

# Addressing Inequality in South Asia

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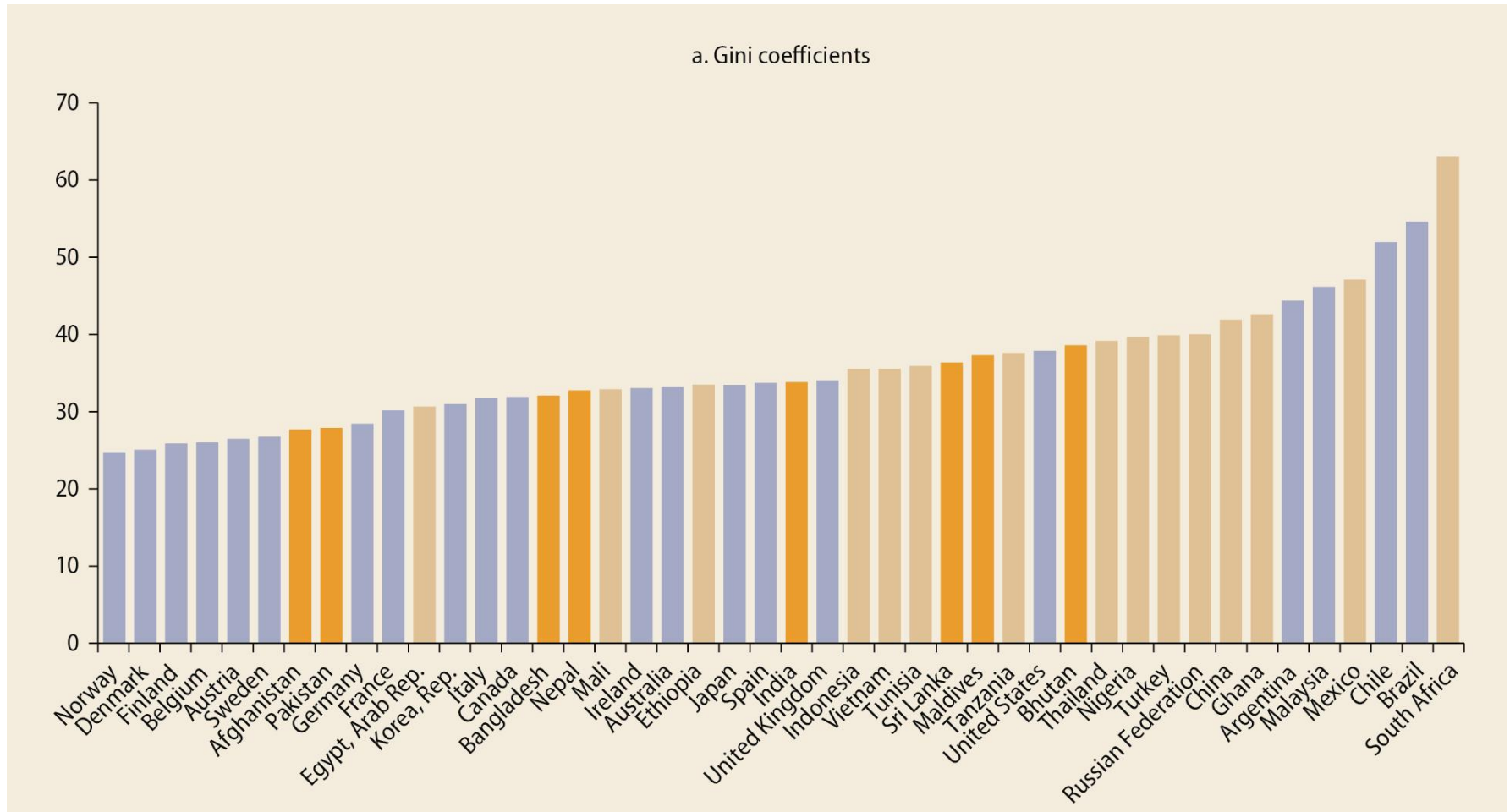
Martin Rama



Fifty years have passed since the Nobel laureate poet-turned-  
plenipotentiary, Octavio Paz, saw India, where he was Mexico's  
ambassador, as "a land of extremes". The poet's muse was his  
encounter with the profusion of sights and sounds, colors and  
smells, people and animals that greeted him during his travels in  
the subcontinent. It included what he described as "the  
incredible opulence" of the maharajahs surrounded by what he  
saw as "equally unbelievable" poverty.

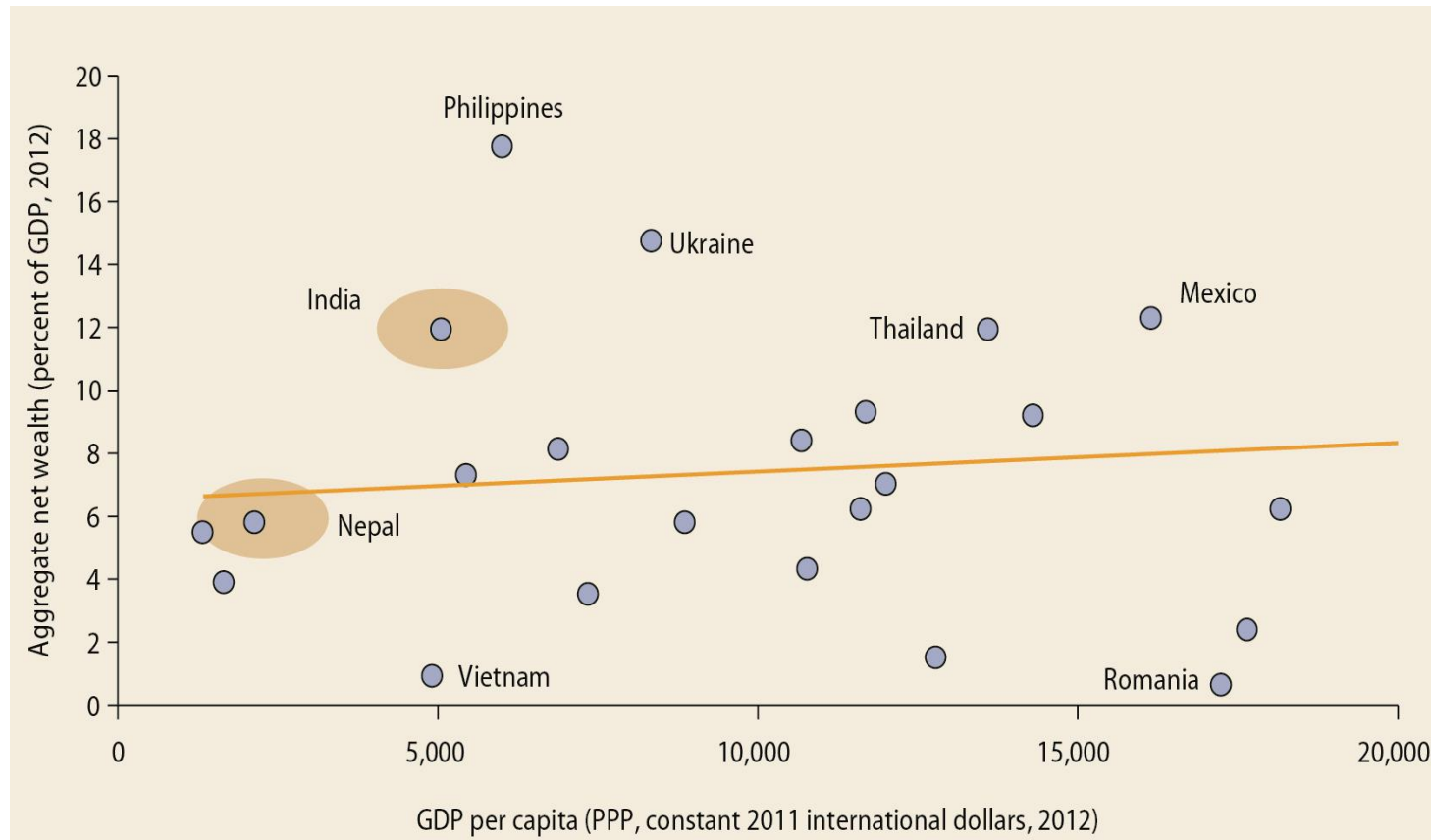
Is that still the case today?

# Based on standard monetary indicators, South Asia has moderate levels of inequality



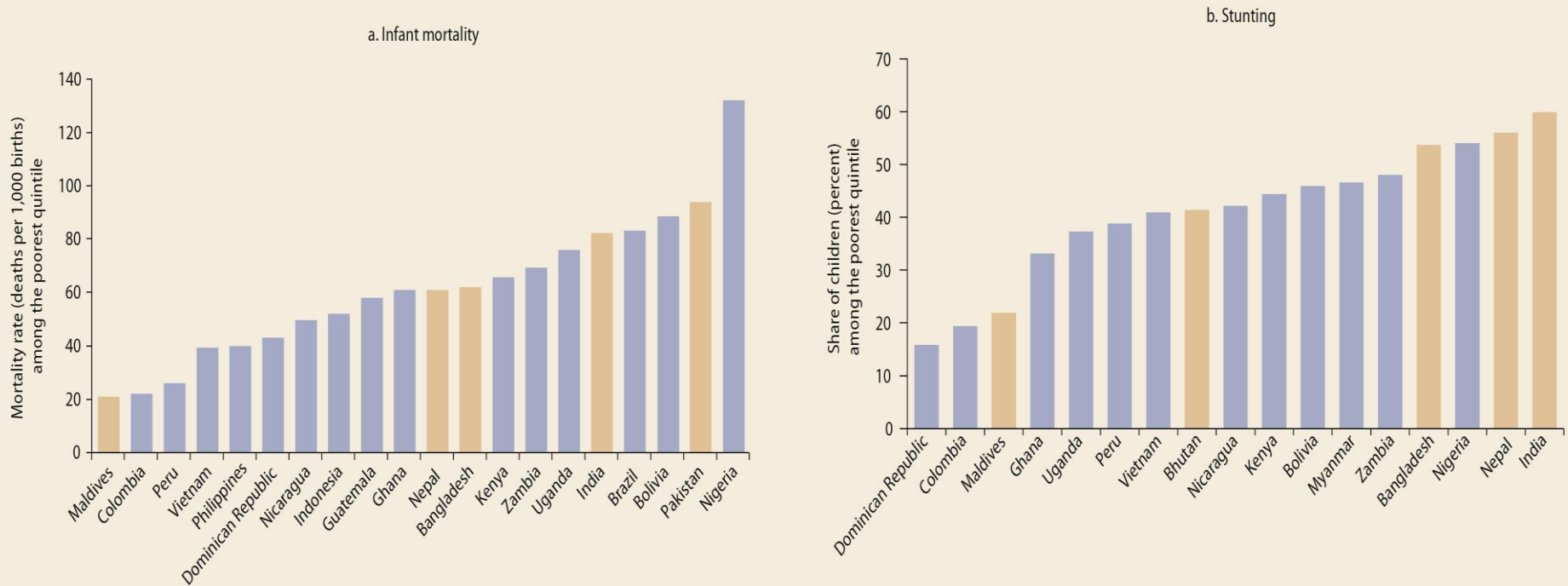
Sources: Based on World Bank's *World Development Indicators* (WDI) database, and the Organisation for Economic Co-operation and Development's (OECD) Income Distribution and Poverty data series.

