

RISING POVERTY: THE HINDU EDITORIAL ON PANDEMIC-INDUCED DISPARITIES

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

A [new study by the Pew Research Center](#) estimates that the [COVID-19 pandemic](#) has had a disproportionately deleterious impact on living standards in India and China in 2020, with the sharp economic contraction in the former pushing as many as 7.5 crore people into the ranks of the poor (those who earn \$2 or less a day). In contrast, the figure is about 10 lakh in China, whose economy slowed but continued to post growth. In absolute terms, the [number of poor in India is posited to have swelled to 13.4 crore](#), reversing the gains made in the preceding nine years when the country cut the number of poor by more than three-fourths to an estimated 7.8 crore in 2019. In China, the population of the poor likely inched up to 40 lakh, matching the 2019 level. Similarly, the numbers of India's middle class — those with a daily income of \$10.01–\$20 — are projected to have shrunk by 3.2 crore to about 6.6 crore, compared with the number this income cohort would have reached absent the pandemic. Here again, China likely experienced just one-third the level of contraction, with the population of those deemed as middle income set to have narrowed to 49.3 crore compared with the pre-pandemic projection of 50.4 crore.

The Pew assessment, which is based on an analysis of the World Bank's PovcalNet database, does, however, acknowledge the multiple assumptions that inform the study. These include varying base years for income/consumption figures — with India's from 2011 and 2016 for China. Still, the study serves as a stark reminder of the economic disparities, both within India and at a comparative level with its northern neighbour. The latest report once again spotlights the widening inequality in India, exacerbated by the pandemic, as the lower income populations have disproportionately borne the brunt of job and income losses in the wake of the multiple lockdowns. The fiscal policy response to redress this massive increase in precarity has also been underwhelming, especially when viewed from the perspective of the pre-pandemic tax cuts that the government handed to corporates in an attempt to revive private investment and rekindle growth. That the National Rural Employment Guarantee scheme has been seeing record levels of demand is testimony to the struggles those in the rural hinterland have been facing in finding gainful employment since the onset of the pandemic. With the number of COVID-19 cases once again rising disconcertingly across the country, there is a clear and present danger that not only could any nascent economic recovery be stymied even before it gains traction but that the number of those sliding into poverty could jump dramatically. The policy responses to the rising wave of infections could well test the government's 'lives versus livelihoods' playbook to the hilt.

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