

ECONOMIC WEAKNESS IS A PAN-INDIA PHENOMENON

Relevant for: Developmental Issues | Topic: Rights & Welfare of STs, SCs, and OBCs - Schemes & their Performance, Mechanisms, Laws Institutions and Bodies

The vast majority of Indian homes not counted as SC/ST/OBC are found to earn less than our EWS income cap. This speaks of huge disparities and poses quota-policy perplexities

In 2019, the country's Constitution was amended to allow for affirmative action in favour of the financially hard-up. India's government instituted a 10% education-and-employment quota for Economically Weaker Sections (EWS) ineligible for the 49.5% of most public jobs and seats reserved for scheduled caste (SC), scheduled tribe (ST) and other backward class (OBC) applicants; and to qualify as an EWS candidate, the property owned by one's family had to be below certain size levels, with annual income from all sources under 8 lakh. A study put out by Shamika Ravi of Observer Research Foundation and Mudit Kapoor of Indian Statistical Institute has offered us an estimate of the proportion of non-SC/ST/OBC households earning less than that figure. With data drawn from the Periodic Labour Force Survey (PLFS) done in 2018 and 2019, they found that about 99% of rural and 95% of urban homes earned under 66,667 per month, the Centre's EWS cap. That an overwhelming number of non-SC/ST/OBC homes—31% of the PLFS sample—could potentially be classified as economically weak is startling, to say the least, given that the rest of India cannot be assumed to be better off and family incomes are unlikely to have increased much over the pandemic.

At one level, those findings speak of vast disparities in earnings among Indian homes that cannot claim benefits designed to uplift the socially-disadvantaged. By Ravi and Kapoor's PLFS analysis, about half our rural non-SC/ST/OBC households earned under 9,000 per month in rural areas and less than 15,000 in urban India. Our caste-agnostic base of people who pay tax also displays significant variation. According to government records reported last year, we had only 15 million income taxpayers, though many more filed returns. About 57% of these individuals had stated incomes of under 2.5 lakh per year, some 7% had 10-50 lakh and 1% declared earnings above 50 lakh. This sliver of top-earners seems too thin if viewed against separate estimates of India's well-off in terms of assets. The latest Hurun India Wealth Report, for example, showed a count of homes with net worth above 7 crore ('dollar millionaires') up 11% in 2021 at 458,000, about thrice our official tally of big earners (of whom there may be more than one per house). While assets are not easy to value accurately, whatever the true picture, it's clear that prosperity across the country remains sharply skewed and so concerns of a 'K-shaped' recovery from covid are likely to persist.

At another level, the bulk of non-SC/ST/OBC homes likely being eligible for an EWS quota poses policy perplexities. For example, while 'merit' scores on civil-service entry tests let every candidate compete for the 40.5% of jobs left open to all, confusion may prevail in some cases of recruitment/admission over whether an EWS applicant might face worse odds of success than a 'general' job/seat-seeker. So far, there have been so few EWS applicants for our civil services that in 2020, they made the cut with lower test grades than OBC job-seekers. This stirred up a controversy. As the 10% quota faces legal challenges, our judiciary is looking at—among other things—whether it is okay to reserve over half of all jobs/seats; if economic criteria are a valid basis for reservations; and, if so, whether the exclusion of SCs, STs and OBCs as beneficiaries defined this way violates their assurance of equality under the Constitution. Recently, our apex court asked the Centre to explain how the 8 lakh EWS limit was arrived at. And that's just one of the riddles.

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