# Billionaire wealth in India is exceptionally large



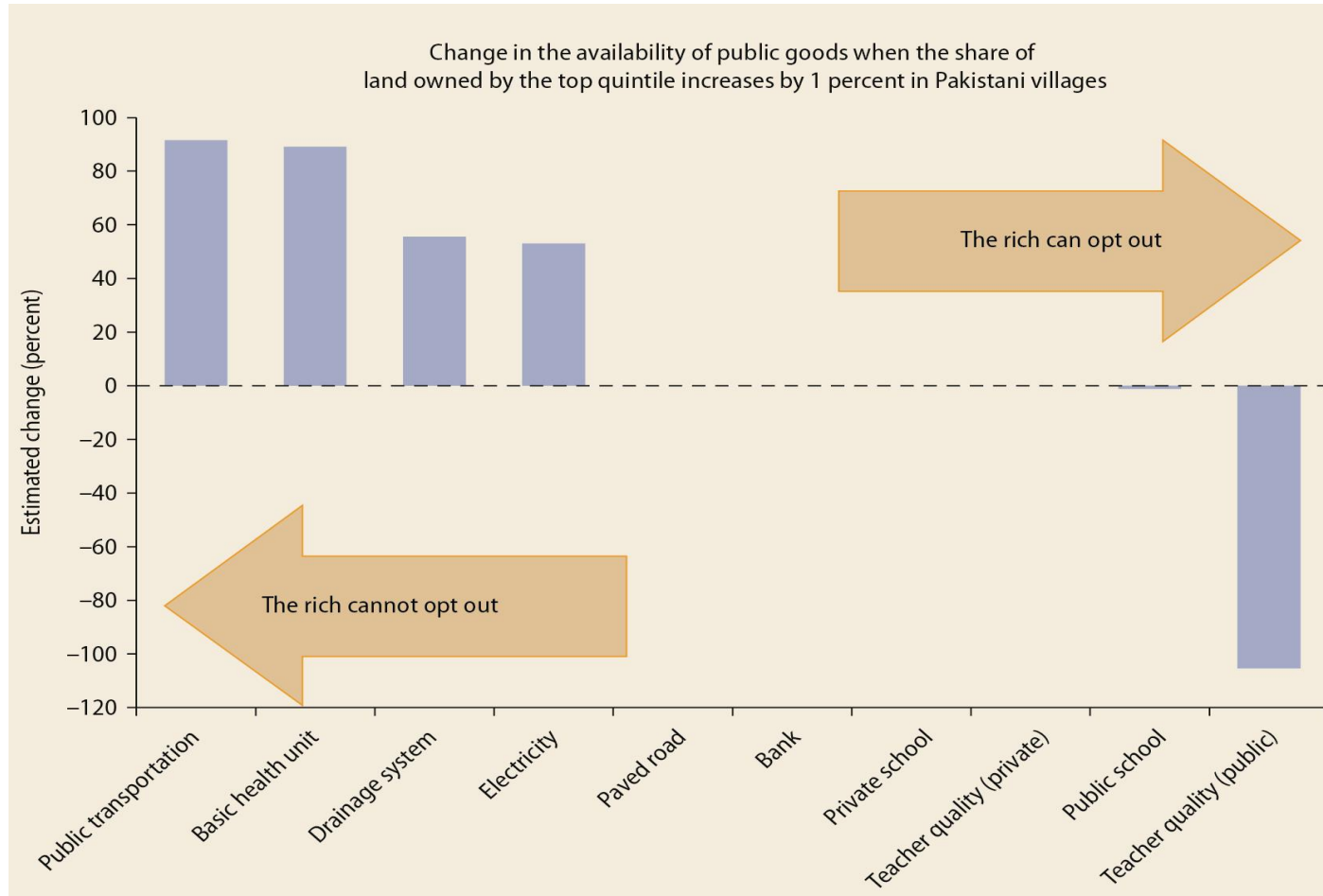
Sources: Based on *Forbes* magazine's Billionaires database, and World Bank's WDI database.

# The health outcomes of the poor are among the worst worldwide



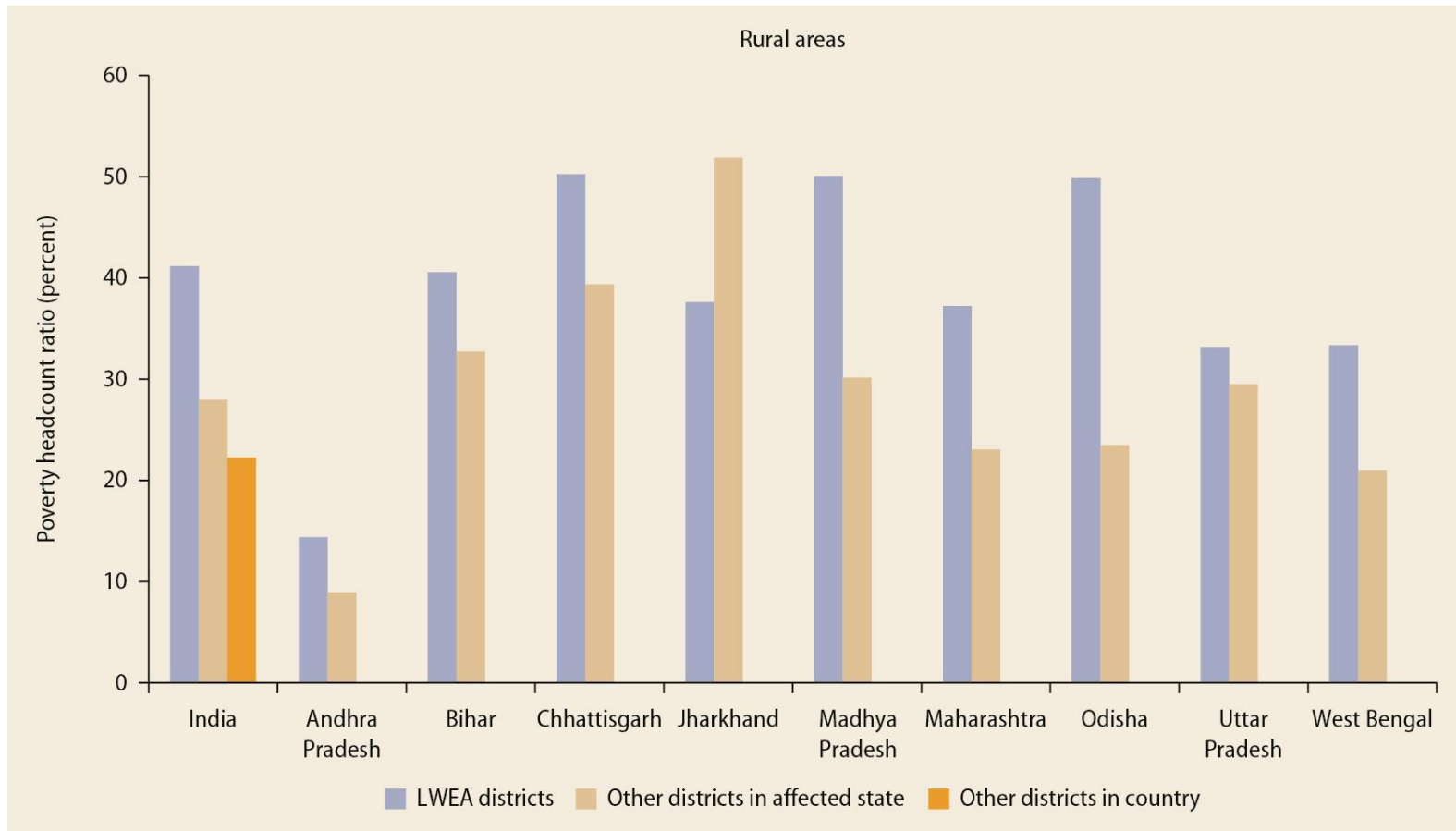
Source: Based on World Bank Health, Nutrition and Population Statistics database.

# Greater inequality reduces the quality of public services when the rich can opt out



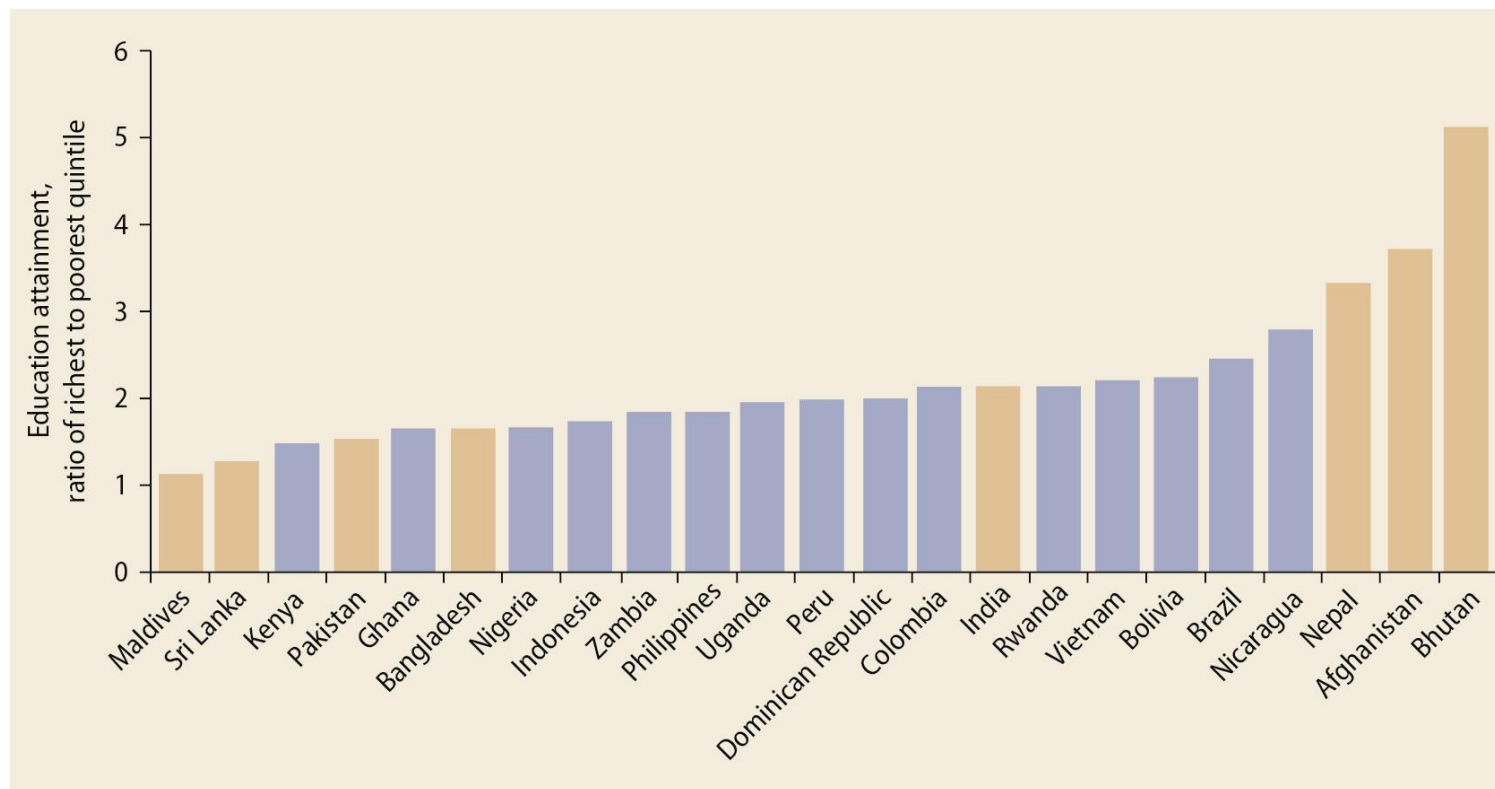
Sources: Based on Mansuri 2013 for this report.

