

Intergroup Disparities in Rapidly Growing Economies

Achin Chakraborty¹

Abstract

In spite of the renewed interest in the problem of inequality across the world in recent years, discussions on inequalities based on ethnic, racial or caste groups have been less visible than general or inter-personal inequality. On the contrary, there has been a growing scholarly interest in assessing inequalities between the social groups (Scheduled Castes, Scheduled Tribes and others) in India in the past two decades or so. While the interrelationship between economic development and economic inequality has long been explored by economists, and the earlier belief in an inverted U-shape between the two has been questioned in the light of extensive cross-country data for longer periods, there is very little analytical exploration into what might happen to intergroup inequality in course of rapid economic development. In this paper, we first assess changes in measured inequalities between social groups in India in both income and non-income dimensions. In the process we re-examine some of the issues in measurement of inter-group inequality, which would help us relook into inter-group disparities in other countries as well. Finally, we try to relate changing inter-personal and inter-group inequality to the fact that some of these countries have been growing at a much faster rate compared to others in the developed world.

Keywords: Inter-group inequality, inequality decomposition, India, Scheduled Castes, Scheduled Tribes

¹*Professor of Economics and Director, Institute of Development Studies Kolkata.*

Introduction

Discussions on economic inequality by scholars, policy makers and others had never attained such visibility as they have in the recent years. “It’s a golden age for studying inequality”, commented *The Economist* (2016). Publication of a series of important well-researched books by reputed economists in the recent years has triggered further interest in the issue of inequality and its different aspects¹. In spite of the renewed interest in the problem of inequality across the world, discussions on inequalities based on ethnic, racial or caste groups have been less visible than general or inter-personal inequality. However, in contrast to this general neglect of inter-group inequality by economists in the context of the rest of the world, there has been a growing scholarly interest in assessing inequalities between the social groups (Scheduled Castes, Scheduled Tribes and others) in India in the past two decades or so.

The complex social stratification along the lines of caste, tribe, religion and gender has been a persistent feature of the Indian society for very long time. In the heyday of positivist thinking in social sciences, it was generally presumed that inequalities due to race, gender and even class background were all forms of ascription that would go away with the development of impersonal market forces. The protagonists of this view shared the same belief in the rationalising logic of modernity as propounded by the development economists of the earlier generation, even though they differed significantly on whether the market or the central planner would be the agent of modernity. The subsequent rise of neo-Marxian scholarship restored class analysis to a central position. It was then assumed that class-based loyalties were in the end fundamental. In recent decades, however, social science disciplines have turned full circle. The class-centred approach has given way to new multidimensional accounts of identities that include ethnic, caste, religion and gender categories. Social identities have come to the centre-stage. In India, popular discourse shows an overwhelming presence of issues around identities. However, on the changing salience of caste-based differences in the Indian context, there is a counter-position as well. Beteille (2012), for example, criticises the ‘preoccupation’ with caste that he observes among the experts who express opinions in the media on Indian affairs. He has argued that “rapid economic growth and the expansion of middle class are accompanied by new opportunities for individual mobility which further loosens the association between caste and occupation”. In other words, Beteille questions the material basis of the presumed persistence of caste-based differences in a rapidly changing Indian economy. Some of the recent studies have documented how the role of caste has diluted in shaping economic well-being. Migration, expansion of lower and middle castes in non-traditional occupations, changes in agriculture, and most importantly affirmative action – all have led to improvement in the relative position of the Scheduled Castes in India (Kapur et al, 2010). Yet, the political salience of the caste issue has hardly weakened. In the context of limited opportunities overall and growing aspirations for upward mobility, competitively assertive caste identities for distributional gains continue to dominate the political discourse in India, the connection of which with the so-called material basis has been changing as a consequence.

¹To name a few, Stiglitz (2013), Piketty (2014), Atkinson (2015), Milanovic (2016).

