

TRIBAL ALIENATION IN AN UNEQUAL INDIA

Relevant for: null | Topic: Social Inequality and Exclusion

"The tribal people have not been included in or given the opportunity to benefit from development." Photo: A.M. Faruqui

The Boston Consulting Group's 15th annual report, "Winning the Growth Game: Global Wealth 2015", has received extensive coverage in the Indian media. The report comes on top of the [>Global Wealth Databook 2014](#) from Credit Suisse, which provides a much more accurate and comprehensive picture of the trends in global inequality.

The Global Wealth Databook [>reveals some startling facts](#) . The richest 1 per cent of Indians today own nearly half (49 per cent) of India's personal wealth. The rest of us 99 per cent are left to share the remainder among ourselves. And that too is very unequally shared. The top 10 per cent Indians own nearly three-quarters (74 per cent) of the country's personal wealth. The remaining 90 per cent share a meagre quarter. At the other end of the spectrum, of the world's poorest 20 per cent people, nearly one in four are Indians. Just to show by contrast, China's share is a mere 3 per cent.

One view of India's inequality is that this is nothing to be worried about. This is the normal progression of economic development. A set of expanding industries located in an urban area induces further development of economic activity throughout its zone of influence. For some years, this generates increasingly large differentials in income and development, but after reaching a maximum level, inequality begins to decline, in the manner of an inverted 'U', what economists call the Kuznets Curve. In U.S President John F. Kennedy's memorable phrase, "a rising tide lifts all boats".

A widening gap Now, there is no doubt that poverty has declined significantly in recent times in India. But can we say the same about inequality? The Credit Suisse report gives an unequivocal answer: No. Even nearly three decades after economic reforms and high growth, inequality continues to rise and wealth has become even more concentrated at the top. The share of India's richest 10 per cent families has grown from 66 per cent in the year 2000 to 74 per cent today. India's super-rich (top 1 per cent) who owned 37 per cent of India's personal wealth in 2000, have even more rapidly increased their share to 49 per cent. This kind of regressive change surely has a link with the crony capitalism of the last three decades. Hopefully the Indian electorate, very exercised over corruption, will place sufficient pressure on the ruling classes for this to change sooner rather than later. Meanwhile, millions of Indians do not find themselves a part of the growth story. And there is growing resentment over this gaping inequality. With greater access to the electronic media across the country, the differences are glaringly visible for those at the base of the development pyramid. Inequality in India operates on multiple axes — of gender, class, caste, region, religion and ethnicity. But perhaps the worst suffering is of India's tribal people, who suffer a double whammy of both disadvantaged region and ethnicity.

A paper in the *Economic and Political Weekly* , (Sanchita Bakshi *et al* : "Regional Disparities in India: A Moving Frontier", January 3, 2015) reveals that if we want to get an accurate picture of regional inequalities, a well-recognised element of India's growth experience, we have to look much deeper than just States or even districts. We need to go to the subdistrict or block level. And there we find that an overwhelming share of the most backward subdistricts has a high concentration of tribal population.

India's forgotten people Official data on all indicators of development reveal that [>India's tribal](#)

[people](#) are the worst off in terms of income, health, education, nutrition, infrastructure and governance. They have also been unfortunately at the receiving end of the injustices of the development process itself. Around 40 per cent of the 60 million people [>displaced following development projects](#) in India are tribals, which is not a surprise given that 90 per cent of our coal and more than 50 per cent of most minerals and dam sites are mainly in tribal regions.

Indeed, contrary to what economic theory teaches, we find that many developed districts paradoxically include pockets of intense backwardness. Bakshi *et al* show that many districts include the most backward and most developed subdistricts of India; 92 districts have subdistricts that figure in the list of both the top 20 per cent and bottom 20 per cent of India's subdistricts. To give a few examples, "developed" districts like Thane, Vadodara, Ranchi, Visakhapatnam and Raipur have some of the most backward subdistricts. In Korba and Raigarh districts of Chhattisgarh, Valsad of Gujarat, Pashchimi Singhbhum and Purbi Singhbhum of Jharkhand, Kendujhar, Koraput and Mayurbhanj of Odisha, the most industrialised subdistricts are flanked by the most underdeveloped subdistricts. And invariably these backward subdistricts are overwhelmingly tribal. Clearly, the tribal people have not been included in or given the opportunity to benefit from development.

