resources either for export, as in the case of iron ore exports from India, or for use as raw material for the emerging industries. It also involves the acquisition of land and other natural resources for infrastructure as well as creation of special zones for the corporate capital. Use of vital natural resources as water often gets polluted due to indiscriminate insertion of wastes or for use for industrial purposes. Such large scale environmental impacts have not only increased but continue in India rendering large sections of the poor and vulnerable in the Poor Economy to further insecurity. This has given rise to several struggles waged by the victims or prospective victims leading to social and political tensions and conflicts. When forest lands and lands in the interior inhabited by the indigenous population called the STs are thus taken over by the state for handing over to the private corporate capital, the resistance has been a life and death struggle for simply retaining their livelihood security and social rootedness. These struggles in several places had acquired an ideological and political colour even before because of a sense of alienation of the people from the system of governance and its attendant oppression. The official responses to such struggles and conflicts have been one of resorting to coercive state power labelling it as a threat to internal security. While a parallel discourse for better governance and welfare administration respecting the social and cultural autonomy of the affected people are advocated (see, e.g. Planning Commission 2008), their implementation pales into insignificance in relation to the zest for coercive action by the state apparatus. The very many examples of predatory growth process that got heightened during the neoliberal era have thus added another alarming dimension to the overall sharpening social question. Here the socially most disadvantaged labouring poor are pitted against the overwhelming coercive and administrative powers of the state.

India's social question also carries a strong gender dimension in the form of the women's position in the economy and society. As with men, women also are stratified according to class and social position, i.e. along caste and community. And given the overlapping nature of social identity with economic status gender inequality cannot be distanced from basic socio-economic inequality. But at the lower socio-economic stratum, there is a systematic subordination of the position of women. This is manifested in a number of arenas especially in employment and education. Compared to men, women rank lower whether it is in labour force participation, incidence of informal employment, wages, ability to secure minimum wages, average years of education, or ownership of houses/other assets (See, for a detailed discussion, NCEUS 2008). Women's spatial mobility is also limited making it difficult to make use of employment opportunities away from their place of residence. At the upper end of both social and economic status, there is a larger degree of freedom in so far as employment and educational opportunities are concerned. Educated young urban women coming from middle- and upper-income groups and largely, if not only, belonging to socially advantaged groups are making their presence visible in the information and communication economy, media, banking and finance, education and health and public administration. This seems to have encouraged increasing share of households, both rural and urban, to send girls to schools and to higher studies. Such an increased supply of educated women, along with men, are confronted with a declining rate of growth in employment especially those which provide some security and dignity. The overall absence of policy concern on employment has a strong gender dimension that disadvantages the current and coming generations of women.

Heightened rent seeking

One of the main criticisms against the earlier economic regime was the prevalence of a rent-seeking culture among the political and administrative bureaucracy due to the licensing and regulatory role of the state in so far as the working of the corporate private sector was concerned. This will not be a problem under a neoliberal economic policy regime, so it was argued, because the operation of the market mechanism will not give such a scope for rent seeking. The actual record in this respect has been quite the contrary with rent-seeking reaching such magnitudes and heights that were never even imagined. The era witnessed collusion between the state machinery led by the political class and the private corporate capital leading to generation of rents in the form of corruption of gigantic proportions. These transcended the everyday forms of rent seeking of various kinds and became scandals that could not be concealed when constitutional institutions exposed them as part of their duty. It is widely believed that what has been brought out in the public domain could only be a fraction of what might have taken place. Such rent-seeking activities were in evidence in purchase of defence equipment, auctioning of natural resources such as spectrum, allocations for mining of such natural resources as coal and mineral oil and gas, conduct of international sporting events and a variety of mega projects. The estimated loss of revenue to the state amounted to billions of dollars, unheard of in post-independent India. It covered many political parties and their leaders at the national and provincial levels currently under judicial investigation. Crony capitalism has become the name of the game and the people believe that change of governments is only change of players and not the play itself.

To this, we should also add the inefficiency and reluctance in mobilizing government revenue that is due as well as taxing the rich for the general welfare.

How do these rent-seeking behaviour link with the social question? Of course, it does if only one were to examine the revenue foregone by the state that could have been deployed for providing the much needed social security for the insecure workers, strengthening the public distribution system to the poor and vulnerable population, much needed public investment in agriculture, enhancing opportunities for education, strengthening and expansion of the public health care system, to strengthen and expand the public employment programme and so on. In effect, the state could have promoted the capabilities and welfare of the people and investment in such capital formation, especially in the rural economy, that would have led to a broad-based growth and development of the country at large. This of course sounds like a tall order.