Given the diversity of opinions regarding the importance of caste and other social groupings in Indian society, the question still remains what exactly has been happening to the distributional outcomes across social groups as a result of economic progress. Andre Beteille (1983) made a useful distinction between two aspects of inequality – the *relational* and the *distributional* aspects. While sociologists and political scientists are mostly concerned with the first kind, economists are generally concerned with the second. In the first case, inequalities are seen as built into the social structure in the form of relations of superordination and subordination, i.e. the patterns of privileges, rights and obligations. An economist, on the other hand, sees inequality in the distribution of wealth or income, or, as Sen (1980) has proposed, in the distribution of human ‘functionings’ such as health or educational status. Why has the economist been rather less concerned about inequality across racial, ethnic or caste groups? The answer probably lies in the methodological preference of the economist for a depersonalised agent as the unit of analysis. The agent acts independently to choose the best course of action given the opportunities. This way of thinking has definitely been fruitful in illuminating a variety of problems. It cannot, however, fully capture the ways intergroup inequality persists over time. There is no point in denying that one’s location within the network of social affiliations substantially affects one’s access to resources.

While the interrelationship between economic development and economic inequality has long been explored by economists, and the earlier belief in an inverted U-shape between the two has been questioned in the light of extensive cross-country data for longer periods, there is very little analytical exploration into what might happen to intergroup inequality in course of rapid economic development. In this paper, we first assess changes in measured inequalities between social groups in India in both income and non-income dimensions. In the process we re-examine some of the issues in measurement of inter-group inequality, which would help us relook at inter-group disparities in other countries as well. Finally, we try to relate changing inter-personal and inter-group inequality to the fact that some of the countries, such as Brazil, has not grown as fast as the Indian economy has grown, their record of reduction in inter-group inequality has surpassed India’s by a wide margin.

Why between-group inequality

Relative disparities in well-being are often the concerns of the policy makers since sharpening disparities have the potential for creating conflicts in societies. Inequality between socially identifiable groups of people is considered ‘politically more salient and consequential than interpersonal comparison’ (Subramanian, 2011). Besides being considered intrinsically bad from ethical standpoint, inequality between groups, what is often called ‘horizontal inequality’, has also been seen as having negative consequences on social coherence and peace (Stewart et al., 2005), even though the relationship between such inequality and the outbreak of violent conflict is not straightforward. There is perhaps an inverted U-shaped relationship between the two. When there is a large gap between the privileged and the disadvantaged groups the disparity is either accepted with resignation or the privileged group might show some amount of magnanimity towards the less privileged so

long as there is little threat from the bottom. The potential for conflict intensifies as the gap between the groups diminishes. While analysing the occurrence of communal riots in India, Mitra and Ray (2014) find evidence in support of this hypothesis.

Between-group inequality has also important bearing on the concept of inequality of opportunity. One way of assessing inequality of opportunity is the one that relies on the distinction between ‘circumstances’ and ‘effort’. While the unequal distribution of outcome across individuals may result from the differential efforts they put in to better their lives, it could also be due to the unequal circumstances they are in. The circumstances are defined to be those conditions which are beyond the control of the individual. In this conceptualisation individuals within a group are assumed to share the same circumstances and groups differ in terms of circumstances. If there was a systematic disparity between the average achievement levels of two different groups, it could be attributed to differences in circumstances, and as the argument goes, the focus of public policy should be on reducing the disparity due to circumstances.

In a society where individuals participating in the economic process are endowed with unequal quantities not only of economic assets but also of social assets, exclusion takes different forms. By social assets we mean those ‘goods’ that belong to the realm of rights and entitlements. The fact that unequal access to publicly provided goods cannot be explained by the market process calls for such categories as social assets that include both political (eg. citizenship rights) and cultural assets (i.e. ethnic markers such as ethnicity, religion, language and so on). Access to employment, education and productive assets, which is considered to be crucial in determining economic circumstances, varies across social groups in a manner which lies outside the control of an individual. Racial or caste identification of workers can interact with the social processes of human capital accumulation in communities and human capital valuation of by employers in ways that generate externalities. In the presence of such externalities, as economic theory suggests, market processes may not lead to efficient outcomes. In the new economics of race there is an emphasis on the links between under-investment in human capital due to circumstances and labour-market outcomes.

