Has the Buoyancy in the Growth of India since Globalisation been all Inclusive- What Do the Data Tell Us?

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It is undeniable that Indian economy has been experiencing a steady growth rate which is well above the world average growth rate such that this has placed India as one of the major drivers of Global growth with stability. The buoyancy in the growth has been reflected in terms of the achievement of growth rate of GDP hovering around 7% to 9% per annum after globalization but before the sub prime crisis of US economy, which brought about a jolt to the growth for some years followed again by a spurt in the growth rate .Further the growth rate of per capita GDP in India has also been almost doubled . But ironically, even after the achievement of this very high growth rate of our economy we find a vast majority of people to suffer from abject poverty and destituteness. It is true that the increase in the per capita real income will be reflected in the increase in the per capita real consumption also. The theoretical perception about the income and consumption relationship also tells us that the level of real consumption expenditure of an individual is a stable function of his level of real income. This hold not only at the micro level but at the macro level also. Several macroeconomic models on this are there which have strong micro foundations. Moreover it also true that the inequality in the distribution of income will the cause inequality in the distribution of consumption expenditure of the different classes of people in the income distribution ladder. Now since the per capita real consumption expenditure and its nature is the most proximate surrogate of well being of different classes of people in the income distribution ladder, the inequality in the distribution of income will also cause unevenness in the nature of well being of the people. This has happened in India in an increasing order since globalization.

Several studies on the growth ,inequality, inclusiveness, regional divergence on Indian economy have been made However almost all the studies have been concentrated on the measurement of inequality in terms of Gini coefficients, Sen's index, etc which basically measure the overall inequality in the distribution of income / consumption expenditure. So the cross time changes in these indices will reflect only the cross time changes in the degree of overall inequality without paying heed to what happens to the nature of changes in the relative positions of well being of the different classes of people in the

income/consumption distribution ladder. It is true that the growth may be pro-poor or pro-rich and so given the inequality, the growth without the consideration of the distributive justice will surely bring about the worsening change in the relative positions of different classes pf people (especially in the case of pro-rich growth). This seems to have happened in Indian economy since globalization.

Under this backdrop , we in our paper have tried to capture the degree of inequality in the distribution of per capita real consumption expenditure and its changes across the 16 major states of India since its Globalization by constructing Gini inequality ,Atkinson's inequality indices from the household level (unit level) data which are available from the 50th round(1993-4) and 66th round(2009-10) of NSSO . But since these indices give us idea about only the changes in the degree of overall inequality, we have constructed Inter Class Concentration Indices(ICCI) from the unit level data for the 16 major states of INDIA for the two periods 1993-4 and 2009-10. These will give us clear insight about how the relative positions of the different classes of people in respect of their real consumption in the states change. It is worth mentioning that a value of the ICCI more than 100 for any class at any point of time will imply that the said class of people has been enjoying consumption level more than what they deserve under the condition of equal distribution and the reverse will be the case otherwise. We also examine whether these changes are statistically significant or not by applying the Chi-Squared Test. Further to see whether the overall changes in the relative positions of all the classes in the consumption distribution ladder are statistically significant, we have applied weighted Chi-Squared test. Finally we find the nature of correlation between the ICCI and the annual growth rates of real consumption expenditures of the different classes for each state so as to examine whether the growth has led to the concentration of well being to the upper stratum of people.

Interestingly the values of ICCI that we have constructed for the period 1993-4 and 2009-10 for Rural and Urban West Bengal are found to have increased with the rise in the consumption classes for each of the two periods. Further the inter-temporal comparison of the ICCIs of each class reveal that in 2009-10 the values of the ICCIs have gone below the value of 100 for some of the bottom classes which clearly indicates the increasing concentration of the real consumption/well being towards the upper classes of the people in the consumption distribution ladder over time. Further the chi-squared test also reveal that the changes in the relative positions of each class over the period are highly statistically significant and the weighted value of chi-squared are also found to be highly significant. The other results will be computed in due course.