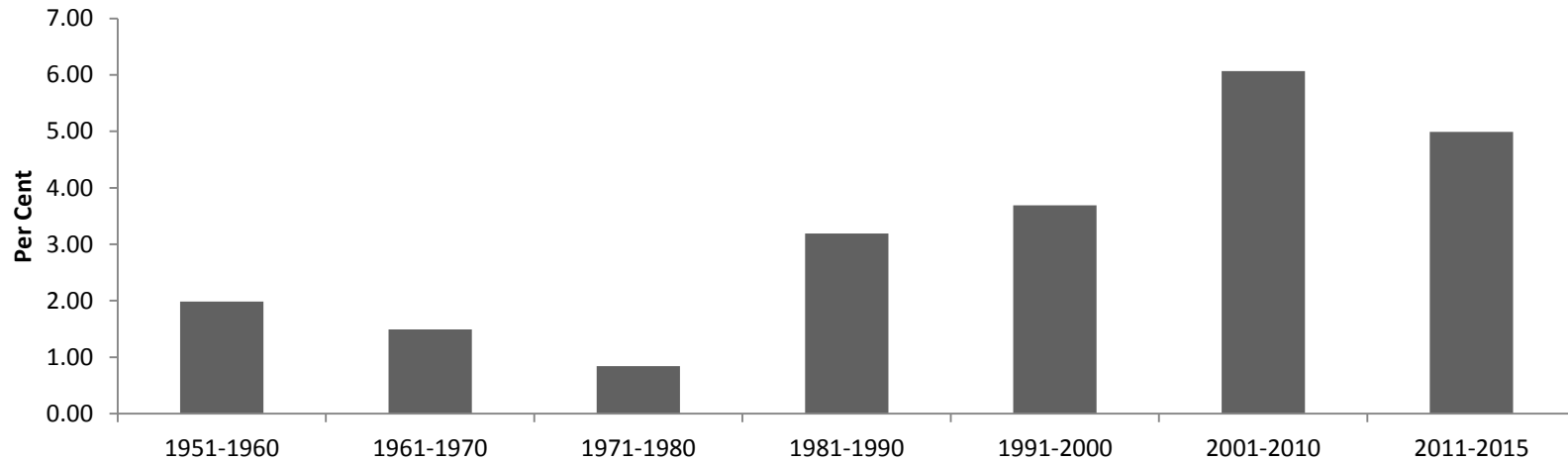
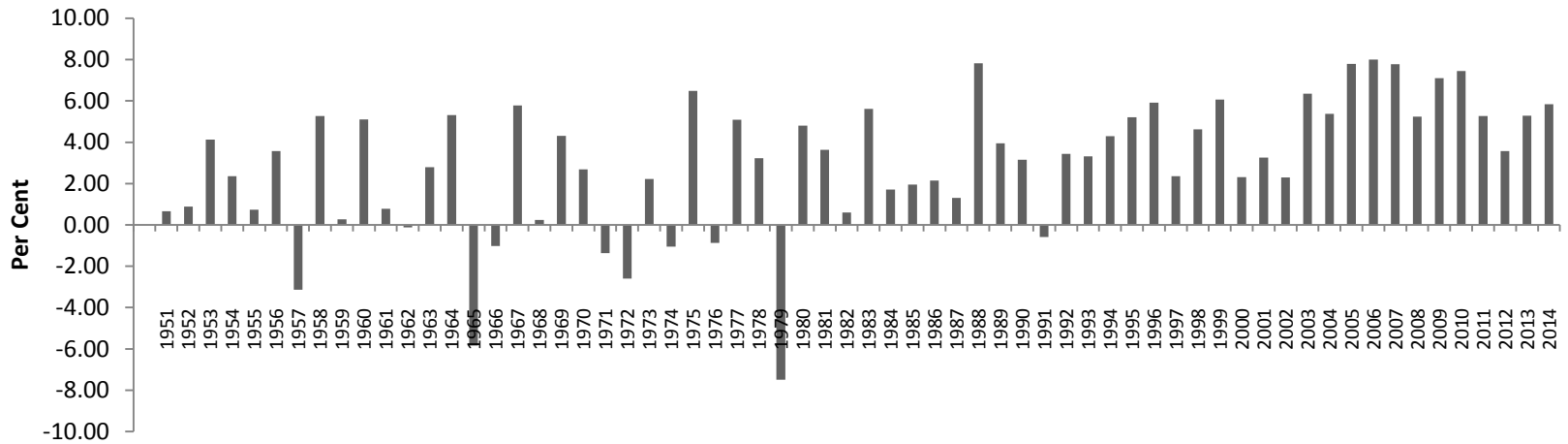