Issues in measurement

There has been a long stream of literature that has attempted to measure inequality across identifiable sub-groups using the method of ‘decomposition’. This approach views total inequality in personal income distribution as the sum of ‘between-group’ and ‘within-group’ components, and following this approach the between-group component is expressed as a percentage of the total inequality to reckon the contribution of between-group inequality to total inequality. Among the inequality measures, Theil’s entropy measure is commonly used for this purpose as it is readily decomposable, unlike the Gini coefficient – by far the most popular inequality measure – which is not decomposable in the way Theil’s measure is.

The General Entropy Class (Cowell and Jenkins, 1995) of measures is given by:

$$I(c) = 1/n c (c-1) \sum_i \left[\left(\frac{y_i}{\mu} \right)^c - 1 \right] \quad \text{for } c \neq 0, 1$$

$$I = 1/n \sum_i \log(\mu/y_i) \quad \text{for } c = 0$$

$$I = \frac{1}{n} \sum_i \left(\frac{y_i}{\mu} \right) \log \left(\frac{y_i}{\mu} \right) \quad \text{for } c = 1$$

where n is the total population, y_i is the outcome (in our case income) of individual i , μ is the mean income and c is a parameter, chosen by the researcher.

As the value of c increases, the sensitivity to inequality among those in the upper end of the distribution increases. While Theil entropy measure is obtained from a c value of 1, a c value of 0 gives Theil L or mean log deviation. GE (2) is ordinally equivalent to the squared coefficient of variation (Elbers et al., 2008).

The General Entropy class of measures can be conveniently decomposed into a between-group and a within-group components (Shorrocks, 1984), as follows:

$$I(c) = \frac{1}{c(c-1)} \left[\sum_j g_j \left(\frac{\mu_j}{\mu} \right)^c - 1 \right] + \sum_j \hat{I}_j g_j \left(\frac{\mu_j}{\mu} \right)^c \quad \text{for } c \neq 0, 1$$

$$= \sum_j g_j \log \left(\frac{\mu}{\mu_j} \right) + \sum_j \hat{I}_j g_j \quad \text{for } c = 0$$

$$= \left[\sum_j g_j \left(\frac{\mu_j}{\mu} \right) \log \left(\frac{\mu_j}{\mu} \right) \right] + \sum_j \hat{I}_j g_j \left(\frac{\mu_j}{\mu} \right) \quad \text{for } c = 1$$

where j is the population sub-group, g_j is the population share of the j^{th} subgroup and GE_j is the inequality within the j^{th} subgroup.

While the first term measures the between-group component of total inequality, the second term denotes inequality within the subgroups. The between-group component gives the level of inequality pertaining to a distribution where everyone within each subgroup has the same outcome μ_j . The between-group component can be summarized as follows.

$$R_B(\Pi) = I_B(\Pi)/I,$$

for any population partition Π , where $I_B(\Pi)$ is the between-group component and I is total inequality.

Empirical applications of decomposable measures to the data on income distribution typically do not find significant inter-group inequality. For example, one of the earliest studies in this direction which made significant impact on the subsequent empirical literature was done by Anand (1983) on Malaysia, who found that inequality between the native Malays and Chinese Malaysians accounted for only 15 per cent of the overall inequality in the country in the early 1970s. Based on his finding he recommended that the strategy of the government should be directed to the sources of inequality among the people within the same ethnic group rather than focus on between-group inequality. Studies in India have also found small contribution of between-group inequality to total inequality, where the groups are SCs, STs and others. Mutatkar (2005) found less than five per cent contribution of inequality between groups in three rounds of National Sample Survey (NSS) data in the 1980s and 1990s. Using data from the 1993-94 round of NSS, Deshpande (2000) finds an even lower contribution between these three social groups in Kerala. Part of the reason for this observed low between-group inequality is inherent in the nature of the standard inequality decomposition method itself. The paper by Elbers, Lanjouw, Mistiaen and Özler (2008) points out that the standard procedure for decomposing inequality into a between-group and a within-group component fails to capture the true extent of between-group inequality as it is compared with the overall inequality which can be seen as inter-group inequality when each individual constitutes a group. Therefore overall inequality tends to be way above between-group inequality as in the former the number of groups is exactly equal to the number of individuals which is large.

