

**GOVERNMENT OF INDIA  
MINISTRY OF PLANNING**

**LOK SABHA  
UNSTARRED QUESTION NO. 2495  
TO BE ANSWERED ON 01.08.2018**

**CAPITAL ORIENTED ECONOMIC DEVELOPMENT**

**2495. SHRI RAM KUMAR SHARMA:**

Will the Minister of PLANNING be pleased to state:

- (a) whether the pace of economic development of country has become capital oriented with the introduction of liberalized industrial policy;
- (b) if so, the reaction of the Government thereto;
- (c) whether it is a fact that assets of billionaires of the country have witnessed twenty percent increase during 2016-17;
- (d) if so, the details thereof; and
- (e) whether difference between the rich and the poor has been increasing due to current economic reforms and if so, the details thereof along with the action taken by the Government to bridge the gap?

**ANSWER**

**MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING AND  
MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS  
(RAO INDERJIT SINGH)**

(a and b) : Overall share of labour in income has declined marginally from 0.54 to 0.50 between 1990-91 and 2015-16 but if disaggregated into sectors, the picture is mixed. The details are attached in Annexure-I. Based on this evidence, it cannot be conclusively said that the pace of development has become capital-oriented after economic reforms.

(c) and (d) : As per the Forbes list of Indian Billionaires the asset of the top ten billionaires of the country has risen by 24.74% between 2015-16 and 2016-17. The details are attached in Annexure-II.

(e) : As per NSSO data for the period 1993-94 and 2011-12 on Monthly Per Capita Expenditure, the gap between rich and poor or inequality (as measured as the ratio of percentile MPCE to all-India MPCE) has remained constant in Rural India. Inequality has increased in urban India. The details are attached in Annexure-III.

Government has taken many pro-poor policies to address the inequality. Some of these are:

- a) Ujala Yojana;
- b) Deen Dayal Upadhyay Gram Jyoti Yojana;
- c) Jan Dhan Yojana;
- d) Mudra Yojana;
- e) Pradhan Mantri Suraksha Bima Yojana;
- f) JivanJyoti Bima Yojana;
- g) Atal Pension Yojana;
- h) Skill India;
- i) Start Up India;
- j) Stand Up India;

### Labour Income Shares in India

The table below shows the labour income shares as per the sectors in the national accounts statistics (NAS). The calculations are based on the Reserve Bank of India's KLEMS database.

**At an aggregate level**, labour income share in India has **declined marginally from 0.54 to 0.50** between 1990-91 and 2015-16.

- For Agriculture & Allied activities, labour income share has **remained constant at 0.55**.
- For the industry sectors (mining & quarrying, manufacturing & electricity, gas and water (EGW):
  - Labour income share in **mining & quarrying declined from 0.35 to 0.28 and declined from 0.38 to 0.32 in manufacturing**.
  - In EGW, labour income share **increased from 0.35 to 0.38**
- Labour income share in **construction declined marginally from 0.81 to 0.78**.
- Trade, hotels, transport, communication and services related to broadcasting: **marginal decline from 0.49 to 0.47**
- Financial , real estate & prof services: **decline from 0.60 to 0.44**
- Public Administration & Others: **marginal increase from 0.76 to 0.77**

