



DISTRIBUTION OF INCOME

Navneet

M.Com Ist Year, St. Joesph Evening College.

Abstract

In India, richer are becoming richest and poorer are becoming more poorest, this process is going on since independence, this is fact and the poor people are heavily suffering due to this. Since, last two decades GDP rate and economic growth is increasing continuously, sometimes at the top in the world. But, in 2012 the Indian government stated 22% of its population is below its official poverty limit. About 276 million people lived below \$1.25 per day (Rs.87.31) on purchasing power parity. India's per capita income (nominal) was \$1670 per year in 2016 [\$4.57 per day (Rs.318.57)]. Above given both the data issued by GoI, which one is correct?

Introduction

First, I want to introduce with the present economic scenario of the India i.e. 51% of total economy are controlled only by 51 top richest Indian. 96% of total money hold by only 4% of total population of India and rest 96% population are living within only 4% of total money. (It is estimated figure time to time published in newspaper and magazines.)

The major part those effect on distribution of Income is Private Industries. Every Industry wants to earn maximum profit/ income. In manufacturing process there are some are variable or controllable expenditures (Salary/Wages, bonus, commission etc.) and some are fixed expenditure or uncontrollable (for example rent, electricity bill, raw material etc.). In controllable expenditure major part is salary/ wages. In India, main huge resources available i.e. Human Resources and industrialists take advantages above this, especially in case of unskilled manpower. If a manufacturing cost of a product is Rs. 80/- (excluding labour cost) and the market price (selling price) of a product is Rs.100/-, he cannot reduce the cost from Rs. 80/- because they are fixed or uncontrollable, manufacturer needs to give Rs.15/- to worker as labour cost and Rs.5/- is the part of his profit, further manufacturer try to earn maximum income but he cannot increase the product price due to off course competition, so the only way is left for him to earn maximum profit is reduce the wages of labours only. Therefore, he reduces the labour cost from Rs.15/- to Rs.10/- or less than Rs.10, if he easily get workers and definitely he get workers, because in India Human Resources is always excess.

I have one more view, about the fixation of wages of labours, the percentage wages for labours is very low, from the total cost of production the percentage of wages are very low for example; there is product 'A' the production cost of product 'A' is Rs. 35/- (including all the expenses) from the Rs. 35 the share of wages is only 15% to 20% i.e, between Rs. 5.25 to Rs. 7/- but standard rate of labours is 25% to 35% (in case of service sector it may be more than 55%). If the producer increase the rate of wages its effect on either increase selling price or decrease of profit. Hence, producer never want to decrease the profit and due to high competition available in market, he also not in favour to increase the price, therefore only the way left for him to decrease the wages of labours.

If we compare the wages structure with other countries, it will also surprisingly for us, India is on ranking 118 (\$0.61 per hour) in giving the minimum salary even after the Nepal and Bhutan. On the Number one stands Luxembourg and offers the wages to their labour is \$11.10 per hour, in overall ranking USA is on 14 and offers \$ 10.83 per hours and UK are giving \$7.81 per hours and stands at No. 8 on ranking, may be they are developed country that's why they are giving so much, but main point is, those we need to consider strongly is, in some countries those are noteconomically better than India, even they provide better wages to labours for example: in overall ranking Nepal is on 92 (26 rank above than India) and giving \$0.92/- minimum to their labours take one more example Pakistan are giving minimum wages to labours is \$ 1.23/- and stands on ranking at No. 78 (40 rank above than India). Recently, a fact revealed by Towers Watson Study "India is one of the lowest salaries paying country to their employees in the entire Asia Pacific region".



On the other hand, if we put some light on the Govt. sector the “GAP” between the salary of Officers’ (Grade-I) and Employees (Grade II, III) are increases very high from last two Pay Commission. According to the present scenario, where an individual join as clerk in any department he received initially Rs.25000/- (approx) per month salary and if in the same department an Grade I Officer join he gets Rs. 80000/- salary per month (approx. 70% high from the clerk payment) and this gap increasingly so on in future. If we compare with other countries, gap between the salary of Grade I, II and III is minimum.because there living standard is same for every citizen. Everyone has right to have better food quality, education right, medical treatment is same for all.

If in India, you go in Government Hospital they have separate ward- general ward, VIP ward, VVIP ward, what the hell going on our country, even every citizen have no equal right for medical treatment. Food, Medical Treatment, Education these are basic requirement and our government not able to fulfill this requirement since Independence.

Conclusion

The Economic Condition those we see through GDP, Growth rate etc., may be its look better, may also be its indicates a stable economy or a better economy but if we go in deep a different picture we get, those I discuss above. GoI has already taken initiative in many ways for betterment of the present condition and to improve or equalize the distribution system of Income i.e. Labours Law, Minimum Wages Act etc., but it’s implementation of these polices or law are not up to the mark. Except some industries, remaining all industries do not follow it, specially micro and small scale industry industries even do not bother it and they straight way violate its, just because the inefficiency of the government, if governmentacthard and take strict action against the violator than may be situation comes under control.

And another side, gap in the salary of all government employees should be minimized between low to top employees.

It’s time to Government need to strict action in favor of equalization the system of distribution of money. If required action not to be taken than this system cut the root of the whole economy system of the country in near future.

Reference

1. [1.https://en.m.wikipedia.org](https://en.m.wikipedia.org).
2. <https://tradingeconomics.com>.