

# Growing Inequality in South Asia

## South Asia Inequality Report 2019



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This report aims to flag up the seriousness of growing inequality in South Asia as a result of government policies and programmes that benefit only a handful of rich leaving behind a large section of society who are denied access to the basic human rights and needs. It is prepared to inform public debate on the issues of inequality and to provide inputs to the development and humanitarian issues. We hope that the report will serve as reference material to the governmental and non-governmental national and regional organisations, to understand the causes and consequences of inequality and develop effective strategies to beat inequality in the region.

The report discusses the common problems caused by inequality and its impact on the lives of the people across South Asian countries. A number of scholars, experts and human rights activists in the region have contributed to making this report as rich as it is. We appreciate the contribution of Sushovan Dhar for consolidating the country reports and presenting the findings the way the report brings to us. We take this opportunity to extend our gratefulness to Mirwais Parsa (Afghanistan), AKM Mustaque Ali (Bangladesh), Padma Prasad Khatiwada (Nepal) and Sarah Eleazar (Pakistan) for their contribution to writing the respective country reports. We extend our gratitude to Niyanthini Kadirgamar (Sri Lanka) who helped us conceptualise and frame the outline of the report. Our appreciation goes to Mustafa Talpur (Oxfam International) for his inputs to the draft report, which helped us improve and further enrich the evidence presented in the report. We thank Bal Krishna Kattel of Oxfam in Nepal for his time to read the draft report and provide us with critical feedback and suggestions. Likewise, Max Lawson (Oxfam International) deserves many thanks for his inputs in conceptualising and designing the framework of the report through Skype meetings. The Advisers and Core Committee Members of SAAPE have provided critical feedback to the report. Input and support provided by Gauri Pradhan, Global Coordinator of LDC Watch have been helpful to produce this report. We acknowledge the meticulous contribution of Praman Adhikari to coordinate with authors, review drafts and crosscheck facts in the report writing process. Reshma Shakya deserves appreciation for her untiring support to format and designing the report. Thanks are due to Sumna Shrestha, for the logistical arrangements during the report writing process.

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## ACRONYMS

BGIWF	Bangladesh Garment and Industrial Workers' Federation
CEDAW	Convention on the Elimination of all forms of Discrimination against Women
CIT	Corporate Income Tax
EOBI	Employees Old-Age Benefits Institution
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FTZ	Free Trade Zone
GDP	Gross Domestic Product
GGI	Gender Gap Index
GHI	Global Hunger Index
GII	Gender Inequality Index
GNI	Gross National Income
HDI	Human Development Index
ICIJ	International Consortium of Investigative Journalists
IHDS	India Human Development Survey
ILO	International Labour Organisation
IMF	International Monetary Fund
IPEA	Institute for Applied Economic Research, Brazil
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MNCs	Multinational Corporations
MoRD	Ministry of Rural Development
MPI	Multidimensional Poverty Index
NDHS	Nepal Demographic and Health Survey
NLSS	Nepal Living Standards Survey
NPR	Nepali Rupee
NSSO	National Survey Sample Office
OECD	Organisation for Economic Co-operation and Development
OPHI	Oxford Poverty and Human Development Initiative
PHE	Private Health Expenditure
PIA	Pakistan International Airlines
RMG	Readymade Garment
SDGs	Sustainable Development Goals
THE	Total Health Expenditure
UN	United Nations
UNDP	United Nations Development Programme
USD	United States Dollar
VAT	Value Added Tax
WB	World Bank



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# EXECUTIVE SUMMARY

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## EXECUTIVE SUMMARY

The 2018 Global Multidimensional Poverty Index (MPI) released by the United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI) suggests high incidences of poverty in the South Asian region. The high level of economic growth in South Asia has not resulted in welfare improvement especially in case of the poor since they have failed to gain any benefits in comparison to the rich. Societal welfare has been remarkably decreased because the economic growth has benefited the rich at the cost of the poor.

The economic indicators of inequality point towards greater polarisation and this divergence is ever increasing. Even though the South Asia region has historically housed the largest number of the poor in the world, this phenomenon stands in contrast to the highest number of dollar billionaires this region produces today. The absence of equitable access to resources, jobs, market affordability and human development is all too pervasive.

- South Asia's share of the poor in the globe increased from 27.3 per cent to 33.4 per cent between 1990-2013, leaving behind only Sub-Saharan Africa, which accounts for the largest share (50.7 per cent) of the global poor.<sup>1</sup>
- South Asian countries are competing with each other on to provide the facility of tax exemptions to the rich and the powerful. The two regional super-powers, India and Pakistan, feature in the list of top 10 countries in losing the most tax revenue.<sup>2</sup> While India loses around USD 41.2 billion in taxes annually, Pakistan tops the list forgoing around USD 10.4 billion, equivalent to 3.5 per cent of its Gross Domestic Products (GDP).<sup>3</sup>
- The health expenditure in South Asia as a percentage of GDP is low at 3.5 per cent while a global average stands at 10.02 per cent.<sup>4</sup>
- 600 million people in South Asia still practise open defecation (over 60 per cent of the global burden).<sup>5</sup>
- In South Asia, over 134 million people still do not have access to improved drinking water. It is currently estimated that between 68 to 84 per cent of sources of water are contaminated in this region.<sup>6</sup>
- While on average globally, women are paid 24 per cent less than men, in South Asia, the gender pay gap is 35 per cent for women with children compared to 14 per cent in terms of the women without children.<sup>7</sup>
- Across Asia and the Pacific, women perform 80 per cent of the total hours of unpaid care work, on average 4.1 times more than men.<sup>8</sup>
- In South Asia, the Middle East and North Africa, men perform the lowest share of unpaid care work of all regions (1 hour and 4 minutes), with 28 minutes in Pakistan (or 8.0 per cent of men's total working time) and only 31 minutes in India (7.9 per cent). The regional average in terms of the women is 4 hours and 22 minutes.<sup>9</sup>

### GROWING ECONOMIES, GROWING INEQUALITIES

South Asian countries have failed to make use of the economic growth in the region to improve the lives of the poor and reduce widely prevalent inequality. The Gini coefficient has increased between 2010 and 2017 in all eight South Asian countries which implies that the region as a whole is moving towards greater inequality. The Gini coefficient in Afghanistan has increased from 27.82 to 31 whereas it increased, from 29.8 to 33.5 and Lanka from 36.4 to 39.8 in Pakistan and Sri Lanka respectively. Though there has not been drastic increase in the Gini coefficient in other countries, there are no signs of its decline either. **A Gini coefficient approaching 40.0 indicates that inequality is alarming in that society with a handful of people controlling the economy and a large majority of the population left behind and deprived of the basic services to make a meaningful livelihood. Going by the trends, it is indispensable that the South Asian countries are likely to cross this mark soon.**

The Palma Ratio indicates that the bottom 40 per cent of the population in the region is not only condemned to face disadvantages but also perpetually forced to remain in the same situation. The Palma Ratio measures the ratio of the richest 10 per cent of the population's share of the Gross National Income (GNI) divided by that of the poorest 40 per cent. The combined income of the lower 40 per cent is a little more than half of that of the top 10 per cent in countries like Sri Lanka, Bhutan and Maldives while it is around two-thirds in India. Except in Nepal, these indicators show that inequality is steadily increasing. The share of the bottom 40 per cent has been reduced in almost every county between 2010 and 2017.

The Income Quintile Share Ratio exhibits an even larger divergence between the rich and the poor. **In Maldives, the richest 20 per cent earn 7 times more than the poorest 20 per cent followed by Bhutan (6.9 times) and Sri Lanka (6.8 times).** While Nepal had a more or less stable ratio from 2012 to 2015, India experienced alarmingly rising inequality between the top 20 per cent of the population and bottom 20 per cent in this period. Both Bangladesh and Pakistan experienced similar inequality trends as the quintile share ratio constantly increased during this period in these countries.

South Asia's performance in the three indices, Gini Coefficient, Palma Ratio and Income Quintile Share Ratio indicates a state of ever-worsening inequality. We are advancing towards a future, which is more bountiful than before, but the incremental wealth generated by society is shared by a small section of the population, leaving a large portion of the population in utter misery. **South Asia's share of the global poor increased from 27.3 per cent to 33.4 per cent during the period of 1990-2013 leaving behind only Sub-Saharan Africa, which accounts for the largest share (50.7 per cent) of global poor.** This increase in the number of the global poor in South Asia has placed this region in the position of one of the most unequal regions of the world. The South Asian population increased by roughly 29 per cent between 2000 and 2017 and the GDP increased by 500 per cent. However, along with this, inequality also increased at a large scale at the same time.

## ACUTE CONCENTRATION OF WEALTH

No other South Asian countries except Bhutan and the Maldives were able to reduce inequality in the years between 1980 to 2015. **In India, the top 10 per cent people now hold nearly three-quarters of the total wealth.** The top 1 per cent people have been getting richer than the rest 99 per cent at an unprecedentedly fast pace. The Panama and Paradise papers reveals that a large section of the Pakistani top elite, including former prime ministers, have been illegally stashing their wealth abroad to dodge taxes. This exemplifies the fact that most of the wealth owned by the country's elite is undocumented.

In Bangladesh, the income share of the poorest 5 per cent of the population was 0.23 per cent of overall income, a sharp fall from 2010 when it was 0.78 per cent. In contrast with this, the share of the income of the richest 5 per cent increased to 27.89 per cent from 24.61 per cent in 2010.<sup>10</sup> Thousands of slum residents in Dhaka who live in starvation and sleep in open air surrounded by suffocating skyscrapers with all amenities for a handful of people is a stark example of growing inequality. In Nepal, the richest 20 per cent of the people have 56.2 per cent of total wealth while the poorest 20 per cent share only 4.1 per cent of the wealth.

Extreme economic inequalities are destroying much of the region as in any other part of the planet. The region is in the throes of a downward spiral as disparities of wealth and power multiply and worsen. While the economy surges, inequality subverts democracy, culture and security with a tiny elite at the top owning the wealth, almost entirely.

## LANDLESSNESS AND RISING INEQUALITY

South Asian societies are predominantly agrarian. A majority of the population needs land, water and other natural resources to sustain their livelihoods. Rural poverty continues and worsens in the absence of access to such essentials and encroachment by capital. People suffering from this serious lack of access are thrown into a vicious cycle of poverty.

Bangladesh has a long history of inequitable access to land; the number of landless households is growing at a fast pace. Thirteen per cent of rural households in Bangladesh own absolutely no type of land, including for housing. In addition, 69.5 per cent rural households lost their land in the past 10 years for various reasons, among which land grabbing and acquisition were two major contributing factors.

In India, inadequate land reform projects have retained an inequitable distribution of land in rural areas accentuating the gap between the rich and the poor. As per government estimates, 300 million people are landless in the country. In rural India, the average value of the assets of the bottom 10 per cent is USD 342 while

the corresponding value of the assets of the top 10 per cent is USD 77,591. **The average asset holding of the top 10 per cent is almost 227 times the average asset holding of the bottom 10 per cent.**

Though nearly 64 per cent of Pakistanis live in rural areas, **only 1 per cent of farmland owners (mostly large feudal lords) own 20 per cent of the country's farmland and the top 20 per cent own 69 per cent of the country's farmland.** A small-scale farmer, on the other hand, owns an average of 0.3 hectares.

60.4 per cent of Nepal's population live in rural areas. The top 7 per cent of households own about 31 per cent of arable land while the bottom 20 per cent are left with only 3 per cent of land with them. **More than half (53 per cent) of Nepali farmers own less than 0.5 hectares of land, and 1.3 million households (29 per cent of the population) do not own any land at all.**<sup>11</sup>

## **GENDER INEQUALITY**

Patriarchal norms and values exert extreme influence in societies across South Asia which means women's human rights are constantly under threat. Women suffer discrimination in the field of education, health, exposure, employment opportunities and control over resources, and many of them have a limited control over their reproductive rights.

Women also occupy jobs in hazardous conditions and most of them receive unequal wages. South Asia has the world's most skewed gender wage gap which falls among the few regions where the gender labour force participation gap is both large and growing. Moreover, the Gender Gap Index of South Asia reveals an extremely unequal society compared to other regions. Globally, South Asian countries mostly lie at the bottom with Pakistan occupying the penultimate space. Women earn around half or less than a half compared to their male counterparts who are often paid much less than men for a similar job. South Asia lags behind Sub-Saharan Africa and is just ahead of Middle East and North Africa, as a region with the bulk of women still engaged in precarious and casual jobs. **While, on average globally, women are paid 24 per cent less than men, in South Asia, the gender pay gap is 35 per cent in term of the women with children compared to 14 per cent of women without children.**<sup>12</sup>

Women not only face economic and social discrimination; they are also subjected to inhuman violence throughout their lives. Trapped in extreme poverty, opportunities for education mostly remain out of their reach for women. This reinforces their sub-ordination to men as countless women end up working as low-paid domestic assistants, migrant labourers unorganised prostitution.

Women's contribution to economy, through their household work, is yet to be considered a component of the GDP. Women's contribution to the 'care economy'- reproducing, cooking, cleaning, bearing and caring for children, caring for other family members- is largely ignored. Globally, if women participated in the economy with full potential and in identical roles to men, that would add up to USD 28 trillion,<sup>13</sup> or 26 per cent to the annual global GDP by 2025. **Across Asia and the Pacific, women perform 80 per cent of the total hours of unpaid care work, on average 4.1 times more than men.**<sup>14</sup>

If the care economy and other labour contributions made by women were included in the GDP, the national income is likely to double. However, the structural and systemic exclusion of women's voices means that such contributions remain unaccounted and unrecognised, therefore rendering them all the easier for greater exploitation. As long as women do not have equal access to schooling, employment opportunities and the state does not provide support through social welfare systems for the care of children, maternity and paternity leave, care of the elderly, free health care for the poor, women will continue to fill the gaps of all basic labour needs both in the domestic and the public spheres. If women were gainfully employed in the work force, care provisioning would be more equally borne by both men and women with the state intervening and taking responsibility for institutional support systems made available to workers across all labour situations.

## **INSECURE WORKERS, PRECARIOUS WORK**

The high economic growth regime has accelerated informal and unorganised employment, significantly affecting labour market regimes in the region. Uncertain, unstable and insecure employment practices are widely prevalent across the region in addition to rapid informalisation in the formal sector. Precarious work strategies seek to aggravate the already limited capacity for collective bargaining, as the demands for flexibilisation are often a means for weakening the existing unions and restricting the capacity for collective action by workers. The growth of precarious work is considered one of the fundamental drivers of economic inequality in South Asian countries.

Working poverty remains high in the region and this high incidence of informality continues to undermine the prospects of further reducing working poverty. **Out of the total workforce, 90 per cent are in the informal sector in the region.** While the number of South Asian billionaires rises at an extremely uncontrollable pace, a vast majority of workers are consigned into low-paying jobs with scant or no social protection.

