

The rise of Bharat: PRICE study shows, in growth, poor, rural areas faring better

By: [The Financial Express](#) | Published: December 17, 2016 6:14 AM

The poor, and rural areas, are faring better. The growth in rural India may not be as high as one would like. (AP)

At a time when most analysts seem pessimistic about a step-up in India's growth prospects, especially in the context of the jobless growth we are seeing and the continuing fall in capital formation, a new study by consumer research firm PRICE offers a lot more hope. The study essentially draws upon two all-India income surveys by PRICE—the 2014 one had over a lakh household in its sampling framework and the 2016 one had three times that number. It finds that, of the income growth between FY14 and FY16, 47% of incremental was generated in rural India and, of this, the bulk took place in 'emerging rural' and 'under-developed rural' with 'developed rural' seeing a near 12% fall—what this means is that, while rural areas benefitted from faster agricultural growth, for one, in areas like Madhya Pradesh and West Bengal, relatively prosperous areas like Haryana and Punjab saw incomes stagnate. More interestingly, if the all-India average income in FY16 is taken as 100, PRICE found that of the top fifth of rural India was 137—it was 164 for the top tenth—as compared to 63 for the bottom fifth of urban India and 111 for the middle 60% of urban India; income levels for the top fifth of urban India, of course, were much higher at 225. The growth in rural India may not be as high as one would like, but PRICE's picture is hardly a despondent one—unlike analyses that talk of increasing inequality in India, PRICE shows the income-share of the top quintile falling from 52.7% in 2004-05 to 44.9% in 2015-16.

Given the high proportion of those getting regular salaries among either the top quintiles or in urban areas, it is obvious more full-time employment is critical to India's future growth. To that extent, low growth in full-time jobs is an obvious constraint—just 23% of those in even 'developed rural' have salaries versus 49% in the case of metro cities. But the sharp jump in households with electricity—67% of houses had access to electricity in 2011 versus 91% in 2016—is heartening since, not only does this mean there is more potential for industry, rural areas can do a lot more food processing which, in turn, means not just more employment but also more value addition in agriculture. The fact that only 16% of rural India reported access to the internet in 2016 flies in the face of grandiose boasts of telecom penetration in the country, but it also signals the big productivity boost that can take place once rural

areas have genuine access to the internet. For the government, that means continued focus on rolling out telecom and electricity infrastructure but, more important, it underscores the need for genuine reform to make electricity more affordable and the internet more accessible—it means the public sector chokehold on Bharatnet has to go, and inefficient SEB monopolies cannot be allowed to keep electricity tariffs high.