In the standard procedure, between-group inequality tends to increase as the number of groups increases, and such inequality is also sensitive to the relative population composition of the groups. Ray Chaudhury (2015) finds that in 2009-10 the shares of inequality in the distribution of consumer expenditure attributable to the differences between two broadly defined social groups – SC/ST (comprising Scheduled Castes and Scheduled Tribes) and Non-SC/ST (comprising ‘other backward castes’ and ‘others’) in two Indian states of Kerala and Punjab were 1% and 3.1%, respectively, even though there was no significant difference in the relative disparity in mean expenditures between Non-SC/ST and SC/ST in these two states. Therefore, the difference in the degree of between-group inequality in these two states, as measured by the between-group component of the overall inequality, might largely be due to the difference in the population shares of the social groups (Non-SC/ST and SC/ST), rather than the difference in relative mean expenditures of these social groups.

We first use the traditional method of inequality decomposition and find out how the between-group component differs when we consider different groupings, namely caste, class and religion. However, since the traditional method of inequality decomposition is sensitive to the relative sizes and the number of groups under question, the decompositions are not comparable across alternative groupings. For instance, by the conventional method, the shares of between-group inequality in income (groups defined in terms of racial identities) in three countries infamous for racial inequality (namely United States, Brazil and South Africa) have been shown by Elbers et al. (2008) to be 8%, 16% and 33% respectively. They question if ‘these numbers provide a good yardstick with which to judge the relevance of race to an understanding of inequality in these countries’. They further point out that while the mean

difference in income between the white and non-white groups is stark in all three countries, the population shares of the white versus non-white groups vary widely (with non-whites comprising 80%, 50% and 28% of the population in South Africa, Brazil and the United States respectively). Furthermore, the number of racial groups is also not invariant across the countries (four for Brazil and South Africa and five for the United States). Elbers et al. (2008) illustrate that the difference in the share of the between-group component may not be reflective of the differences in relative mean incomes alone, since it is not normalised for differences in the number and relative size of groups. As we indicated above, the share of the between-group component in total inequality, as decomposed by the traditional method, has been typically low since it is taken to be the ratio between observed group inequality and total (or interpersonal) inequality. The latter may be looked upon as a particular type of between-group inequality, where every household (or individual, depending upon the unit of analysis) constitutes a separate group. Elbers et al (2008) argue that it is perhaps unrealistic to compute the share of observed between-group inequality against the benchmark of total interpersonal inequality, since actual number of social groups considered in a decomposition exercise is too small compared to the total population. They suggest an alternative measure of the share of between-group inequality that is normalized with respect to the number and relative size of groups. They replace total inequality in the denominator of the conventional ratio with the ‘maximum between-group inequality that could be obtained if the number of groups and their sizes were restricted to be the same as for the numerator’.

Elbers et al (2008) compare the extent of between-group inequality with a differently constructed benchmark, which is obtained by partitioning the individual incomes into two non-overlapping groups. If there are two groups are of sizes n_1 and n_2 , the incomes are rearranged in such a manner that the richest person of the poorer group is poorer than the poorest person in the richer group. The between-group inequality between these reconstructed groups can now be seen as the maximum possible between-group inequality given the relative sizes of the groups. The modified measure allows meaningful comparison of between-group inequality across different social settings, where the number and relative size of groups are different. Thus they propose a seemingly small adaptation of the conventional procedure to produce an alternative statistic that overcomes some of these limitations of the conventional decomposition procedure. Elbers et al (2008) illustrates this point with reference to South Africa. They show that when inequality is decomposed by racial group defined in terms of a “white/non-white” classification, the conventional decomposition suggests that only about 27% of inequality is attributable to between-group differences. Their alternative statistic, on the other hand, shows that two groups are 80% of the way towards a completely partitioned South African income distribution.