Nearly 81 per cent of all employed persons in India make a living by working in the informal sector, with only 6.5 per cent in the formal sector and 0.8 per cent in the household sector. **Regionally, the rate of informalisation of labour is the highest in India and Nepal (90.7 per cent), with Bangladesh (48.9 per cent), Sri Lanka (60.6 per cent) and Pakistan (77.6 per cent).** The Readymade garment (RMG) industry in Bangladesh has thrived due to its competitive labour costs and has achieved high export volumes, but this flourishing business has cost the lives of thousands of workers who were compelled to die at the workplace in a decade.

In Afghanistan, both current unemployment and underemployment rates are 24 per cent whereas the youth unemployment rate is 30.7 per cent. The minimum wages stipulated by the government is not implemented in most of the sectors. Among 63.7 million total people employed in Bangladesh in 2017, 36.6 million were in a vulnerable employment condition. Informality also remains pervasive in the non-agricultural sectors such as construction, wholesale and retail trades, and accommodation and food service industries.

**In Nepal, more than 500,000 people enter the labour force each year, but employment opportunities are scarce, and of this, 80 per cent leave the country for opportunities abroad, mostly in precarious work conditions.** 96 per cent of the remaining 20 per cent people who stay back are employed in the informal sector.

**Pakistan's informal sector contributes to an estimated 30-50 per cent of the total GDP.** The informal sector which is almost unregulated, generally employs contract labour and the workers usually have limited social protection and rights in this sector.

## TAXES AND INEQUALITY

In spite of leaping growth in the number of millionaires and a high GDP, tax collections remain abysmally low in most South Asian countries except in Nepal, which has witnessed a steady growth in the recent years. The tax-to-GDP ratio of the region also remains terribly low compared to most other parts of the world. Therefore, marked by high poverty rates and extreme form of inequality, the region requires qualitatively developed redistributive public spending which has been impaired at the onset since the revenue trends indicate that most states are less likely to be able to redistribute income through effective public policies.

**In India, the number of people with more than INR 5 million (USD 69985) income is only 172 thousand while 12.5 million cars were sold in the years between 2012 and 2017. The number of Indian citizens who flew abroad, either for business or tourism, was 20 million in the year 2015<sup>15</sup>.** In Pakistan, there was only a minor increase in the tax-to-GDP ratio – 9 per cent (in 2014) to 11.1 per cent in (2018).<sup>16</sup> Bangladesh has one of the lowest tax-to-GDP ratios in the region. In fiscal year 2016-2017, the tax-to-GDP ratio in Bangladesh was only 9.1 per cent, which is far below the developing country average.<sup>17</sup> **More than 200 MNCs in Bangladesh are allegedly evading due taxes and the country is losing a huge amount of revenue because of this evasion.**<sup>18</sup>

Nepal's tax reform programme has been instrumental in making the Nepalese economy highly liberal, both internally and externally. Today, the highest income tax rate for individuals, corporate sectors and banking and financial institutions is 15, 25 and 30 per cent respectively, with various rebates, concession and tax holiday facilities to the manufacturing and service industries depending on their nature, location and origin of investment. **Sri Lanka's tax revenue has decreased with increasing per capita income. In 1990, tax revenue was 21 per cent of the GDP. At the turn of the century, the tax-to-GDP ratio had fallen to 16.8 per cent of the GDP and by 2015 it further fell to 13 per cent.**<sup>19</sup>

The countries in the region largely rely on indirect taxes. This is nowhere more stark than in Pakistan where the ratio of direct tax collection is very low (at 11.21 per cent), while indirect taxation generates 88.79 per cent of the country's revenues. Indirect taxes affect the purchasing power of lower income groups negatively and this directly contributes to increase inequality. The increase of indirect taxes and the imposition of new ones have led to the rise of the price of essential items in Bangladesh. Particularly the imposition of 15 per cent VAT and supplementary duty on imports have escalated the prices of the goods consumed by the lower middle class and by the poor.

In Nepal, the share of income tax increased from 4.7 per cent in 1975 to 15.9 per cent in 2007 before reaching 24.3 per cent in 2016. Overall, despite changes in structure of taxation, the share of indirect tax is still very high. The share of high indirect tax at 69.8 per cent in the year 2017 makes the tax system both regressive and vulnerable<sup>20</sup>. Following IMF pressures, the Sri Lankan government reintroduced an increase in VAT in 2016 which had been withdrawn previously in response to a huge mass opposition. The 4 per cent increase in tax, from 11 per cent to 15 per cent,<sup>21</sup> has seriously impacted numerous consumer items and services, severely degrading the living standards of workers, the poor and sections of the lower middle class. In India, the share of indirect tax as a percentage of total tax collection has been continuously rising since 2009-2010.

The South Asian countries are competing with each other to provide the facility of tax exemptions for the rich and the powerful. In doing so, they have triggered a race to the bottom denying the states' vital resources for the well-being of the population. **The two regional super powers, India and Pakistan, feature in the list of the top 10 countries losing the most tax revenue.** South Asian states ought to make immediate efforts to revisit their tax regime and make it progressive in order to increase the tax-to-GDP ratio, to mobilise tax revenue through progressive direct taxes and to reduce the burden of indirect taxes. Tax incentives, tax exemptions and tax holidays need to be immediately rationalised, ending numerous back door subsidies to the rich under the pretext of attracting investments.

### INEQUALITY AND ACCESS TO BASIC SERVICES

The rates of access to infrastructure such as sanitation, electricity, telecom and transport in this region are closer to those of Sub-Saharan Africa, the one exception being water. However, there is hardly any city across South Asia that has 24/7 access to water. Low life expectancy and high rates of malnutrition coupled with infant mortality and incidences of Tuberculosis and HIV/AIDS pose a significant health challenge in South Asia. These are exacerbated by other health related problems viz. degrading maternal health, poor sanitation, inadequate access to healthcare services and widespread prevalence of malaria. **In spite of these problems, the health expenditure in South Asia as a percentage of GDP is terribly low estimated at 3.5 per cent while a global average stands at 10.02 per cent.**<sup>22</sup>

Similarly, poor educational opportunities come as a big development challenge that South Asian countries face. Only around half of primary-school-aged children receive some type of education within the minimum learning standards framework.

### ACCESS TO WATER AND SANITATION

While access to safe drinking water in South Asian countries is critical for people's health, especially, to cut down water-borne diseases in the region, a large number of people are compelled to use contaminated water. For an overwhelming majority of South Asians, access to safely managed drinking water has become a distant dream. In India, from 2012 to 2017, water-borne diseases like cholera, diarrhoea, typhoid and viral hepatitis caused 10,738 deaths<sup>23</sup>. The country registered 69.14 million cases of four water-borne diseases over the period of five years ending in 2017.

In South Asia, access to improved water increased from 73 per cent to 93 per cent since 1990. However, **over 134 million people still do not have access to improved drinking water. It is currently estimated that between 68 to 84 per cent of the sources of water in South Asia are contaminated.**<sup>24</sup>

Poor drinking water and sanitation facilities in schools, as well as inappropriate hygiene behaviours among children, contribute to the reduction of quality of education in primary and secondary schools all across the South Asian region. This, together with poor menstrual hygiene management among young girls in school, is one of the causes of school absenteeism and drop-outs.

Similar conditions are prevalent for sanitation facilities too. Except in Sri Lanka only a handful of people are privileged to access proper latrine facilities. In South Asia, the proportion of people practising open defecation fell from 65 per cent to 34 per cent with India, Bangladesh, Nepal, and Pakistan achieving more than a 30 per cent reduction in open defecation. **However, despite the great progress, 600 million people in South Asia still practise open defecation (over 60 per cent of the global burden).**<sup>25</sup>

## ACCESS TO HEALTH SERVICES

South Asia faces some of the world's worst socio-economic inequalities which contribute to one of the worst gaps in access to healthcare facilities. Barring a few exceptions, a dysfunctional public health system plagues patients all across the region. The bulk of the population are at the mercy of the overstretched and underfunded public health system. The region lags behind in many basic health indicators, viz. average life expectancy, child mortality, child malnutrition, high mortality rates compared with the global average. South Asian nations like India, Nepal, Bangladesh, Pakistan and Afghanistan have appallingly low health standards that can be compared only with Sub-Saharan Africa. If we compare this to other regions of Asia, the life expectancy in South Asia appears to be the lowest according to the data available in 2016. **The average life expectancy of North America is nearly 80 years whereas the life expectancy in South Asia is below 70 years followed by Sub-Saharan Africa whose life expectancy is just 60 years.** The infant mortality rates of 2017 also indicate towards a dismal state of affairs.

The quality of primary health care in this region has been found to often poor. **Total government expenditure on healthcare in the region in 2015 was in the range of 0.4-2 per cent of gross domestic product, which is among the lowest ones globally.** With low investment in healthcare facilities, the infrastructure of primary health centres is often poor, with inadequate supply of drugs and equipment and shortages of medical staff.<sup>26</sup> Since there is a paucity of public expenditure in healthcare, the region lacks adequate doctors, nurses and midwives especially, in rural and sub-urban areas. The proportion of birth attended by skilled health personnel is very low in Afghanistan (50 per cent), Bangladesh (50 per cent), Pakistan (55 per cent) and Nepal (58 per cent). While the WHO recommends a minimum of 2.28 healthcare professionals (doctors, nurses, and mid-wives) for every 1000 people, the data from some of the countries in this region reveal an acute deficit.

Meanwhile, the region has witnessed rampant privatisation of the healthcare system in the last three decades. **It is no wonder that private health expenditure (PHE) accounts for about two thirds of the total health expenditure (THE) in the region, similar to the trends in low and low middle-income countries but much higher than the global average (42.4 per cent).**<sup>27</sup>

The largest number of chronically malnourished population of the world inhabits the South Asian region. For example, half of the preschool children in Bangladesh are malnourished. South Asia represents relatively a greater portion of the total number of stunted children and India alone accommodates around 61 million stunted children. **Over 50 million children under five in the world are affected by wasting. Roughly half of them live in the South Asian region and one-quarter in Sub-Saharan Africa.**

The South Asian region is home to the largest number of undernourished people in the world. In spite of a slight drop in the number, the figures are quite alarming. Given the rate of reduction, it is estimated to take another 40 years to achieve a hunger free South Asia.

## ACCESS TO EDUCATION

In South Asia, only 69 per cent of children have access to early childhood education and only a quarter of young people leave school with the secondary skills they need<sup>28</sup>. Scholars and educationists have long argued that mere literacy rates do not capture the quality aspect of education, viz. cognitive, social and moral skills. However, **even in terms of basic literacy rates (for population of 15 years of age), South Asia lags behind all other regions, except Sub-Saharan Africa, in spite of the literacy rate rising from 60.84 per cent in 2004 to 71 per cent in 2016.** An estimated 3.7 million children are out-of-school in Afghanistan and 60 per cent of them are girls.

The collusion of private education capital with state managers and policy makers has resulted in reduction of public expenditure in education, with the states almost abdicating their responsibilities. South Asia falls under one of the regions in the world which has the lowest public expenditure in education and it is even receding. The lack of public spending on education has adverse impacts on quality education. Private educational institutions have been expanded in the face of this demand which has further entrenched segregation and discrimination in education systems depriving a large number of children from working and lower class families of the opportunities to quality education.

## RECOMMENDATIONS

Based on the evidence in this report, the South Asian governments should take a number of steps to address the issues of growing inequality in the region. The steps include the following:

### i. Reduce inequality through creating equal opportunity

- All governments in South Asia should develop time bound national plan of action to end extreme forms of social and economic inequality on urgent basis, as the governments have committed to translate this into their national plans (SDG-10), which must be augmented through strong policies and adequate resources allocations.
- Immediate measures are required in order to minimise the ever widening gap of income inequality, urgently within a fixed time frame. Immediate attention must be paid to restrict the income of the top 10 per cent to be no more than the income of the bottom 40 per cent.
- Committing to increase the income of the poor at a faster rate than the rich. All South Asian countries must meet SDG-10 of development agenda 2030 by reducing the inequality gap within and among countries. To reduce inequality, policies should be universal in principle, paying attention to the needs of the disadvantaged and marginalised people.
- Committing to progressive land reform so as to ensure a more equitable distribution of land, especially to the landless and poor farmers.
- Improving participation, transparency and inclusion in policy-making on land and ensuring that reforms happen and that they genuinely represent people involved in agriculture.
- The government of the countries in South Asia have to take immediate policy interventions and programmatic measures aiming at preventing elites from capturing the policy and governance space, and redistributing resources to the people and to protect their lives.
- People's campaigns, grassroots organisations and mass-based organisations in South Asia have to commit themselves to take a firm step on strengthening the struggle for challenging inequality. They have to continue their engagement with governments and people's movements for creating a fair and just economic order at national, regional and global levels.

### ii. Guarantee minimum living wages and labour rights

- Ensure minimum wages to all sections of the working population immediately. The declared minimum wages must be implemented strictly with severe punishments for employers who engage workers below minimum wages. Eliminate bonded labour and poverty pay. The attempt must be a transition towards living wage for the entire working population within a time frame of 10 years.
- Protecting the people's right to freedom of speech and expression, and right to freedom of association in society and in the workplace. Reverse all legislation and actions that have closed space for people. The government must protect the rights of workers to unionize and strike, and rescind all laws that go against these rights.
- Ensuring full employment with at least minimum wages for the workforce. Attempts should be made to formalize the informal sector. End precarious contractual employment with discriminatory wages and benefits. Respect dignity of labour.

### iii. Ensure basic public services

- Guaranteeing people's access to basic services including electricity, safe drinking water, sanitation, quality health and education, and affordable housing and transport facilities.
- Ensuring social protection of all. Government should implement social security policies that take care of the needy population. Increase transparency regarding social security systems and rights.
- Scrapping commercialisation and privatisation of essential public services like health and education, and embracing universal services and benefits which ensure that every one's rights are met.

### iv. Ensure progressive taxation and fiscal justice

- The governments of South Asian countries must make immediate efforts to revisit their tax regime and



make it progressive in order to increase the tax to GDP ratio, to mobilise tax revenue through progressive direct taxes and to reduce the burden of indirect taxes. States must adopt the policies to create a transition towards the desired ratio of direct to indirect tax which is 70:30.

- Overhauling macroeconomic policies that encourage speculative investment and other high profit business activities that do not invest in the real economy.
- The consistent rise in the military and defence expenditures in many South Asian countries contributes to the weakening of democracy, justice and human rights of its citizens. The governments must redirect the budget towards education, health and social protection to guarantee every right of the citizens.
- The concerned governments should rationalise tax incentives, tax exemptions and tax holidays given on the pretext of attracting investments and end such unproductive practices. Such measures drain the public exchequer of tax revenue and result in increased inequality. The governments of South Asian countries should come together, collaborate and promote south-south cooperation aiming to promote peaceful co-existence and united South Asia to fight against the unfair world economic order.
- The governments must publish the status of the capital flight and tax evasion by individuals and corporate entities in the form of a White Paper on a regular basis. Strong legal provisions should be made and the implementation of existing laws should be more effective to disqualify tax evaders from the electoral process and in any public position.