# Poverty is higher in Indian districts suffering from Naxalite violence



Sources: Based on India National Sample Survey (NSS) 2011–12.

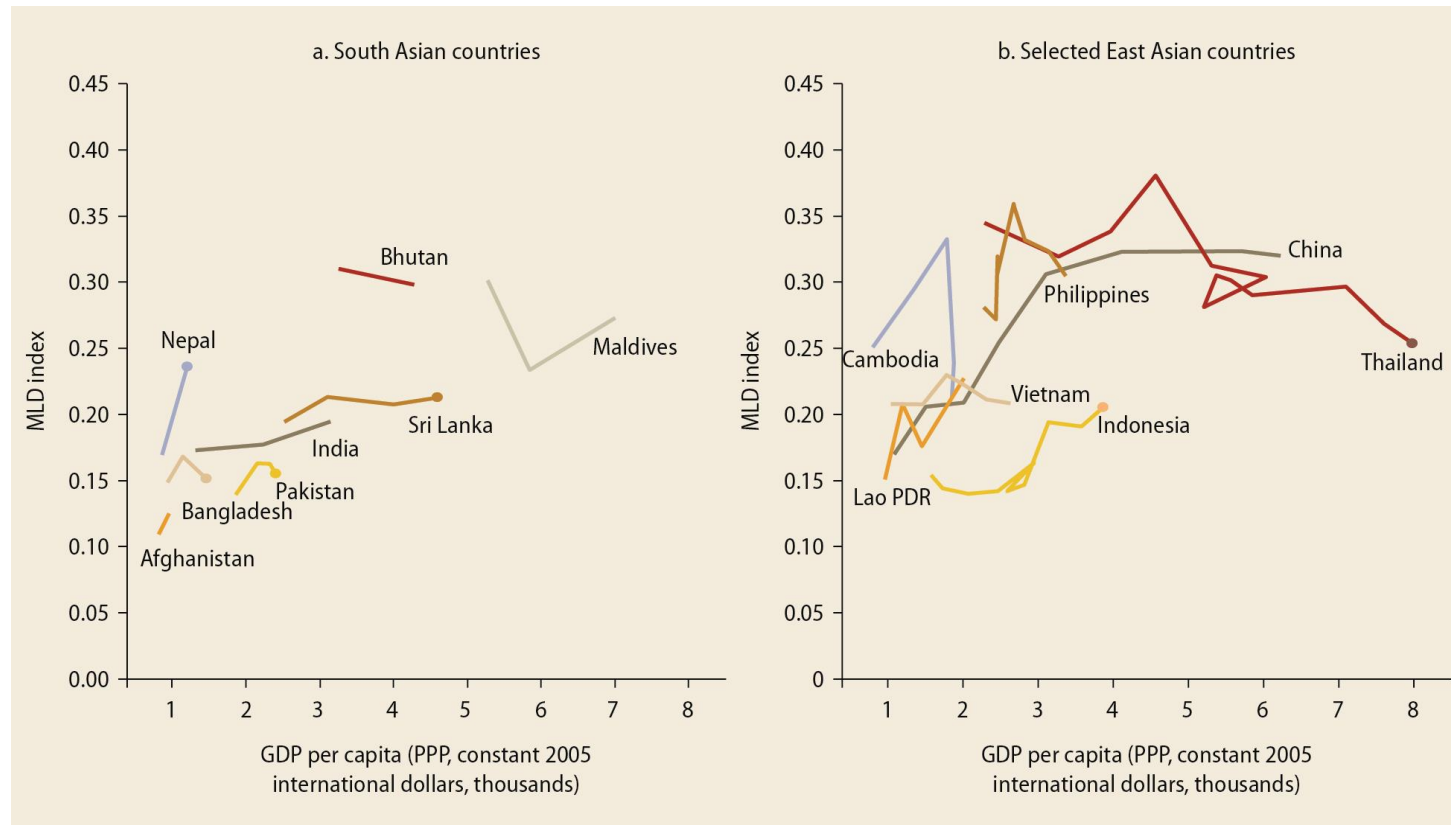
# Schooling among young adults is highly unequal in some countries in South Asia



*Sources:* Based on National Risk and Vulnerability Assessment (NRVA) 2007 for Afghanistan; Household Income and Expenditure Survey (HIES) 2010 for Bangladesh; Bhutan Living Standards Survey (BLSS) 2007 for Bhutan; NSS 2009–10 for India; HIES 2009–10 for Maldives; Nepal Living Standards Survey (NLSS) 2010 for Nepal; Household Integrated Economic Survey (HIES) 2010–11 for Pakistan; HIES 2009–10 for Sri Lanka; and World Bank Education Equality Country Profiles database.