## Sector-Wise Labour Income Shares: 1990-91 to 2015-16

	Agriculture <sup>1</sup>	Mining & Quarrying <sup>1</sup>	Manufacturing <sup>2,3</sup>	Electricity, gas, water supply <sup>1</sup>	Construction <sup>1</sup>	Trade, hotels, transport, communication and services related to broadcasting <sup>2,3</sup>	Financial, real estate & prof servs <sup>2,3</sup>	Public Administration & Others <sup>2,3</sup>	Total Economy <sup>4</sup>
<b>1990-91</b>	0.55	0.35	0.38	0.35	0.81	0.49	0.60	0.76	<b>0.54</b>
<b>1991-92</b>	0.55	0.32	0.39	0.33	0.80	0.48	0.59	0.76	<b>0.54</b>
<b>1992-93</b>	0.55	0.33	0.38	0.30	0.80	0.47	0.59	0.75	<b>0.54</b>
<b>1993-94</b>	0.55	0.31	0.35	0.23	0.79	0.46	0.55	0.70	<b>0.51</b>
<b>1994-95</b>	0.56	0.31	0.34	0.18	0.77	0.45	0.62	0.69	<b>0.52</b>
<b>1995-96</b>	0.56	0.36	0.35	0.19	0.75	0.45	0.62	0.69	<b>0.52</b>
<b>1996-97</b>	0.56	0.34	0.32	0.22	0.76	0.45	0.62	0.69	<b>0.51</b>
<b>1997-98</b>	0.56	0.35	0.34	0.21	0.78	0.46	0.61	0.70	<b>0.52</b>
<b>1998-99</b>	0.55	0.35	0.33	0.20	0.79	0.46	0.62	0.72	<b>0.52</b>
<b>1999-00</b>	0.55	0.37	0.33	0.28	0.79	0.45	0.58	0.72	<b>0.52</b>
<b>2000-01</b>	0.54	0.40	0.36	0.29	0.79	0.46	0.59	0.72	<b>0.53</b>
<b>2001-02</b>	0.54	0.34	0.36	0.29	0.77	0.45	0.57	0.71	<b>0.52</b>
<b>2002-03</b>	0.54	0.29	0.33	0.27	0.78	0.45	0.55	0.70	<b>0.51</b>
<b>2003-04</b>	0.54	0.31	0.31	0.28	0.79	0.44	0.55	0.70	<b>0.50</b>
<b>2004-05</b>	0.54	0.28	0.25	0.31	0.80	0.46	0.45	0.72	<b>0.48</b>
<b>2005-06</b>	0.54	0.25	0.26	0.30	0.77	0.44	0.42	0.72	<b>0.47</b>
<b>2006-07</b>	0.55	0.23	0.26	0.32	0.71	0.44	0.39	0.72	<b>0.46</b>
<b>2007-08</b>	0.55	0.28	0.26	0.33	0.71	0.44	0.36	0.72	<b>0.46</b>
<b>2008-09</b>	0.54	0.33	0.27	0.42	0.79	0.46	0.39	0.75	<b>0.48</b>
<b>2009-10</b>	0.54	0.27	0.27	0.37	0.78	0.47	0.48	0.76	<b>0.50</b>
<b>2010-11</b>	0.54	0.26	0.28	0.40	0.74	0.48	0.48	0.76	<b>0.50</b>
<b>2011-12</b>	0.55	0.27	0.29	0.38	0.78	0.50	0.41	0.78	<b>0.50</b>
<b>2012-13</b>	0.54	0.27	0.31	0.36	0.78	0.48	0.42	0.78	<b>0.50</b>
<b>2013-14</b>	0.54	0.26	0.31	0.40	0.79	0.49	0.43	0.77	<b>0.50</b>
<b>2014-15</b>	0.54	0.26	0.32	0.41	0.79	0.48	0.43	0.77	<b>0.50</b>
<b>2015-16</b>	0.55	0.28	0.32	0.38	0.78	0.47	0.44	0.77	<b>0.50</b>

List of top 10 Indian Billionaires 2016 (by Forbes) with assets in (US Billion \$)

1. Shri Mukesh Ambani (US \$22.7 Billion).
  2. Shri Dilip Sanghvi (US \$ 16.9 Billion).
  3. Hinduja Brothers (US \$ 15.2 Billion).
  4. Shri Azim Premji (US \$ 15 Billion).
  5. Shri Pallonji Mistry (US \$ 13.9 Billion).
  6. Shri Lakshmi Mittal (US \$ 12.5 Billion).
  7. Godrej family (US \$ 12.4 Billion).
  8. Shri Shiv Nadar (US \$ 11.4 Billion).
  9. Shri Kumar Mangalam Birla (US \$ 8.8 Billion).
  10. Shri Cyrus Poonawala (US \$ 8.6 Billion)
- Total Assets: US \$ 137.4 Billion.

List of top 10 Indian Billionaires 2017(by Forbes) with assets in (US Billion \$)

1. Shri Mukesh Ambani (US \$38 Billion).
2. Shri Azim Premji (US \$ 19 Billion).
3. Hinduja Brothers (US \$ 18.4 Billion).
4. Shri Lakshmi Mittal (US \$ 16.5 Billion).
5. Shri Pallonji Mistry (US \$ 16 Billion).
6. Godrej family (US \$ 14.2 Billion).
7. Shri Shiv Nadar (US \$ 13.6 Billion).
8. Shri Kumar Mangalam Birla (US \$ 12.6 Billion).
9. Shri Dilip Sanghvi (US \$ 12.1 Billion).
10. Shri Gautam Adani (US \$ 11 Billion).

Total Assets: US \$ 171.4 Billion.

### **Ratio of Fractile-wise Real Monthly per-capita Expenditure (MPCE) to all-India average MPCE (Constant, 1993-94 prices)**

The table below shows the ratio of average MPCE for each percentile to average MPCE in India, for urban and rural areas separately. If the ratio for the bottom percentile has increased, we can infer that the average MPCE is converging to all-India levels, leading to reduced inequality. If the reverse is true, then inequality is increasing. Similarly, if the ratio for the top 5 percentile is increasing, then we can infer that the top 5 are pulling away from the average in terms of consumption, leading to increased inequality. If the reverse is true, then inequality is decreasing.