#### v. **Ensure gender equality**

- Strictly implement the policies to ensure gender equality and strengthen its enforcement and monitoring. Special efforts must be made to educate girls and improve equity and quality of education at all levels. Recognize unpaid care work and women's contribution to the national economy.
- The South Asian governments should recognise, reduce and redistribute women's unpaid work, especially care work, through valuation and equal distribution of household responsibilities between both men and women.
- The representation of women and working-class people in decision-making and political processes and institutions should be promoted, as they are essential for challenging all the causes of inequalities. The political parties and the governments of South Asian countries should reserve a minimum of 33 per cent of the seats for women's participation at all decision-making levels in the party as well as in the state machinery to create a gender-sensitive environment. This percentage has to rise to 50 as women form half of the world's population and their meaningful presence in equal ratios in the political and decision-making levels is important to reduce inequality.
- Addressing the gender wage gap is crucial to tackle extreme forms of overall inequality in South Asia. Therefore, it is urgent to ensure equal opportunities for women as they earn less than men while doing more work than men do.
- The working class people are strained and distressed with their meagre income. Women workers and their dominant sectors of engagement such as agriculture, domestic work and care work are subjected to low wages and no wages at all. The governments must take pro-active initiatives to ensure appropriate and liveable wages that would lead to a decent life for all occupations, for men and women, and in women dominant labour sectors.

#### vi. **Promote peace and harmony in South Asia**

- Implementing the recommendations above demands for peace and harmony between country-to-country and community to community in South Asia. Regional peace and cooperation should be the utmost priority to benefit all the countries in South Asia through trade, investment and cultural exchange.

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# INTRODUCTION

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# INTRODUCTION

*“Assuming no important wars and no important increase in population, the economic problem may be solved, or be at least within sight of solution, within a hundred years”<sup>29</sup>*

**W**e are now around 11 years away from the magic moment as foreseen by Keynes but, how far have we come? Did we get any closer to the conditions so confidently anticipated by him? Not in any palpable form. To the contrary, despite major technological and economic advances, inequalities today are far greater and structurally even more deeply entrenched than ever before. At the same time, the dangers that must be overcome in order to have any semblance of a decent future, let alone an idealized future, are much more aggravated than what Keynes could even dream about.

Inequality on a historical long march is evermore rising on a world scale, and South Asia is no exception. Looking at the standard inequality-measurement indicators, one can argue that South Asia has modest levels of inequality. Indeed, the Gini coefficients range between 31 and 40 depending on the country. This is certainly much lower than the countries like China, Mexico, Brazil, South Africa or even the United States. However, we must take a serious note of two issues. Firstly, all across the South Asian countries, the Gini coefficient is northwards bound signifying an increase in inequality. Secondly, the huge gaps between the haves and have-nots are revealed by an extreme concentration of wealth in the hands of a few. Rapid economic growth in the region has produced the highest number of billionaires in the recent time. Considering the size of South Asian economy, the number of billionaires it produced is exceptional in comparison with other economic peers like Brazil or South Africa, or with developed economies with similar GDP like Germany, France or the United Kingdom. The most alarming fact is that most billionaires in the region could accumulate wealth due to their access to natural resources such as land or government contracts raising serious concerns about the economic growth (See figure 1) in the region and its distribution.

On the other hand, the estimates from the 2018 Global Multidimensional Poverty Index (MPI) released by the United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI) suggest high incidences of poverty in Nepal (35.3 per cent), Bangladesh (41.1 per cent) and Pakistan (43.9).<sup>30</sup> Even while India's (27.5 per cent) progress is lauded, it has still a long way to go.

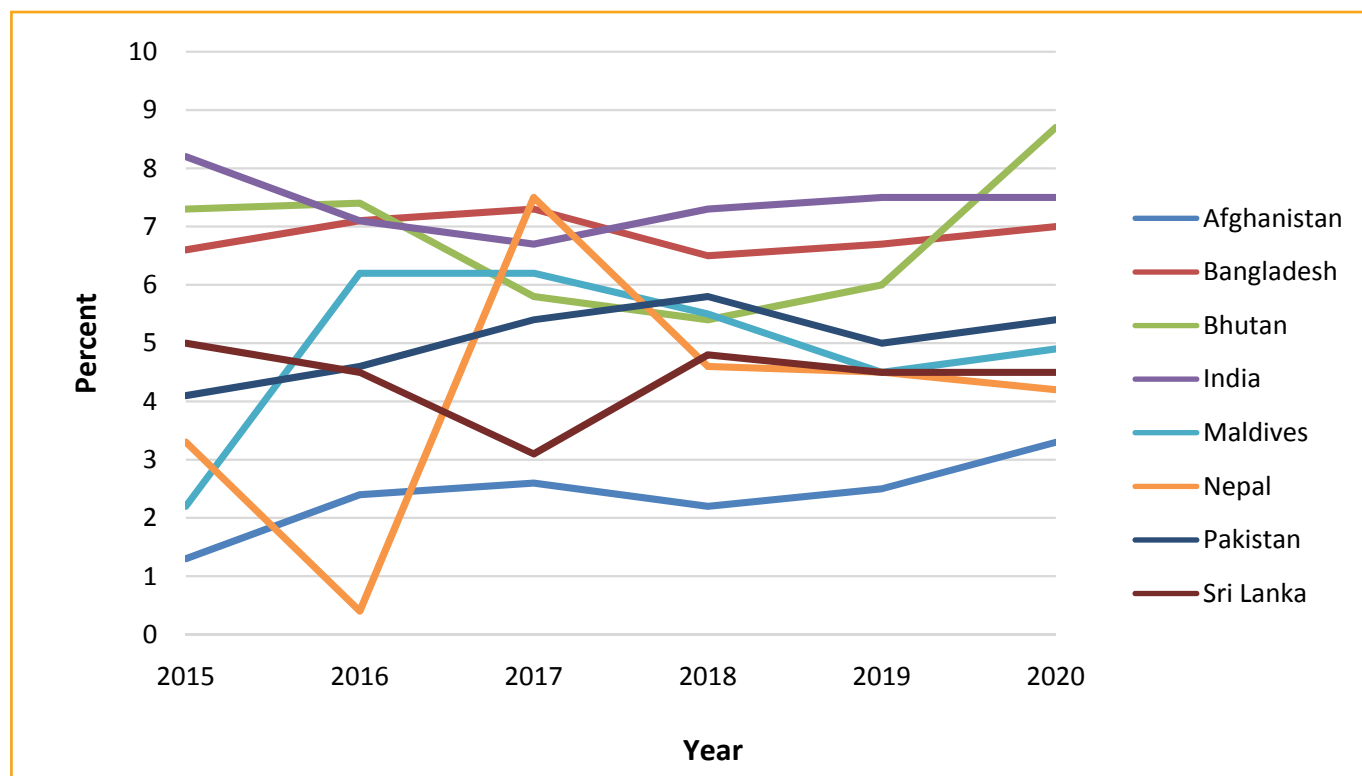
The above scenarios suggest an extremely aggravated situation in a region that houses a quarter of humanity. Several studies and reports reveal the absence of equitable access to resources, jobs, market and development. A deadly combination of these factors has resulted in a disproportionate share of the poor people compared to other regions of the world. Worse, a conjunction of unequal relations in roles, functions, decisions, rights, and opportunities further reinforces these trends every day.

The glaring inequalities have an immense consequence on the population. According to the World Bank, the quality of education received by the poor, and access to secondary school for girls, remain important challenges. The same applies to access to health services and sanitation, with rural areas which are at a serious disadvantage.<sup>31</sup> Deprived of basic services like education and health, millions of people across the region are forced to eke out a sub-human living. The region houses the highest number of chronically hungry people. According to FAO, 276 million people were chronically undernourished in 2012–14, only marginally fewer than the number in 1990–1992.<sup>32</sup> Mortality rate of the children under the age of five is remarkably higher in India than anywhere else in the world. A recent estimate puts this figure at over 1.5 million children a year—over 4,500 deaths a day. A third of these tragedies could have been averted if the children in India did not go to bed hungry night after night. These figures suggest that over 3,00,000 children die every year in India because of hunger. In case of many children who escape death, the poverty of their parents means that hunger remains an unremitting part of their lives.<sup>33</sup>

While, historically endemic poverty and widespread destitution in the region was attributed to colonialism and the low economic growth rates between the decades of 1950s-1980s, the region remains one of the most unequal in terms of economy globally and, this trend is ever increasing. After decades of sluggishness, economic

growth rates in South Asian countries have been higher than those in other regions of the world; it has been particularly very impressive in India. Even the World Bank endorses that “South Asia has regained its lead as the fastest growing region in the world, supported by recovery in India. With the right mix of policies and reforms, growth was expected to accelerate to 6.9 per cent in 2018 and 7.1 per cent next year.”<sup>34</sup> Though the celebrations are largely centred around India, which has a much larger population and economy, recent statistics and future projections indicate that the other South Asian states are not left far behind. The World Bank and other official sources project a stable growth outlook for the region.

**Figure 1: Real GDP Growth in South Asian Countries**



Source: [data.worldbank.org](https://data.worldbank.org)<sup>35</sup>

It is precisely since the decades of 1990s – a period marked by high economic growth - that we witness greater income and consumption inequalities. Or, how could we explain the fact that in spite of consistent economic growth in the region, the burning questions around disparities and vulnerability remains unanswered? The upper classes in the region are the main beneficiaries of the surging economic development in their respective countries. There is often a strong co-relation between the economic elites and the so-called upper castes. This period also witnesses how a small minority has specialized in gaining causing a vast majority to lose. The phenomenal rise in wealth inequality has led to the present state of affairs, in which prosperity exists alongside impoverishment, growth alongside decline and extreme wealth alongside abysmal poverty.

Existing welfare policies, practically negligible, have been vastly inadequate to improve the lives of the marginalised people, the millions languishing at the bottom for generations. The fruits of the economic gains have been limited to the elite who have monopolistic access to resources and market participation. Not only have public policies in South Asia failed to deal with the structural inequalities, but they have also been constantly shaped and reshaped to serve a minority at the top. Access to resources and opportunities continues to be determined by pre-existing inequalities viz. caste, gender, religion, ethnicity, race, place, class etc. The poor stay poor because they were born poor with a very limited scope of any upward mobility. Although Sri Lanka and the Maldives are comparatively better, South Asia as a region is still ‘inhumane’ in terms of access to income, health and education which is essential for decent living as per international standards. As we note in this report, access to basic social services remains very limited in the region.

Growing economic inequality potentially engenders a host of social problems. Conflicts increase taking a toll on inter-group relations and social cohesion. This also leads to a preponderance of violent crimes. Inequality affects not only the poor but the whole society through increased crimes and unrest. Most South Asian countries are ranked low in the Gender Inequality Index. Indicators like average years of schooling, per-capita income and

labour force participation rates indicate that women in the region lag significantly behind in comparison to men. Cumulative effects of deeply entrenched inequality will exacerbate their deprivations.

Inequality is also affecting the South Asian urban landscape. A number of studies show that class, ethnicity, religious and caste inequalities represent the growing axis of residential segregation in urban South Asia. The expanding middle class and rapid urbanisation in South Asian countries also corresponds to the widening of income gap, which is manifested in growing unemployment, rural-urban migration and slum dwelling, where millions are deprived of the basic amenities to life. The other main reason to worry about the widening inequality is that it can threaten growth through social unrest.<sup>36</sup>

The need of the hour is rethinking in dealing with structural inequalities – both economic and extra-economic. South Asian countries need to thoroughly revamp and reorganise their welfare policies to address these structural causes. The present social protection and redistribution policies are not only deficient but also ad-hoc. Policy framework must be developed that should not only deals with economic issues but, also address the structural and graded inequalities. These should not only stop at mitigating poverty and inequality but must have the crucial component to eradicate them. As the report highlights, there is a race to the bottom with South Asian countries competing with each other in subsidising the rich and private corporations. Preventing this “race to the bottom” is important to ensure that the fruits of economic growth are shared as widely as possible. Such rules need to be rewritten and redrawn in South Asia.

An attempt to contribute in the direction of reframing and redrawing the rules which enhance inequality, the report discusses different dimensions of inequalities in details. It analyses the magnitudes of vulnerability and poverty through the lens of income, wealth, earnings, taxation regimes, gender inequality and access to basic services. Examining the drivers of the growing inequality, it culminates with evidence-based recommendations to tackle inequality and adopt necessary public policy initiatives. It also aims to arm the citizens and social movements to make the decision makers accountable and, to build pressure from below in their struggle to create a better future.

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**GROWING ECONOMIES,  
GROWING INEQUALITIES**

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## GROWING ECONOMIES, GROWING INEQUALITIES

The noted economist Simon Kuznets, after observing the economic growth in the western countries in the 1950s and 60s, advanced a hypothesis that as an economy develops, market forces first increase and then decrease economic inequality. This hypothesis, also known as the Kuznets curve, forms the mainstream political and economic wisdom that insists on the unfettered rule of the markets which will, by implications, take care of the issues of poverty, vulnerability and inequality faced by the society. However, such has not been the case in the South Asian region as revealed by various indicators measuring inequality during the last decade.

### Gini Coefficients

The Gini coefficient, which measures income inequality indicates a worsening situation in South Asia. This index is a statistical measure of distribution, often used as a gauge of economic inequality, measuring income distribution or, less commonly, wealth distribution among a population. The data shows that inequality has increased in almost every part of the region in the last decade.

**Table 1: Gini Coefficients of South Asian Countries**

Country	2009	2010	2011	2012	2013	2014	2015	2016	2017
Afghanistan				27.82	27.82			31	
Bangladesh		32.1						32.4	
Bhutan				38.8					37.4
India			35.1	33.9	33.60		35.15		
Maldives	38.4								
Nepal		32.8		32.82	32.82	32.84			
Pakistan		29.8	30.9	30.02	30.7		33.5		
Sri Lanka	36.4			39.2			39.16	39.8	

Source: UNDP, Human Development Reports, 2009-2017

The Gini coefficient towards 40.0 indicates that inequality is alarming in the society as only a handful of people control the economy and a large majority of population are left behind, deprived of the basic opportunities to make a meaningful livelihood. The table above shows that in all 8 South Asian countries, the Gini coefficient has gradually increased between 2009-2010 to 2015-2016. This implies that the region as a whole is moving towards greater inequality.