Growth and Social Inclusion: India

Sabyasachi Kar

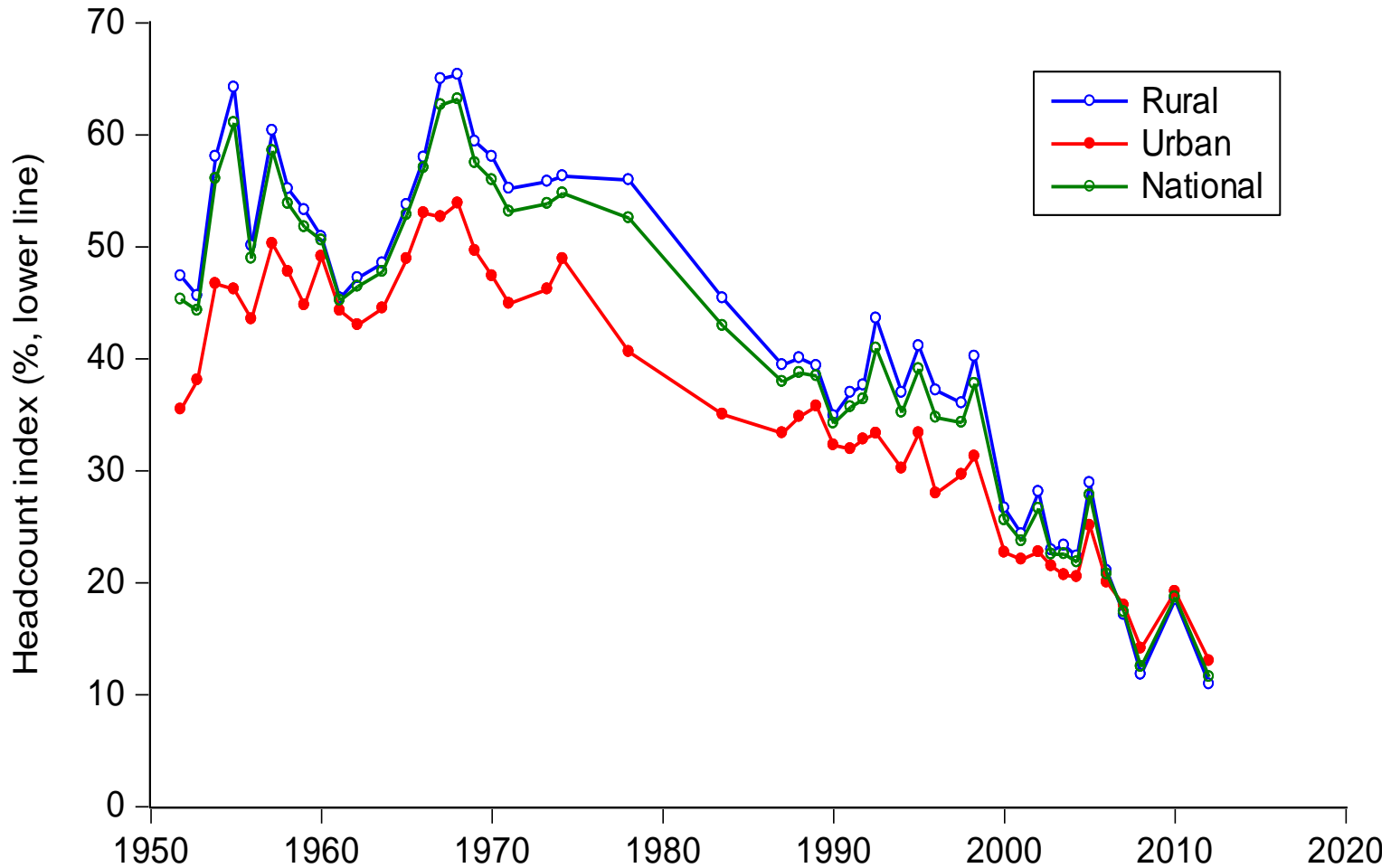
Institute of Economic Growth

Annual and Decadal Growth of Per Capita Output



Source: *National Income Accounts*, Central Statistical Organisation, various issues, our calculation

Falling poverty rates in India



Source: Ravallion (2016)