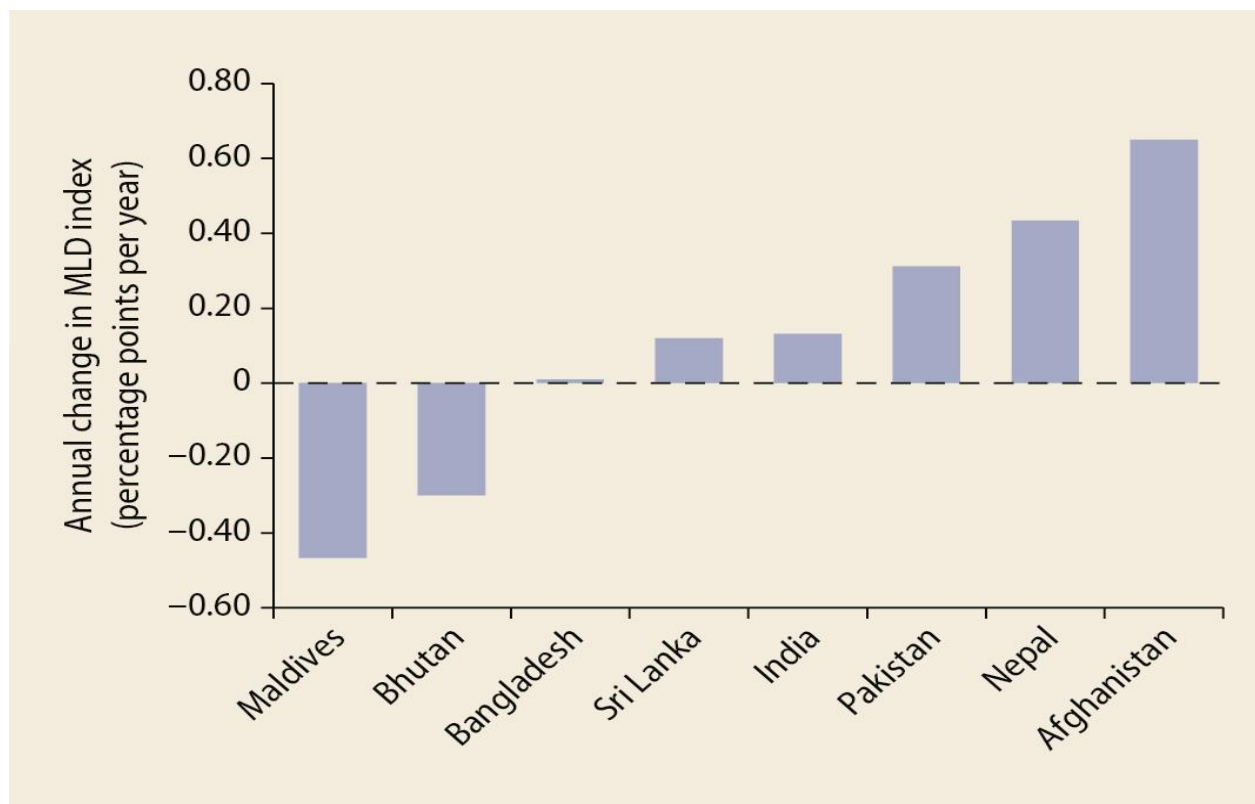


# Richer countries tend to be more unequal in both South Asia and East Asia



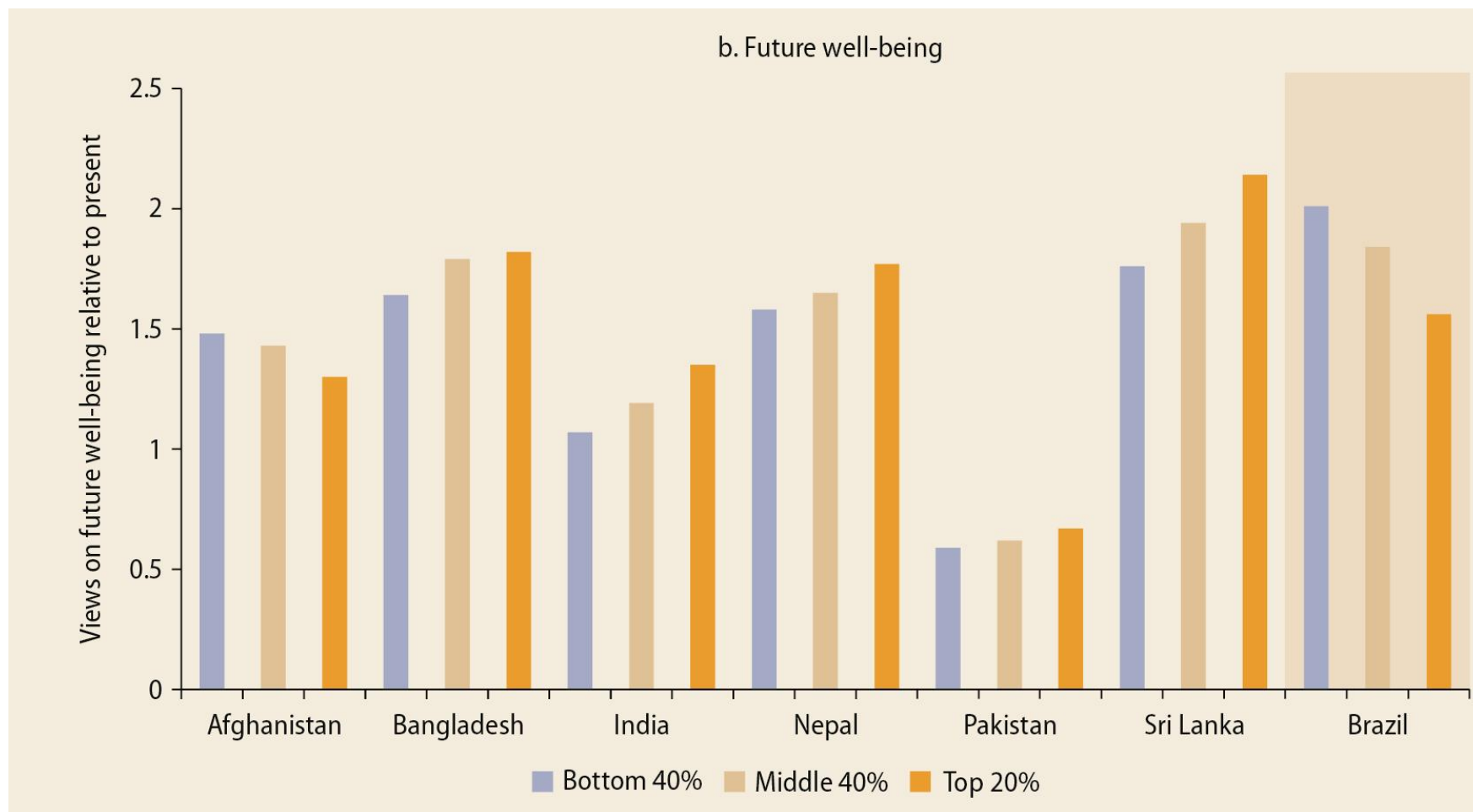
*Sources:* For South Asia, based on NRVA 2005 and 2007 for Afghanistan; HIES 2000, 2005, and 2010 for Bangladesh; BLSS 2003 and 2007 for Bhutan; NSS 1993–94, 2004–05, and 2009–10 for India; HIES 2002–03 and 2009–10, and Vulnerability and Poverty Assessment (VPA) 2004 for Maldives; NLSS 1995 and 2010 for Nepal; HIES 2001–02, 2004–05, 2007–08, and 2010–11 for Pakistan (Punjab); and HIES 1995–95, 2002–03, 2006–07, 2009–10 for Sri Lanka. For East Asia, based on the World Bank’s WDI database, 1994–2009 for Cambodia; 1990–2009 for China; 1984–2010 for Indonesia; 1992–2008 for Lao PDR; 1985–2009 for Philippines; 1981–2010 for Thailand; and 1993–2008 for Vietnam.

# Monetary inequality is increasing across most of South Asia



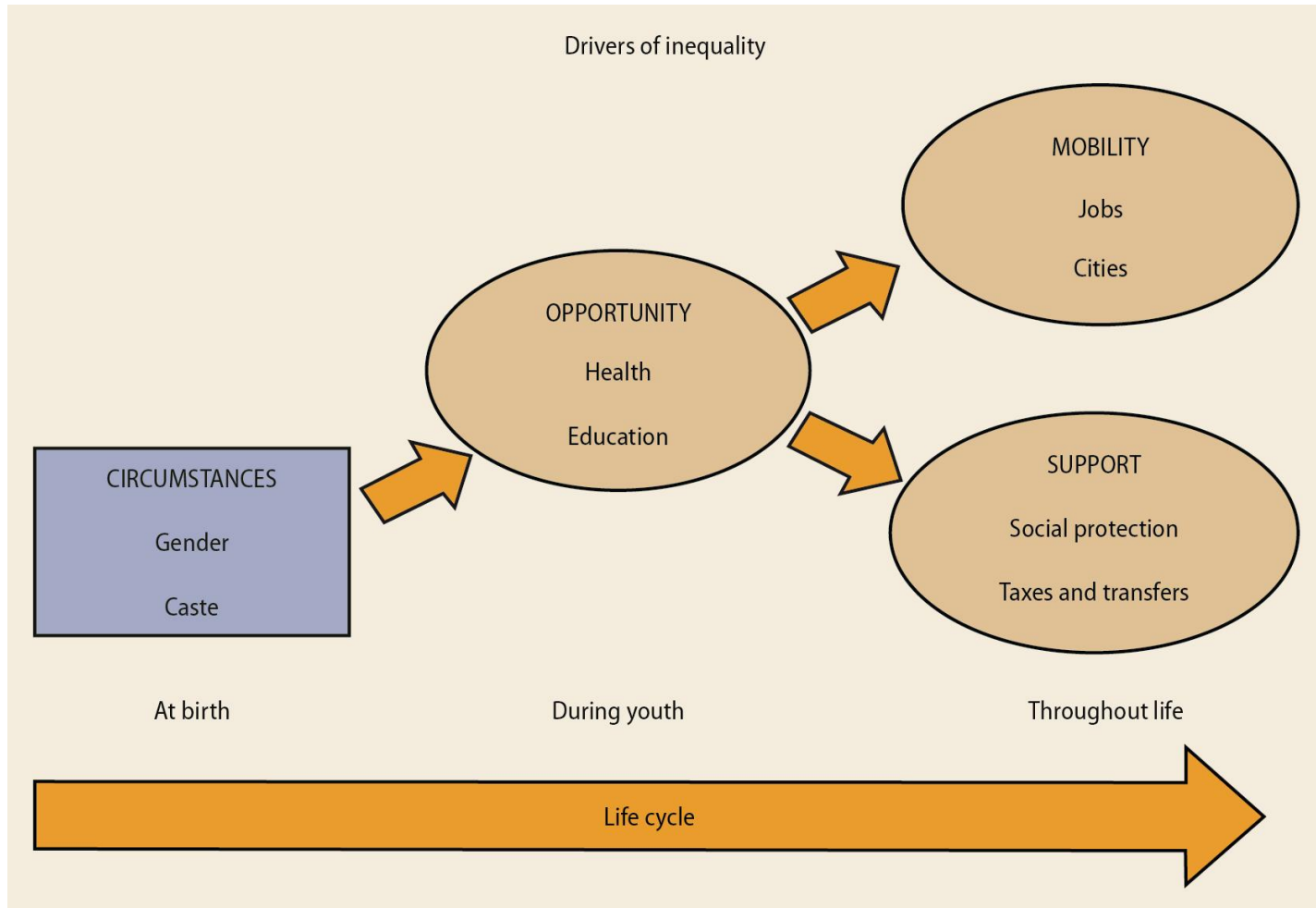
*Sources* Based on NRVA 2005 and 2007 for Afghanistan; HIES 2000 and 2010 for Bangladesh; BLSS 2003 and 2007 for Bhutan; NSS 1993–94 and 2009–10 for India; NLSS 1995 and 2010 for Nepal; HIES 2002–03 and 2009–10 for Maldives; HIES 2001–02 and 2010–11 for Pakistan (Punjab); and HIES 1995–95 and 2009–10 for Sri Lanka.

# South Asia do not see an environment conducive to lower inequality

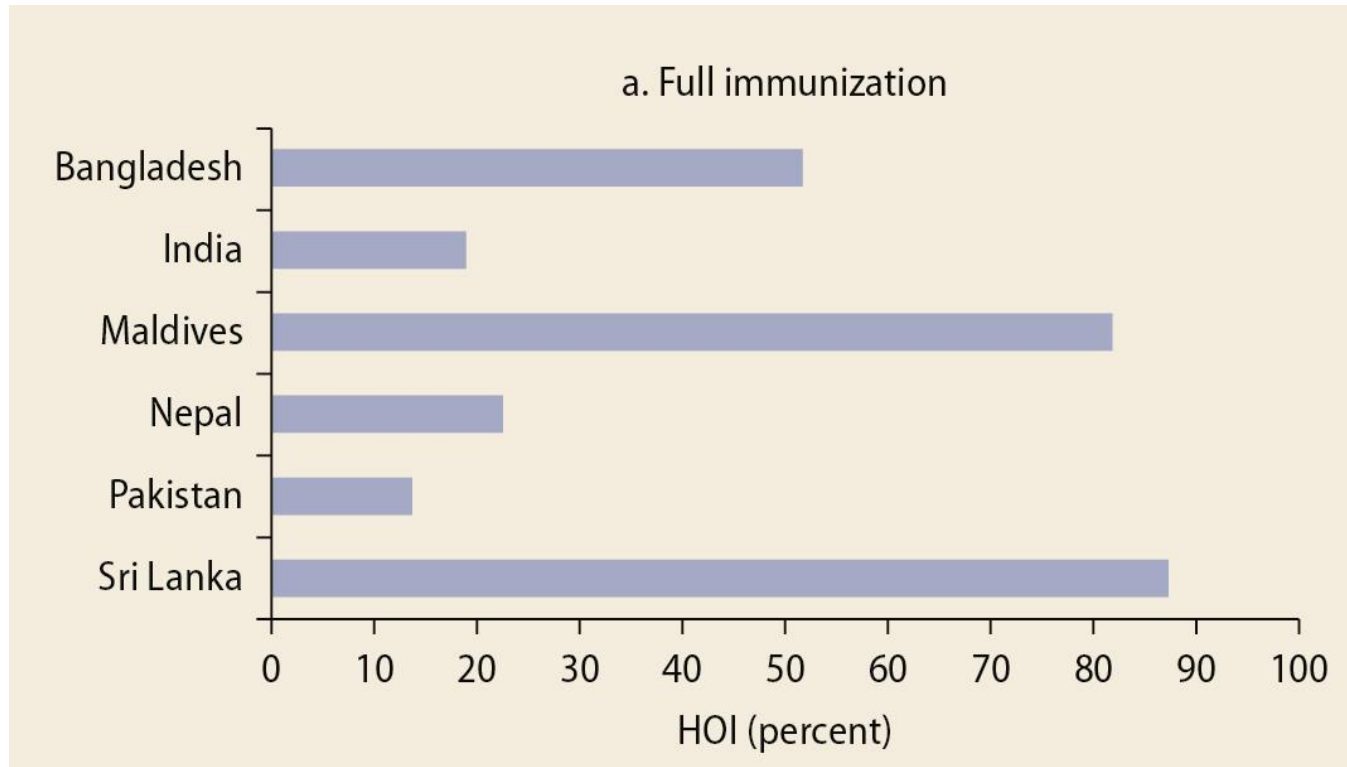


Sources: Based on Gallup World Poll.