One of the results of this increasing inequality is that more and more children and school-going youths in the region have endured life under hardship and are forced to drop out of education. The following reports reflect the blatant contrast between the majority of the people, who manage to survive under duress, while a few grab the resources that could be sufficient for millions to live a decent life.

### Box 1: The poor have to go to street to collect garbage that particularly comes from the rich people

With the sun perched firmly above his head, 10-year-old Shahjahan\* is busy scrounging for bottles and plastic on the top of the several metres high Ghazipur (near Delhi, India) landfill site. He goes to school, he says, but is here because it is a holiday.

This monstrosity of a garbage dump, that gets 2,200 metric tonnes of municipal solid waste every day, is dangerous to say the least. Apart from the site's unstable physical form, the garbage generates methane, and there are resulting fires. Clearly, this is no place for a child.

Sunil\* is 18, but has been working as a rag picker at the landfill for four years now. Hailing from a village near Nandigram, West Bengal, he studied up to grade five, while working in the fields. He left school since the family did not have enough money to feed everybody.

Shahjahan and Sunil are not the only children who live in such a precarious situation. Theirs is the story of millions of Indian children who are forced to live in hazardous conditions on India's streets because of their utter poverty and hunger. Despite the fact that India, along with 192 UN member states who committed to achieve Sustainable Development Goals (SDG) by 2030, which entitles every child to a decent living standard, the situation of millions of children is pitifully miserable even today. If street children do not even get their basic rights related to nutrition, education and sanitation, India will definitely fall behind in the global race for sustainable development.

Source: <https://www.youthkiawaaz.com/2017/01/life-of-street-children-india/><sup>37</sup>

In contrast one of the richest billionaires in Mumbai, India owns a residence towering 570-foot building, is worth USD 1 billion and is the most expensive private house in the world<sup>38</sup>

\*Names changed to protect identities.

## Palma Ratio

While the Gini coefficient maps the general level of inequality in a society, the Palma ratio effectively compares the income of the richest 10 per cent of the population in an economy with the bottom 40 per cent. In South Asia, the collective income of the bottom 40 per cent is much less than the top 10 per cent of the population. According to IMF "more recently, while the fast growing Asian economies have lifted millions out of poverty, they have been unable to replicate the 'growth with equity' miracle. Higher income inequality has also lowered the effectiveness of growth to combat poverty and prevented the building of a substantial middle class."<sup>39</sup> The bottom 40 per cent of the population is not only condemned to face disadvantages but also perpetually forced to remain in poverty. Ideally, Palma ratio must not be more than 1.

As the following table represents, the combined income of the lower 40 per cent which is a little more than half of the top 10 per cent in the countries like Sri Lanka, Bhutan and the Maldives while it is around two-thirds in India. Worse, this inequality has been increasing, except in Nepal.

**Table 2: Palma Ratio of South Asian Countries**

Country	2010-2017*	Income growth of the bottom 40 Per cent vis-a-vis top 10 Per cent **
Afghanistan	n/a	n/a
Bangladesh	1.3	-0.19 (2010-2016)
Bhutan	1.8	-0.05 (2012-2017)
India	1.5	-0.49 (2004-2011)
Nepal	1.3	3.58 (2003-2010)
Maldives	1.7	n/a
Pakistan	1.2	-1.53 (2010-2015)
Sri Lanka	1.9	-0.48 (2012-2016)

\*<http://hdr.undp.org><sup>40</sup>

\*\*<https://databank.worldbank.org><sup>41</sup>

n/a: not available



## Quintile Ratio

The quintile ratio calculates the ratio of the total income received by the 20 per cent of the population with the highest income (the top quintile) to that received by the 20 per cent of the population with the lowest income (the bottom quintile). This method of measuring inequality exhibits an even a larger contrast. In the Maldives, the richest 20 per cent earn 7 times the poorest 20 per cent. It is followed by Bhutan (6.9 times) and Sri Lanka (6.8 times). While Nepal has more or less stable quintile ratio over time from 2012-2015, India demonstrates rising inequality between the top 20 per cent and bottom 20 per cent of the population in this period. Both Bangladesh and Pakistan also have the same trends of inequality as the quintile share ratio is constantly increasing over time. The following table presents quintile share ratio of South Asian countries which indicates an even wider divergence of income, and the trend represented by the figure points towards further disparity.

**Table 3: Quintile Share Ratio of South Asian Countries**

Country	2012	2013	2015	2010-2017*
Afghanistan	3.99	3.99	-	-
Bangladesh	4.60	4.36	4.69	4.8
Bhutan	6.80	6.81	6.84	6.9
India	5.01	5.01	5.31	5.3
Nepal	5.01	5.01	4.99	5.0
Maldives	6.80	6.80	7.08	7.0
Pakistan	4.16	4.12	4.36	4.4
Sri Lanka	5.78	5.78	6.58	6.8

\*www.undp.org<sup>42</sup>

Source: Poverty and Equity Data Portal<sup>43</sup>

The quintile ratios are gradually increasing which indicates that the top 20 per cent of the population are having a greater and greater share of the income compared to the bottom 20 per cent. The latter is under the absolute poverty line by any measurement or consideration and, if society is to attain a reduction of inequality, the income of the bottom 20 per cent needs to be increased at a much faster rate than any other. Sadly, the reverse is true in the context South Asia.

## The indices tell a story of growing income inequality

The above three indices, viz. Gini Coefficient, Palma Ratio and Quintile Share Ratio of the South Asian countries indicate an ever worsening inequality. We are said to be advancing towards a future which is more prosperous than before, however, the incremental wealth generated by the society is shared by a small section of the population leaving the bulk of the masses in misery. In Nepal, during the period 1995/1996 to 2010/2011, the income share of the richest quintile rose by almost 5 percentage points, whilst the income share decreased in terms of each of the poorer quintiles. In Pakistan, over the past 30 years, the lowest quintile of the population has seen a continual decline in its share of the national income, while the top 20 per cent has seen a steady increase in its share.

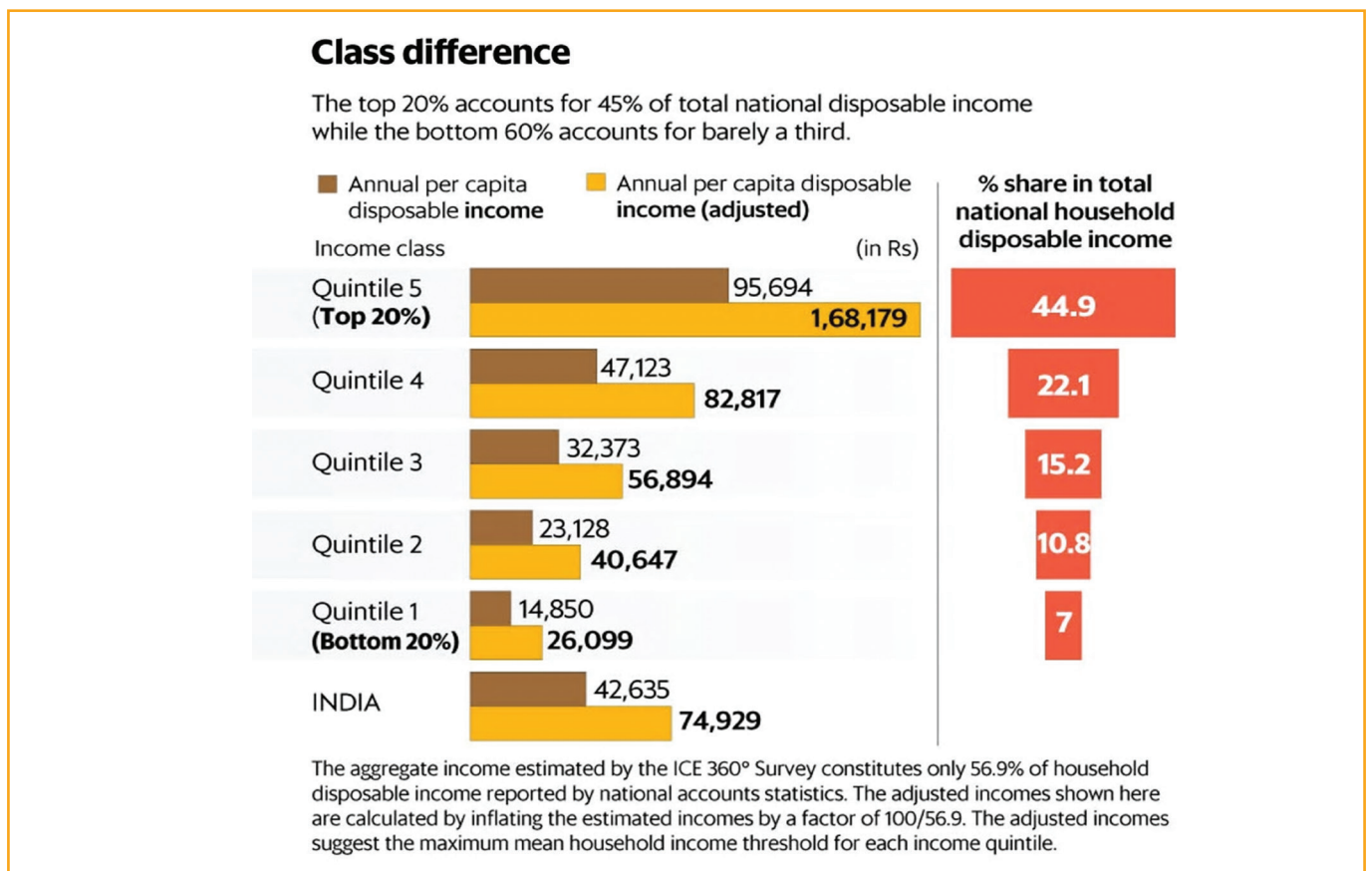
According to Development Advocate Pakistan Report 2017, leading from a 2011 study by Haroon Jamal, the share of the poorest quintile fell from 9 per cent income share to 6.8 per cent income share in 2013-2014, while the share of the top 20 per cent of the population rose from 44 per cent to 48.9 per cent of the total income. In Afghanistan, the top 10 per cent of the population earns 33.61 per cent of all income; mid 40 per cent earns 44.87 per cent of the income, while the bottom 50 per cent only get 21.73 per cent of all income. In Sri Lanka, the share of the poorest quintile in national consumption declined from 8.9 per cent in 1990-1991 to 7.1 per cent in 2006-2007, and then increased marginally to 7.7 per cent in 2009-2010.<sup>44</sup> These income gaps provide strongly reliable fact to assert that economic inequalities are blatantly widening everywhere in South Asia.

India's richest quintile accounts for 45 per cent of aggregate household disposable income while the poorest quintile earns barely 7 per cent of the aggregate income pie, according to a NSSO survey report of 2016. The survey results show that the households in the top quintile earn nearly four times as much as the households in the bottom quintile. But given that poorer households also tend to be bigger, the difference in per capita incomes is even greater. The per capita income of the top quintile, in USD 108 per month, is nearly 6.5 times that of the bottom quintile. Given the lower income and bigger household size, poorer households end up spending most of what they earn. The poorest quintile is able to save just 10 per cent of household earnings. Contrary to the fact, the top quintile is able to save 47 per cent of household earnings, as per the report of the survey<sup>45</sup>



Race of Life! A special person trying to cope up with life. Huge gaps in wealth distribution is resulting in greater inequality in life. Photo: Khalid Mahmood, Pakistan

Figure 2: Class Difference in India

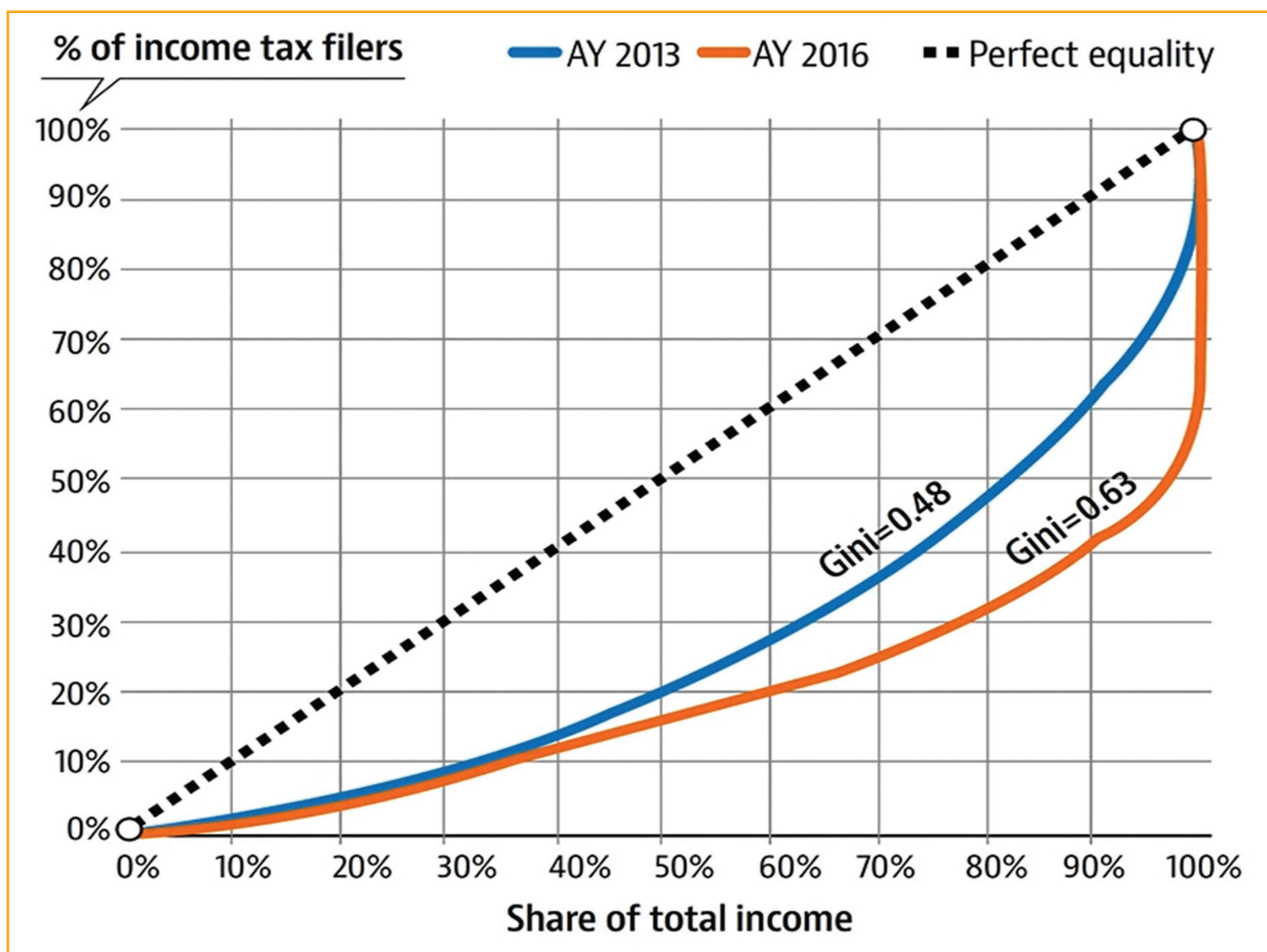


Source: <http://www.livemint.com><sup>46</sup>

## 20 per cent earn more than other 60 per cent

Information obtained from the Central Board of Direct Taxes, India reveals that inequality has increased between 2013 and 2016 in the country. The figure below shows the top 20 per cent accounts for 45 per cent of the total national disposable income while the bottom 60 per cent accounts for barely a third. This data-set contains actual income distribution details of Indians across 21 categories of income levels. It presents the total number of people who earned annual incomes in each category of the income level. For instance, while there were 273 people that earned more than USD 75.16 million in 2016, more than half of all income tax filers earned less than a mere USD 4,724 per capita. And, these 273 people accounted for one-fifth of all combined income of the nearly 50 million taxpayers in 2016. In 2013, the top 1 per cent of income tax filers earned 15 per cent of all income but by 2016, they earned 45 per cent of all income. Put another way, in today's India, roughly the top 5 per cent earn as much as the remaining 95 per cent combined.<sup>47</sup>

