INEQUALITY

Economic inequality refers to how economic resources and opportunities are unevenly distributed among people in general- some having disproportionately high some equally disproportionately deprived. It essentially refers to disparities in the distribution of economic assets and income- among individuals and groups within a nation and among nations- it has many dimensions: income, wealth and consumption.

Income Inequality: It refers to the extent to which income is distributed in an uneven manner among a population. Income includes the revenue streams from wages, salaries, interest on a savings account, dividends from shares of stock, rent and profits. In 2017, income disparities have become so pronounced that America's top 10 percent now average more than nine times as much income as the bottom 90 percent. US's top 0.1 percent are making over 198 times the income of the bottom 90 percent.

Wealth Inequality: Wealth refers to the total amount of assets of an individual or household. This may include financial assets, property, gold etc. Wealth inequality thus refers to the unequal distribution of assets among people.

Consumption Inequality: Increases in income and wealth inequality lead to higher inequality in outcomes such as consumption, health, education, transport, entertainment and overall well-being. In economics, it is these outcomes that actually enter the utility function, not income or wealth.

An increase in *consumption inequality* means the poor are buying fewer goods and services as their incomes have declined . Part of the decline is made up by welfare state intervention but the decline is real.

Technically, growth in income and wealth inequality need not mean less consumption by the poor. It is possible that rich are getting richer faster than the poor becoming less poor. But facts are otherwise. Rich are getting rich while the number of poor is growing. It is seen in the fact that economic growth is handicapped by demand deficit which is caused by consumption going down in the USA. Its economic potential is not being realized due to demand constraints.

It may result from the operation of the economic system, access to assets, nature of laws, education and skills, social factors like caste and gender etc.

The Consequences of Rising Inequality

On the human side, absolute and relative deprivation is appalling.

On the economic side, rich become so influential that crony capitalism results.

When wealthy individuals and corporations influence the government policy to their advantage: low minimum wage, no or limited national health insurance, inadequate spending on health, safety or pollution regulations, access etc. Thus, rising inequality has the danger of it aggravating even more.

On the social side, the faultlines in society become reinforced: gender, caste, ethnic and other divides become even more polarized.

Environmental danger deepen as there is no bottom up inputs in policy making and growth at any cost prevails.

Poverty-Inequality Link

Poverty is deprivation of basic human needs. It can be relative (depending on the national income/per capita of the country) or absolute which is deprivation of basic needs.

Inequality is always a relative term: how are different strata in the society placed with reference to the others.

As mentioned above, poverty and inequality generally go together but it need not necessarily be the case, even if absolute inequality rises.

Measures of Inequality

Gini Coefficient

The Gini coefficient measures inequality across the whole of society.If all the income/wealth goes to a single person (maximum inequality) and all others receive nothing, the Gini coefficient is equal to 1. If income is shared equally with everyone receiving the same amount, the Gini is equal to 0. The lower the Gini value, the more equal a society, as is evident from above. Most OECD countries have a coefficient lower than 0.32 with the lowest being 0.24. The UK, a fairly unequal society, scores 0.35 and the US, an even more unequal society, 0.38. In contrast, Denmark, a much more equal society, scores 0.25. The Gini Coefficient India, is estimated to be close to 0.50.

The Gini coefficient can measure inequality before or after tax and before or after housing costs. The Gini will change depending on what is measured. A recent paper by well-known economists Lucas Chancel and Thomas Piketty say that India's pre-tax economic inequality is the highest since Independence (2017). The top one percent of income earners are garnering 22 per cent of total income in India.While the period 1951 to 1980 saw the poor narrowing the income gap with the well-to-do, the trend has reversed over the period 1980-2014.

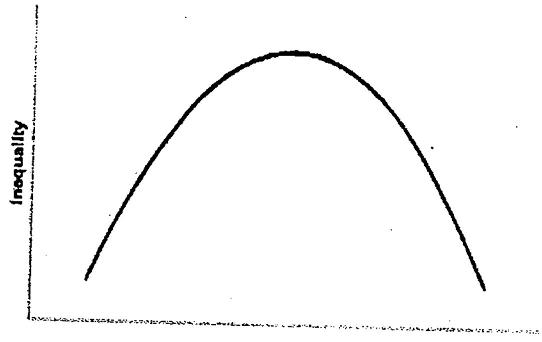
When we calculate the post-tax Gini Coefficient for India, it is likely to be lower the progressive income tax and corporate tax rates that India has particularly since 2013 are reducing disparity. Also, government welfare schemes are many and are working relatively well with Aadhhar, DBT and social audit.

