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Economic Inequality and its Impact on Economic Growth in Cuddalore District

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ABSTRACT:

India is a country of diversities. People come from different backgrounds based on religion, language, caste, culture etc. This factor has caused the idea that a set of people are superior than the others and another set of people are inferior. The imaginary social hierarchy has given rise to the social evil of discrimination. This phenomenon has caused the accumulation of wealth in the people who are at the top of the hierarchy exploit the people who are at the top of the hierarchy. These people who are at the top of the hierarchy exploit the people who are lower robbing them of their labour. Thus formed the classes of rich and poor due to the economic inequality. The top 10% of the Indian population holds 77% of the total national wealth. A whopping 73% of wealth created in 2017 belonged to the top 1% of the population, while the 670 million Indians who make up the bottom 50% of the population saw a mere 1% increase in wealth. Billionaire fortunes increased by almost 10 times over a decade and their total wealth is higher than the entire union inductive method, this study analysis the pattern form 70 responses collected regarding the subject and previously made inequality. All 70 responses were collected using google forms from the students of studying secondary education, UG students, PG students and PHD scholars in Srimushnam in Cuddalore district.

Key words: population, inequality, hierarchy, people.

Introduction:

The term "Economic Inequality" is used to describe an economy in which all people are equally well-off and share the same economic position because they have been given equal opportunities, no discrimination on race, gender, skill, culture, or wealth condensation. Over the past decade, Indian billionaires added wealth worth USD 700 billion, more than the GDP of London and nearly twice the GDP of UAE. At the same time, more than 46 million Indians are estimated to have fallen into extreme poverty in 2020 (nearly half of the global new poor according to UN) according to inequality kills report. Ayushman Bharat is India's largest public health insurance fund. It has been operating for over seven years and is funded by a one percent wealth tax on India's top 98 wealthiest families. Oxfam India's briefing dated January 17, 2022 'Inequality kill' revealed that, when 84 percent of households in the country suffered a decline in their income in a year marked by tremendous loss of life and livelihoods the number of Indian billionaires grew from 102 to 142. The Government's pushing of policies for privatising of healthcare and education in India have also contributed to the enlargement of economic inequality. It was found in this study that four percent of tax on wealth on the 98 millionaires can take care of Mid-Day Meal programme of the country for 17 years or Samagra Sikshya Abhiyan for 6 years. The total cost of education and literacy can be taken care of by 1 percent tax on the wealth of India's 98 millionaires. For example, if the wealth of the top 100 millionaires were to accumulate, it would fund the National Rural Livelihood Mission (NRLM), which is responsible for setting up Self Help Groups (SHGs) for women, for a period of 365 years.

Economic inequality originates from the establishment of social hierarchy. People's opinion about the inevitability of social hierarchy is one of the main reasons behind the consolidation of it. Some common beliefs that the people who worked hard to earn more money, most workers are fairly compensated, and thinking that the rich getting richer and the poor getting poorer is an unavoidable phenomenon has also strengthened the idea of economic inequality making it an indestructible evil. Most social issues usually arise due to the oppression of people by certain others who are economically dominant. With these responses, the people's opinion of the subject is gathered to compare it with existing to smoke out solutions for the same. Being economically equal will also avoid most social issues. These issues usually arise due to the oppression of those people by certain others who are economically dominant. The need to steal something and the human follies of starvation deaths, oppression, losing out on opportunities can be solved merely by being economically equal. The imaginary social order or hierarchy which gives a false idea of being in control just proves to be a hindrance in establishing equality.

Due to the unequal distribution of income, many people lose out on opportunities and are pushed to compromise on their style of living. Most of the people get stuck in this cycle and seldom do they get out of it. It becomes almost impossible for anybody to come out of this cycle all over the world. These people who got stuck in poverty would never be able to rise through the social ranks. This inequality is contributed by various factors which include income inequality, pay inequality, wealth inequality etc. Income is not confined to salary. Any money received by the individual may be considered as income. This includes bonuses, interest from savings bank account, rent, dividends from banks, pensions etc. Pay inequality is the inequality solely based on salary or wages. On most accounts, salaries are paid monthly and wages are paid daily or weekly. This is where the question of exploitation arises. A normal employee or a worker toil throughout a week but receive exponentially less than the board members of the company. When compared to a board member's salary, a worker's salary is negligible. These rich people are compensated outrageously whose work is very meagre compared to that of the workers. Wealth inequality is the unequal distribution of assets among a group of people. Wealth includes assets such as land, stocks, bonds, etc. This is the most important inequality that contributes to the superiority of one over another. The people who own these assets dictate others to work according to his/her will and gets to choose the pay.