# Multiple factors affect household outcomes relative to others in society

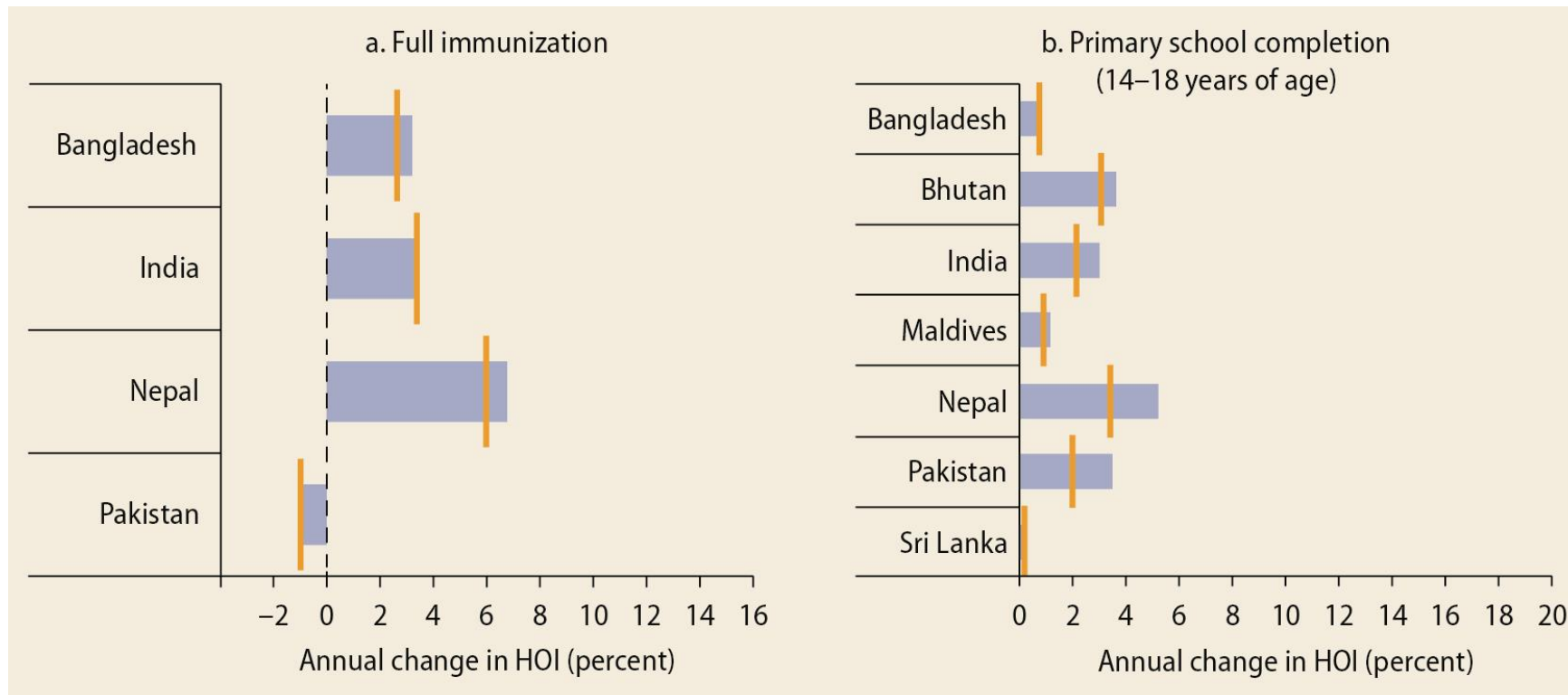


# Opportunities in education are better than in health or sanitation, as measured by HOI



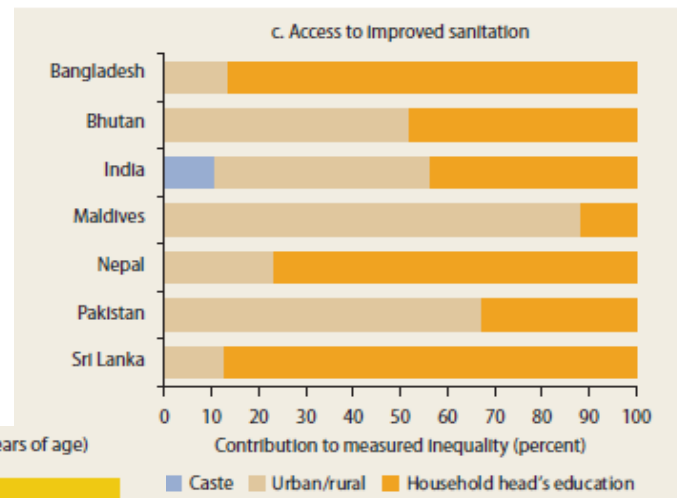
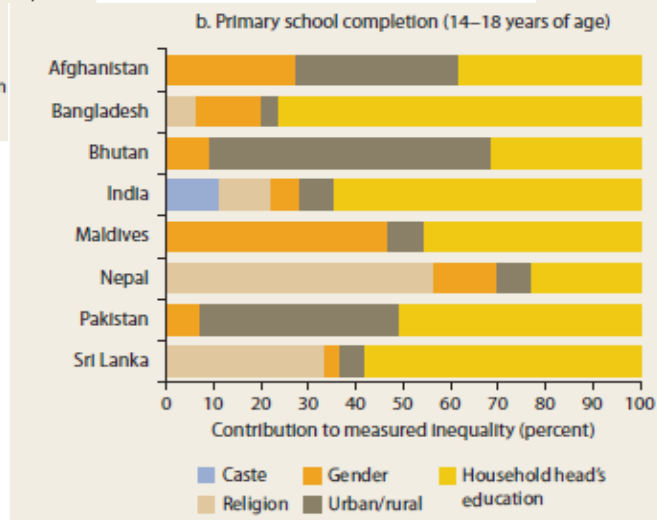
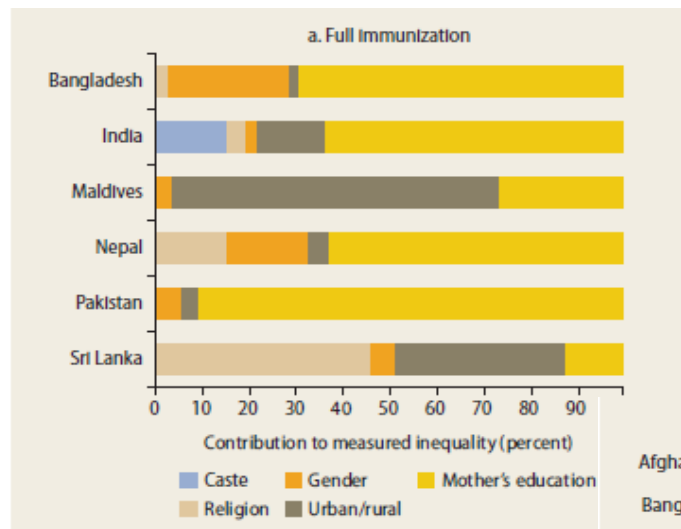
*Sources:* Based on DHS 2011 for Bangladesh, DHS 2005 for India, DHS 2009 for Maldives, DHS 2011 for Nepal, DHS 2007 for Pakistan, and DHS 2007 for Sri Lanka for health; NRVA 2007 for Afghanistan, HIES 2010 for Bangladesh, BLSS 2007 for Bhutan, NSS 2009–10 for India, HIES 2009–10 for Maldives, NLSS 2010 for Nepal, HIES 2010–11 for Pakistan, and HIES 2009–10 for Sri Lanka for education; and data from Andres and others 2013 for this report for infrastructure services.

# Better opportunity is driven by greater coverage



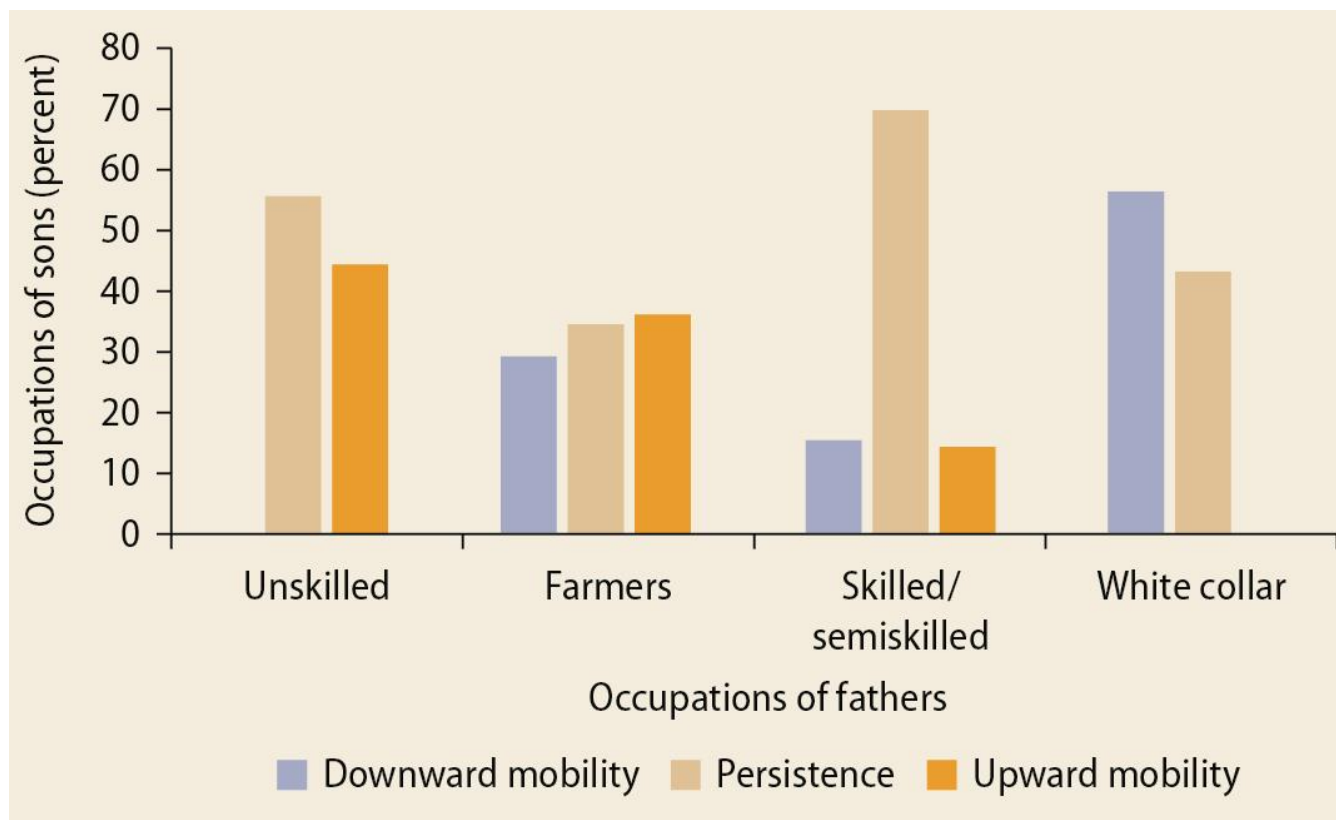
*Sources:* Based on DHS 1993 and 2011 for Bangladesh, DHS 1992 and 2005 for India, DHS 1996 and 2011 for Nepal, and DHS 1990 and 2007 for Pakistan for health; based on HIES 2005 and 2010 for Bangladesh, BLSS 2003 and 2007 for Bhutan, NSS 1993–94 and 2009–10 for India, HIES 2002–03 and 2009–10 for Maldives, NLSS 2003 and 2010 for Nepal, HIES 2001–02 and 2010–11 for Pakistan (Punjab), and HIES 2006–07 and 2009–10 for Sri Lanka for education.