Inequality is important not only because of the acute perception of injustice it creates. Even economists at the traditionally free-market fundamentalist International Monetary Fund, Andrew G. Berg and Jonathan D. Ostry, have recently argued that "inequality can also be destructive to growth by amplifying the risk of crisis or making it difficult for the poor to invest in education". They conclude: "reduced inequality and sustained growth may thus be two sides of the same coin".

Inclusive growth What then are the elements of a vision of development much more inclusive and empowering of those left out? First, the overall direction of growth needs to change. We cannot continue with a pattern of jobless growth. It is clear that some models of growth are inherently more inclusive than others, which is why our focus should be not just on GDP growth itself, but on achieving a growth process that is as inclusive as possible. For example, faster growth for the [>Micro, Small and Medium Enterprises segment](#) will generate a much broader spread of employment and income earning opportunities and is, therefore, more inclusive than growth largely driven by extractive industries or the service sector. It is also clear that sustainability has to be at the core of our development strategy. This is because the poorest regions of India are also the most eco-fragile. If we truly want to build tribal incomes, we need to offer them a range of sustainable livelihoods, including non-pesticide managed agriculture, an imperative also for the health of Indian consumers, as well as for reducing the escalating financial and ecological costs of farming.

Huge income-generation and biodiversity conservation possibilities also exist if we can imaginatively utilise the vast unutilised potential of the Non-Timber Forest Products market, which is estimated to run into several thousands of crores, of which only a minuscule fraction accrues to the tribal communities. Of course, this requires careful attention being paid to the rights of the tribal people, as enshrined in the Forest Rights Act and a complete restructuring of their relationship with the Forest Department, historically seen by the tribal communities as standing in an adversarial relationship with them.

Participatory governance Much better state capacities in regions of high poverty are also an urgent requirement. For these regions suffer not just from rampant market failure but also widespread government failure. A crucial reason why the poor are unable to take advantage of the possibilities opened up by growth even within their districts is the absence of requisite health and education facilities. Globally, India spends among the lowest share of its national income on public provision of [>health and education](#) . These are the sectors in most urgent need of

government reform. We need to equip our most disadvantaged people with the skills demanded by a rapidly changing economy. Programmes meant for poverty elimination such as the Mahatma Gandhi National Rural Employment Guarantee Act do not work as they are meant to because the requisite human resources do not exist precisely where these programmes are most desperately required.

A key feature of the changing economy is growing market penetration. More than 80 per cent of India's cultivators are small and marginal farmers and they are invariably hapless victims of participation in the market economy. But this need not necessarily be so. Wherever farmers have come together to form powerful institutions to buy and sell, they have been able to compete on much fairer terms in the market.

Most of all, the excluded regions and people need better governance, which is much more participatory in nature, for only then will the slogan of cooperative federalism really acquire concrete substance. Panchayati raj institutions, including the gram sabha, need to be empowered and activated for this purpose. We need to learn to involve the "last citizens" in decisions that affect their lives, such as taking their consent while acquiring land for an avowed public purpose.

There is nothing automatic about a decline in inequality under capitalism. The Kuznets Curve remains a mere fantasy if the right programmes and policies are not in place. Inequality did decline when the appropriate policy framework was adopted in Europe and America during the so-called golden age of capitalism in the mid-20th century. These were the decades that saw the emergence of what economist, public official and diplomat John Kenneth Galbraith termed "countervailing power". And it is the unravelling of this balancing power and a shift towards free-market fundamentalism that led to the rise in inequality after 1980.

Indian policymakers must recognise the urgent need to redefine the very meaning of reforms so as to make them pro-poor, rather than merely pro-corporate. Without these reforms, inequality in India will continue to escalate and create dangerous tensions, threatening the very survival of the delicate fabric of Indian democracy.

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