Here arises the eternal problem of economic inequality. The person who owns a piece of land alienates the farmers from the produce as it was in his/her land the produce was cultivated. Now, the farmers are compensated according to the land owner's discretion even though the owner never worked for the produce. He or she merely owned the land but they do not even split the income equally. The person who owned the land would receive exponentially higher than those people who worked hard from the period of sowing to harvesting. This superiority is given rise by the private owning of assets such as land or capital. There is no point in growth if inequality also rises proportionally.

Review of literature:

Voitchovsky looked at the correlation between growth and wealth distribution in twenty-one developing nations between 1975 and 2000. The findings demonstrated that while inequality had a negative effect on growth at the bottom decile, it had a favorable effect at the top decile. He examined the relationship between income, human capital, and economic growth in high- and low-income nations between 1960 and 2010 in a different study. In this study, the effects of human capital and income inequality on economic growth were evaluated across national boundaries between 1992 and 2000. The findings demonstrated that income and human capital inequality both have a detrimental effect on economic growth in low-income nations. Conversely, in developing nations with higher incomes, inequality was positively correlated with economic growth.

Mark Partridge (1990) employed OLS to carry out research on growth and inequality in the US between 1960 and 1990. The study's findings demonstrated a favorable correlation between growth and inequality. Rangel et al. (2000) used an inverted-U shape hypothesis and a linear correlation model to examine growth and inequality in Brazil between 1991 and 2000. The findings demonstrated that, over the long run, income inequality tended to follow growth. This investigation supported the inverted-U hypothesis. Additionally, he examined the inverted-U shape hypothesis and linear correlation in Brazil between 1991 and 2000 with an emphasis on growth and income inequality. They discovered that, over time, growth and income inequality typically follow one another. The inverted-U association between inequality and economic growth was also verified by them.

Bhorat and Van der Westhuizen investigated the connection between South Africa's economic growth, poverty, and inequality from 1995 to 2005. The study employed the marginal proportionate substitution rate and estimations of poverty inequality elasticities in addition to the distribution-neutral indicator. In times of economic expansion, the researchers saw a shift in the distribution of resources and income during the study period. As a result, when the economy grows, income disparity typically rises.

Researchers reexamined the connection between inequality and economic growth in a new study titled "Inequality-Growth Relationship in Post-Soviet Countries" (Scholl & Klasen, 2017), with an emphasis on the effects of transition countries. Using FE and GMM estimate approaches, the researchers looked at the relationship across 122 nations from 1961 to 2012, drawing on Forbes' specification used for the study. In the sample as a whole, they discovered a positive correlation between inequality and growth, with transition countries driving growth. When Halter et al. (Halter, 2005) used a generalized method of multiplicity to analyze the relationship between 1965 and 2005, they discovered that while high inequality in the long run delayed and prevented growth, it promoted it in the near term.

Likewise, Ostry et al investigated the relationship between growth, inequality, and redistribution across a number of nations, and discovered that, in the early stages of economic development, net inequality had a positive correlation with economic performance; but, as the economy matured, this correlation turned negative. Brueckner and Lederman's research examined the connection between GDP per capita growth and inequality. Using panel data from 1970 to 2010, the researchers found that while increased income disparity had a negative impact on transitory growth in high-income countries, it had a favorable effect in lower-income nations.

Research gap:

This study is about is to find the thoughts of the people about economic inequality and its impacts in economic growth that is restrict to cuddalore district. According to my research the government did not support the people in their lives economically, the main reason for economic inequality is the struggle between the rich and the poor. My study shows that richer become rich and the poorer become poor.