Ahluwalia-Chenery Welfare Index

GDP may grow but the distribution of economic resources may in fact worsen making the rich richer and the poor poorer. Thus, inclusive growth and not merely growth is required. An index that measures how all social groups are impacted by growth is necessary. This problem was recognized by Montek Singh Alhuwalia. Alhuwalia's solution, the Ahluwalia-Chenery Welfare Index, measures how each social group is impacted from the prosperity. It is an alternative measure of income growth, one that gives equal weight to growth of all sections of society.

Kuznets Curve

Economist Simon Kuznets had hypothesised that, as an economy develops, inequality increases but later reduces. In other words, the shape of the Kuznets curve is like an inverted U. Japan, Germany and some other social democracies in Europe support the hypothesis.



Kuznets Curve and Thomas Piketty

Kuznets Curve says: the natural progression of development is towards industrialisation and urbanisation. Initially, this leads to increased inequality in society, as capitalists get richer and the influx of rural labour holds wages down.But as employment opportunities grow and the flow of cheap rural labour ia no longer there, wages rise and an equalisation tendency appears, which gets stronger over time. Thus, if we plot inequality against time, we get an inverted-U or bell-shaped curve. If this hypothesis were true, it would show that the "trickle down" of the benefits of growth to all is a natural and automatic part of market economies: "a rising tide lifts all boats".

The recent work of Thomas Piketty, Capital in the Twenty-First Century, questions the Kuznets Curve.Piketty shows that since 1980, there has been a sharp rise in inequality in the US, Japan and Europe. His data shows a U-curve in the trends of inequality in the advanced nations - US, Japan, Germany, France and Great Britain - the exact opposite of the Kuznets Curve. Inequality grows sharply after having fallen initially for a few years.

Piketty shows that there is nothing natural or automatic about declining inequality under market system. It is the destruction of war, the policies of a Keynesian welfare state and a strong labour movement that led to a decline in inequality in the 60-year period (1914-1974) . The trend shifted towards greater market forces and so inequality rose again since the 1980's and the result is the rise in inequality.

The most important engine that drives inequality up, according to Piketty, is the higher rate of return on capital compared to the low overall growth rate of the economy. In slowly growing economies, past wealth takes on a disproportionately higher importance. Inherited wealth grows faster than overall output and income.

Piketty says that there are powerful forces that can mitigate inequality. He specifically identifies diffusion of knowledge and skill as a key factor. But these too depend on state policies on education, access to training and skill development

Kuznets curve was a very tentative hypethesis by Kuznets who said: "Effective work in this field necessarily calls for a shift from market economics to political and social economy."

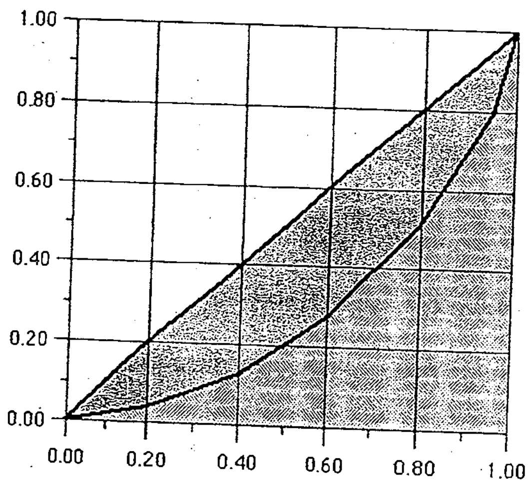
Palma Ratio

Unlike Gini index, ratio measures compare how much people in strata of the income distribution have compared to people at another. For instance, the 20:20 ratio compares how much richer the top 20% of people are, compared to the bottom 20%. For example, Palma ratio used by Oxfam is the ratio of the income share of the top 10% to that of the bottom 40%. In more equal societies this ratio will be one or below, : the top 10% does not receive a larger share of national income than the bottom 40%. In very unequal societies, the ratio may be as large as 7.

Lorenz Curve

The Lorenz curve was developed by Max O. Lorenz as a graphical representation of income inequality. It can be used to measure inequality of income or assets or any other facility.The Lorenz curve is the graphical representation of the Gini data. Gini coefficient is derived by taking the following two:

- area between the line of perfect equality and the Lorenz curve(a)
- area between the line of perfect equality and the line of perfect inequality (b)



Gini number is arrived when a is divided by b.