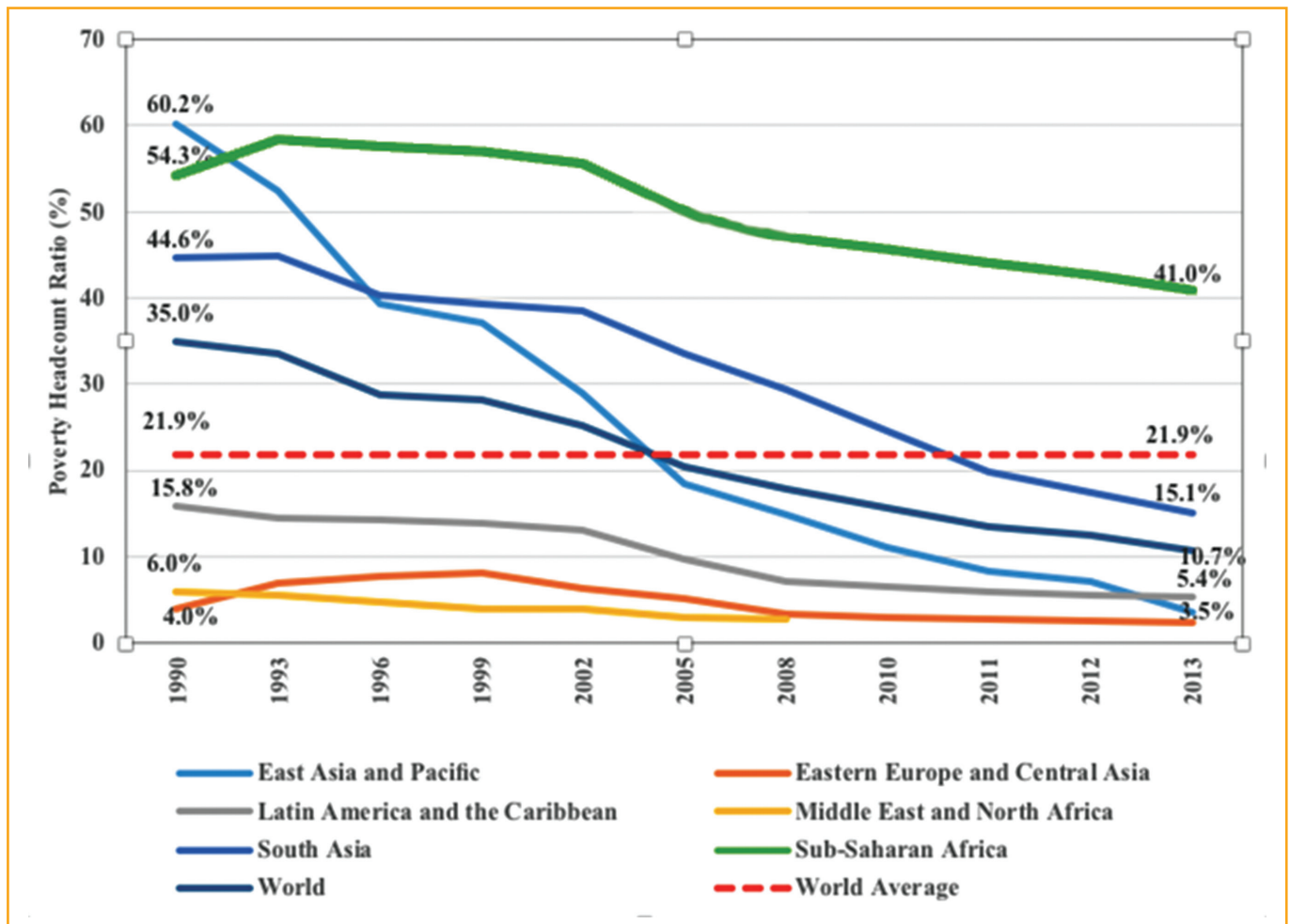
Figure 3: Growing Unequal Incomes in India



Source: <https://www.hindustantimes.com><sup>48</sup>

This phenomenon resulted in the rising billionaires in India. In 2017, 73 per cent of the wealth generated went to the richest 1 per cent. Their wealth increased by USD 282.29 billion, which was the total budget of the Government of India for the financial year 2017-18. The country added 17 new billionaires to the list, taking the total to 101<sup>49</sup>. According to studies such as Bourguignon & Morrison (2002), the global poverty rate dramatically dropped from 94 per cent (1820) to 10.7 per cent (2013) during the last two centuries. However, South Asia's share of the global poor has increased from 27.3 per cent to 33.4 per cent during the period of 1990-2013, leaving behind only Sub-Saharan Africa which accounts for the largest share (50.7 per cent) of the global poor.<sup>50</sup>

Figure 4: Poverty Reduction across the World



Source: [blogs.lse.ac.uk](http://blogs.lse.ac.uk)<sup>51</sup>

According to the above chart, the fact remains that with the exception of the Sub-Saharan Africa, other regions have made a drastic reduction in poverty. However, the people at the bottom (the poorest of the poor) still live utterly dehumanised lives in South Asia. The case in the boxes below indicates a general trend in South Asian labourers who earn meagre wages and fall into poverty traps from generation to generation.

**Box 2: Painful Work and Miserable Salary of the Working Class in South Asia**

Her hands are cut and swollen because of the years of hard labour on the steep slopes of a tea estate. She smiles, but the rest of her face is tense owing to the weight of the basket she carries on her forehead.

In this basket are some of the world's finest tea leaves, delicate and intensely green. Carefully chosen and hand-picked by tea-pickers in Sri Lanka, they will be sold to the biggest brands in the market, put into tea bags and distributed across Europe.

But for Yogaletchumy, the tea bag that ends up in our "cuppa" represents painful long hours of labour at a miserable salary barely sufficient to provide for her family. "Every day is a struggle," she says. "We have so little money."

Source : *Sri Lanka's forgotten Tamils*, MELANIE GOUBY, 16 March 2010

There are a number of cases in South Asian countries which tell the stories of lack of employment opportunities and meagre source of livelihood on account of which the poor people have undergone unimagined hardship. As a consequence, they are not being able to cope with stark poverty they experience everyday (See boxes 3 and 4). Poverty and exclusion are the outcomes of the exclusive policies of the states as well as development organisations that favour the rich and neglect the poor and vulnerable groups.

### Box 3: Suicides due to Extreme Poverty

In early 2012, a young woman aged 25 committed suicide after killing her two children due to extreme poverty. According to *Asia news*, the family lived in a village of Bara District in Nepal. Even though the husband was working, his salary was not enough to meet the family needs and the woman was not able to get employment for several months. Afraid that her children may remain without food for a long period, she decided not to enrol her eldest son into school, not being able to pay the monthly fee of about NPR 85. She became even more frustrated when the women's group in the village passed a decision asking all the families to ensure basic education to their children by sending them to school. Not able to cope with these pressures, the woman killed her two children and also took her own life. A similar case was also reported in February 2010 when an entire family in Rukum District committed suicide, failing to pay for the medical care of their 27-year-old daughter suffering from epilepsy.

Source: [www.asianews.it](http://www.asianews.it)<sup>52</sup>

### Box 4: Sufferings of Poor and Vulnerable Food Insecure People



*(Dil Maya Surel with her two children)*

Dilmaya Surel<sup>1</sup> is a 52 year old widow, mother of three children. She does not have any other resources except a low income from labour work. Indeed, she used to go to a neighbouring village for daily wage labour and earn only Nepalese Rupees (NPR) 50 per day during the period of harvesting and cultivating. She lost her husband five years ago. In the past, her sons worked and earned to support their mother. But nowadays she finds it difficult to manage her family alone as the hands of her two sons got fractured. She owns a small piece of land which is difficult to cultivate without the support of men.

Most of the time, she has to suffer from food shortage. She is not alone to tell this story; her agony is almost similar to the experience of 8 other women in the community.

Mangle Surel, a man, has six family members including four children. He has a small piece of terrace land from which he can produce food barely sufficient for three months. He does not have any other regular source of income except farming and some occasional wage labour scarcely enough to maintain his family's hand to mouth problems. Because of a low income, he could not continue his children's education.

Arjun Surel with six family members and Samser Surel with five, have harsh problems related to their food security. They have a small piece of land each from which they can produce food stuff to meet their family's food requirements for only one month. During the rest 11 months, they have to struggle with searching for other jobs to earn an income. Both of them could not provide good education to their children because of poverty; instead of sending their children to school, they are compelled to take their children to work. Their wives used to work as daily wage labourers in the village and Arjun and Samser used to go to India or Kathmandu for seasonal work. *(Photo and story: courtesy FIAN Nepal, 2012)*

1. The *Surels* are one of the minority ethnic groups of Nepal.

South Asia has emerged fast as one of the most unequal regions of the world. Historically, it is believed that the size of economies was inadequate to ensure a dignified and decent living for its high population so as to bring prosperity to the region. However, it cannot be argued in a similar fashion considering the trends of the last few decades. While the population has grown by roughly 29 per cent (from 1.387 billion to 1.788 billion) between 2000 and 2017, the GDP has grown close to five and a half times (from 622.372 billion to 3.345 trillion) in the corresponding period. Strangely enough, the relationship between economic growth and inequality has been directly proportional. In principle, inequality might not be an inevitable consequence of economic growth. However, as the experiences and the indicators demonstrate, it is moving towards the reverse direction in the South Asian case.



Poverty stricken families subjected to spend their nights under the open sky where women and girls are vulnerable to rape and forced prostitution. Photo: Shams Qari, Barcroft images

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# **ACUTE CONCENTRATION OF WEALTH**

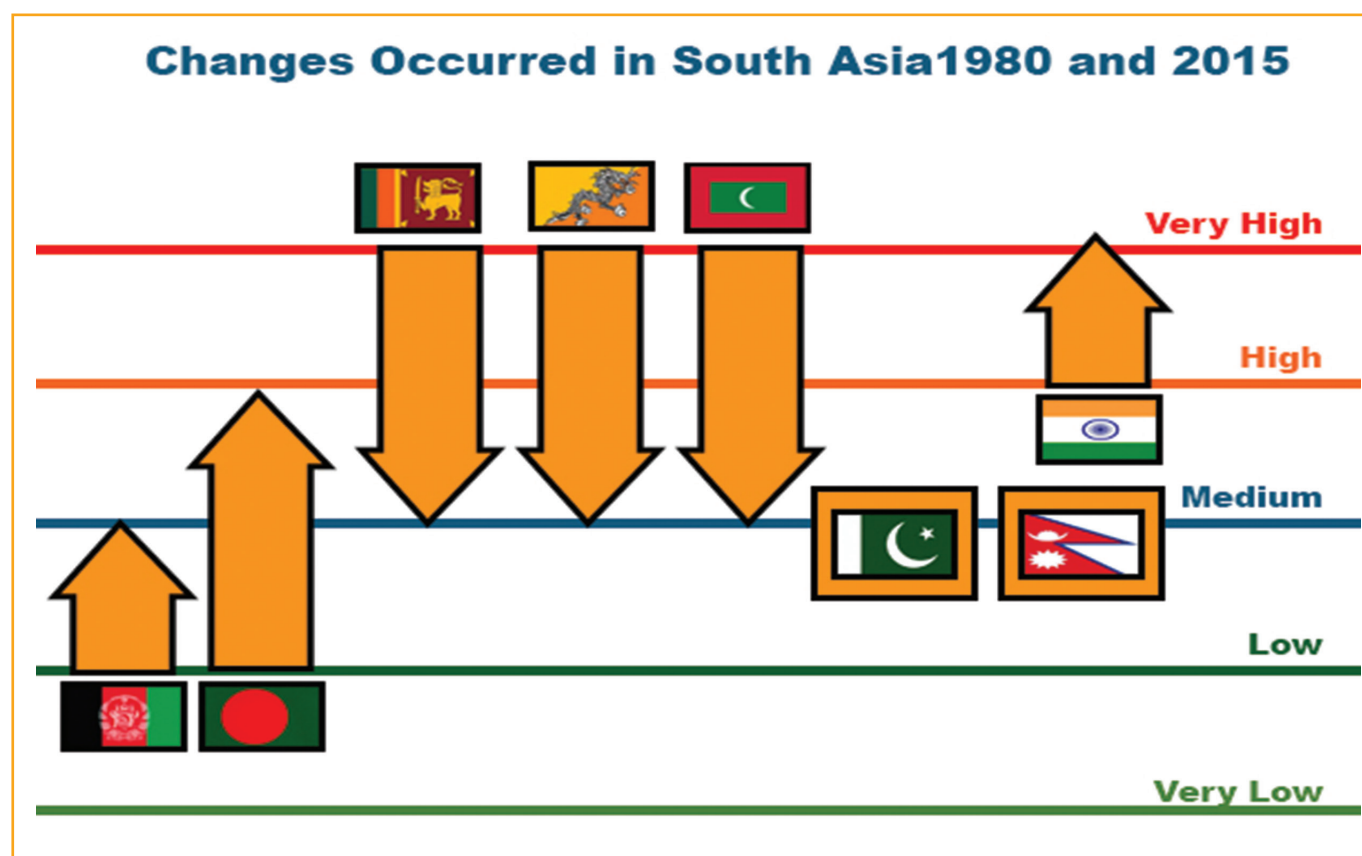
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## ACUTE CONCENTRATION OF WEALTH

Since both income and wealth inequality are directly related, an increment in income inequality creates even a large amplification in wealth inequality. Therefore, the rich are typically able to save much more than the poor and the concentration of wealth contributes to perpetuating income inequality. In South Asia, the exact gap in terms of wealth between every section of population is difficult to derive as it is hard to find systematic data on wealth inequality.

