

Well-being: The path towards inclusive growth

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To achieve a better quality of life for a large majority of the population, we need to bridge the gap that exists between demand and supply of basic amenities

India is a country of contradictions. Is it the land of a million mutinies as VS Naipaul had famously said? Or is it the country where a billion aspirations bloom? Where shiny new malls jostle for space with large stinky slums. Where a farmer from Bulandshahr district walks into a Delhi showroom, pockets bulging with cash, and drives out with a spanking new BMW. Where farmers of Vidarbha continue to drink a lethal concoction of pesticides to seek escape from never-ending cycle of debt. Where downtrodden Chhattisgarh tribals fight pitched battles with the police.

Where equally disempowered women from the same state travel to New Delhi and Mumbai to work as domestic help and beauty parlour assistants, eke out a living and a modicum of dignity. Where the 10-year-old son of a milkman in a Haryana village takes on the challenge of excelling at the elite sport of golf. Where the towering heights of Gurgaon are shining examples of economic growth even though the city's drainage collapses under the onslaught of a monsoon shower.

Perhaps to make sense of these contradictions, the government, media and major economic stakeholders have developed an extreme obsession with GDP growth numbers. Every upward swing or downward dip in GDP numbers is heralded with much fanfare about the state of our economic well-being. It is almost as if there is a mythical boundary that needs to be crossed—between a recession-hit economy and the feel-good sentiment of an economy on the rebound—that compels us to measure the well-being of a one-billion-plus population on the basis of the country's gross domestic product.

So, in reality, what we are chasing is 'well-being'. How does one go about measuring something that is a perception, based on a combination of factors that is uniquely personal. It is a sentiment that arises not just from the financial security that comes from having surplus income and having a bit of extra cash saved away for the rainy day. It flows into multiple areas, including career ambitions and aspirations, access to healthcare facilities and ensuring that the family's needs and comforts are well taken care of. It impacts an individual's relationships at the social level—interpersonal connections with family and friends that contribute to the overall sense of well-being—and the community at large. Taken collectively, it can be a powerful indicator of the nation's state of welfare.

Economists and statisticians struggle to pigeon-hole Indians into neat socio-economic classifications in a bid to draw meaningful insights from the observations of economic activities and consumer behaviour of highly diverse groups of people.

In an effort to get a better understanding of what constitutes the Indian 'well-being', we have mined information from the ICE 360 Household Survey of 20,195 households across 21 states. Of these households, 14,000 were in urban and the rest in rural areas. Our endeavour is to provide insights on various elements that constitute 'well-being' for Indian households. How have incomes grown and has there been a rise in income disparities? What are the constraints that lower socio-economic groups face in terms of access to basic amenities and do government subsidies actually make a difference? How do urban and rural households compare in terms of earning capacities, spending power? Which are the

groups that have benefited the most from a shift in the occupational/education profile? And what does this mean for future generations?

As development has cut a slow but steady swathe across India, we have witnessed rising urbanisation and a decline in agricultural income. Millions of people have migrated from villages to cities in search of a livelihood. This has, in turn, reshaped our cities and towns. Metro cities are struggling to cope with the millions of people pouring into them. Boom towns, with populations of 2.5 million to 5 million, and niche cities, with populations of 1 million to 2.5 million, have mushroomed.

The rise of 'rurban' or semi-urban enclaves (or what we call Developed Rural) has added one more layer to this dynamic urban landscape. There are 3,894 such conglomerations that have been reclassified as 'towns' by the Census 2011, primarily due to the fact that the majority of male workforce are no longer primarily engaged in farm-based activities. These towns house nearly 40 million people (or 10% of urban population).

The Developed Rural households (29.2 million) are comparable to those in metro cities (19.2 million) when it comes to share of income and expenditure: while metro households' share of income constitutes 11.6% of total Indian income, Developed Rural's share is as much as 15%.

On the expenditure front, it is 9.9% for metros and 14.7% for Developed Rural, respectively. Another interesting dynamic is the inter-linkages between rural and urban India. Nearly 41% of Developed Rural households are located closer to metros whereas 85% underdeveloped rural households are around towns with population of less than 1 million. The brush with urbanisation and the shift away from farming to non-farming activity is contributing to increasing 'well-being' of Developed Rural households.

Income growth has been on the rise. In 2014, the average Indian household income was Rs 3.35 lakh compared to Rs 2.19 lakh in 2005. The richest households (the top 20%) had an average income of Rs 6.69 lakh compared to Rs 5.19 lakh nearly a decade ago. The lowest income households (the bottom 20%) too had increased their income from Rs 64,137 in 2005 to Rs 1,36,708 in 2014. While the poorest households are still in rural areas (83%), the interesting fact is that nearly 45% of the richest households too live in rural India.

Income disparity continues to be high, with the richest households having been the biggest gainers. Basic amenities continue to be out of reach for the poorest rural households: 28% of these households have separate kitchens, less than 16% have LPG connections and barely 11% have access to drinking water within their homes.

The picture that thus emerges is a patchwork of economic clusters that range from affluent sections to those in utter deprivation. However, no matter which segment you belong to, access to amenities that determine the overall well-being of society is at best poor and unreliable.

As marketing strategist Rama Bijapurkar states in her book, *A Never-Before World: Tracking the Evolution of Consumer India*, well-being "is measured in India by how independent you become of the government to provide you living infrastructure. Install overhead pumps, buy water by the gallon to fill them, never use public transport, have your own generator, send your children to private schools and go to private doctors and hospitals. And if you are of modest income, you will try as hard as you can to do as the rich do."

The challenge lies in bridging this chasm that exists between demand for and supply of basic amenities. Perhaps then we would be closer to achieving a higher quality of life for a large majority of the population.

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