

The Declining Income Gap Between Hindu and Muslim Families in India

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Abstract

This research report explores the significant reduction in the income gap between Hindu and Muslim families in India over the past seven years. Utilizing data from a comprehensive survey by the non-profit organization People Research on India's Consumer Economy (PRICE), the report examines income growth across various religious communities, revealing a substantial decrease in economic disparities. Key findings show notable income increases among Muslims (28%), Hindus (19%), and Sikhs (57%). The income gap between Hindus and Muslims has shrunk by 87%, from ₹1,917 per month in 2016 to just ₹250 in 2023. The report attributes this positive trend to inclusive economic growth, effective government welfare schemes, and improved access to education and employment opportunities. Additionally, the survey highlights the crucial role of government initiatives in promoting socio-economic equity. The report concludes with recommendations to further reduce economic disparities, enhance welfare programs, improve educational infrastructure, create employment opportunities, address regional disparities, and promote social inclusion. These steps are essential for fostering a more equitable and inclusive economic landscape in India.

Introduction

Economic disparities between different religious and caste groups in India have historically been a significant concern. This report aims to examine the recent trends in income growth and distribution among Hindu and Muslim families, highlighting the decreasing income gap between these communities. The People Research on India's Consumer Economy (PRICE) has been collating data on various parameters linked to the economic well-being of Indian households through its ICE 360° surveys (2016, 2021, and 2023). These surveys reveal that while caste/religion identities remain a part of the social fabric, they are not the predominant determinants of economic outcomes. Instead, regional differences and state-level economic conditions play a more significant role in shaping economic disparities.

Major Findings

Income Growth Across Communities

The survey reveals significant income growth across different religious communities in India. The annual income of Muslims increased by 28%, Hindus by 19%, and Sikhs saw the highest increase at 57%.

- **Muslim Families:** The annual income rose by 27.7%, from ₹2.73 lakhs to ₹3.49 lakhs.
- **Hindu Families:** The annual income increased by 18.8%, from ₹2.96 lakhs to ₹3.52 lakhs.

Decreasing Income Gap

The income gap between Hindu and Muslim families has decreased significantly over the past seven years. In 2016, the monthly income difference was ₹1,917, which has now reduced by 87% to just ₹250.

Changes in Income Distribution

The survey highlights a significant shift in income distribution, with the economically weaker sections experiencing a more substantial increase in income compared to higher-earning groups. Before COVID-19, the lowest 20% income group had a share of only 3% of the country's total income, which increased to 6.5% in 2022-23. In contrast, the share of the top 20% income group decreased from 52% to 45%.

Level of earnings by religion

Religion	Households (Million, 2023)	Annual average household income (Rs. Lakh at 2011-12 prices)		Increase/decrease (%)
		2015-16	2022-23	
Hindu	273	2.96	3.52	18.8%
Muslim	37	2.73	3.49	27.7%
Sikh	6	4.40	6.93	57.4%
Others	14	3.64	5.57	53.2%
Total	330	2.98	3.62	21.6%

Source: PRICE's ICE 360° Surveys (2016 and 2023)

Impact of Government Schemes

Government initiatives such as the free grain program, the Kisan Samman Nidhi, and housing schemes have played a crucial role in reducing socio-economic disparities. These schemes have been particularly beneficial for minorities, especially Muslims, who are often part of the economically weaker sections.

Educational and Employment Insights

The survey also provides insights into education and employment across religious and caste groups:

- **Hindu Households:** 21% had graduates, and an equal 21% had someone employed in a job.
- **SC-ST Households:** 17% and 11% respectively had graduates, while 18% of SC and 15% of ST households had someone employed.
- **OBC Households:** 20% had graduates, but only 18% had someone employed.
- **General Category:** 29% had graduates, but only 26% had someone employed.

Comparative Income Growth

In 2016, the monthly income of Hindus was ₹24,667, while that of Muslims was ₹22,750. By 2023, the income for Hindus increased to ₹29,333, and for Muslims to ₹29,083.

Significant Income Increase Among Sikhs and Other Communities

The annual income of 6 million Sikh families increased the most, by 57.4%, rising from ₹4.40 lakhs to ₹6.93 lakhs. Other communities, including Jains, Parsis, and other smaller groups, saw their annual income increase by 53.2%, from ₹3.64 lakhs to ₹5.57 lakhs.