# Parents' education and location are critically important circumstances



Sources: Based on DHS 2011 for Bangladesh, DHS 2005 for India, DHS 2009 for Maldives, DHS 2011 for Nepal, DHS 2007 for Pakistan, and DHS 2007 for Sri Lanka for health; based on NRVA 2007 for Afghanistan, HIES 2010 for Bangladesh, BLSS 2007 for Bhutan, NSS 2009 for India, HIES 2009 for Maldives, NLSS 2010 for Nepal, HIES 2010 for Pakistan, and HIES 2009 for Sri Lanka for education; based on Andres and others 2013 for this report for infrastructure.

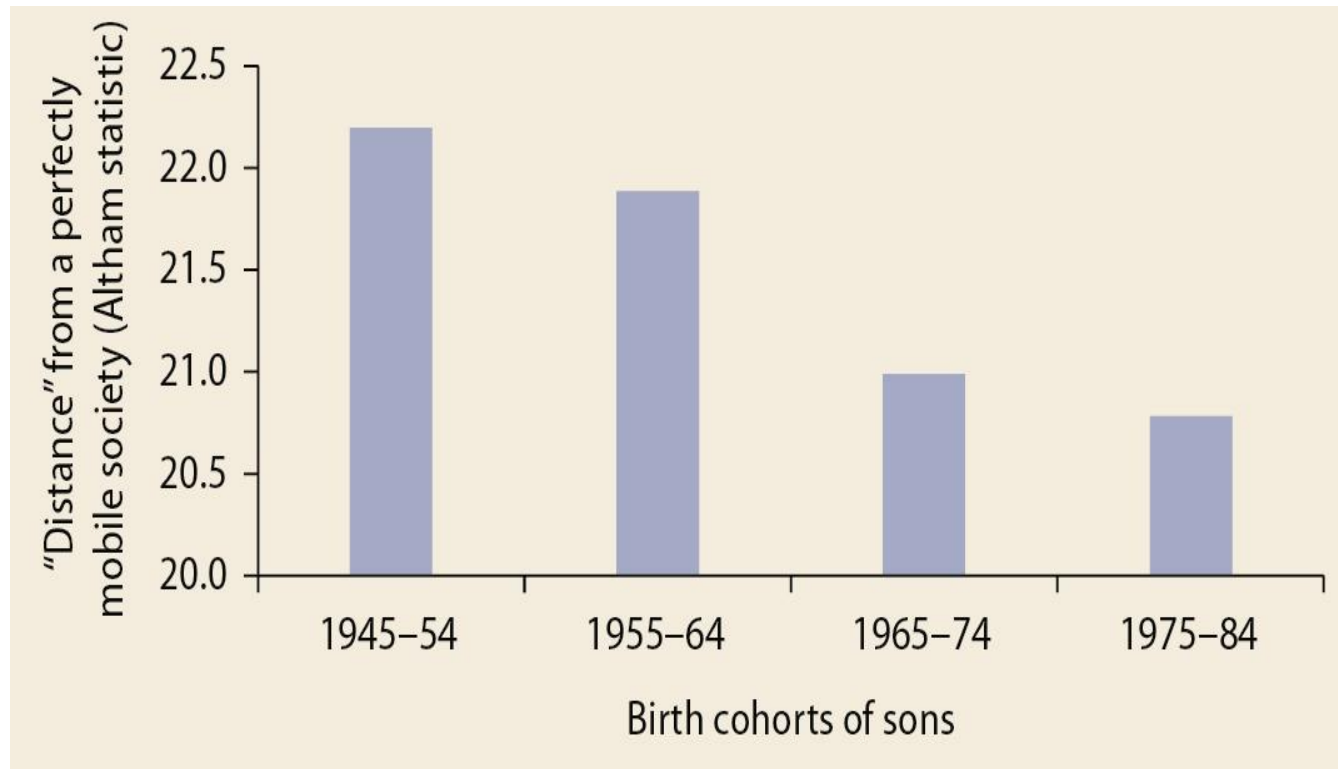
# Considerable occupational mobility exists across generations in India



Sources: Based on India Human Development Survey (IHDS) 2004–05.

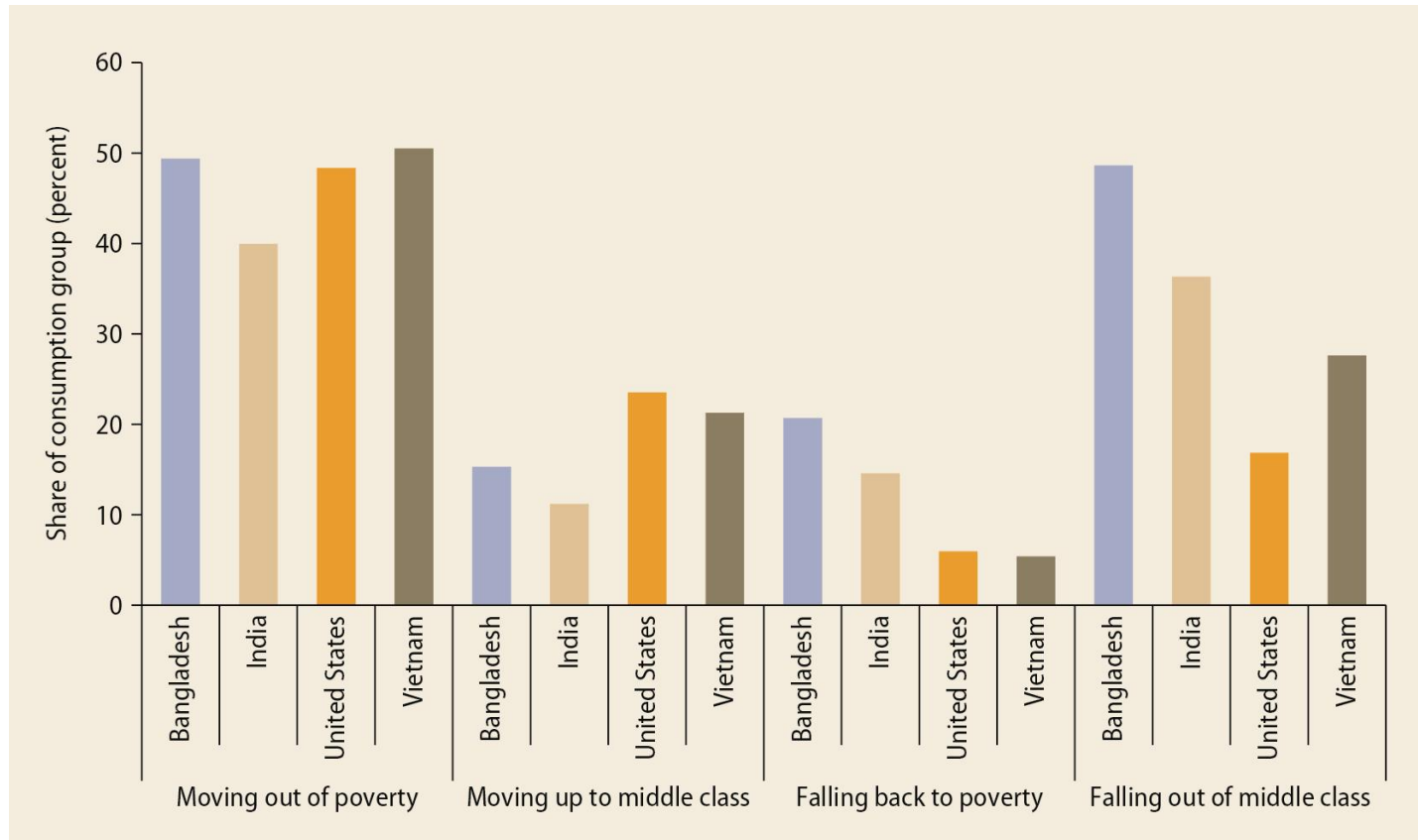


# Occupational mobility is higher for younger generations



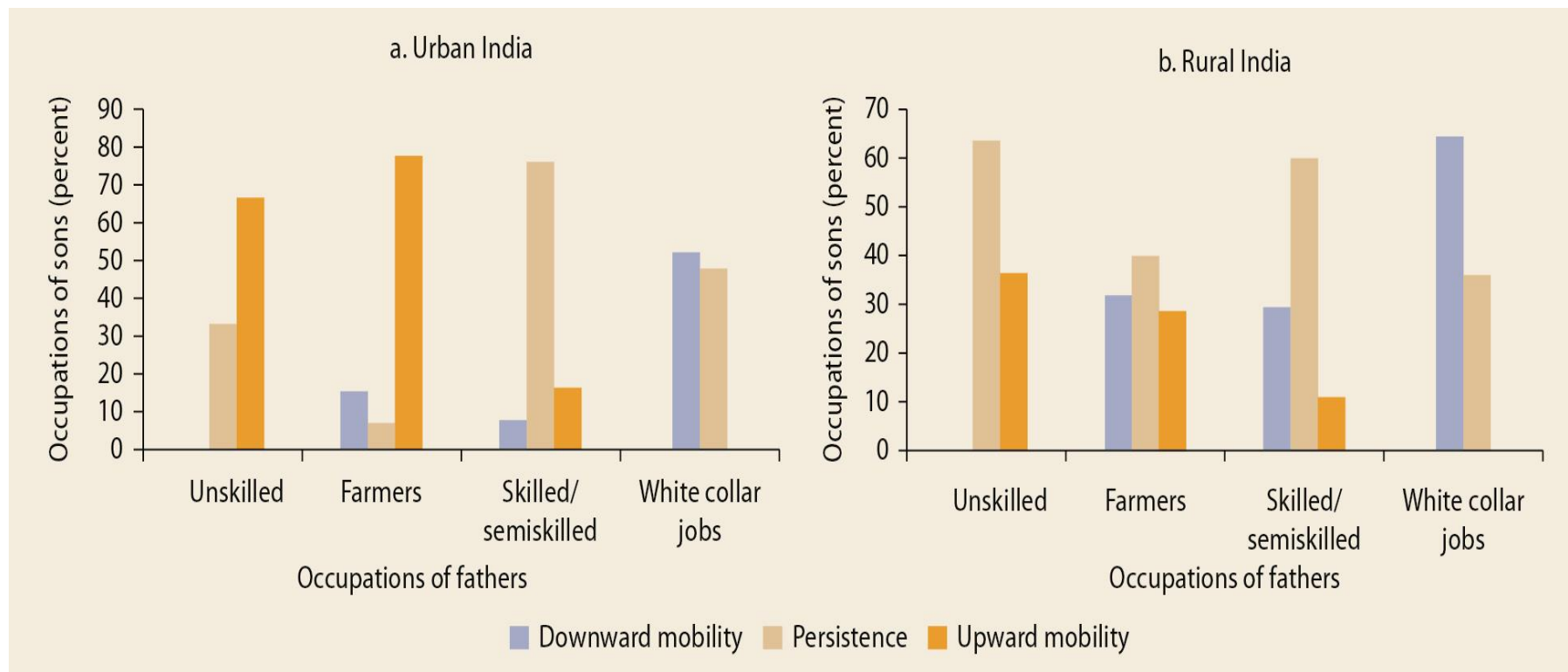
Sources: Based on IHDS 2004-05.