It is in this context of the tension between the economic and political spheres new conflicts arise that are often viewed as social but essentially economic in nature. Regions and cities witness the mobilization of the local people against the migrant workers calling them as ‘outsiders’ who are accused of grabbing local jobs—indeed a local version of the xenophobia against ‘outsiders’ in some of the rich countries. In some other contexts, it emerges as identity politics one set of people belonging to a religion versus people in another amply aided by the larger international context. Even a semblance of prosperity among the socially most disadvantaged (e.g. SCs) is viewed as the deprivation of other social groups often leading to violent conflicts sparked by seemingly local issues.

International context: the crisis of neoliberalism

The fact that the Indian experience of high growth with heightening inequality is part of a larger process of increasing inequality in most of the countries can hardly be a consolation. What is more significant, in our view, is the fact that the neoliberal liberal economic philosophy has been able to demolish or considerably weaken all its rivals during the last quarter century. Of course, poor developing countries were systematically subjected to change their economic philosophy and management by western capitalism through its powerful financial agencies called the Bretton Woods Institutions. The more these countries became indebted to western capitalism the greater was the loss of their economic sovereignty. More of them lost out even in economic growth terms. And those who grew faster, especially those in the Asian region, hardly played by the rules of the game that went by the name Washington Consensus. But a new kind of awareness to catch up with western capitalism came to dominate the scene. The biggest and the strongest player in this game was China that opted for a state-directed economic liberalization using the market mechanism and the neoliberal tenets of liberalization, privatization and globalization on its own terms. This was indeed a new avatar of the earlier experience of state-directed capitalist growth in other East Asian countries beginning with Japan later joined by the ‘four tigers’ of South Korea, Taiwan, Singapore and then Hong Kong. This was sought to be imitated by a few south-east Asian countries. In fact the last quarter century witnessed a sort of race by some developing countries to catch up, with the West. But, as Deepak Nayyar has shown only a select few of 14 countries, led by Asian countries, could make some headway in this catching up process with inequality and social exclusion being very much a part of the story (see Nayyar 2013).

India was indeed a late comer in this catching up process given its multiparty electoral democracy and a kind of national consensus on the mixed economy framework with a leading role for the public sector till the end of the 1980s. Of course, this Nehruvian framework of a middle-path was already under attack for its slow pace of growth, disparagingly referred to as ‘the Hindu rate of growth’. India’s turnaround to a neoliberal economic reform path in 1991 was indeed precipitated by a crisis in external balance of payments arising largely out of the collapse of the Soviet Union as well as the Iraq war because of its partial but significant dependence on non-western markets for import of oil and other trade and technology. But we think it has by then been undergoing considerable self-doubt in its ability to continue with a public sector led mixed economy framework arising out of the spectacular growth performance of the Chinese economy since the early 1980s. But unlike China, India had to resort to borrowing from the Bretton Woods Institutions to overcome its balance of payments crisis leading to a faster pace of adoption of neoliberal economic policies. And yet there is a view that it did not fully subscribe to the Washington Consensus and sought to modify it to suit its concerns. India’s impressive growth performance is often attributed to this ‘Delhi Consensus’ that perhaps enabled it to retain control over capital account convertibility as well as in the working of the banking and financial sector.

Such a controlled integration to the western capitalist economies has been credited as saving the country from a more shocking impact of the 2008 financial crisis in the west than it has actually been. But the ruling political regimes in India seem to entertain hardly any doubt on the ability of the neoliberal economic reforms to deliver the country from its economic backwardness through the single-minded pursuit of maximizing the aggregate economic growth. This is in sharp contrast with the regimes in Latin America who are

trying to chart out a more social democratic alternative to an earlier version of virulent neo-conservatism under military dictatorships. Even in the citadels of neoliberal economic thinking as in the USA, the financial crisis of 2008 has set off serious doubts and debates on its continued relevance. People have been woken up to the reality of increasing economic inequality as exemplified by the 1 versus 99% movements. The recent publication of Thomas Piketty's book, *Capital in the 21st Century*, has brought to the global discussion the inequalizing nature of financial capitalism in a neoliberal framework thereby flagging it as something embedded in the current capitalist system (Piketty 2013). Even a staunch conservative newspaper as *The Economist* recently lamented, while writing about the coming phase of digital technology, that 'vast wealth is being created without many workers; and for all but an elite few, work no longer guarantees a rising income'.¹¹

While the UK seems to march ahead with its own neoliberal version, continental Europe seems to be caught between its legacy of welfare capitalism within a social democratic framework and the austerity-based neoliberal economic thinking by ruling political regimes of all hues. The destabilizing social impact of the euro crisis in Greece, Portugal, Ireland, Italy and Spain seems to have hardly provided any new lessons, let alone alternatives. While the core of the welfare state seems to be intact, there are doubts about its continuance as articulated in the concept paper by Breman and Linden. They have also posed such significant questions as to whether the Rest is following the West or the other way round in a whole range of social policy issues including employment and labour legislation (Breman and Linden 2014).

