

## Income inequalities exacerbated by the pandemic need to be addressed

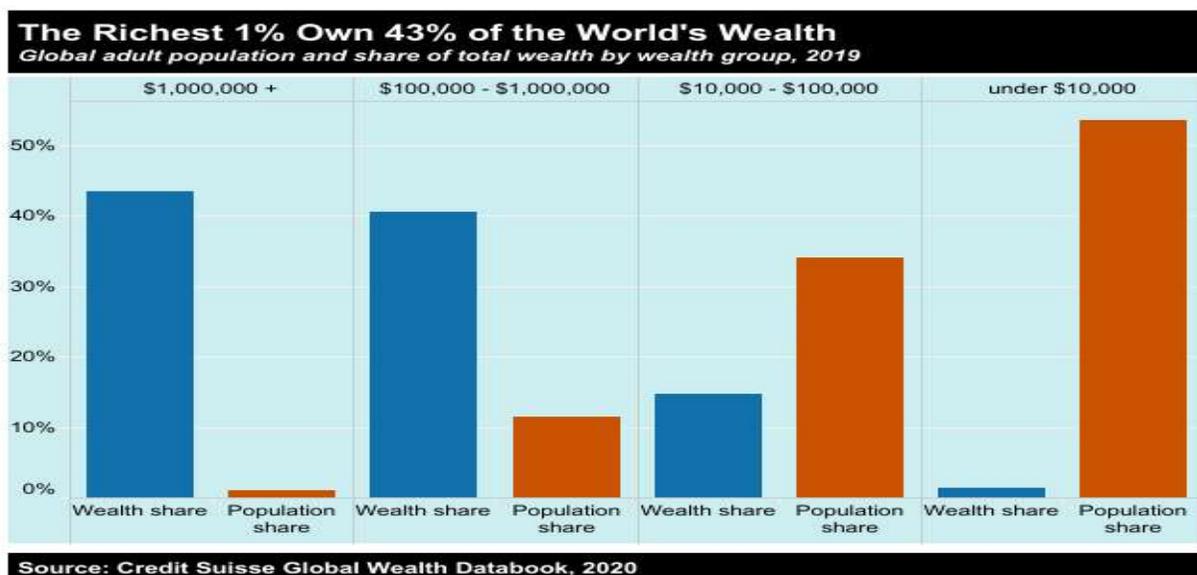
The Covid-19 pandemic has given rise to huge inequalities of income as the informal sector has borne the biggest brunt of the crisis in the form of loss of jobs and economic activity. As urban workers migrated to their native places, the already-existing disguised unemployment in the agricultural sector increased. While some of them did join the NREGA programme, the output of the informal sector has shrunk due to the pandemic.

Similarly, the middle class postponed its consumption in order to save for the unanticipated rise in medical expenses that may accrue due to the outbreak of the pandemic. While this led to pent-up demand as the intensity of the crisis abated, the economy is yet to return to its full potential.

Further, the crisis has exacerbated inequalities of income as a rise in prices has made consumption goods and necessities dearer, whereas the rich have managed to cut down costs, and thereby enhance their savings and incomes.

Increased digitization post demonetization, introduction of GST and Covid-19-induced lockdowns has improved the formalization of the economy; however, many micro and small enterprises are facing survival issues due to loss of incomes during the pandemic.

Even before the pandemic, income inequality was on a rise. As highlighted on inequality.org, less than one per cent of the world adult population had a share of over 40 per cent of global wealth, whereas over 50 per cent of the world adult population had a share of less than two per cent of global wealth in 2019. This is depicted in the chart below:



While the government has undertaken several measures to support the less privileged, more steps such as creation of jobs in the informal sector, rationalization of GST rates and petroleum taxes, and pickup in

economic activity by subsidizing the MSME sector are required, so as to address the rising inequalities of income.

Unforeseen economic crises such as the current one only widen income inequalities. Given that the middle and lower income people generate demand for several white goods, productive assets and services, it therefore, becomes pertinent to address the pain points of this important section of the society.

## **Notifications**

### **PIB**

Centre to support Textile PLIs in States

<https://pib.gov.in/PressReleasePage.aspx?PRID=1769499>

42 companies selected under PLI Scheme for White Goods

<https://pib.gov.in/PressReleasePage.aspx?PRID=1769229>

India-Bhutan to have seven additional entry/exit points for trade

<https://pib.gov.in/PressReleasePage.aspx?PRID=1769254>

Centre releases GST Compensation to States/UTs

<https://pib.gov.in/PressReleasePage.aspx?PRID=1769214>

PM's remarks on 'Accelerating Clean Technology Innovation' at COP26 Summit

<https://pib.gov.in/PressReleasePage.aspx?PRID=1769062>

### **CBIC**

Reducing Road and Infrastructure Cess on Petrol and Diesel

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs52-2021.pdf>

Exchange rates notification

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt90-2021.pdf>