Monthly per capita expenditure is in real terms, considering the effect of inflation.

#### **Rural India**

- 1) The ratio of consumption for the 0 to 5% percentile has remained constant for rural India between 1993-94 and 2011-12. This ratio increased to 0.39 in 1999-00 and to 0.41 in 2004-05 and then falling to 0.36 in 2011-12.
- 2) Similarly, for the top 5% of the population (95-100 percentile), the ratio of consumption has also broadly remained constant, going from 3.10 in 1993-94 to 3.13 in 2011-12. This ratio stood at 2.77 in 1999-00, 2.83 in 2004-05 and 3.13 in 2011-12.
- 3) Based on the trends for the top and bottom 5% of the population, it can be inferred that between 1993-94 and 2004-05 inequality fell in rural India, before rising again between 2004-05 and 2011-12. **Overall, however, inequality (as measured as the ratio of percentile MPCE to all-India MPCE) has remained constant in rural India.**

#### **Urban India**

- 1) For urban areas, the ratio of bottom 5 per cent consumption to all-India average consumption has fallen from 0.29 to 0.27 between 1993-94 and 2011-12. This ratio increased to 0.30 in 1999-00 and stayed at 0.30 in 2004-05, then declining to 0.27 in 2011-12. This indicates that the ratio of consumption of the bottom 5 per cent has declined relative to the All India levels.
- 2) The ratio for the top 5% of the population has increased from 3.59 in 1993-94 to 3.91 in 2011-12. Between 1993-94 and 2004-05, this ratio remained relatively stable. The ratio increased to 3.91 between 2004-05 and 2011-12. This implies that the ratio of consumption of the top 5% has increased relative to all-India levels, primarily between 2004-05 and 2011-12.
- 3) Based on the trends for the top and bottom 5% of the population, it can be inferred that between 1993-94 and 2004-05, inequality remained constant in urban India. **Inequality as measured as the ratio of percentile MPCE to all-India MPCE) has increased in urban India.**

**Ratio of Percentile-wise Monthly Per Capita Expenditure to all-India MPCE**

Percentile	Rural				Urban			
	1993-94	1999-00	2004-05	2011-12	1993-94	1999-00	2004-05	2011-12
<b>0-5%</b>	<b>0.36</b>	<b>0.39</b>	<b>0.41</b>	<b>0.36</b>	<b>0.29</b>	<b>0.30</b>	<b>0.30</b>	<b>0.27</b>
5-10%	0.47	0.50	0.51	0.47	0.38	0.38	0.38	0.35
10-20%	0.54	0.57	0.58	0.55	0.46	0.45	0.45	0.43
20-30%	0.63	0.66	0.66	0.63	0.54	0.54	0.53	0.52
30-40%	0.71	0.74	0.74	0.71	0.63	0.63	0.62	0.62
40-50%	0.79	0.82	0.82	0.79	0.72	0.72	0.71	0.72
50-60%	0.89	0.92	0.90	0.89	0.83	0.84	0.83	0.83
60-70%	1.00	1.02	1.01	1.00	0.98	0.98	0.98	0.97
70-80%	1.16	1.17	1.15	1.15	1.19	1.18	1.18	1.16
80-90%	1.42	1.41	1.37	1.40	1.52	1.50	1.54	1.48
90-95%	1.78	1.75	1.72	1.79	2.02	1.98	2.06	2.03
<b>95-100%</b>	<b>3.10</b>	<b>2.77</b>	<b>2.83</b>	<b>3.13</b>	<b>3.59</b>	<b>3.59</b>	<b>3.58</b>	<b>3.91</b>

**Notes:**

1. Fractile-wise MPCE at 1993-94 prices for 50<sup>th</sup>, 55<sup>th</sup> and 61<sup>st</sup> rounds taken from *NSS Report No. 58 "Level and Pattern of Consumption Expenditure, 2004-05"*
2. For 68<sup>th</sup> round (2011-12), fractile-wise MPCE taken from *NSS Report 558 (68/1.0/2) "Household Consumption of Various Goods & Services in India"*. For conversion between fractile and percentiles, see NSS 68<sup>th</sup> round report.
3. 2011-12 MPCE rural deflated using CPI-AL and urban deflated using CPI-IW. NSS Report No. 58 deflated 55<sup>th</sup> and 61<sup>st</sup> round rural MPCE using CPI-AL, so same index has been used. However, for urban areas, CPI-UNME was used for the 55<sup>th</sup> and 61<sup>st</sup> rounds. This series was discontinued w.e.f January 2011. Therefore urban MPCE for 2011-12 was deflated to 1993-94 prices using CPI-IW.

\*\*\*\*\*