Interesting changes occurred in South Asia between 1980 and 2015. Afghanistan moved from a status of low inequality to medium inequality; Bangladesh moved from medium inequality to high inequality; though Nepal, Pakistan and Sri Lanka remained within the medium inequality range, Sri Lanka was at the border of high inequality; India moved from high inequality to very high inequality; and both Bhutan and the Maldives moved from very high inequality to medium inequality.<sup>53</sup>

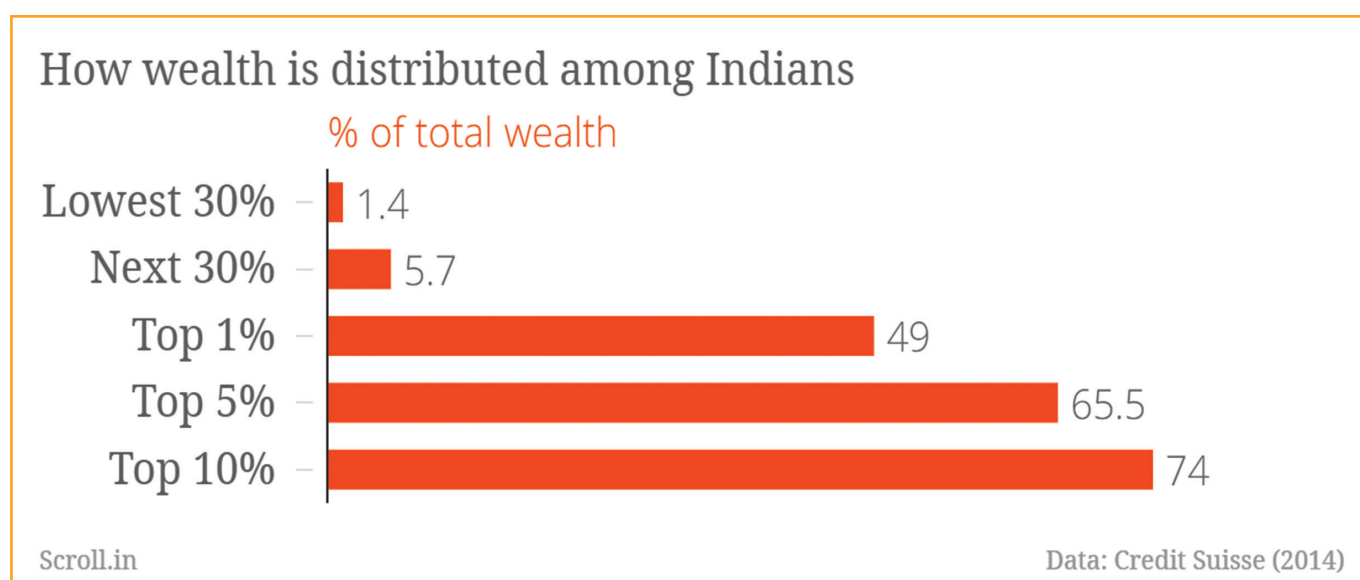
Figure 5: Status of Inequality in South Asian Countries between 1980 and 2015



India emerged as the second most unequal region in the world after the Middle East according to the World Inequality Report 2018. The 10 per cent of super-rich population share 55 per cent of the national income<sup>54</sup>. Nowhere else in the world is this extraordinary gulf between the absurdly rich and the devastatingly poor so evident as in India. The figure below shows that top 10 per cent Indians own 74 per cent of the total wealth and lowest 30 per cent own 1.4 per cent of the total wealth which exemplifies the prevalence of the extreme form of inequality in India.



Figure 6: Wealth Distribution in India



Source: [www.scroll.in](http://www.scroll.in)<sup>55</sup>

There are many neoliberal ramifications which indicate how, both in urban and rural areas, people are confronting livelihood and poverty-related problems. India is a testimony to this fact. The modernised industrial-commercial cities of India are harbouring a large number of poor and vulnerable people. The disparities among them are glaring. These cities function and progress on the basis of the underpaid work of millions of workers. The workers in the organised industries are generally protected by various labour legislations. They are entitled to minimum – many times reasonably decent – wages and congenial working conditions. Such cases have always been a tiny minority in India. The vast majority of the labourers work in much smaller units with hardly any protection by law or legal machinery. The small scale units too often lead to precarious existence. Similarly, with an exception of a few larger establishments, trade and service sectors employ only a few individuals – often on a casual basis. In the era of current liberalism, this picture has become even more complicated.<sup>56</sup>

Table 4: Concentration of Wealth over the Last Few Years in India

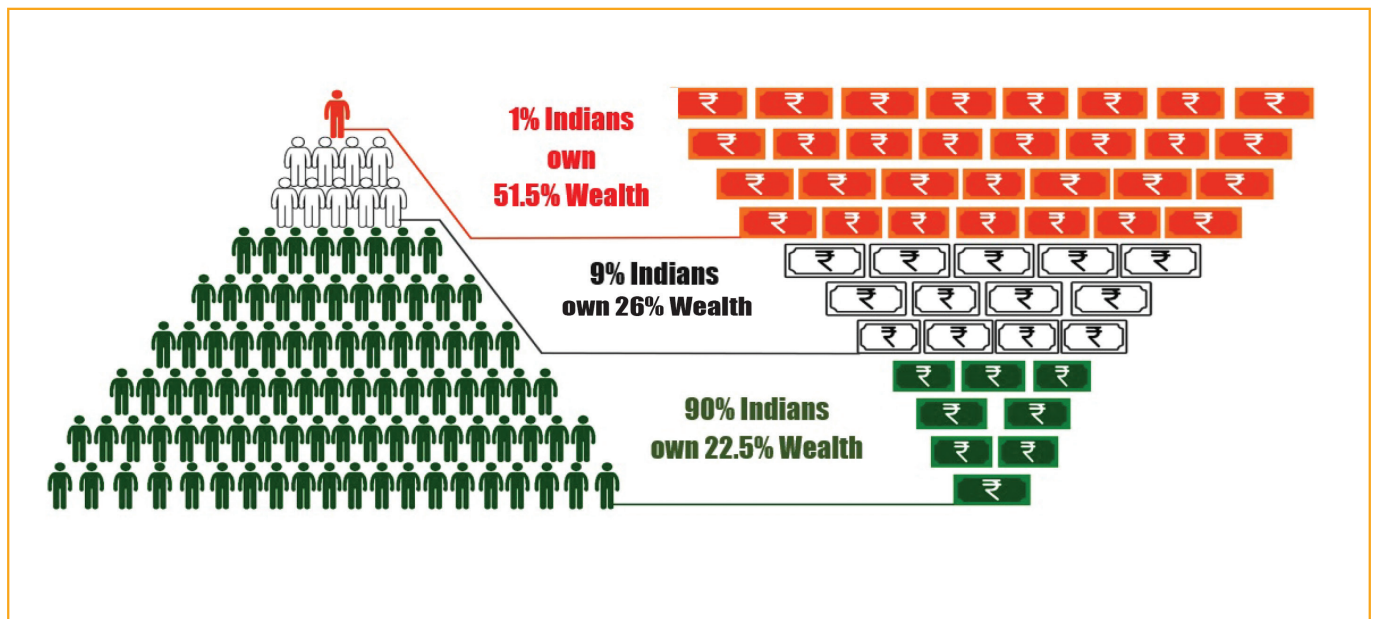
	2010	2011	2012	2013	2014	2015	2016	2017
Top 1%	40.3	46.8	48.8	48.7	49	52	58.4	73
Top 10%	68.8	72.6	73.8	73.8	74	76.3	80.7	

Source: *Credit Suisse Global Wealth Report*<sup>57</sup>

India's richest 10 per cent have been getting steadily richer since 2000, and now hold nearly three-quarters of the total wealth. India's 1 per cent centres – its super-rich – have been getting richer even faster. In the early 2000s, India's top 1 per cent held a lower share of India's total wealth than the world's top 1 per cent held of its total wealth. That changed just before and after the global recession – though the world's super-rich are recovering – and India's top 1 per cent population holds close to half of the country's total wealth. The Gini coefficients of total assets and net worth were as high as 0.74 and 0.75 respectively in 2012; these coefficients increased by as much as 8 percentage points between 2002 and 2012. There was a tremendous increment in the inequality of the ownership of buildings, livestock and land. The increase in inequality in the ownership of buildings can be traced to urban areas, while inequality in the ownership of livestock and land increased mainly in rural areas.<sup>58</sup> In this progression, it will take 941 years for a minimum wage worker in rural areas to earn what a top paid executive at a leading Indian garment firm earns in a year<sup>59</sup>.

According to the Global Wealth Report 2018, the richest 10% of Indians own 77.4% of the country's wealth and the bottom 60%, the majority of the population, own 4.7%. The richest 1% own 51.5%<sup>60</sup>.

Figure 7: Wealth Distribution among Indians



In April 2016, the International Consortium of Investigative Journalists (ICIJ) made 11.5 million secret documents public, later known as the Panama Papers, and then the Paradise Paper followed a few months later. They revealed the names of over 414 Pakistanis, including leading industrialists, bureaucrats, military-officers, judges, and prominent politicians in addition to former Prime ministers.

Most of the wealth owned by the country’s elite is undocumented and a large number of individuals have stashed their wealth abroad in offshore accounts. Likewise, a significant portion of the elite still deal in cash. These facts have made it difficult to ascertain the extent of undocumented wealth. While the Panama Papers opened up space for a discussion on how much wealth was accumulated by Pakistanis abroad, political forces, the Supreme Court and finance ministry have struggled to rein in the wealth of the upper quartile of society. The power possessed by these influential classes makes it difficult to find a suitable crackdown on tax-evasion or corruption.

At a conference by the Pakistan Business Council, participants were told that the Pakistani elite had nearly USD 150 billion parked in real estate and in the assets in foreign countries out of which around USD 8 billion had been invested by 3,363 Pakistanis in Dubai real estate.<sup>61</sup> Many of them include parliamentarians, former dictators and army officers. “Pakistan’s tax laws are designed in a manner to not ease documentation, rather they discourage the documentation of the economy. Importers and exporters are involved in under-invoicing and park this money out of the country,” said A F Ferguson senior partner Shabbar Zadi.<sup>62</sup>

According to the Household Income and Expenditure Survey by Bangladesh Bureau of Statistics (BBS), the income share of the poorest five per cent of the population was 0.23 per cent of overall income, a sharp fall from 2010 when it was 0.78 per cent. In a sharp contrast with this, the richest 5 per cent’s share of income grew to 27.89 per cent, up from 24.61 per cent in 2010. This basically means that the bottom five per cent’s share of national income has decreased, whereas the share of the richest five per cent has noticeably increased. While the BBS survey mainly sheds light on growing income inequality, the situation of wealth inequality is even worse. According to estimates by the Centre for Policy Dialogue (CPD), wealth inequality in terms of Gini coefficient stands at a staggering 0.74.<sup>63</sup> The slum residents in Dhaka show the extreme inequality as thousands of poor live in starvation and sleep in open air, while multi-story skyscrapers provide amenities to a handful of people in the same place (See box 5).

### Box 5: Slums in Dhaka as Manifestation of Extreme Inequality

Dhaka, the capital of Bangladesh, is one world's most densely populated cities, having a population density of 44,500 people per square kilometre. In 2005, the city was home to 3.4 million slum residents, all living an uncertain life. Apart from struggling with barely earning a living, the greatest reason for their uncertainty is fear of forced eviction. Each year hundreds and thousands of poor people living in Dhaka's slums face forced displacement out of their homes. Most of these slums grew up on public and private lands and have been home to generations of poor people who migrated to Dhaka from all over the country. The eviction process is frequently violent and includes demolishing homes along with physical and mental abuse to slum residents. Most of these eviction drives are either led by law enforcement groups directly or by privately hired thugs. Each drive leaves thousands of poor people to starve and sleep in the open air, and sometimes even lose the little amount of capital and asset that they earned.

Source: [www.ids.ac.uk](http://www.ids.ac.uk)<sup>64</sup>

The richest 20 per cent of the people in Nepal hold 56.2 per cent of wealth i.e. half of the wealth is held by less than 20 per cent of the population. The periodic Nepal Demographic and Health Survey (NDHS) of 2007, 2012 and 2016 provide percentage distribution of the *de jure* population by wealth quintiles and hence give some broad idea on wealth equality in Nepal.<sup>65</sup> Per cent distribution of the *de jure* population by wealth quintiles presented by ecological regions as well as rural and urban areas separately (See table 5) show four dynamic changes in wealth inequality. First, majority of people living in urban areas fall under the highest quintile. Second, percentage of population in the lowest quintile is increasing in both urban and rural areas leading to urban poverty. Third, there is also a tendency of declining proportion of people belonging to the highest quintile in both rural and urban areas. Fourth, majority of people living in the Mountain region i.e. 57.8 per cent are from the lowest quintile in 2016, compared to 31.0 per cent in Hill and 5.7 per cent in Tarai. The percentage of mountain population in the lowest quintile increased over time from 46.6 per cent in 2006 to 57.8 per cent in 2016, despite some fall in 2011. Fifth, comparatively, a higher portion of hill population falls in the highest quintile, and such a ratio declined from 24.9 per cent in 2006 to 19.9 per cent in 2011, rising again to 22.6 per cent in 2016. Sixth, the proportion of people in the highest quintile in Tarai increased between 2006 and 2011, but slightly declined in 2016 (Oxfam International and HAMI, 2019).

**Table 5: Percentage of Population by Wealth Quintile in Nepal (2016)**

Residence / region	Wealth quintile				
	Lowest	Second	Middle	Fourth	Highest
Urban	12.5	18.6	17.4	21.4	30.1
Rural	31.1	22.1	23.8	17.9	5.0
Mountain	57.8	23.4	8.3	5.7	4.9
Hill	31.0	20.5	11.2	14.6	22.6
Tarai	5.7	19.1	28.9	26.4	19.9

Source: *Oxfam International and HAMI, 2019*<sup>66</sup>

The poorest 20 per cent share 4.1 per cent of the total wealth. To measure the wealth inequality with more statistical precision, Nepal Living Standards Survey (NLSS) data of 2010/2011 were compiled and used. The computed Gini coefficient based on household wealth distribution is derived to be 0.73. Similarly, estimated Gini coefficient based on per capita wealth distribution is 0.74. The Gini coefficients based on both household wealth and per capita are substantially higher than that of income inequality (See table 6). They are higher than that computed by Wagle (2008) in 2004 data. Household wealth Gini derived by Wagle (2008) was in the order of 0.715 for 2004.<sup>67</sup> The results show that per capita wealth distribution is more unequal than household wealth distribution. Similarly, wealth inequality is higher in urban areas compared to rural areas. Geographically, Hills have higher wealth inequality than Tarai or Mountain.

