

As a large chunk of  
income –



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As development proceeds, the earnings of different groups rise differently. The incomes of the upper-income and middle-income groups rise more rapidly than those of the poor.

This happens in the early stages of growth through which India is passing at present. The explanation lies in the shift of population from agriculture which is a slow growing sector to the modern large industrial sector which grows more rapidly. Again, there is the capital-intensive nature of the development of the modern sector.

Income Clipart"/> Since this absorbs less labour, wages form a smaller proportion of total income. Hence, the income spread is not wide enough. On the other hand, the capital-intensive type of growth leads to concentration of income in those few hands who supply capital. 2. Highly Unequal Asset Distribution: Incomes are derived from two main sources, namely, assets like land, cattle, shares, etc., and labour. In India a few own a large chunk of income – earning assets. Some others, who do not own, or own a part of the assets they operate, organise finances through banks, cooperatives, etc, and acquire/hire productive assets.

These inequalities enable the few to get incomes in the form of rent, interest and profit. As these assets accumulate and pass on from generation to generation, the earning capacity of these increases continuously. As for rural areas, the ownership pattern of the most important asset, namely, land, is highly unequal. The marginal households (with holdings less than 1 hectare), which account for as many as 72 per cent of the rural households own very little about 17 per cent of the land. At the other end, there are those with

large holdings (of more than 10 hectares) who are about 1 per cent of the rural households.

But they have under their ownership as much as 14 per cent of the area.

Private ownership of property and inheritance laws is mainly responsible for highly unequal distribution of assets. 3. Inadequate Employment Generation:

People at the bottom could raise their economic status and to an extent reduce the distance separating them from those at the top, if they could get work. In other words, if they did not possess adequate earning assets, they could at least earn from their labour.

But there too the situation was not favourable. For long the increase in employment opportunities remained less than the rise in the labour force. 4.

Differential Regional Growth: Of the large many at the bottom rung of incomes, a very great proportion lives in the poor backward states regions, and most of the few at the top live in the high- income states regions.

This is the geographical facet of income inequalities for the country as a whole. Within the states also there are inequalities, perhaps larger in the poorer states. Both these aspects are the outcome of the different growth rates of the states, with a few having grown at a fast rate, and many having lagged behind.