Ahluwalia-Chenery Welfare Index

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Gender Inequality Index (GII)

The Gender Inequality Index (GII) is an index for measurement of gender disparity that was introduced in the 2010 Human Development Report 20th anniversary edition by the United Nations Development Programme (UNDP). According to the UNDP, this index is a composite measure which captures the loss of achievement, within a country, due to gender inequality, and uses three dimensions to do so: reproductive health, empowerment, and labor market participation. The new index was introduced to remedy the shortcomings of the previous, and no longer used, indicators, the Gender Development Index (GDI) and the Gender Empowerment Measure (GEM), both of which were introduced in the 1995 Human Development Report.

GII is the first index to include reproductive health indicators as a measurement for gender inequality. The GII's reproductive healthhave two indicators: the Maternal Mortality Ratio (MMR) and the adolescent fertility rate (AFR). With a low MMR, it is implied that pregnant women have access to adequate health needs, therefore the MMR is a good measure of women's access to health care. The UNDP expresses that women's health during pregnancy and childbearing is a clear sign of women's status in society. A high AFR, which measures early childbearing, results in health risks for mothers and infants as well as a lack of higher education attainment. According to the UNDP data, reproductive health accounts for the largest loss due to gender inequality, among all regions.

The empowerment dimension is measured by two indicators: the share of parliamentary seats held by each sex, which is obtained from the International Parliamentary Union, and higher education attainment levels, which is obtained through United Nations Educational, Scientific and Cultural Organization (UNESCO) and some other sources. The GII index of higher education evaluates women's attainment to secondary education and above. Access to higher education expands women's freedom by increasing their ability to question and increases their access to information which expands their public involvement. There is much literature that finds women's access to education may reduce the AFR and child mortality rates within a country. Although women's representation in parliament has been increasing women have been disadvantaged in representation of parliament with a global average of only 16%.

The labor market dimension is measured by women's participation in the workforce. This dimension accounts for paid work, unpaid work, and actively looking for work. The data for this dimension is obtained through the International Labour Organization databases. Due to data limitations women's income and unpaid workare not represented in the labor market dimension of GII.

The metrics of the GII are similar in calculations to the Inequality-adjusted Human Development Index (IHDI), which was also introduced in the 2010 Human Development Report, and can be interpreted as a percentage loss of human development due to shortcomings in the included dimensions. The value of GII range between 0 to 1, with 0 being 0% inequality, indicating women fare equally in comparison to men and 1 being 100% inequality, indicating women fare poorly in comparison to men. There is a correlation between GII ranks and human development distribution, according to the UNDP countries that exhibit high gender inequality also show inequality in distribution of development, and vice versa.

Inter-Group Equality

Inclusiveness is not just about bringing those below an official fixed poverty line to a level above it. It is also about a growth process which is seen to be 'fair' by different socio-economic groups that constitute our society. The poor are certainly one target group, but inclusiveness must also embrace the concern of other groups such as the Scheduled Castes (SCs), Scheduled Tribes (STs), Other Back- ward Classes (OBCs), women, minorities, the differently abled and other marginalised groups. These distinct 'identity groups' are sometimes correlated with income slabs the SCs and STs, for example, are in the lower income category and all poverty alleviation strategies help them directly. Women on the other hand span the entire income spectrum, but there are gender-based issues of inclusiveness that are relevant all along the spectrum.

Inclusiveness from a group perspective goes beyond a poverty reduction perspective and includes consideration of the status of the group as a whole relative to the general population. For example, narrowing the gap between the SCs or STs and the general population must be part of any reasonable definition of inclusiveness, and this is quite distinct from the concern with poverty, or inequality, though the two are related.

Balanced Regional Development (BRD) and Inclusive Growth

Another aspect of inclusiveness relates to whether all States, and indeed all regions, are seen to benefit from the growth process. The regional dimension has grown in importance in recent years. On the positive side, many of the erstwhile backward States have begun to show significant improvement in growth performance and the variation in growth rates across States has narrowed. However, both the better performing and other States are increasingly concerned about their backward regions, or districts, which may not share the general improvement in living standards experienced elsewhere. Many of these districts have unique characteristics including high concentration of tribal population in forested areas, or Minorities in urban areas. Some districts are also affected by left wing extremism, making the task of development much more difficult.

Government pays special attention to the scope for accelerating growth in the States that are lagging behind. This requires strengthening of States' own capacities to plan, to implement and to bring greater synergies within their own administration and with the Central Government. An important constraint on the growth of backward regions in the country is the poor state of infrastructure, especially road connectivity, schools and health facilities and the availability of electricity, all of which combine to hold back development. Improvement in infrastructure must therefore be an important component of any region- ally inclusive development strategy.