**Table 6: Gini Coefficient and Palma Ratio for Wealth Inequality in Nepal (2010/2011)**

Gini	National	Urban	Rural	Mountain	Hill	Tarai
Household Wealth	0.73	0.71	0.66	0.59	0.75	0.69
Per Capita Wealth	0.74	0.72	0.69	0.63	0.76	0.72
<b>Palma Ratio</b>						
Household Wealth	22.32	27.32	10.91	6.38	29.47	15.49
Per Capita Wealth	26.68	29.35	13.11	8.28	33.64	19.45

Source: *Oxfam International and HAMI, 2019*<sup>68</sup>

Though the Constitution of Nepal has provided equal property rights to sons and daughters, in practice, women are deprived of rights as enshrined. Lack of general awareness among women; lack of essential support to women from existing institutions regarding their rights, negligible access of women to the means of production especially land, factories, capital and public properties, lack of access to education and services, and very low participation of women in decision making processes are the factors leading to high gender inequality.

The households headed by females do not necessarily mean increased access to property in Nepal. According to census data collected in 2011, female headed households increased by 10 per cent over the decade. This seems like increasing access of property to women. However, it was because of the policy formulated by the government to exempt tax up to 30 per cent in purchasing land with women's title. In practice, women are not in a position to sell the property owned by themselves and thus the provision looks like a showcase; the miserable outcome of the miserable patriarchal society. It is necessary to change the economic, political, social and cultural status of women to increase the access of women to property so as to reduce inequality gap by promoting decision making and expanding economic opportunities.<sup>69</sup>

#### **Box 6: Women are denied as equal citizens**

Rubina Kayastha (Name Changed) of Sainamaina Municipality, Ward No. 4, Rupandehi District is an officially recognised household head of her family. All the property, the house, the land and the assets associated with the household operation have been registered in her name. It has been, therefore, easier for Rubina to pay back tax or loan whatever and solve the entire household burden incurred on her in her husband's absence who is in South Korea. Rubina lost her citizenship certificate and had to make a copy of it to sell a piece of land in her name. Rubina's documentation as Nepalese Citizen was in Bardiya. She requested the authority to bring it back to Rupandehi. But in doing so, the authority asked the visible presence of Rubina's husband, which was impossible. Rubina requested the authority to hear the voice of her husband but the authority sought signature of her husband in his presence. Finally, she had to give up the family idea of selling the piece of land and utilising it in the well-being of the children, that is, education and health.

Source: *Oxfam International and HAMI, 2019*<sup>70</sup>

Extreme inequalities of wealth are destroying much of the region as in any other part of the planet. The region is in the throes of a downward spiral as disparities of wealth and power compound and worsen. While the economy surges, inequality subverts democracy, culture and security with a tiny elite at the top owning the wealth almost entirely. It is often found that the so called upper castes and the upper classes of the society are able to amass wealth through disproportionate privileges from the state by way of policies and mechanisms. Worse, inequality in wealth among one generation leads to inequality of opportunity for the next, largely, due to the purchasing function of this wealth. In spite of formal democratic mechanisms, it subverts democracy and leads the elite to capture the state. This, in turn, reinforces inequality.

## LANDLESSNESS AND RISING INEQUALITY

A predominantly agrarian society like South Asia needs land, water and other natural resources to sustain the livelihood of the majority of its population. However, unequal distribution of land and the appropriation of other natural resources viz. water bodies, coastline and forests by capital have perpetuated wide-spread rural poverty. People with no land or insufficient land with which to feed themselves are perpetually caught in a vicious cycle of poverty.

Bangladesh has the lowest land-man ratio in the world, which was estimated to be 0.06 hectares per person by the FAO in 2013. With a long history of inequitable access to land, the number of landless households is growing in a fast pace; 13 per cent of rural households in Bangladesh own absolutely no type of land, including for housing. A recent study on rural land has estimated that 69.5 per cent rural households lost their land in the past 10 years for various reasons among which grabbing and acquisition were two major contributing factors.<sup>71</sup>

The land rights of religious minorities have been to a large extent denied by the draconian Vested Property Act, which has been used to dispossess almost three-quarters of 9.2 per cent of the total population of their ancestral lands.<sup>72</sup> In Bangladesh, only 3.5 per cent of land is entitled in the name of women as of 1996, and out of these female headed households, only 0.18 per cent own land above 7.5 acres.<sup>73</sup>

Among the indigenous communities the situation of landlessness is equally problematic. 67 per cent households of Chittagong Hill Tracts are landless. The plain-land indigenous peoples also, register a high degree of landlessness, for example, Patro (92 per cent households are functionally landless), Pahan (85 per cent), and Santal (75 per cent).<sup>74</sup> The recent increase of landlessness is directly related to land grabbing and land acquisition policies of the real estate elites and the “development” interventions of Bangladesh Government.

In India, inadequate land reform projects have retained an inequitable distribution of land in the rural areas accentuating the gap between the rich and the poor. As land is the biggest income generating asset in rural areas, a large number of landless people have no productive asset to engage themselves with. As per government estimates, 300 million<sup>75</sup> are landless in India. They do not get regular work, especially, during the lean seasons, it has regularly created mass poverty and deprivation. Inequality of land ownership has also reproduced inequality of wealth and income since the income that flows from the land also gets accumulated in the hands of a few rural rich. The 70<sup>th</sup> round of the NSSO Survey on Household Assets and Liabilities, carried out in 2013, points to this direction and revealing a stark picture of inequality in India. In rural India, the average value of assets of the bottom 10 per cent is USD 342 whereas the corresponding value for the top 10 per cent is USD 77,591. The average asset holding of the top 10 per cent is almost 227 times the average asset holding of the bottom 10 per cent. In urban areas, this difference is even far stark. The average value of assets of the bottom 10 per cent is just USD 4 while the corresponding value for the top 10 per cent is USD 197,763. The average asset holding of the top 10 per cent is almost 50,000 times the bottom 10 per cent.<sup>76</sup>

### Box 7: Poor are more vulnerable to be alienated from their land

Dimanti Devi, 45, is a landless farmer from South Dumri, a village in Samastipur district of the northern Indian state of Bihar. She does not like working for the Thakurs (upper caste), but her family lives and farms on their land. Before she was born, the river Ganges swept away the land they owned on its banks. So they have been staying in a hut on a property owned by the Thakurs.

Dimanti lives with her husband and three sons, aged 15, 13, and 11. They married off their teenage daughter, after taking a INR 50,000 loan from the Grameen Bank (without collateral) for her wedding and dowry. There is no way for them to be able to repay that loan.

Dimanti earns INR 100 every day from cleaning a three-storeyed house of the Thakurs and their cowsheds. Her husband assists them on their fields. They both work seven days a week. They grow wheat and maize on a small tract, and split its harvest with the landowners. Their share in a season is less than 100 kilograms. In August 2018, however, their maize crop got flooded due to the heavy rain. They had borrowed the money for the seeds from a village lender.

Source: [www.qz.com](http://www.qz.com)<sup>77</sup>

One of the largest indicators of wealth inequality in Pakistan is the distribution of farm-land among rural households.<sup>78</sup> Nearly 64 per cent of Pakistan's population resides in rural areas, yet 1 per cent of farmland owners (mostly large feudal lords) own 20 per cent of the country's farmland. The top 20 per cent people own 69 per cent of the country's farmland whereas a small-scale farmer owns an average of 0.3 hectares. Any possibilities of a national policy on land redistribution have always been foiled by land-owning elected representatives, who instead of representing the interests of the common people, only look out for themselves.

Since early 2000s, it has been clear that capital has been rewarded much more than labour in terms of distribution of returns generated from growth. According to the Household Integrated Economic Survey (HIES) 2015-16, the share of the top 20 per cent of households in overall income is nearly 45 per cent, while the share of the bottom 20 per cent is slightly less than 9 per cent — a multiple of 5 times<sup>79</sup>.

Similarly, according to the Pakistan Social and Living Standards Measurement Survey (PSLM) 2014-2015,<sup>80</sup> overall the number of households that owned dwelling units declined to 84 per cent in 2014-2015 compared to 86 per cent in 2012-2013. The percentage is higher in rural areas i.e. 90 per cent in comparison to 74 per cent in urban areas.

Nepal faces a historic land inequality crisis due to the absence of any meaningful land reforms. This was maintained due to the feudal grip on the land as well as on the state. With 60.4 per cent of the population located in the rural areas, it is no wonder that two-thirds of the total population depend on agriculture for their livelihood. The extreme concentration of land in the hands of a few people makes it extremely difficult for the agrarian masses to achieve any semblance of equality. The top 7 per cent of households own about 31 per cent of arable land while the bottom 20 per cent are left with only 3 per cent of land among them.<sup>81</sup> More than half (53 per cent) of Nepali farmers own less than 0.5 hectares of land, and 1.3 million households (29 per cent of the population) do not own any land at all.<sup>82</sup>

Existing social hierarchy based on caste, gender and ethnicity plays a major role on the ownership patterns and quality of arable land. The issue of landlessness also depends on geographical locations with the Tarai region reporting larger concentrations of land than the rest of the country.

In spite of the Land Reform Act enacted more than half a century ago (1964), the issue of providing equitable access to land remains an unfinished agenda till today. The new Nepalese constitution offers a beacon of hope as it guarantees the rights of farmers over land by ending dual ownership of land and discouraging absentee

land ownership. It also attempts to prioritise the protection and promotion of farmers' rights while carrying out land management, and commercialisation, industrialisation, diversification and modernisation of agriculture to increase agricultural production and productivity.

The fact above reveal that the problem of landlessness resulting in land inequality has historically plagued the region. In spite of several land reform programmes, more than half of the rural population lack any form of landholdings. There has hardly been any attempt to bring in any genuine redistributive policy of land reforms even though this critical inequality affects all aspects of rural lives including income and access to basic services. No doubt, landlessness and the inequality over access to natural resources are strong determinants of rural poverty. Equitable access to land not only ensures livelihoods but also ascertains the dignity and social status which is closely linked with economic independence. Thus, it creates the conditions and opportunities favourable for attaining social equality as well as economic and social justice.



A homeless worker, who has made this Mumbai street corner his home, taking rest after a hard day work in Mumbai, India. Photo: Ajay Bhargav, <httpswww.pexels.comphotomen-s-black-and-white-checked-shirt-1043558>

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# **GENDER INEQUALITY**

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## GENDER INEQUALITY

“As per the Convention on the Elimination of all forms of Discrimination against Women (CEDAW), accepted by all South Asian States, women have the rights to the highest attainable standard of physical, mental and reproductive health. Such rights have a direct relation to women’s rights to life and liberty”<sup>83</sup> Nevertheless, women are treated as the second class citizens in the region. One in every two women in South Asia faces violence in her home.<sup>84</sup> There is significant gender discrimination between a girl child and a boy child. In South Asia, there are 50 million fewer women in the population. Girls and women in South Asia die prematurely through neglect and violence. 56 per cent women in South Asian are illiterate, and one third of all maternal deaths in the world occur in the region (ibid).

Social norms and values are led by the patriarchal system, where women have been deprived of enjoying their basic human rights and suffer discrimination on education, health, exposure, employment opportunity and control over resources. Compelled to depend on their fathers, husbands, and sons, women are always treated as commodities.

Women need special care regarding reproductive health but still they have no control over their reproductive rights. They are compelled to work in very hazardous conditions and mostly receive unequal wages. It is burdensome for them to incorporate basic household work with the work outside. This causes serious health problems which lack easy access to treatment. The privatisation of the health system is further aggravating the situation by making it difficult for poor women to get access to health care. Other chief concerns related to the vulnerability of women are society’s control over sexuality and; forced human trafficking to which women are most vulnerable.

If one were to look at income inequality by gender, South Asia has the world’s most skewed gender wage gap. This region falls among the few regions in the world where the gender labour force participation gap is both tremendously large and continuously growing. Moreover, the Gender Gap Index of South Asia reveals an extremely unequal society in comparison with other regions (See table 7).

**Table 7: Gender Gap Index**

Country	Global Gender Gap Index 2016		Economic participation and opportunity	Labour Force participation	Wage equality for similar work	Estimated income (USD, PPP)			Professional and technical workers
	Rank	Score				Score	f/m ratio	f/m ratio	
Bangladesh	47	0.719	0.465	0.54	0.57	2,364	4,776	0.50	0.41
Bhutan	124	0.638	0.622	0.80	0.79	6,226	10,967	0.57	0.49
India	108	0.669	0.376	0.35	0.62	2,424	10,428	0.23	0.34
Nepal	111	0.664	0.599	0.94	0.58	1,963	3,030	0.58	0.42
Maldives	106	0.669	0.641	0.73		10,501	15,256	0.69	1.09
Pakistan	143	0.546	0.309	0.30	0.55	1,610	8,695	0.19	0.28
Sri Lanka	109	0.669	0.521	0.42	0.63	6,491	18,599	0.35	0.97

Source: *The Global Gender Gap report, 2016, World Economic Forum*

The data collected from 144 countries show South Asian countries lagging behind, mostly in the bottom with Pakistan occupying the penultimate space. The parity benchmark is 1 for all indicators; the values above 1 favour

women and the values below 1 favour men. It is observed that, on an average, women earn around a half or less than a half than their counterparts. They are also paid much less for a similar task. South Asia lags behind Sub-Saharan Africa and is just ahead of the Middle East and North Africa, as a region where the bulk of women are still engaged in precarious and casual jobs. Millions of women are forced to take up low paid, poor quality jobs which deny even basic safety, security, health care, access to clean water and decent sanitation. At the same time, they are responsible for the burden of unpaid care work. In India, for instance, women undertake almost 6 hours of unpaid care and household work per day compared to half an hour for men. While on average globally, women are paid 24 per cent less than men, in South Asia, the gender pay gap is 35 per cent for the women with children compared to 14 per cent for those without. According to World Bank's own admission "Only 28 per cent of women in South Asia have a job or are looking for one, compared to 79 per cent of men. This is the second lowest in the world, after the Middle East and North Africa region at 21 per cent... In India and Sri Lanka, tens of millions of women have been dropped out of the work force over the last twenty years."<sup>85</sup>

Labour markets in India are marked by gender-based disparities in wages, regardless of labour status, region, sector or occupation. As per the Global Wage Report 2018/19 of ILO, India suffers from a huge gender pay gap. India has among the worst levels of gender wage disparity (men earning more than women in similar jobs) with the gap exceeding 34 per cent. In India, women form 60 per cent of the lowest paid wage labour, but only 15 per cent of the highest wage-earners. It means that women are not only poorly represented in the top bracket of wage-earners but also experience wide gender pay gap at the bottom.<sup>86</sup>

### **Box 8: The plight of women workers as extreme form of violation of worker rights**

Salesperson Anitha recollects the horror she had to face while at work in one of the many saree shops in the city. Her pay was cut because the owner of the shop saw her leaning against the wall for a breather, according to the visuals he saw on CCTV camera.

