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RICH INDIA POOR PEOPLE (GDP VS GDP PER CAPITA)

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ABSTRACT
The objective of this study is to shed light on India's economic status. We explore the key differences between GDP, GDP per capita and India's rank by these indicators in the world. We also examine income inequality in India understanding the factors that contribute to its relative poverty, derive into the complexities of economic growth, distribution and development also gain valuable insights to the challenges and opportunities for India's economic development.

INTRODUCTION

India has surpassed the UK to become the World's 5th largest economy and according to the world bank it remains the fastest growing major economy in the world also according to IMF data with current economic growth by 2027 India's GDP will overtake the GDP of Japan and Germany. In the first address after the interim budget 2024 at the Lok Sabha, PM Narendra Modi reiterated his confidence in strengthening India's economy to become the 3rd largest economic power in the world by 2030. Though India is growing day by day by its GDP but in terms of its per capita income it is quite contradictory while delivering a lecture at the 4th edition of the Ahmedabad University's economic conference, former RBI governor C Rangarajan stated that India's rank 142nd among 197 countries in terms of per capita income. To improve its per capita income the real growth rate of India must be 8-9% consistently every year for the next 25 years.

*** Difference between GDP AND GDP PER CAPITA**

=> GDP- The full form of GDP is a gross domestic product which means the monetary value of all the goods and services produced in a country in a financial year during a certain period of time.
=> GDP per capita - it is calculated by dividing the GDP of a nation by its population.
=> GDP per capita = National income / population
It indicates prosperity of countries based on their economic growth. In this many years there has been per capita income growth in the country but it is relatively low even though per capita income has increased in absolute terms but due to increase in the inflation rate there is not much difference in income increase. According to IMF data (world economic outlook April 2024) India's projected real GDP in 2024 is 6.8% And projected inflation rate 2024 is 4.6%. GDP per capita (current prices, purchasing power parity, international dollars per capita)

- INDIA : 16.17 thousand
- UK : 51.07 thousand
- USA : 85.37 thousand

If we rank the world's twenty emerging markets in terms of their per capita GDP, then here too India appears at the bottom.

*** Here are some factors that contribute to India's relative poverty:-**

- Rapid population growth
- Low agriculture productivity
- Unemployment
- Gender inequality
- Regional disparities
- Lack of access to quality education
- Social and economic inequality

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*** According to the OXFAM international report (The survival of the richest : The India Story)**

In this report, in the context of India, an analogy was presented about how we get to see two different types of India in India itself. Some of the key findings of the report are:-

- The top 1% in India now owns more than 40.5% of the total wealth in 2021 while the bottom 50% of the population (700 million) has around 3% of total wealth.
- Since the pandemic begins in Nov 2020, billionaires in India have seen their wealth surge by 12% or INR 3608 crores per day in real terms (around INR 2.5 crore every minute).
- The rich have done well for themselves, while the number of hungry Indian's has increased from 19 crore to 35 crore.
- Billionaires fortunes increased by almost 10 times over a decade and their total wealth is Higher than the entire union budget of India for the fiscal year 2018-19 which was near 24422 billion.
- India's health care rank is also the lowest in the world. As a result, decent healthcare is a luxury only available to those who have money to pay for it.
- The poorest Indian states have infant mortality rates higher than those in the sub- Saharan African region.

*** Here are some solutions to bridge the gap between income inequality:**

- Implementation progressive taxation in ndia can help reduce income inequality by ensuring that those who can earn more contribute a higher portion of their income to taxes.
- A 1% wealth tax on Indian billionaires is enough to fund the national health mission.
- Inclusive governance foster by encouraging citizen participation promoting transparency and reducing corruption.
- By ensuring universal access to public funded high - quality resources like public health and education, social security benefits.
- The growth of the labour intensive manufacturing sector of India.
- Promote gender equality in education employment and entrepreneurship to empower women economically and socially.
- The government should made investment in infrastructure.

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