# Upward mobility in South Asia countries is similar to that in the United States and Vietnam



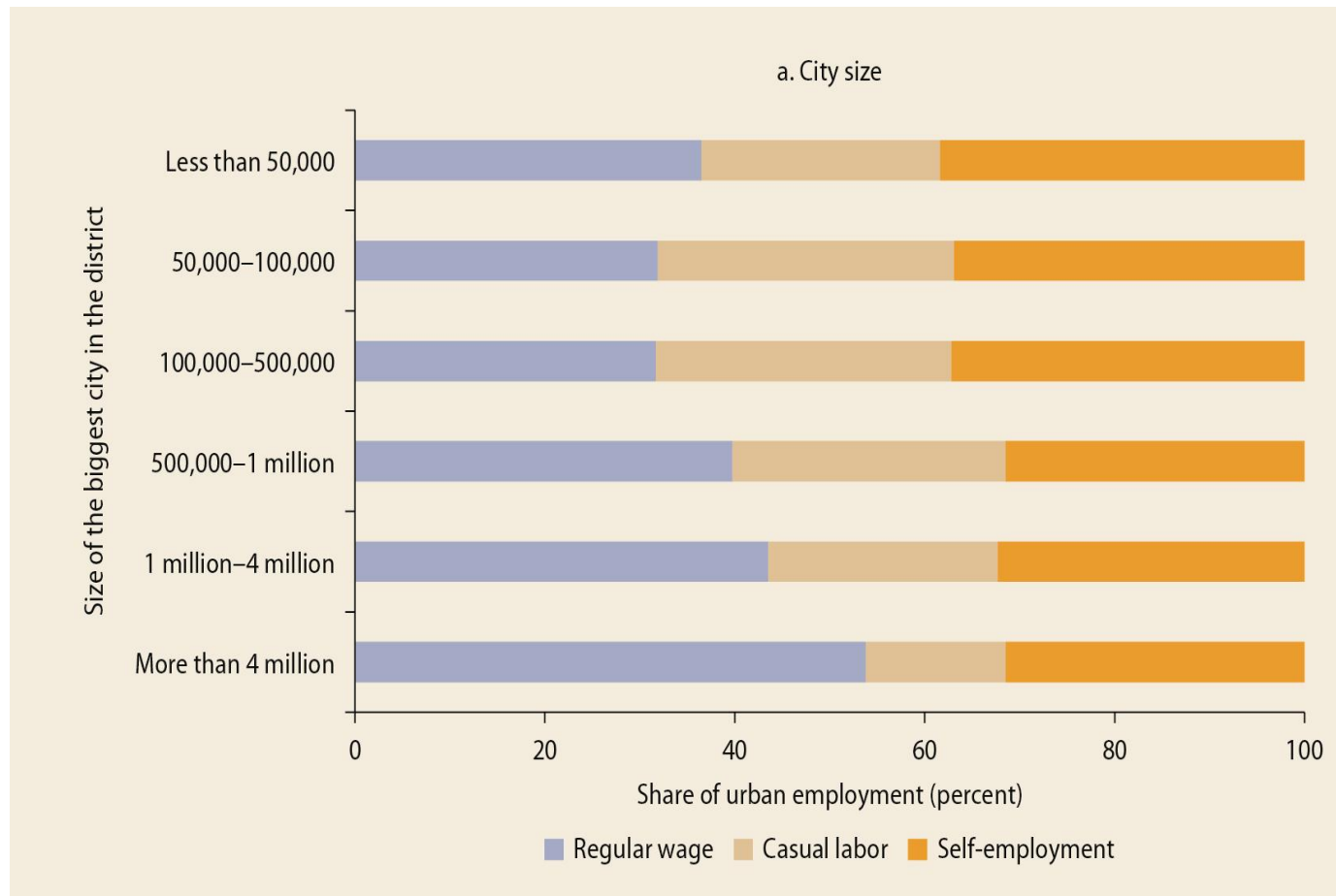
*Sources:* Based on Dang and Lanjouw 2014 for this report and Dang, Lanjouw, and Khandker 2014 for this report.

# Upward mobility is much stronger in cities than in rural areas in India



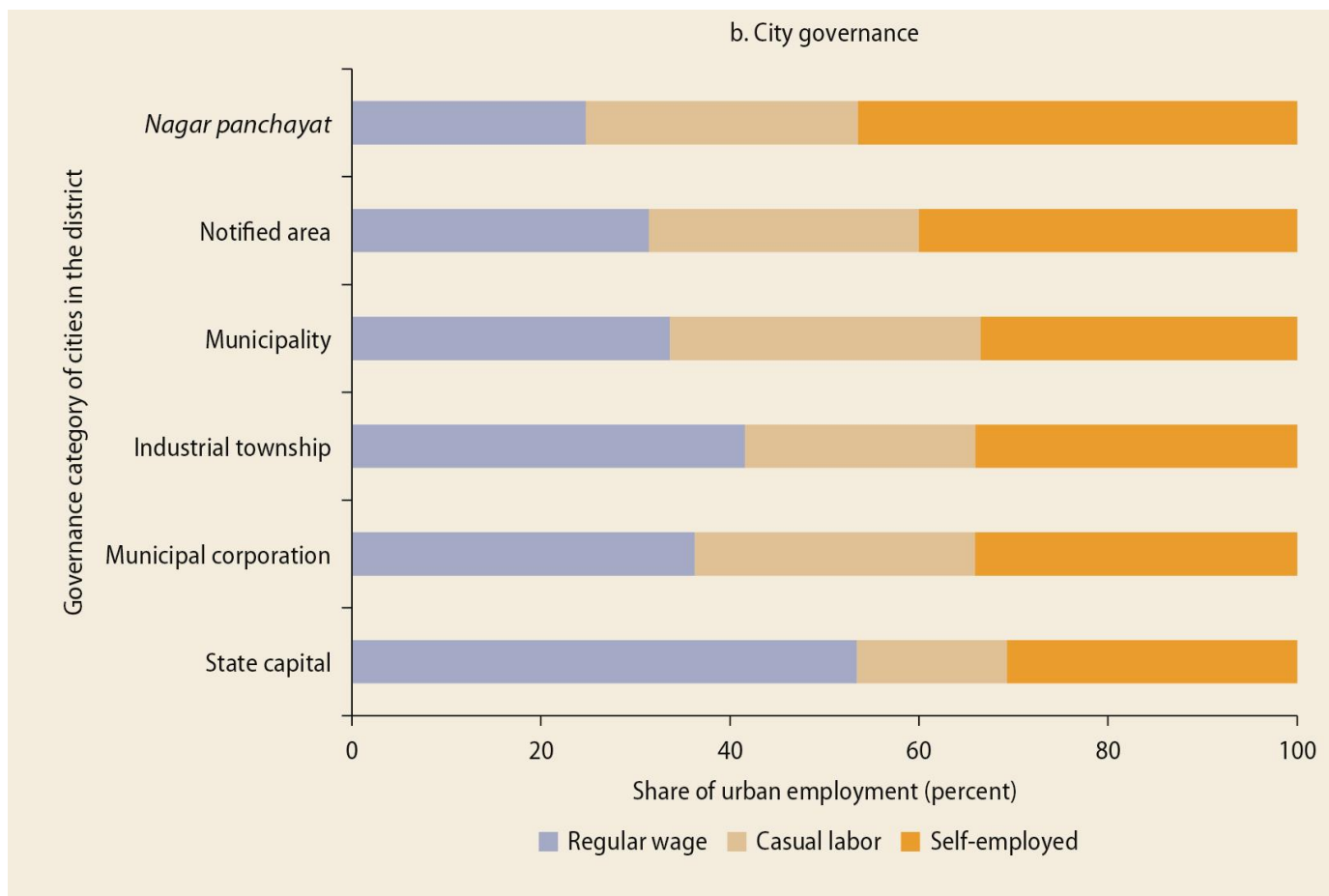
Sources: Based on IHDS 2004–05.