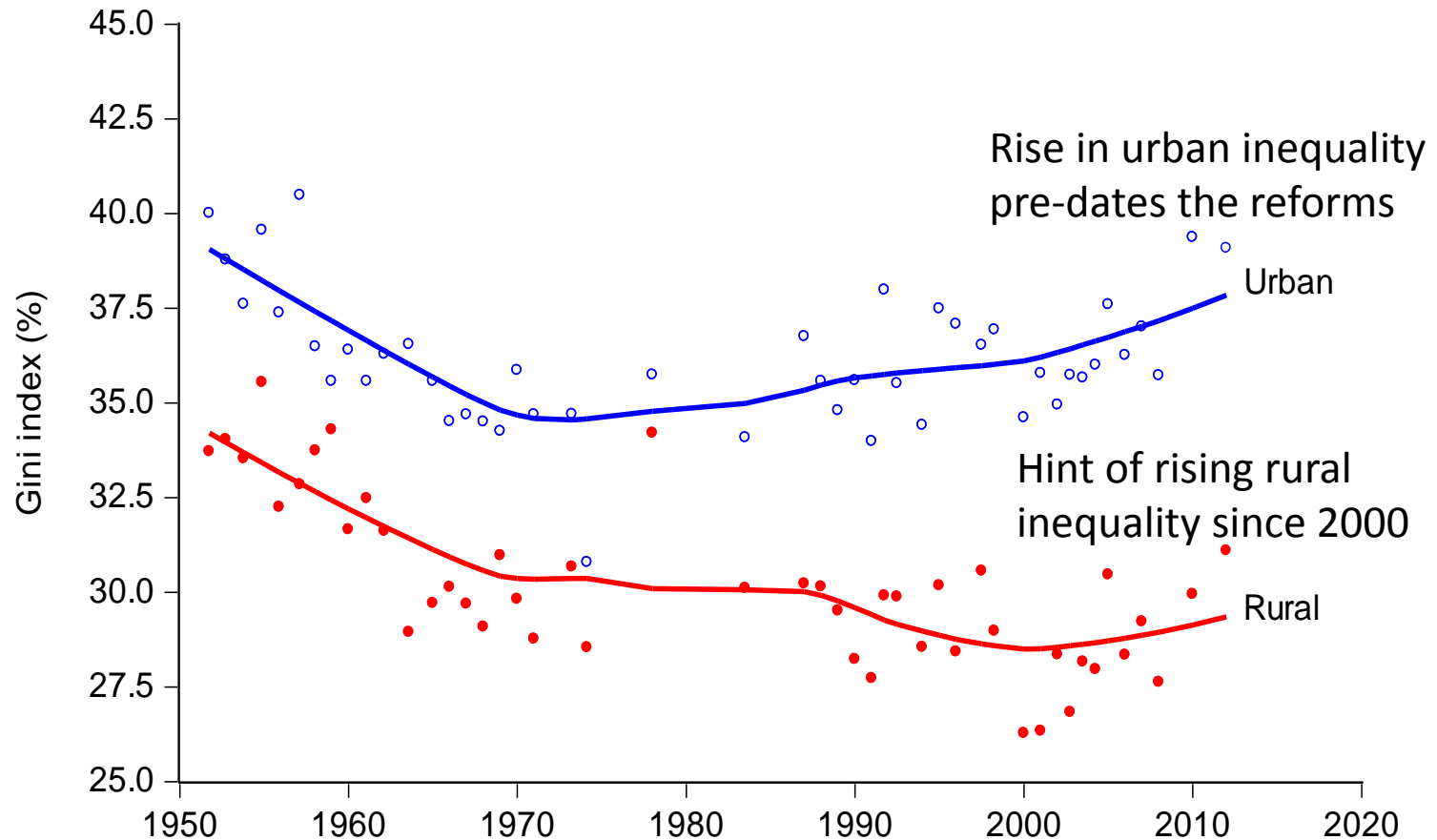
Falling poverty rates in India

- There is greater responsiveness of poverty to growth since the nineties.
- This holds regardless of whether growth is measured based on national accounts or survey-based consumption.
- Thus poverty reduction after the nineties is due to higher growth AND higher growth elasticities

Elasticities (Regression)	Mean consumption per capita (NSS)			
	OLS		IV	
	Elasticity	t-stat	Elasticity	t-stat
