

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2651

ANSWERED ON:09.12.2005

WORLD BANK STUDY ON ECONOMIC REFORMS

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Will the Minister of FINANCE be pleased to state:

- (a) whether the World Bank has lately come out with the World Development Report, 2006, with Equity and Development as its theme;
- (b) the position held by India, in terms of `equality` and how it compares with inequality status of China, Pakistan and other Asian economies alongwith the world average; and
- (c) whether the Government have draw out a plan of action to bring `inequality` status in India to the average level in developed world;
- (d) if so, the details in this regard;
- (e) whether license and quota system still exist in the country; and
- (f) if so, the steps taken by the Government to give phase to economic reforms in the country?

Answer

Minister of State in the Ministry of Finance (SHRI S.S. PALANIMANICKAM)

(a) Yes, sir.

(b) Inequality measures for India and selected Asian countries including China and Pakistan are indicated in Annexure-I It may be observed from Annexure-I that inequality in India is one of the lowest in Asia.

(c) to (f) Growth with social justice has been one of the basic objectives of Indian planning since its inception in 1951. Over the years Government has adopted various anti poverty and employment generation programmes. The ongoing economic reforms with a human face which have strengthened measures to reduce poverty and unemployment. Other measures for reduction of inequality include adoption of progressive rates of direct taxation, exemption of duties and taxes on mass consumption goods and provision for food, fertilizer and petroleum subsidies particularly for the people in the lower income groups.

Annexure-I

Income/consumption inequality measure

Country	Survey year	Income/Consumption(Gini index)	Comment
1	2	3	4
India	1999/2000	0.33	C
Bangladesh	2000	0.31	C
China	2001	0.45	C
Indonesia	2000	0.34	C
Japan	1983	0.25	Y
Korea Republic	1998	0.32	Y
Malaysia	1997	0.49	Y
Nepal	1996	0.36	C
Pakistan	2001	0.27	C
Philippines	2000	0.46	C
Sri Lanka	2002	0.38	C

#`C` Indicates that the inequality measures refer to distribution of consumption expenditures, and `Y` indicates that the inequality measures refer to distribution of income. Note: Gini index ranges in between 0 and 1 and high Gini index indicates higher degree of inequality. Source: World Development Report 2006.