Statement of the problem:

Economic inequality is a very serious issues which needs to be solved as soon as possible. "Social economic inequalities", For example, inequalities of wealth and authority are just only if they result in compensating benefits for everyone and in the particular for the least advantaged members of the society." There is no point in economic growth of an individual or a nation if a set of people are exploited or oppressed or discriminated. Now, there is a need for people to change their views against the government, immediate changes that are required to solve the evil of social inequality.

Objectives of the study:

The objectives of this study are as follows:

1. To understand people opinion about economic inequality and seriousness on the other hand.
2. To explore solution and to solve the problem of economic inequality.

Research methodology:

The descriptive nature of the research paper reflects an attempt to comprehend people's perceptions on economic inequality. We have employed both primary and secondary data for the purpose of the study. The researcher employed a random sample technique. In the district of Cuddalore, a sample of 104 respondents in Srimushnam provided the primary data. For questions pertaining to scaling, a Likert scale with three points was employed. Secondary data were gathered via the internet, research papers, journals, textbooks, and websites, among other sources. Percentages and other basic statistical instruments were employed for analysis and interpretation. A few of the noteworthy and pertinent statistics are displayed in tables and diagrams. The Manifold Chi Squared Test was used to test the theory.

Results and discussions:

The study describes the people's thoughts in economic inequality. The objective was to understand thoughts and knowledge of people in economic inequality.

Table 1:

Socio Economic Variables

S.no	Variables	No of respondents	Percentage	
1.	Gender	Male	43	41.34%
		Female	51	49.03%
		Prefer not to say	10	9.61%
		Total	104	100%
2.	Age	Under 18	5	4.80%
		18-30	52	50%
		31-50	35	33.65%
		Above 50	12	11.53%

		Total	104	100%
3.	Educational qualification	School	05	4.80 %
		UG	30	28.84%
		PG	22	21.15%
		Others	47	45.19%
		Total	104	100%
4.	Marital status	Married	40	38.46%
		Unmarried	64	61.53%
		Total	104	100%
5.	Occupation	Student	35	33.65%
		Professional	28	26.9%
		Business	14	13.46%
		Others	27	25.9%
		Total	104	100%
6.	Family annual income	Below 100000	4	3.8%
		100000-300000	75	72.11%
		300000-500000	19	18.26%
		Above 500000	6	5.7%
		Total	104	100%

Source: Primary Data Interpretation:

I have gathered the following data from 104 respondents in Srimushnam, Cuddalore district: Gender: Men are 43, Women are 51, and prefer not to say 10 Age: Under 18 years: 5 18-30 years: 52 31-50 years: 35 51 Above 50 years: 12 Educational qualification: School students are 5 UG courses are 30 PG courses are 22 Others are 47 Marital status: 40, unmarried Occupation: 35 Professionals are 28 Business 14 Others are 27 Family annual income: 4 Family income under 100000: 75 Family income between 100000 and 300000: 19 Family income above 500000: 6

Table 2:

Knowledge of Economic Inequality

S.no	Statement	Yes	May be	No	Total
1.	Knowledge about economic inequality	96 (92.3%)	4 (3.8%)	4 (3.8%)	104 (100%)
2.	Existence of economic inequality in the society	83 (79.8%)	16 (15.38%)	5 (2.88%)	104 (100%)
3.	People affected by economic disparity	43 (41.34%)	22 (21.15%)	39 (37.5%)	104 (100%)
4.	The feel of need to break the economic inequality among people	82 (78.8%)	14 (13.46%)	8 (7.69%)	104 (100%)
5.	Assumption of economic disparity as a factor that contributes to social problems	54 (51.9%)	44 (42.3%)	6 (5.76%)	104 (100%)

Source: Primary data Interpretation:

From the above table the data are collected from 104 respondents out of 104 respondents In 1) 96 says yes and 4 says no and 4 says may be. In 2) 83 say yes and 5 say no 16 say may be. In 3) 43 says yes and 39 says no and 22 says may be. In 4) 82 says yes and 8 says no and 14 says may be. In 5) 54 says yes and 6 says no and 44 says may be.

Table 3:

Presumption Table.