Social policy and the social question

Despite the multiple dimensions of the social question and its manifestations in social and political struggles and demands for greater social inclusion, the Indian governance system is devoid of any clear articulation of macrosocial policies some of which, like the employment question, should have received serious and urgent political attention. That, however, is not the case. There is an excessive concern with limited macroeconomic variables that now constitute the macroeconomic policy framework. These are about the pace of aggregate economic growth rate, inflation, interest rate, foreign exchange rate and its reserve and the stock market price indices treating these economic instrumentalities as ends in themselves. However, given the political exigencies of an electoral democracy, social issues along with the impact of economic policies on the social question continue to crop up. Since the division of functions in the constitution gives the constituent states much of the responsibility of discharging the social subjects such as education, health and labour, the national state often finds it easy to refrain from articulating and designing national macrosocial policies despite its overriding legislative powers as well as considerable financial powers. But over time, it has been compelled to come up with national schemes (officially designated as Centrally Sponsored Schemes) to tackle some of the basic social deprivation issues as in the case of child nutrition, public distribution of food grains, housing for the poor, rural health care, basic education, old age pension and so on. Some of these were given the status of a legal right as in the case of National Rural Employment Guarantee Act of 2005, Unorganized Workers Social Security Act of 2008, Right to Education Act of 2009, and National Food Security Act of 2013. The state governments are expected to add their share to these schemes and implement them. What one therefore finds

¹¹ *The Economist*, October 4, 2004:14.

in the realm of social policy is a large number of discreet, limited and often fragmented and overlapping schemes designed by both the central (i.e. national) as well as the state governments and implemented by the latter. Except a few states, the outcome has not been impressive, to say the least. In fact, India has emerged as one of the worst performers in human and social development indicators in the world who is only surpassed by countries in the sub-Saharan Africa.

Such a situation has led to many protests and demands from new social movements and civil society organizations and it got sharpened since the initiation of neoliberal economic reforms. Along with the international discourse on human development and human rights, new demands emerged for a whole range of rights-based social security. For analytical purposes, one may classify them as Basic Social Security and Contingent Social Security where the former denotes what is often called ‘promotional’ social security and the latter as ‘protective’ social security a la Dreze and Sen (1998). Political parties were vehement in talking about these deprivations and the poor record during times of elections but very few could deliver them in any meaningful sense whenever they came to power in the states or at the national level. In fact, the celebration of the high growth performance during 1999–2004 under the National Democratic Alliance led by the right wing BJP unleashed a ‘Shining India’ campaign, that was seized by its rival Indian National Congress (that led the United Progressive Alliance or UPA) to highlight the plight of the common man called the *aam aadmi* and championing a programme of growth with social justice. That brought the INC back to power in 2004 for the next ten years. While this government initiated a few rights-based social security initiatives of both promotional and protective kinds mentioned in the Box 1, the hold and power of the neoliberal lobby within the UPA was so strong that all these limited initiatives were either diluted by design and for implementation. Along with Jan Breman, we documented the implementation of the two flagship legislations—the National Rural Employment Guarantee Act of 2005 and the Social Security for Unorganized Workers Act 2008—and found that implementation of these two limited Acts were deficient in several respects thus further minimizing its possible and positive impact on reducing poverty. Despite this overall result, a few states have been able to put up a better record underlining its potential and the need to strengthen as well as expand such initiatives (see Kannan and Breman 2013).

Despite vehement opposition from the neoliberal lobby, the demand for a right-based social security continued. Given the promise of some more initiatives, a much awaited Food Security Act came into being in 2013. It is to improve upon and expand the existing but limited Public Distribution System to make available food grains at subsidized prices to a wider segment of the population than that estimated by the official poverty line but close to what we have estimated as poor and vulnerable. The Act has not yet been implemented and given the change in government it is anybody’s guess as to what shape it will be implemented. Similarly, a right to education initiative also came into existence in the form of Right to Education Act 2009 to ensure that all children between the age group of 6–14 receive nine years of compulsory and free basic education. Here again, the implementation is mired in the operational issues and the differential achievements of the states in the country. A debate on the need for legislation for universal health care was also initiated a few years ago as part of a longstanding demand but the change in political regime in mid-2014 seems to have put it in the back burner. There is now much talk and manufactured euphoria on the need for a Clean India campaign focusing on sanitation but that seems to be devoid of the organically connected issues of drinking water, housing and related basic amenities. The housing scenario along with the educational and poverty scenario seem to

match so well that the proportion of the poor and vulnerable indeed gives a realistic representation of the Poor Economy in India.

In sum, the entire range of macrosocial policies are very much in the nature of a haphazard work-in-progress because of the absence of a politically committed developmental framework that the majority of the people, the *aam aadmi*, is aspiring for. Therefore, the social policy initiatives are very much in the nature of disjointed responses to short term political exigencies within the neoliberal economic policy framework that has not been questioned by changing political regimes led by one party or another. Given the inequality enhancing propensity of neoliberal economic growth as well as policy, this poses a greater challenge to social peace in a socially and economically unequal society such as India.

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