The efforts of the govt in this regard are

- special category states
- Green revolution in the eastern region
- North eastern region Vision 2020
- PMGSY
- Bharatmala(2017)
- Saubhagya(2017)
- DDY
- PMAY

Green Revolution in Eastern India

It was during Union Budget 2010-11 that for the first time, separate funds were allocated for the eastern parts of the country. The scheme, which comes under Rashtriya Krishi Vikas Yojana, includes Assam, Bihar, Jharkhand, eastern UP, Chhattisgarh, Odisha and West Bengal. Rice was a priority crop under the scheme. The other areas of focus were asset-building activities such as water management, construction of farm ponds and repair of irrigation channels. The main motive behind this project is to ensure food security. The idea is to tap the eastern region for food grains and pulses. The Centre has also allocated finance for encouraging crop diversification to promote technological innovation. The original Green Revolution States face the problem of stagnating yields and over-exploitation of water resources. The answer lies in crop diversification.

Impact of inequality etc.

When inequality is growing, economic growth will not achieve its potential in reducing poverty. Steep inequality damages the long-term prospects for economic growth by creating conflict or instability and it also limit growth by restricting the number of people who can participate in markets. Urban-dominated growth in India has caused social friction as a result of the high levels of migration to cities and a shortage of foreign investment in more isolated areas.

To examine why growth is not reducing inequality, we need to see the fact that income growth is concentrated in certain urban centers, and those whose incomes increase are usually already above average in income and education, that those best positioned to gain from new economic opportunities are the educated urban-dwellers. On the other hand, the poor rely mainly on agriculture, and the agricultural sector has not been growing as fast as other sectors in most of Asia. They are not very high on human capital- education and skills and so can not enjoy the fruits of growth. Their health standards are low and thus can not be very productive and innovative which make the poverty cycle vicious for them.

The current context of new technologies, market-oriented reforms and globalization has not favored the agricultural sector. Other causes of the agricultural sector's lackluster growth include: the decrease in transfers of new technology to farmers, and government that invest little in agriculture and do little to encourage private investment in the sector.

Given that high levels of inequality are partly the result of government policy, government should address inequalities by introducing policies that ensure labour intensive growth; backward region development; social security; increased public investment in agriculture. Skills and training programs etc.

For millions of children, inequality means not having access to adequate nutrition, health, and basic education. Therefore, public policy has huge challenges in providing these services.

In sum, main reasons for widening economic gaps in recent years are:

- stagnation in agriculture while the economy is growing
- discrepancy in investment between urban and rural areas which favoured better-educated, better-off urban populations.
- Improvements in rural infrastructure were being held back by government policies which deterred private investment.
- Unevenness in growth in incomes across urban and rural areas, leading and lagging regions in the country, for example coastal and interior, and highly educated households and the less educated are important factors associated with increases in inequality.

Social Security

Certain social conditions need protection to prevent further distress - old age, poverty, unemployment, disability etc. Government provides social protection by way of wage employment, food grain either free or at affordable prices, old age pension etc. In some cases there is social insurance for disability etc.

In social insurance people receive benefits or services in return for contributions to an insurance scheme. These services include provision for retirement pensions, disability insurance, etc. Public distribution system in India is a social security example.

Social safety net is similar. It involves a collection of services provided by the state or other institutions including welfare, unemployment benefit, universal healthcare, homeless shelters etc to prevent individuals from falling into poverty beyond a certain level. For example, NREGA in India.

For many decades now, there have been laws in India that provided social security.

- **Workmen's compensation Act 1923:** A beginning was made in social security with the passing of the Workmen's Compensation Act in 1923. The Act provides for payment of compensation to workmen and their dependents in case of injury and accident (including certain occupational disease) arising out of and in the course of employment and resulting in disablement or death.
- **Maternity benefit scheme:** The Maternity Benefit Act, 1961 regulates employment of women in certain establishments for a certain period before and after childbirth and provides for maternity and other benefits.
- **Gratuity scheme:** The Payment of Gratuity Act, 1972 provides for payment of gratuity at the rate of 15 days' wages for each completed year of service subject to certain maximum.
- **Employees state insurance scheme:** The Employees' State Insurance Act provides medical care in kind and cash benefits in the contingency of sickness, maternity and employment injury and pension for dependents in the event of the death of a worker because of employment injury.
- **Employees provident fund:** Retirement benefits in the form of provident fund, family pension and deposit-linked insurance are available to employees.
- Employees Pension scheme
- Atal Bima Yojana
- Rashtriya Swasthya Bima Yojana
- Unorganised Workers Social Security Act 2008