Headcount: higher line				
Whole period	-1.45	-10.8	-1.32	-19.3
Pre-1991	-1.13	-18.2	-1.11	-31.4
Post-1991	-1.99	-34.2	-1.98	-37.8
H0 : pre-91= post-91 prob > F(1,35) or F(1,34)		0.00		0.00
Poverty gap: higher line				
Whole period	-2.34	-17.8	-2.26	-26.0
Pre-1991	-1.99	-15.1	-1.96	-23.0
Post-1991	-2.79	-30.3	-2.71	-40.0
H0 : pre-91 = post-91 prob > F(1,35) or F(1,34)		0.00		0.00

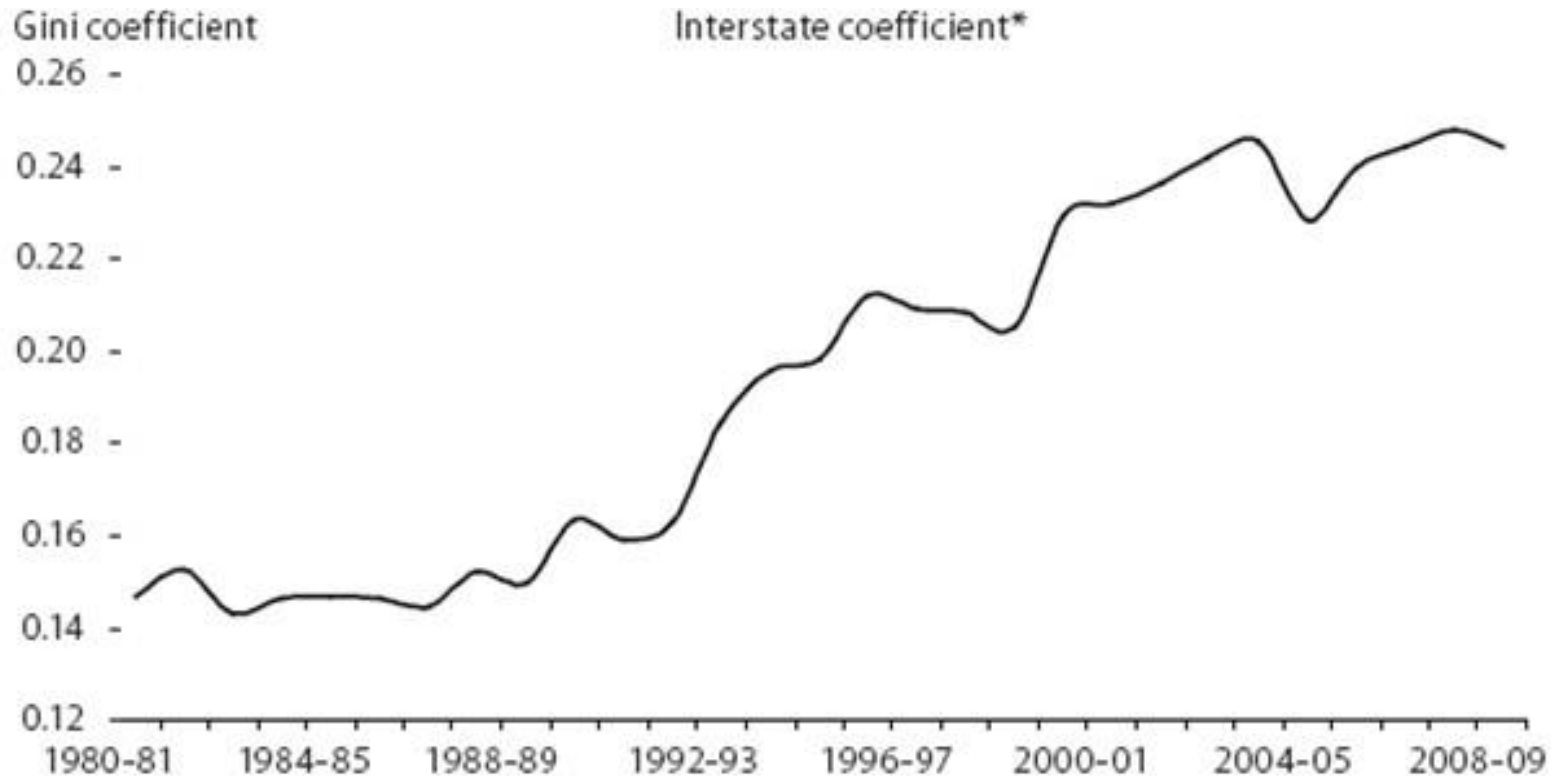
Source: Ravallion (2016)