# The composition of urban employment varies with city size in India



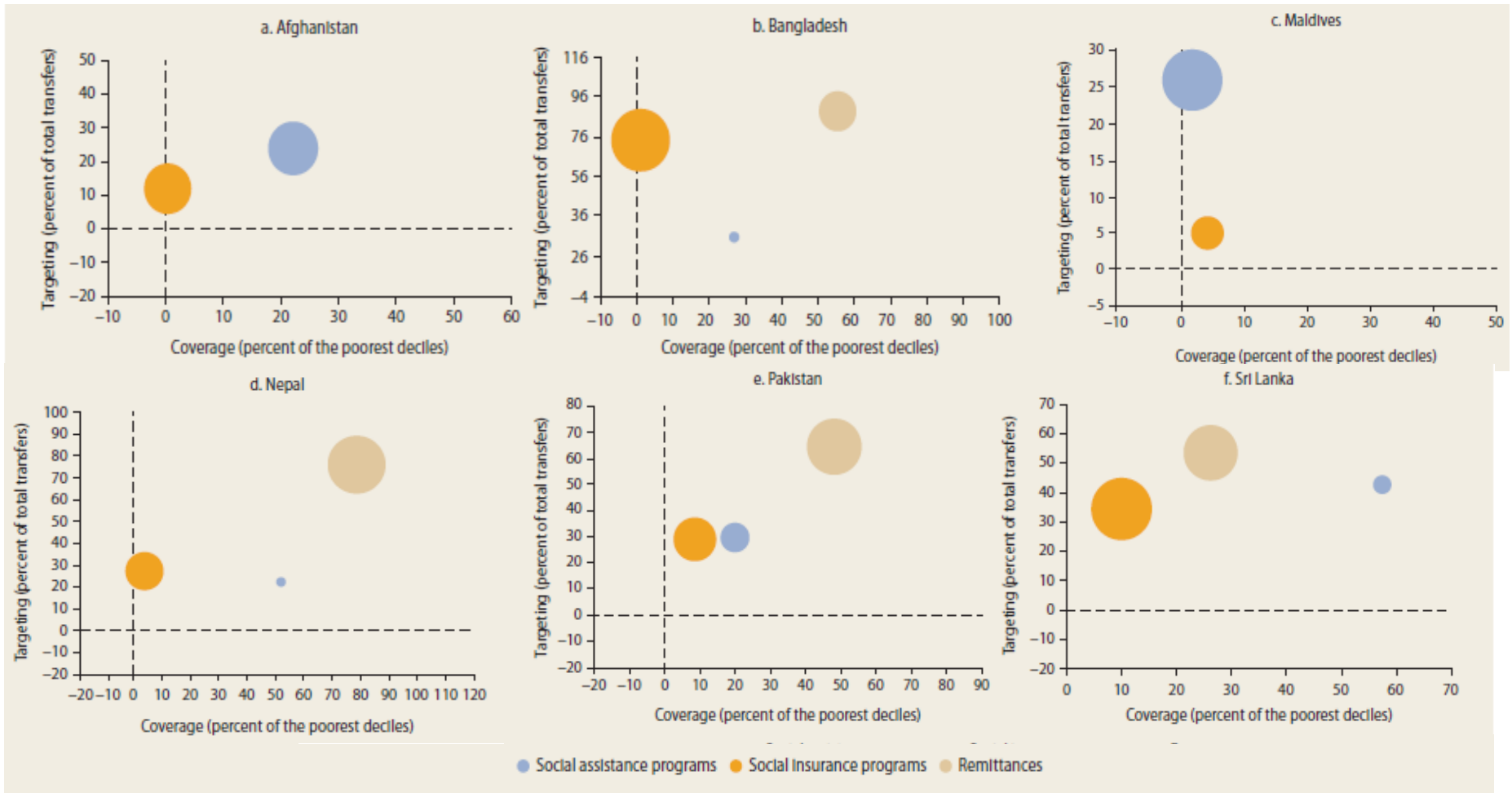
Sources: Based on NSS 2009–10 and RGCC 2012.

# The composition of urban employment also varies with city governance in India



Sources: Based on NSS 2009–10 and RGCC 2012.

# Social assistance is less adequate than social insurance but has greater coverage



Sources: NRVA 2007 for Afghanistan, HIES 2010 for Bangladesh, VPA 2004 for Maldives, NLSS 2010 for Nepal, PSLM 2010–11 for Pakistan, and HIES 2006–07 for Sri Lanka.

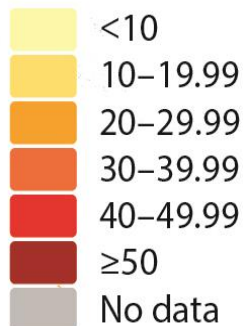
# Government revenue in South Asia is low compared with the rest of the world

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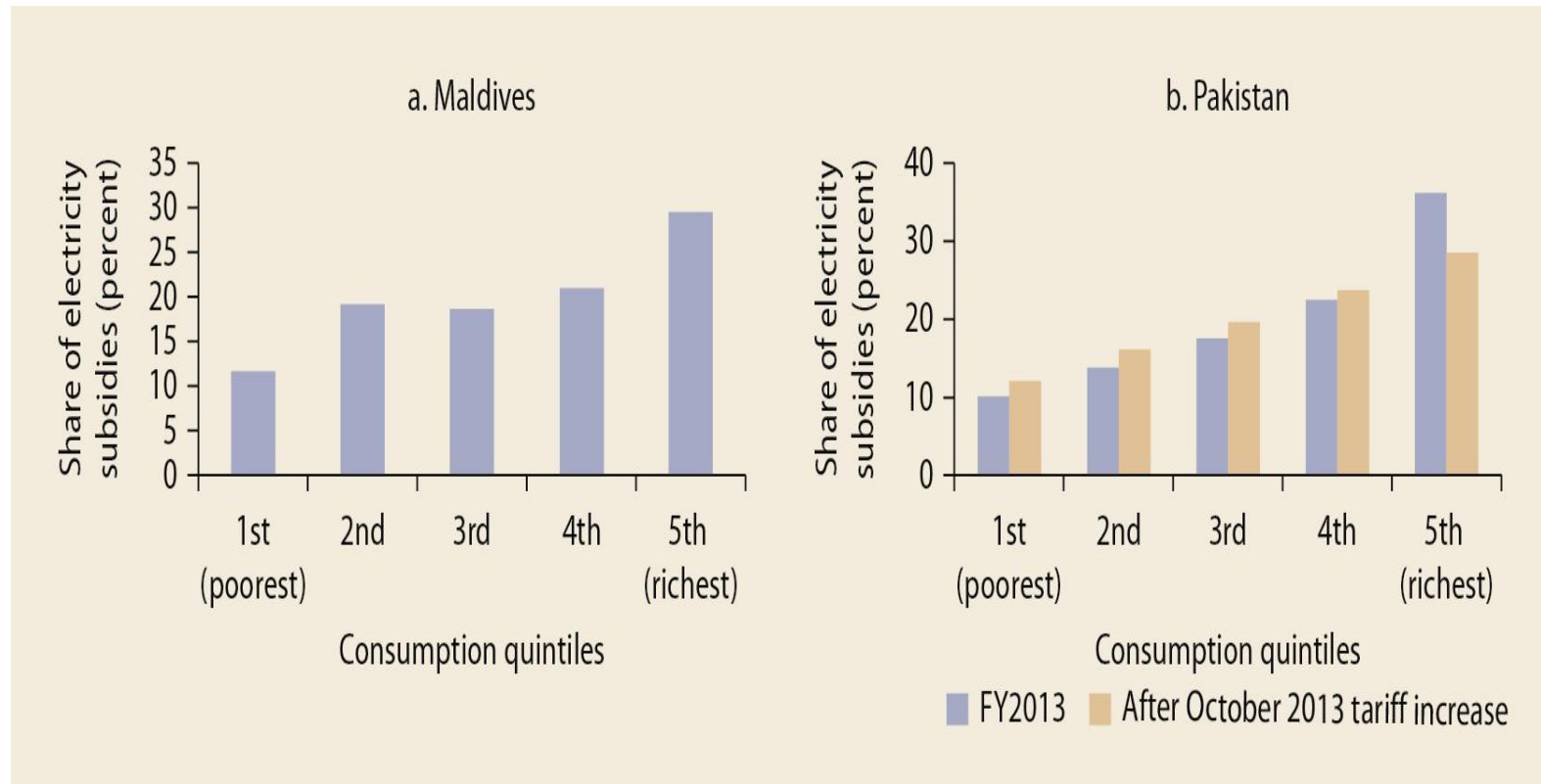
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Government revenue,  
percent of GDP



Sources: Based on International Monetary Fund Data Mapper.

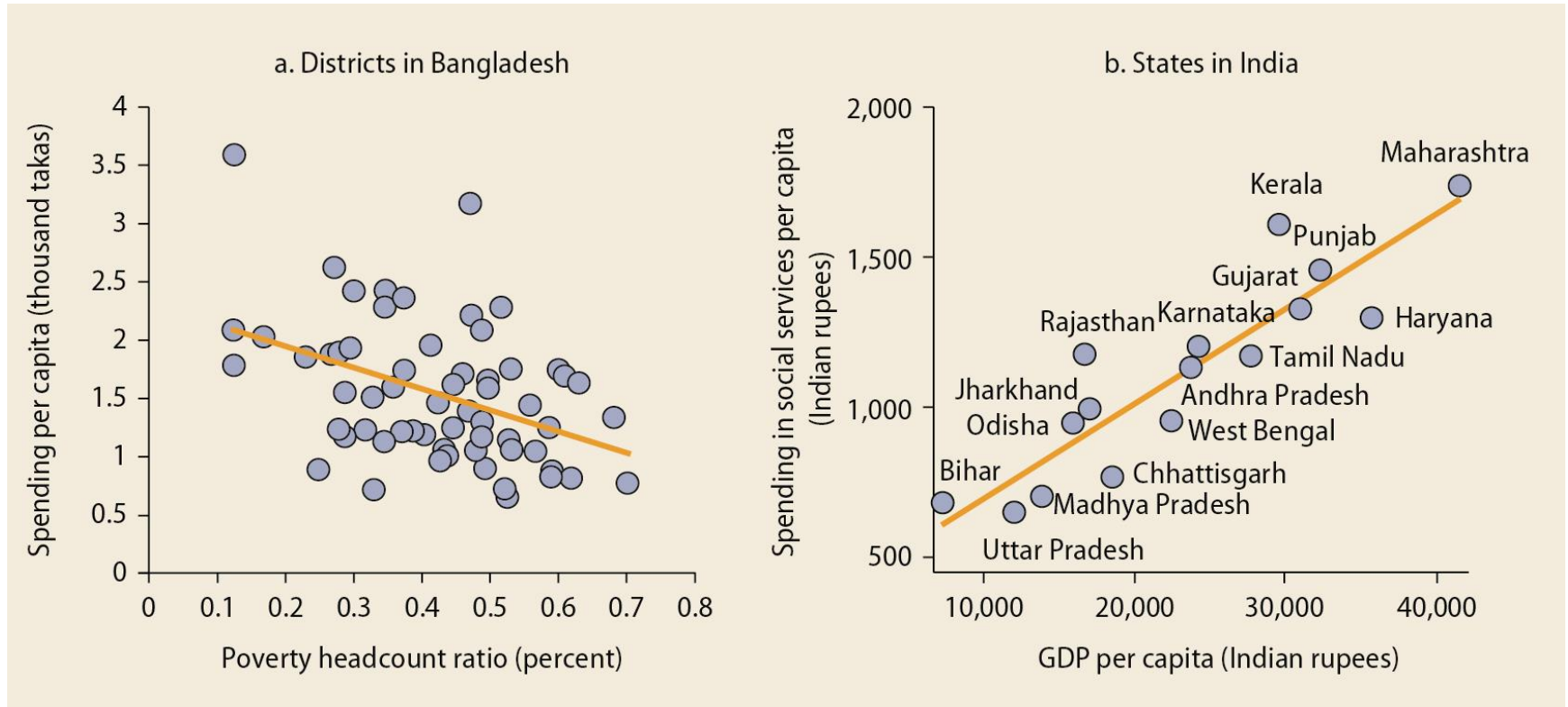
# Electricity subsidies favor the better-off



Sources: Redaelli 2013; Trimble, Yoshida, and Saqib 2011.



# Development spending per person is lower in poorer states and districts



Sources: World Bank 2010.

Access the report at  
<https://openknowledge.worldbank.org/handle/10986/20395>

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<http://live.worldbank.org/is-south-asia-still-land-of-extremes>

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