EAG

The government had constituted an Empowered Action Group (EAG) under the Ministry of Health and Family Welfare following 2001 census to stabilise population in eight states (called EAG states) that were lagging in containing population. As per the latest census, EAG states Bihar, Jharkhand, Uttar Pradesh, Uttarakhand, Rajasthan, Madhya Pradesh, Chhattisgarh and Odisha have shown little improvement. They cover over 45 per cent of India's population.

EAG needs to strengthen the systems of governance and monitoring. However, the greater need is to involve the community successfully through local empowerment and convergence. In a federal structure like India, there is need to strengthen the Centre-State coordination before direct interventions can be made at district levels. Problems in the EAG States are less to do with the availability of funds than the issue of governance. Therefore, proposals for resolving the systemic issues relating to key areas such as human resource management, logistics management, integration of numerous health societies at State and district levels, regular release of funds to operational levels, joint planning/training for the field staff of the cognate departments, greater autonomy to the districts and within districts, to hospitals and PRIs, are integral parts of the plan. Among the Empowered Action Group (EAG) states and Assam, all states except Uttarakhand have registered the decline in the infant mortality rate in 2016 in comparison to 2015 as reported in 2017.

Aajeevika Grameen Express Yojana (AGEY)

The Government of India has decided to launch a new sub-scheme named "Aajeevika Grameen Express Yojana (AGEY)" as part of the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM). The Self Help Groups under DAY-NRLM will operate road transport service in backward areas. This will help to provide safe, affordable and community monitored rural transport services to connect remote villages with key services and amenities (such as access to markets, education and health) for the overall economic development of backward rural areas. This will also provide an additional avenue of livelihood for SHGs.

The Community Investment Fund (CIF) provided to Community Based Organization (CBOs) under DAY-NRLM will be utilized to support the SHG members in this new livelihoods initiative. The beneficiary SHG member will be provided an interest free loan by the CBO from its Community Investment Fund upto Rs.6.50 lakh for purchase of the vehicle. Alternative, CBO will own the vehicle and lease it to an SHG member to operate the vehicle and pay lease rental to the CBO.

AGEY will be initially implemented in 250 Blocks in the country on pilot basis with each Block provided upto 6 vehicles to operate the transport services. The Blocks will be selected by States from among the Blocks where NRLM is being implemented intensively and where mature CBOs are already functioning. Backwardness, lack of transportation links and sustainability of service would be the guiding factors in the selection of Blocks and routes.

The State Rural Livelihood Missions (SRLMs) will do a feasibility study and traffic survey in the selected blocks to identity the routes and the number and capacity of vehicles which can be operated on sustainable basis. The study will be conducted by technically sound organizations with expertise in transport network planning. The choice of vehicle could be either e-riksha, 3 wheeler or 4 wheeler within a cost ceiling of Rs.6.50 lakh.
The SRLMs will be co-ordinating with State Transport Department for issue of permit for the vehicle. The SHG member operating the vehicle shall ensure that all necessary legal and statutory requirement such as valid permit, road tax permit, valid insurance policy etc. are met. The SHG member shall run the vehicle on approved routes at pre-determined frequency as jointly agreed between the CBO and the SHG operator based on financial viability and the need for transport link. All vehicles under the scheme shall have a defined colour code and carry AGEY branding to ensure their identity and avoid diversion to other routes.

The State Rural Livelihood Mission will arrange capacity building for their staff at State, District and Block levels for operating the Scheme. The members of the CBO and the beneficiary SHG member shall also be provided adequate training in the Rural Self Employment Training Institutes (RSETIs) and other partner organizations.

National Rural Livelihoods Mission (NRLM)

The Ministry of Rural Development, Government of India launched in 2013 a new programme known as National Rural Livelihoods Mission (NRLM) by restructuring and replacing Aajeevika programme which was earlier the Swarnjayanti Gram Swarozgar Yojana (SGSY). NRLM was renamed as DAY-NRLM (Deendayal Antyodaya Yojana - National Rural Livelihoods Mission) in 2016 and is the flagship program of Govt. of India for promoting poverty reduction through building strong institutions of the poor, particularly women, and enabling these institutions to access a range of financial services and livelihoods services.

