

An increasing income gap is a sign of an economy that has failed its citizens

Even as the Sensex reaches new highs, and India is touted as the next big thing in the world of business, the annual Oxfam survey has provided some sobering data. The richest 1% of Indians, the report says, have managed to capture 73% of all the wealth generated in the country last year. The report also goes on to estimate that for a minimum wage worker in rural India, it would take 941 years to earn what a top executive in a leading firm makes in a year. This glaring income gap is a huge problem for India, sitting as it is on a massive demographic dividend.

It is becoming increasingly clear that in the years after liberalisation, most of the benefits have accrued only to those who were already rich (or even relatively rich) to begin with. Issues of hunger, poverty, malnutrition and education remain largely the problem of those at the lower end of the economic spectrum. It has been estimated that by 2020, the average age of Indians will be 29. In a young country in which a majority of the population will be of an employable age, there is an urgent need to equip these young people with adequate education and skills, and, more important, fruitful employment. It is through disgruntled and unemployed youth who find it hard to make ends meet that social unrest can easily fester.

If top executives continue to earn fat salaries at the expense of those who work only for minimum wages, and the majority of employment comes from the informal sector, this income gap is only likely to widen. The need of the hour is for the government to create many more jobs for young people, invest in better social welfare schemes, and improve the state of agriculture and small businesses. An increasing income gap is the sign of an economic system that has failed its citizens. The twin crises of agriculture and viable jobs compounded with inadequate systems of education and healthcare could prove to be a rising India's undoing.

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