The alternative index proposed by Elbers et al. (2008) is given by

$$R_B^c(\Pi) = I_B(\Pi) / \text{Max} \{I_B[\Pi(j(n), J)]\} = R_B(\Pi) / \text{Max} \{I_B[\Pi(j(n), J)]\}$$

where the denominator gives ‘the maximum between-group inequality that could be obtained by reassigning individuals across the J sub-groups in partition Π of size $j(n)$ ’.

Data and results

We apply the idea drawn on Elbers et al (2008) to the data collected from two rounds of the India Human Development Survey conducted in 2004-05 and 2011-12. National Council of Applied Economic Research (NCAER) collaborated with the University of Maryland to collect this unique data set on India. The survey covers almost all the states and union territories of India (except Andaman and Nicobar Islands and Lakshadweep). Using stratified random sampling technique 27,010 rural households from 1,503 villages and 13,126 urban households from over 971 urban blocks) were surveyed in 2004–05. In the second round, conducted in 2011–12, around 83 per cent of the households were re-interviewed, which also include split households located within the same village or town. Altogether 42,152 households were surveyed in the second round.

First, we take a look at the changes in overall inequality in household per capita income in India during the period between 2004-05 and 2011-12. Strikingly, no matter which measure we use, income inequality has unambiguously worsened in India during this period (Table 1).

Table 1: Changes in Income Inequality in India by Different Measures

IHDS Round	Log MD	Theil	GE(2)
Round 1 (2004-05)	0.51535	0.55455	1.36538
Round 2 (2011-12)	0.53376	0.57783	1.50460

Source: Calculated from India Human Development Survey (IHDS) data

The belief that estimates of inequalities in reported consumption expenditure, which are usually made on the basis of different rounds of National Sample Surveys (NSS), grossly underestimate the true extent of economic inequality in India is somewhat vindicated by this finding. This is no more than reconfirmation of Amaresh Dubey's finding, based on the same IHDS data, that Gini coefficient for income is around 0.55 in India as compared to that of consumption, which is 0.37 (cited in Dev (2016)). Studies based on NSS data have also shown that inequality in consumption expenditure has increased in the post-reform period, but the increase has been more in urban than in rural areas.

Does the higher level of overall interpersonal inequality necessarily imply higher inter-group inequality? Even though it is conceivable that higher the overall inequality greater is the inequality between groups. However, the decomposition formula is also consistent with the scenario when overall inequality is rising while between-group inequality is declining or not changing. We now examine the contribution of the between-group component to total inequality following the conventional method of decomposition and with four mutually exclusive and exhaustive categories across the religious and caste divides, viz. Muslims, SCs, STs and Hindu Others. The last category is the residual category excluding the SC and ST households from all Hindu households. We find that the General Entropy measures for $c = 0,1,2$ – all show declines in the contributions of between-group components to total inequality (Table 2). It can also be observed that the contributions seem rather low because of the reason explained earlier.

Table 2: Contributions of between-group component (Conventional Decomposition)
(with four social groups)

IHDS Round	Mean Log Deviation GE(0)	Theil Measure GE(1)	GE(2)
Round 1	5.6%	4.9%	1.9%
Round 2	4.6%	4.0%	1.5%

Source: Calculated from India Human Development Survey (IHDS) data

As discussed earlier, the conventional method is sensitive to the number of groups considered as well as the relative composition of the groups. We check this point with six mutually exclusive groups, splitting the Hindu others category into Brahmins, high castes and Other Backward Castes (OBC). As expected, the contributions of between-group inequality to overall inequality increase (Table 3).

