

RICH TO SUFFER MORE DUE TO INCOME LOST DURING LOCKDOWN: REPORT

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Every income group has suffered a big hit in terms of the proportion of households who report an increase in income. But, a greater proportion of relatively richer households have been hit by their incomes not growing. "There is an apparently anomalous behaviour of the data at the far end of the income spectrum," says the CMIE Report.

One third of the households that earned between 2.4 million and Rs.3.6 million and half of the households that earned more than Rs.3.6 million per annum reported an increase in income during April-June 2020. It is interesting to note that a year ago, over 70% of such households had reported an increase in incomes compared to a year ago.

India recorded 122 million [jobs losses](#) in April 2020 and then saw 91 million of these recover by June. However, the recovery in jobs is not reflected in perceptions regarding improvement in households incomes, says a report by CMIE. 6.7% of the households reported an increase in income in April-June quarter in 2020 as compared to 33% in the same quarter last year.

Middle income households, particularly at the higher income levels, have also suffered more, because they had a lot more to lose. Their loss is in excess of 30 percentage points.

In April-June 2019, more than 50% of the households that earned more than 500,000 per annum reported a year-on-year increase in household income. In April-June 2020, less than 15% of such households reported a similar increase.

According to the report, as incomes rise above 1 million per annum, the proportion of households reporting an increase in income drops dramatically. It drops to single digits beyond 1.5 million per annum and then to zero for incomes between 1.8 million and 2 million a year. In the year-ago period more than 60% of households that earned more than Rs1 million reported an increase in income.

The great improvement in employment in June did not help improve incomes at the lower end of the income spectrum as well, says the report. It adds, "None of the respondents who earned less than Rs.4,000 a month said that their incomes had improved during April, May and June. Less than 5% of those who earned between 4,000 and 6,000 a month said that there was an improvement. But, this worsened in June when none of the respondents who earned less than Rs.6,000 a month said that their incomes had improved over the past 12 months. Not many were seeing an improvement in their incomes earlier."

In April-June 2019, only around 14% of the households that earned less than 6,000 per month reported an increase in income over a year. How much worse could they get? The average fell to around 1 per cent in April-June 2020, implying a fall of 13 percentage points.

The report is a study of the responses of households to - whether their incomes improved or deteriorated during the lockdown. The Actual compilation of household incomes during the lockdown will begin getting ready only from September this year.

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