DAY-NRLM is designed to be a highly intensive program and focuses on intensive application of human and material resources in order to mobilize the poor into functionally effective community owned institutions, promote their financial inclusion and strengthen their livelihoods. DAY-NRLM complements these institutional platforms of the poor with services that include financial and capital services, production and productivity enhancement services, technology, knowledge, skills and inputs, market linkage, etc. The community institutions also offer a platform for convergence and partnerships with various stakeholders by building environment for the poor to access their rights and entitlements and public service.

A women's self-help group, coming together on the basis of mutual affinity is the primary building block of the DAY-NRLM community institutional design. DAY-NRLM focuses on building, nurturing and strengthening the institutions of the poor women, including the SHGs and their Federations at village and higher levels. In addition, DAY-NRLM promotes livelihood institutions of rural poor. The mission provides a continuous hand-holding support to the institutions of poor for a period of 5-7 years till they come out of abject poverty. The community institutional architecture put in place under DAY-NRLM will provide support for a much longer duration and of a greater intensity.

The support from DAY-NRLM includes all round capacity building of the SHGs ensuring that the group functions effectively on all issues concerning their members, financial management, providing them with initial fund support to address vulnerabilities and high cost indebtedness, formation and nurturing of SHG federations, making the federations evolve as strong support organizations, making livelihoods of the poor sustainable, formation and nurturing of livelihoods organizations, skill development of the rural youth to start their own enterprises or take up jobs in organized sector, enabling these institutions to access their entitlements from the key line departments, etc.

The implementation of DAY-NRLM has been in a Mission Mode since 2013. DAY-NRLM adopts a demand driven approach, enabling the States to formulate their own State specific poverty reduction action plans. DAY-NRLM enables the State rural livelihoods missions to professionalize their human resources at State, district and block level. The State missions are capacitated to deliver a wide range of quality services to the rural poor. DAY-NRLM emphasizes continuous capacity building, imparting requisite skills and creating linkages with livelihoods opportunities for the poor, including those emerging in the organized sector, and monitoring against targets of poverty reduction outcomes. The blocks and districts in which all the components of DAY-NRLM will be implemented, either through the SRLMs or partner institutions or NGOs, will be the intensive blocks and districts, whereas remaining will be non-intensive blocks and districts. The selections of intensive districts are done by the states based on the demographic vulnerabilities. It will be rolled out in a phased manner over the next 7-8 years. All blocks in the country will become intensive blocks over time.

Women SHGs and their Federations

Women SHGs under DAY-NRLM consist of 10-20 persons. In case of special SHGs i.e. groups in the difficult areas, groups with disabled persons, and groups formed in remote tribal areas, this number may be a minimum of 5 persons. DAY-NRLM promotes affinity based women Self –help groups. Only for groups to be formed with Persons with disabilities, and other special categories like elders, transgenders, DAY-NRLM will have both men and women in the self-help groups. SHG is an informal group and registration under any Societies Act, State cooperative Act or a partnership firm is not mandatory .However, Federations of Self Help Groups formed at village, Gram Panchayat, Cluster or higher level may be registered under appropriate acts prevailing in their States.

Financial Assistance to the SHGs

Revolving Fund (RF): DAY-NRLM would provide Revolving Fund (RF) support to SHGs in existence for a minimum period of 3/6 months and follow the norms of good SHGs, i.e. they follow 'Panchasutra' – regular meetings, regular savings, regular internal lending, regular recoveries and maintenance of proper books of accounts. Only such SHGs that have not received any RF earlier will be provided with RF, as corpus, with a minimum of ₹10,000 and up to a maximum of ₹15,000 per SHG. The purpose of RF is to strengthen their institutional and financial management capacity and build a good credit history within the group.

Community Investment support Fund (CIF)

CIF will be provided to the SHGs in the intensive blocks, routed through the Village level/ Cluster level Federations, to be maintained in perpetuity by the Federations. The CIF will be used, by the Federations, to advance loans to the SHGs and/or to undertake the common/collective socio-economic activities.