Table 3: Contributions of between-group component (Conventional Decomposition)
(with six social groups)

IHDS Round	Mean Log Deviation GE(0)	Theil Measure GE(1)	GE(2)
Round 1	10.6%	10.6%	4.7%
Round 2	7.9%	7.7%	3.3%

Source: Calculated from India Human Development Survey (IHDS) data

On application of the modified decomposition method as suggested by Elbers et al (2008), we find some interesting differences as far as the GE family of measures is concerned. Clearly the contributions of between-group inequality in both the time points have increased, as expected. The contribution of between-group inequality by applying GE(2) in 2004-05 turns to be as high as 13.6 per cent. Yet again, the between-group contributions are all found to have declined in this period (Table 4).

Table 4: Shares of between-group component (Elbers et al)
(with four groups)

IHDS Round	Mean Log Deviation GE(0)	Theil Measure GE(1)	GE(2)
Round 1	8.7%	11.8%	13.6%
Round 2	6.9%	9.5%	10.8%

Source: Calculated from India Human Development Survey (IHDS) data

Interestingly, in this modified approach, the contribution of between-group inequality does not necessarily increase with increases in the number of groups, unlike in the case of the convention approach. A comparison of Tables 4 and 5 illustrates the point. However, what stands out is that, no matter whether we apply the conventional decomposition method or the method suggested by Elbers et al, contribution of between-group inequality to total inequality between the two rounds of IHDS seems to have declined.

Table 5: Shares of the between-group component (Elbers et al)
(with six groups)

IHDS Round	Mean Log Deviation GE(0)	Theil Measure GE(1)	GE(2)
Round 1	11.6%	12.2%	8.9%
Round 2	8.6%	8.9%	6.2%

Source: Calculated from India Human Development Survey (IHDS) data

This takes us to a further limitation of this way of looking at inequality between groups. Even though the decomposition methods give the quantitative contribution of between-group inequality in an overall sense, which in our case has declined, it does not allow us to say anything about the relative attainments of different groups among the four groups considered. In order to examine this further, we look at the respective income shares and population shares of four mutually exclusive and exhaustive social groups, viz. SC, ST, Muslims and Hindu ‘others’. This is one of the simplest approaches toward assessing inequality between groups – called ‘representational inequality’ by Reddy and Jayadev (2011) – which substantially differs from the commonly used approach that views inter-group inequality as a constituent part of overall interpersonal inequality. Table 6 allows us to compare the changes in the respective shares, which shows that among the four groups, only the SC households as a group have been able to improve its income share vis-à-vis their population share, which is reflected in a higher ratio of the two shares in IHDS Round 2. This is at the expense of the declining ratios for other three groups.

Table 6: Income Shares and Population Shares of four social groups in the two rounds of IHDS:

	Round 1			Round 2		
	Income Share	Population Share	Income Share/Pop Share	Income Share	Population Share	Income Share/Pop Share
Muslim	0.100	0.122	0.818	0.096	0.123	0.784
SC	0.153	0.218	0.701	0.173	0.220	0.787
ST	0.042	0.065	0.652	0.040	0.068	0.595
Hindu Others	0.705	0.595	1.185	0.691	0.591	1.170

Source: Calculated from India Human Development Survey (IHDS) data

The category Hindu others in Table 6 includes a wide range of sub-categories with significant differences. We therefore further split this category into Brahmins, high castes and Other Backward Castes (OBC) in order to see if significant differences exist. Now with six mutually exclusive categories, we find that SCs and OBCs have experienced improvement in their respective income shares vis-à-vis population shares, but ratio of the income share to the population share for each of the other four categories, viz, STs, Muslims, Brahmins and other high castes, has declined (Table 7).