S.no	Statement	True	May be	False	Total
1.	According to their work all the workers are fairly compensated	31 (29.8%)	45 (43.26%)	28 (26.9%)	104 (100%)
2.	People have to be economically equal to attain true equality	46 (44.23%)	41 (39.42%)	17 (16.34%)	104 (100%)
3.	Rich getting richer and poorer getting poor	54 (51.9%)	38 (36.53%)	12 (11.53%)	104 (100%)

Source: Primary Data Interpretation:

From the following above data, the respondents are 104 out of 104. In 1) 31 says true and 28 says false and 45 says may be. In 2) 46 says true and 17 says false and 41 says may be. In 3) 54 says true 12 says false and 38 says may be.

Table 4:

Bridge Gap between Rich and Poor

S.no	Statement	Yes	May be	Yes	Total
1.	Possibility to bridge the gap between the rich and the poor	17 (16.34%)	49 (47.11%)	38 (36.53%)	104 (100%)
2.	The rich are getting richer without exploitation of any sort	22 (21.15%)	50 (48.07%)	50 (48.07%)	104 (100%)

3.	People have to be economically equal for attainment of equal rights	46 (44.23%)	49 (47.11%)	49 (47.11%)	104 (100%)
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Source: Primary Data

Interpretation:

From the following above data collected from 104 respondents out of 104 respondents. In 1) 17 says yes and 38 says no and 49 says may be. In 2) 22 says yes and 32 says no and 50 says may be. In 3) 46 says yes and 9 says no and 49 says may be.

Table 5:

Economic Inequality among People

Statement	Yes	May be	No	Total
The feel to break the economic inequality among people	46 (44.23%)	37 (35.57%)	21 (20.19%)	104 (100%)

Source: Primary data Interpretation:

The data are collected from 104 respondents out of 104 respondents the most of the people said yes (46) to break the economic inequality among the people.

Table 6:

Steps Taken By Government

Statement	Yes	May be	False	Total
Government initiative to solve the problem of inequality	20 (19.23%)	36 (34.61%)	48 (46.15%)	104 (100%)

Source: Primary data Interpretation:

The data are collected from 104 respondents out of 104 respondents the most of the respondents said no (48) for the government has taken any steps to solve the problem.

Table 7: Economic Disparity in our Society

Statement	Capitalism	Incompetency	Struggles between rich and poor	Total
The reason for economic disparity in our society	32 (30.76%)	17 (16.34%)	55 (52.88%)	104 (100%)

Source: Primary data.

Interpretation:

The data gathered from the 104 respondents out of 104 respondents in the above table indicates that the majority of respondents believe that the battle between the rich and the poor is a legitimate cause of economic imbalance.

Limitations of the study:

The study is related to economic inequality among the people. The sample size of the study is limited to 104 respondents only. The study is purely based on the respondents which are obtained from the respondents.

Accuracy of the study depends on the truth of responses.

Reducing economic inequality can be achieved directly by reducing the income of the wealthiest, or by raising the income of the most deprived. Policies that focus on the former include raising employment or wages and redistributing income. We have to provide universal services for fair treatment. Targeted action for disadvantaged groups. And need social protection, redistribution. Need to increase the minimum wage and have to expand the earned income tax.

Conclusion:

An ordinary man or woman in this competitive world must work as hard as they possibly can and get exploited by those above him in the 'organizational hierarchy' only to do this repeatedly and get stuck in this whirlpool of a rat cycle. Here, where does heshe get the time to worry about the needy. So why not the unemployed mass talk about any of this. It is because the majority have an opinion that being unemployed is their fault and has nothing to do with the government. So, the employed people are not ready to hear them out. If this is the case, why do we need a sovereign, socialist, secular, democratic republic country. Would not a dictatorship do the job. Where is the liberty, equality, and fraternity that we desired. We the people do not need anything unreasonable.

History has always been written in red pages. History is made of blood, is it not? Why shouldn't the liberators follow suit if the oppressed go this far? Economic inequality comes in various forms, the most prevalent of which is income inequality, which is calculated by dividing wealth (the amount of wealth that an individual possesses) by income (the amount of money that an individual is paid). There are important kinds of economic differences between various groups of people in addition to differences in wealth between states or countries. The most important types of economic metrics relate to wealth, income and consumption. There are many ways to measure economic inequality, and the Gini coefficient is one of the most popular.

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