Rising personal inequality ?



Source: Ravallion (2016)

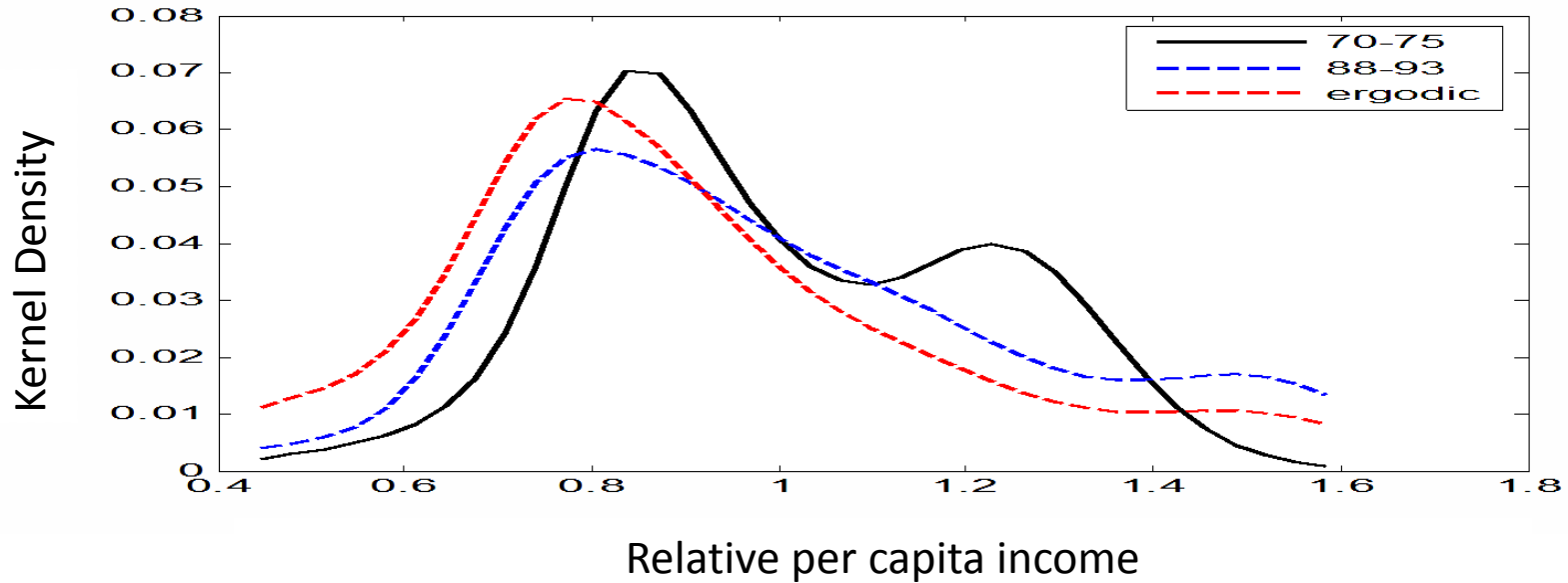
Rising Regional Inequality



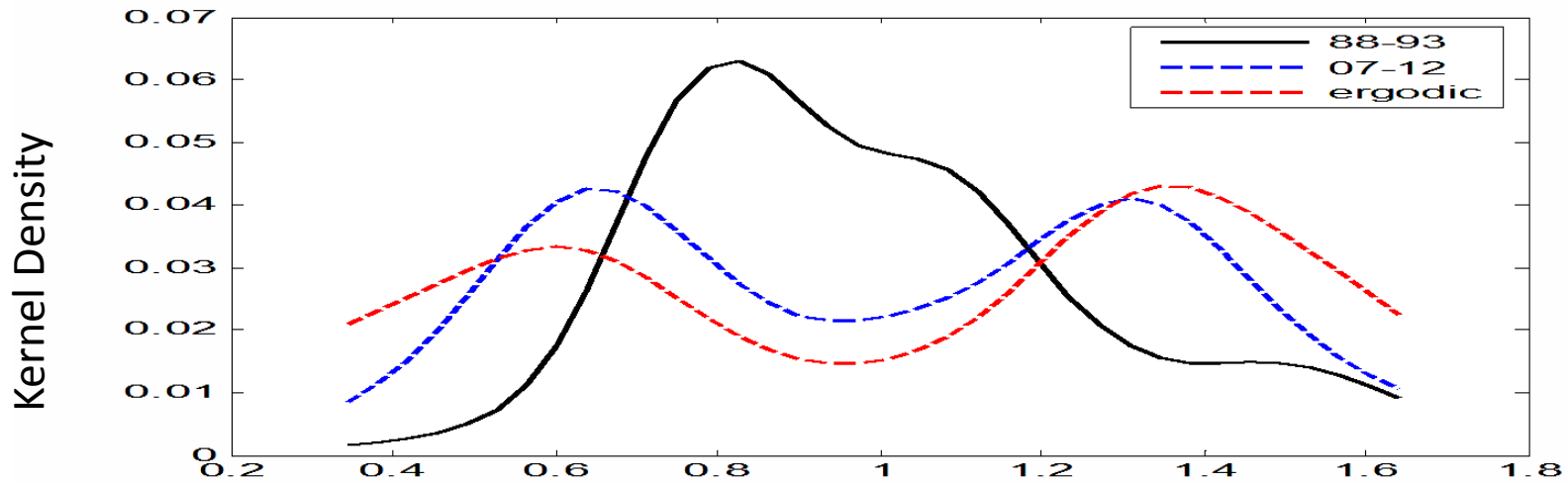
* The Gini coefficient is calculated assuming that all individuals within each state have gross income equal to per capita GSDP. This method ignores the inequality arising out of the unequal distribution within each state, and focuses only on inequality arising from interstate differences in per capita GSDP.

Source: Ahluwalia (2011)

Rising Regional Polarization



Pre-reform



Post-reform

Source: Our calculation based on data from CSO, GOI

CONCLUDING REMARKS

- The high growth rates in the last twenty-five years has been largely successful in bringing down poverty
- This has been made possible both due to the higher growth rates as well as more pro-poor growth during this period
- The high growth rates have, however, led to rising inequality
- This is true for both personal inequality and regional inequality
- Moreover, there are increasing tendencies of regional polarization during this period
- These will be the bigger challenges for social inclusion in future

THANK YOU