DAY - NRLM Values

The core values which guide all the activities under NRLM are as follows:

- Inclusion of the poorest, and meaningful role to the poorest in all the processes
- Transparency and accountability of all processes and institutions
- Ownership and key role of the poor and their institutions in all stages – planning, implementation, and, monitoring
- Community self-reliance and self-dependence

Key Features

- **Universal Social Mobilisation:** At least one woman member from each identified rural poor household, is to be brought under the Self Help Group (SHG) network in a time bound manner. Special emphasis is particularly on vulnerable communities such as manual scavengers, victims of human trafficking, Particularly Vulnerable Tribal Groups (PVTGs), Persons with Disabilities (PwDs) and bonded labour. NRLM has devised special strategies to reach out to these communities and help them graduate out of poverty.
- **Participatory Identification of Poor (PIP):** The inclusion of the target group under NRLM is determined by a well-defined, transparent and equitable process of participatory identification of poor, at the level of the community. All households identified as poor through the PIP process is the NRLM Target Group and is eligible for all the benefits under the programme. Target Group is identified through the Participatory Identification of Poor (PIP) method.

- **Community Funds as Resources in Perpetuity:** NRLM provides Revolving Fund (RF) and Community Investment Fund (CIF) as resources in perpetuity to the institutions of the poor, to strengthen their institutional and financial management capacity and build their track record to attract mainstream bank finance.

- **Financial Inclusion:** NRLM works on both demand and supply sides of financial inclusion. On the demand side, it promotes financial literacy among the poor and provides catalytic capital to the SHGs and their federations. On the supply side, the Mission coordinates with the financial sector and encourages use of Information, Communication & Technology (ICT) based financial technologies, business correspondents and community facilitators like 'Bank Mitras'. It also works towards universal coverage of rural poor against risk of loss of life, health and assets. Further, it works on remittances, especially in areas where migration is endemic.

- **Livelihoods:** NRLM focuses on stabilizing and promoting existing livelihood portfolio of the poor through its three pillars – 'vulnerability reduction' and 'livelihoods enhancement' through deepening/enhancing and expanding existing livelihoods options and tapping new opportunities in farm and non-farm sectors; 'employment' - building skills for the job market outside; and 'enterprises' - nurturing self-employed and entrepreneurs (for micro-enterprises).

- **Convergence and partnerships**

- **Convergence:** NRLM places a high emphasis on convergence with other programmes of the MoRD and other Central Ministries. Convergence is also sought with programmes of state governments for developing synergies directly or indirectly with institutions of the poor.
- **Partnerships with NGOs and other CSOs:** NRLM has been proactively seeking partnerships with Non-Government Organizations (NGOs) and other Civil Society Organizations (CSOs), at two levels - strategic and implementation. The partnerships are guided by NRLM's core beliefs and values, and mutual agreement on processes and outcomes. Partnership guidelines to partner with NGOs, CSOs have been finalized and approved this year.

- **Linkages with PRIs:** In view of the eminent roles of Panchayat Raj Institutions (PRIs), it is necessary to consciously structure and facilitates a mutually beneficial working relationship between Panchayats and institutions of the poor, particularly at the level of Village Panchayats. Formal platforms would be established for regular consultations between such institutions and PRIs for exchange of mutual advice, support and sharing of resources.

Saubhagya

Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) may emerge as the foundation for multiple growth related, inclusive and environmental goals: reduce import of fossil fuels, boost underutilized power plants and meet its climate change commitments. By providing universal access to electricity under the scheme, it helps to promote induction cooking, heating and charging electric vehicles, apart from the initial target of providing lighting. This, in turn, will reduce India's energy imports and generate fresh demand for electricity in the country. The Rs16,320-crore Saubhagya scheme will provide electricity connections to over 40 million families in rural and urban areas by December 2018.

Once there is electricity in the village, it will create a multiplier effect. A service cable will be drawn from the nearest electricity pole to the household premise where an electricity meter will be installed along with the wiring for a single light point with LED bulb and a mobile charging point. Any substitution of fuels for cooking, transportation and heating will improve India's per capita power consumption of around 1,200 kWh which is among the lowest in the world. The scheme will also help India, the world's third largest energy consumer after the US and China, to help meet its global climate change commitments. The government has set a target of lowering import dependence in oil by 10 percentage points to 67% by 2022, when the country will celebrate 75 years of Independence.

There will be advances in areas of electric vehicles and induction cooking. India has drawn up an ambitious plan for a mass shift to electric vehicles by 2030 with state-owned Energy Efficiency Services Ltd (EESL) going ahead with the first stage of procuring 10,000 electric cars. Saubhagya will have several benefits apart from enhancing demand on the grid and viability of stressed assets. Last mile connectivity will provide options to customers to utilise electricity for cooking, mobility, heating and lighting apart from socioeconomic benefits. According to the government, the Saubhagya scheme will require an additional 28,000 megawatt (MW) of power, considering an average load of 1 kilowatt (kW) per household for eight hours in a day.

