

## India: a middle-class nation?

The British Labour Party politician John Prescott, who later became deputy prime minister to Tony Blair, had famously claimed during the campaign that preceded the 1997 election in his country: “We are all middle class now.” He was promoting the idea that the old social boundaries had blurred in the age of mass affluence. The type of work a British citizen did was no longer a predictor of his income or social status or voting preferences.

Is something similar happening in India? And that too at a much lower level of average income? Are the old social fissures healing with the balm of shared economic aspirations? The answers to these questions can have profound consequences for Indian politics—and the overall trajectory of the nation state.

Two very insightful academic studies on the Indian middle class were highlighted in a recent article by Soutik Biswas of the BBC. Economists Sandhya Krishnan and Neeraj Hatekar of the Mumbai School of Economics and Public Policy have concluded from their analysis of incomes that there are 600 million people in the Indian middle class. They have defined the middle class as anybody living on between \$2-10 a day, in terms of 1993 purchasing power parity dollars. The two Mumbai economists have used an objective measure to gauge the extent of the middle class, and their estimates are at the higher end of a bunch of similar estimates that analysts have made over the years.

The other study is by political scientists Devesh Kapur, Neelanjan Sircar and Milan Vaishnav, and their estimates are based on subjective considerations. Respondents in a large sample survey conducted in 2014 were asked whether they considered themselves to be middle class. Almost half the respondents said they did. The answers to the later questions are especially revealing. A large proportion of those who identify themselves as middle-class citizens believe that their children will have better lives than they did, that the social status of their family has improved in a generation and that India is prospering.

The potent mixture of economic optimism plus social aspiration that Kapur, Sircar and Vaishnav write about is the very foundation of the political platform that Narendra Modi crafted in 2014. Hatekar said in his interview to the BBC that the new middle class includes people in informal-sector work such as construction as well as from the disadvantaged castes that have traditionally been denied opportunities for upward mobility. These are good signs for Indian democracy.

However, there are certain harsh realities that need to be taken into account as well.

First, the relatively low-income threshold to measure the size of the Indian middle class means that there are millions who can be pushed back into poverty in the face of an income shock, especially since India does not have a social safety net.

Second, it is risky to underestimate the persistence of social divisions in a country with historical caste issues on the one hand and rising income inequality on the other.

Third, international experience shows that the middle class can suddenly veer towards either single-issue parties that have a contempt for the transactions of normal politics or the sort of maverick strongmen that are gaining popularity in Europe right now.

The combination of economic advancement, social mobility and rapid urbanization is bringing a new fluidity to Indian politics, as people loosen the tethers of caste, income and location. The Bharatiya Janata Party has done well to grab this narrative. But it is also important to remember

that such broad political coalitions can be more fragile than most people believe, especially when inequality increases while economic growth slumps. Europe is a living testimony to this.

So let us go back to Britain. The New Labour dream of a classless Britain has come apart in the past decade, as voters have swerved towards the Brexit gang on one side or the quasi-Leninism of Jeremy Corbyn on the other. The same can be seen in many other European countries. The lesson for India is that rapid economic growth that is also inclusive (in terms of job creation rather than handouts) is needed to meet growing aspirations as well as blunt the edge of the historical social divisions that are still very much around.

*Will rapid and inclusive growth help reduce social friction in India? Tell us at [views@livemint.com](mailto:views@livemint.com)*

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