Conclusion

The narrowing income gap between different religious and caste groups highlights the positive impact of inclusive economic growth and effective government policies. The significant income growth among Muslims, Hindus, and Sikhs, and the increased income share of the economically weaker sections, signify a shift towards greater economic equity in India. This report underscores the importance of sustained and targeted interventions to further promote inclusive development across all communities.

Recommendations

- **Enhance and Expand Government Welfare Programs:** Target expansion of welfare programs to ensure benefits reach the most disadvantaged groups and establish robust monitoring and evaluation frameworks to assess and improve program effectiveness.
- **Invest in Education and Vocational Training:** Increase investment in educational infrastructure, provide scholarships and financial aid to encourage higher education among economically weaker sections, and expand vocational training programs tailored to local economies.
- **Create Employment Opportunities:** Develop policies to create jobs in rural areas, promote small and medium enterprises (SMEs), support rural entrepreneurship, and implement inclusive employment policies to ensure equal opportunities for all communities.
- **Address Regional Disparities:** Implement region-specific development programs to balance regional economic growth, and invest in improving infrastructure in economically backward regions to attract investments and stimulate local economies.
- **Promote Social Inclusion and Cohesion:** Launch community engagement initiatives to foster inter-community dialogue and collaboration, and conduct public awareness campaigns to challenge stereotypes and highlight the benefits of diversity and inclusion.

About PRICE

www.price360.in

- People Research on India’s Consumer Economy (*PRICE branded as ICE 360°*) established in 2012 as an independent, *not-for-profit*, ‘fact tank’ and ‘think tank’ registered U/S 8 Companies Act. The vision of PRICE is to be the premier research institute offering unparalleled insights into India’s household economy. Its mission includes conducting high-quality research, providing data-driven insights, and fostering a deeper understanding of India’s economic landscape. The institute conducts large-scale surveys to gather data on household well-being, which it then analyzes to identify trends and develop policy recommendations. As an independent organization, PRICE is committed to producing unbiased and objective analysis, contributing to the socio-economic development of India.
- Largely supported by grants and contract research, PRICE’s strengths lie in its access to comprehensive data sets, experienced team of researchers, and strong collaborations with academic institutions, government bodies, and industry players.

About PRICE’s ICE 360°

PRICE’s ICE 360° surveys called as **“Household Survey of India’s Consumer Economy and Consumer Environment”** aimed to generate integrated longitudinal data (Interconnected, consistent and up to date) to provide a 360° view of “household’s & people’s” progress on financial conditions (income, expenditure, saving and borrowings), living conditions, access to public goods, amenities, state welfare, health, education, occupational conditions, social and occupational mobility and inclusion in the household economy.

In recent times, it has been the only regular source of data on income, expenditure and saving in India. And among household surveys of its kind across the world, ICE 360° surveys hold a unique position on account of scientific and robust measurement of income, its massive sample size, range, and the depth of information it uncovers. Over the years, the survey has become the most credible source of information on Indian consumer market structures for decision makers in top marketing concerns, in public enterprises and Indian household economy in government.

These surveys (2014, 2016, 2021 and 2023) are mammoth and complex exercise, for instance, the Wave 2.0 covered about 300,000+ households through a household listing exercise, followed by a more detailed survey of 61,000 households - 25,000 in rural India and 36,000 in urban India deploying probability sample design. Geographically, the sample has been drawn from across 216 districts, 1217 villages and 487 towns spread across 25 major states.

PRICE’s ICE 360° survey - Features

Feature	ICE 360° survey (2014)	ICE 360° survey (2016)	ICE 360° survey (2021)	ICE 360° survey (2023)
Survey type	Best mix of Baseline-Panel-Longitudinal -Cross-sectional			
Sample design	Probability Sample: Three stage stratified random sample design			
Coverage	21 states & UTs (Rural &Urban)	25 states & UTs (Rural &Urban)	23 states & UTs (Rural &Urban);	25 states & UTs (Rural &Urban)
Sampling frame	100,000 households	300,000 households	200,000 households	200,000 households
Sample size	20,000 households	61,000 households	40,000 households	43,000 households
Data collection	Face-to-face interview		Face-to-face interview - CAPI	
Respondents	Chief Wage Earner (CWE)/Head, Housewife and other earning members of households			
Reference period	Financial Year - 2014	Financial Year - 2016	Financial year - 2021	Financial year - 2023

The findings in the form of actionable insights, presentations, and reports including the household level data are shared with various stakeholders ranging from policymakers in government, policy advisors, business strategists, media, academic & research institutions including national and international individual researchers.

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