IMR

Infant mortality rate compares the number of deaths of infants under one year old in a given year per 1,000 live births in the same year. This rate is often used as an indicator of the level of health in a country. India improved on IMR and reported an 8% decline in the infant mortality rate (IMR) in 2016 from a year ago, an improvement aided by a higher number of institutional deliveries and campaigns to promote breastfeeding and immunization. IMR declined to 34 per 1,000 live births last year from 37 per 1,000 live births in 2015, according to the Sample Registration System (SRS) bulletin, released by the Office of the Registrar General in September 2017.

The bulletin said the birth cohort—babies born during the year—had come down to below 25 million for the first time. In 2005, only 38% deliveries were taking place in hospitals; but now, more than 79.8% are institutional deliveries. India has registered 90,000 fewer infant deaths in 2016 as compared to 2015. The total number of estimated infant deaths had declined to 840,000 in 2016 from 930,000 in 2015.

IMR declined in 29 states and Union territories, was stable in two states and increased in five states and Union territories. The highest decline of 7 points was reported by Chandigarh and the highest increase of 6 points was reported by Arunachal Pradesh. The gender difference between female and male IMR has also reduced to less than 10 points. It is a major boost to the 'Beti Bachao Beti Padhao' initiative of the government. Earlier it used to be above 20 points. There has been a gradual change in social systems such as delayed marriages, thereby lesser adolescent pregnancies, and economic status of people with time that has also contributed to progress in health systems. The government identified and targeted 184 districts with the worst IMR to bring about an improvement. Free health services for pregnant women and newborns also helped. The highest IMR in 2016 was reported in Madhya Pradesh (47) followed by Assam and Odisha (44), Uttar Pradesh (43) and Rajasthan (41). Efforts of focusing on low-performing states are paying off. Improvement is attributed to countrywide efforts to expand health services coverage, including reproductive, maternal and newborn health services.

The lowest IMR was reported by Goa (8) followed by Kerala and Puducherry (10). Rural IMR (38) was 15 points higher than the urban IMR (23). In comparison to 2015, the rural-urban difference narrowed by one point (16 to 15). The rural IMR declined by 3 points (41 to 38).

Globalisation And Inequality

The integration of the world economy through the progressive globalization of trade, investment and finance has reached unprecedented levels. This new wave of globalization is having far-reaching implications for the economic well-being of citizens in all regions and among all income groups, and is the subject of active public debate about globalization and its implications for growth and inequality and the distribution of income within countries. The debate on the distributional effects of globalization is often polarized between two points of view. One school of thought argues that globalization leads to a rising tide of income, which raises all boats. Hence, even low-income groups come out as winners from globalization in absolute terms. The opposing school argues that although globalization may improve overall incomes, the benefits are not shared equally among the citizens of a country, with clear losers in relative and possibly even absolute terms. Moreover, widening income disparities may not only raise welfare and social concerns, but may also limit the drivers of growth because the opportunities created by the process of globalization may not be fully exploited.The sustainability of globalization will also depend on maintaining broad support across the population, which could be adversely affected by rising inequality.

Different countries have felt different outcomes under globalization. China tapped its potential fully- even as inequality grew with it, poverty has been dramatically reduced. In US and India, inequality grew due to:

More talented sections having their pay gallop while others grew far less. There are broader and disproportionate upper-income gains. When compared with gains for middle- and lower-income groups. It matters because it influences society's willingness to tolerate inequality and the credibility of globalization.

There is a growing consensus that trade, driven in part by the integration of China into the world economy, has played a role in rising income .Rising import competition has adversely affected manufacturing employment, led firms to either shut down abd become distribution agents for chinese goods or upgrade their production and caused labor earnings to fall. Also, the financial markets with speculative activity made rich richer with others having little or no scope for improving their lot.

Industrialists in some sectors saw their wealth grow as they found their market footprint expanded globally. That made little difference to poor and low income groups and much of it capital-intensive growth.

To bridge the inequality is possible if there are redistributional interventions. There are: RTE, Health Mission, PMGSY, Golden Quadrilateral; NHDP, Digital India, Skill Mission etc. But the progress is slow and the quality in some needs drastic improvement like in schools, hospitals, nutrition and skills. Till the interventions pay off, opportunities for the lower part of the pyramid are likely to stagnate and inequality will rise rapidly.

Populism is one direct effect of globalization falling far short of expectations of the ordinary people.