Table 7: Income Shares and Population Shares of six social groups in the two rounds of IHDS:

	Round 1			Round 2		
	Income Share	Population Share	Income Share/Pop Share	Income Share	Population Share	Income Share/Pop Share
Brahmin	0.099	0.055	1.808	0.085	0.052	1.633
High caste	0.263	0.164	1.601	0.251	0.163	1.538
OBC	0.343	0.376	0.913	0.356	0.376	0.946
SC	0.154	0.220	0.701	0.174	0.221	0.786
ST	0.043	0.065	0.651	0.040	0.067	0.597
Muslim	0.099	0.120	0.821	0.095	0.121	0.785

Source: Calculated from India Human Development Survey (IHDS) data

This can be supported by an alternative way of looking at the data as well. If we look at the average per capita incomes of the households belonging to different categories, our finding on STs gets further strengthened. Among the six groups, STs have experienced the smallest growth (in percentage terms) in their average per capita income during the period between 2004-05 and 2011-12.

Table 8: Growth in per capita household incomes of six different groups

	Round 1	Round 2	Growth (%)
	Per Capita Income	Per Capita Income	
Brahmin	23065	34954	52
High caste	24117	36297	51
OBC	13953	22183	59
SC	11724	19255	64
ST	11103	16575	42
Muslim	12915	19081	48

The unfair disadvantage that certain castes and tribes experience in terms of opportunities in education and labour market can be viewed as the culmination of the discriminatory social practices that prevailed in the past. The Constitution of India mandated punitive action against all forms of discrimination, and at the same time, adopted the policy of reservation in public employment and publicly funded educational institutions. Even though questions can be raised about the efficacy of the kind of affirmative action policy that has been in place in India for long, it is generally acknowledged that without such policy the erstwhile disadvantaged groups could hardly move up to the level they have succeeded to reach so far. However, the larger question of whether the reservation policy with respect to public sector jobs and admission to higher education has succeeded in reducing the gaps between the most marginalised group in the Indian society (i.e. the STs) and others remains. Similar findings on the relative attainments of SCs and STs and OBCs in the context of poverty have also been noted by others. Poverty declined much faster for all the social groups during the period 2004-05 to 2011-12 as compared to the period 1993-94 to 2004-05. However, the rate of

decline in poverty is the highest for SCs and lower-than national average for the STs, even though STs show a much higher level of poverty (Panagariya and More, 2013).

India among the BRICS

Dreze and Sen (1995) made a distinction between two alternative paths of development – growth-mediated and support-led. While the development experience of the East Asian countries, especially South Korea, could be seen as manifestation of growth-mediated development, Sri Lanka, Costa Rica and the Indian state of Kerala could be seen as examples of support-led development. In this context, they also discussed the pitfalls of what they called ‘un-aimed opulence’, which aptly characterised Brazil in the 1980s. In the 1960s and 1970s, Brazil was one of the fastest growing countries in the world. But the country could hardly be seen as an example of growth-mediated development. As a matter of fact, Dreze and Sen expressed the fear that unless serious attention is paid to the persistent deprivation of basic necessities of life by large sections of the population, India might be in danger of ‘going Brazil’s way, rather than South Korea’s’. While their apprehension has been vindicated to a great extent by the experience of India, Brazil meanwhile seems to have changed its course.

If we compared the levels of well-being among the BRICS countries we wouldn’t miss the fact that India turns out to be an outlier. While every country in the group has achieved universal literacy in the younger age groups, India lags far behind others. While all of them embarked on programmes of market-oriented economic reforms, China was the first where the process started in 1978. Then it was Russia, after the disintegration of the USSR, and finally Brazil and India followed embarked on the path of reform in the early to mid-1990s. In terms of the pattern of growth and distributional change, China and India have had more in common; both have seen rapid growth, but with rising inequality (with more of both in China). Brazil saw little growth but falling inequality. There are some similarities among the three countries in their policies over the last 15 years, notably in the importance attached to macroeconomic stability, especially bringing inflation under control. But there are some big differences too, such as in the role played by policies directly aimed at redistributing incomes. When one looks more closely at their histories and policy regimes, Brazil and India turn out to have more in common with each other than with China. But each of these countries has something to teach the others. And other developing countries that have been less successful against reducing inequality and deprivation can learn from both the strengths and weaknesses of the approaches taken by the BRICS countries.

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