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Consumption Expenditure Study Shows Fall in Both Rural, and Urban Areas

Inequality has reduced both in rural and urban areas across the country between 2011-12 and 2022-23, results of the Household Consumption Expenditure survey have shown.

The latest data is expected to add to the raging debate over the extent of inequality in the country with some experts saying it had increased while others have said that it has shown a decline after a spike during Covid-19 pandemic period.

The Gini coefficient, a statistical measure of inequality in the population, shows a decline. from 0.283 to 0.266 for the rural sector and from 0.363 to 0.314 for the urban sector of the country, according to the survey results.

A decline in the Gini coefficient across urban and rural areas suggests a reduction in income inequality between 2011-12 and 2022-23, Remarkably, income inequality has decreased both in industrially advanced states and in states that have not performed well in attracting businesses. said Nilanjan Banik, professor of economics at Mahindra University.

India's income inequality declined in 2022-23 for the first time since the pandemic, with the income Gini index decreasing by 23%, from 0.506 to 0.390. This improvement is primarily due to the significant recovery of the bottom 50% of households which include labourers, petty traders, small business owners, and small and marginal farmers, according to our ICE 360 survey, said Rajesh Shukla, MD and CEO of PRICE, a private economic think tank. Their share of total household income rose from 15.8% in 2020-21 to 22% in 2022-23. Govt welfare schemes introduced in response to the pandemic significantly contributed to the decrease in income inequality, said Rajesh Shukla.