You have to remain standing for 12 hours at a stretch, every day. You have two 5-minute toilet breaks, and the toilet is easily a hundred meters away from your position. You have a 30-minute break to have lunch. Your every move is monitored, and you will be penalised for every offence – which includes leaning against the wall (even for a few seconds), speaking to others, sitting down, and other violations. This is the plight of women salespersons in Kerala, India.

*Source: [www.thebetterindia.com](http://www.thebetterindia.com)<sup>87</sup>*

Female labour force participation is meagre in Afghanistan, both in rural and urban areas. According to the recent (2016-2017) report of Afghanistan Central Statistic Organisation the proportion of women in managerial positions is measured at 4 per cent only, indicating an extremely low women's representation in decision making in the economy while the women's labour force participation rate according to ILO is 48.66% in 2018.<sup>88</sup> In Bangladesh, the gender gap in employment rates in 2010 was still a disappointing 32 percentage points. The employment rate of men was found to be 90 per cent while it was 58 per cent in terms of women. Moreover, counter to the prevailing trend in the region, the evidence in Bangladesh points at the fact that this gap has been widened in the recent years.<sup>89</sup> The RMG industry in Bangladesh is well known for low wages and high exploitation. As more than 80 per cent of workers in this sector are women, they make up most of the sufferers. Moreover, women's average wages are also conspicuously less than that of their male colleagues. Field data of one study demonstrates that male workers monthly average salary outscores female's monthly average salary by 42 per cent, 41 per cent and 39 per cent in the RMG industries - A, B, C respectively.<sup>90</sup>

According to the ILO report "Women at Work: Trends 2016", between 1995 and 2015, the global female labour force participation rate decreased from 52.4 to 49.6 per cent. In Southern Asia and Eastern Asia, the gap has grown even wider.<sup>91</sup>

According to World Economic Forum's Global Gender Gap Report 2017, Bangladesh ranks 47th among 144 countries in Global Gender Gap Index 2017. In 2016, Bangladesh was at the 72th position which means the country has moved 25 notches up within a year in gender gap index. However, it is ironical that an average woman in Bangladesh earns about 60 per cent less than what her male counterpart earns for the same amount of work.

In Nepal, between 2001 and 2011, the average household size of the country decreased from 5.44 to 4.88 as per the census taken on the period. Approximately one in four households is female headed in Nepal. The census

data show that out of total 1,921,494 absentees, 237,400 were females which is drastically low compared to the male migrants.

The data further reveals that more than two fifths of the females are illiterate. There are almost no possibilities of illiterate women to get any job in the international market. Those going as undocumented or as unskilled labourers are vulnerable to many hazards in the workplace. In addition to getting low incentives, there might be chances of exploitation (ILO, 2015).<sup>92</sup> This scenario ultimately contributes to income inequality as migrant workers abroad fall into the plight of misery and vulnerability and their family members are trapped into a poverty stricken situation with the ongoing and emerging crisis of hand to mouth.

The labour force participation rate of males is significantly higher than the rate of females (male 87.5 per cent, female 80.1 per cent) in Nepal. However, an average Nepali woman earns only 73 per cent and 66 per cent of what an average Nepali man earns in the agriculture and non-agriculture sectors, respectively (CBS, 2011).<sup>93</sup>

In Pakistan, the gender wage gap persists almost in every sector of the country. Rural women, who are a mainstay for growing rural farming and livestock, play a key role in the agriculture sector. Despite women holding such major role in this sector, they are not paid proper wages. According to a study conducted in 2012, male agricultural workers earned USD 2.3 per day while female agricultural workers earned only USD 1.28. In addition, women are engaged in only 32.82 per cent of skilled agriculture while such involvement of men is around 67.18 per cent. Meanwhile, women work for more hours per day than men. Even the private schools owners in small towns and urban areas pay only USD 1.5 – 1.9 to women per day.<sup>94</sup>

In 2016, the UN Entity for Gender Equality and the Empowerment of Women (UN Women) estimated the gender pay gap in Pakistan at 29 per cent.<sup>95</sup> The ILO had previously estimated this gap at 64.5 per cent. Pakistan's textile, garment and footwear sectors had one of the highest gender pay gaps in the world.<sup>96</sup>

**Table 8: Share Earnings in PKR (1 USD = 132.75 PKR) and Earning Ratio for Workers (aged 15 to 64)**

Occupation	% share of women	Female	Male	Earnings ratio (%)
Hand launderers and pressers	17	10,000	10,000	100
Generalist medical practitioners	29	55,000	58,000	95
Product garment designers	35	16,500	20,000	83
Garment related pattern makers and cutters	14	8,000	10,000	80
Tailors, dressmakers, furriers and hatters	50	6450	10,000	65
Crop farm labourers	55	4300	7740	56
Nursing professionals	58	16,700	38,000	44
Primary school teachers	33	10,000	23,000	43
Sewing, embroidery and related workers	64	3,870	10,000	39
Handicraft workers in textile, leather and related materials	51	3,440	12,000	29

Source: ILO, 2017<sup>97</sup>

Sri Lanka ranked as low as 109 of 144 countries in the Global Gender Gap Report 2017 and widened its gender gap in wage equality for similar work. A World Bank report finds "gender wage disparities to be greatest in the private informal sector (a 61 per cent gap) and least in the public sector (7 per cent), and the gap found to be in-between (40 per cent) in the private formal sector. In 2011 and 2013, the earnings gap itself was again largest in the private informal sector (58 per cent and 56 per cent in 2011 and 2013, respectively) and the smallest in the public sector (14.5 per cent and 15 per cent, respectively), with the size of the private formal sector gap (37.5 per cent and 38 per cent) falling in-between. In 2006 and 2009, the gaps across employment categories followed the same pattern, although the greatest range occurred in 2006, which shows an 11 per cent gap in the public sector and a 62 per cent gap in the private informal sector."<sup>98</sup>

Gender gaps in labour market participation is very wide in South Asia. It is anticipated to remain so in the near future, primarily due to the exceedingly low participation rates of women in the labour market in these regions.

Implicit in this trend, there are apprehensions that owing to restrictive gender and cultural norms, women in South Asia are more constrained in terms of their choice to seek paid employment.

Century old South Asian patriarchal cultures that have weighed upon us for centuries are the root causes of gender inequality prevailing in the region. Deeply rooted in socio-economic structures, lies a culture where men are bestowed with 'natural rights' to dominate, oppress and exploit women. Patriarchal norms of life find validity and sanctions in the major religious codes of the region. Women face violence throughout their lives especially with changes in marital status. Violence against women, especially brutal crimes like rapes, dowry deaths, and honour killings have been rising across the region. Women have been chained to extreme poverty and are outside the arena of education. This reinforces their sub-ordination to men as the above factors drive countless women to work as low-paid domestic assistants, unorganised prostitutes or as migrant labourers. They not only receive unequal pay for equal (or more) work but are also offered only lowly paid jobs.

The process and forces of globalisation are considered to be accentuating inequality and poverty, massively influencing women workers, who are employed as either low-paid or underpaid workforce. As homemakers, the poor women have to shoulder the disproportionate burden of globalisation due to commercialisation of daily livelihood needs such as drinking water, degradation of environment and health services, rise in food prices and privatised education by corporate driven globalisation (SAAPE, 2013).<sup>99</sup>

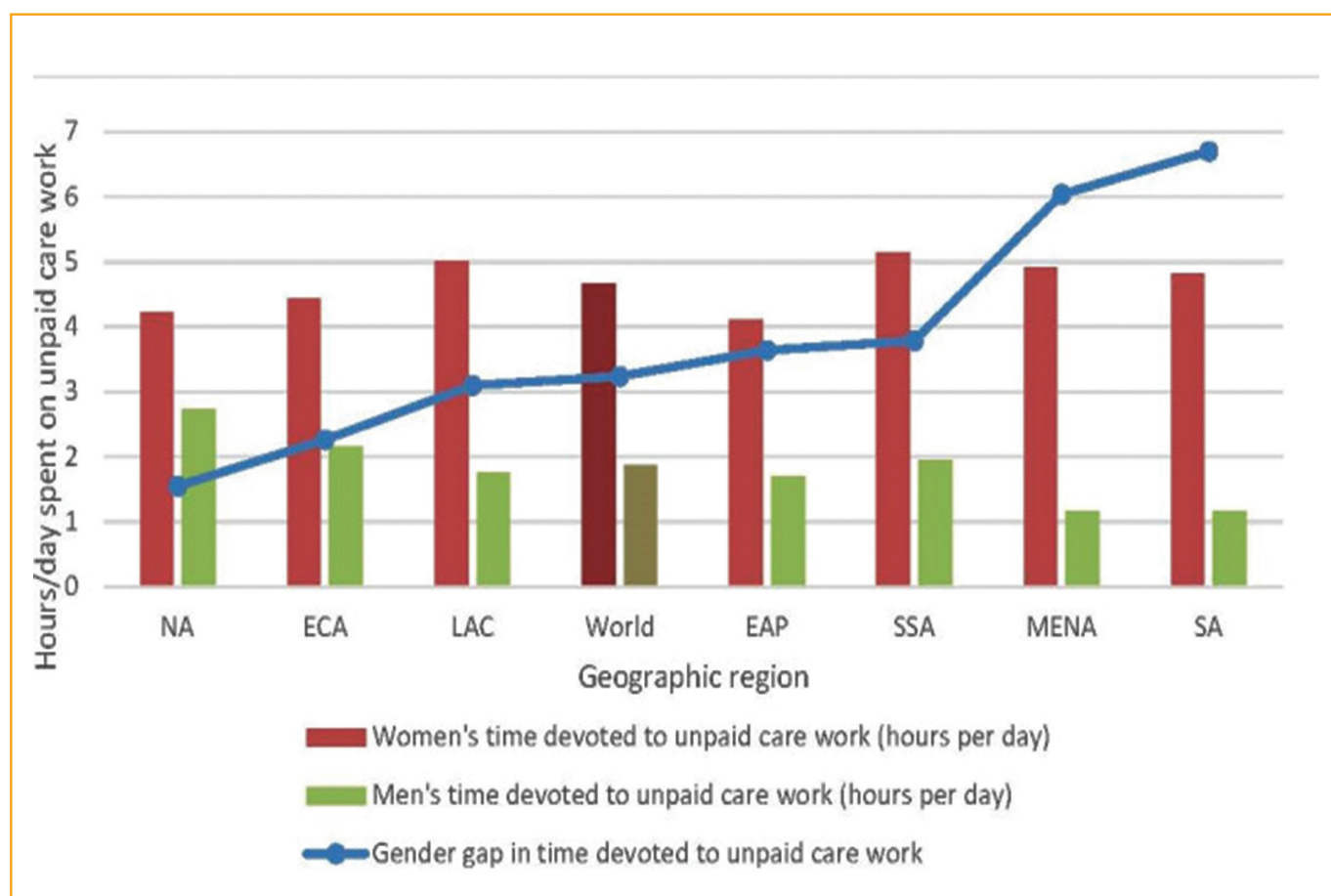
The current paradigm of development in South Asia appears to have further exacerbated the traditional discrimination against women. Women's contribution to the economy, through their household work, is yet to be considered a component of the GDP. Further, women's nearly single handed contribution to the 'care economy' - reproducing, cooking, cleaning, bearing and caring for the child, caring for other family members - is largely ignored. It is thus, unsurprising that "while 67 per cent of the world's work is done by women, only 10 per cent of global income is earned by women and a mere 1 per cent of global property is owned by women."<sup>100</sup>

According to the ILO Report on *Care Work and Care Jobs for the Future of Decent Work 2018*, globally, women perform 76.2 per cent of total hours of unpaid care work, more than three times as much as men. In Asia and the Pacific, this rises to 80 per cent<sup>101</sup>. The unpaid care work is the main barrier for preventing women from getting into, remaining and progressing in the labour force. In 2018, 606 million working age women said that they were unable to get into the labour force because of unpaid care work. Only 41 million men said they were not in the labour force for the same reason (ibid). Unpaid care work is one of the main obstacles to women moving into better quality jobs. It affects the number of hours spent by women in work for pay or profit, impacting their earnings. Even when women are employed outside their homes, there is lesser adherence to social security norms, greater violation of labour laws, in terms of wages, overtime, higher discontinuity of work, lesser bargaining power and more employment in the informal sector.

Globally, if women participate in the economy with their full potential identically to men, that would add up to USD 28 trillion<sup>102</sup>, or 26 per cent, to annual global GDP by 2025 compared with a business-as-usual scenario. Across Asia and the Pacific, women perform 80 per cent of the total hours of the unpaid care work, namely on average 4.1 times more time than men. The time spent by women in unpaid care work increases with the presence of young children. In South Asia and Middle East and North Africa, men perform the lowest share of unpaid care work of all regions (1 hour and 4 minutes), with 28 minutes in Pakistan (or 8.0 per cent of men's total working time) and only 31 minutes in India (7.9 per cent). The regional average for women is 4 hours and 22 minutes.<sup>103</sup>

When both work for pay or profit and unpaid care work are accounted together, the working day is on average longer for women (7 hours and 43 minutes) than for men (6 hours and 57 minutes). This makes women consistently time poorer than men. In Asia and the Pacific, in 2018, 49.5 per cent of the working age women declared that neither were they unavailable for employment nor were they seeking a job due to unpaid care work. This rate is the second highest after the Arab States. Only 7.1 per cent men are exposed to such conditions (ibid.).

**Figure 8: Gender Gaps in Unpaid Care Work by Geographic Region**



Source: OECD Gender Institutions and Development Database (GID-DB), 2019, [oecd.stat.org](http://oecd.stat.org)<sup>104</sup>.

Note: NA stands for North America, ECA for Europe and Central Asia, LAC for Latin America and the Caribbean, EAP for East Asia and the Pacific, SSA for Sub-Saharan Africa, MENA for Middle East and North Africa, SA for South Asia.

The care economy and other contributions of women's labour, if included in the GDP, is likely to double the national income. However, structural and systemic exclusion of women's voices means that such contributions remain unaccounted and unrecognised, therefore, rendering them all the easier for greater exploitation. In fact, it remains ignored at the primary stage i.e. during all policy level discussions in the several ministries when budget outlays and labour law reforms are being discussed. As long as women do not have equal access to schooling, employment opportunities and the state does not provide support of social welfare systems for the care of children, maternity and paternity leave, care of the elderly, free health care for the poor and the social environment is strongly patriarchal, women will continue to fill the gaps of all basic labour needs both in the domestic and the public sphere. If women were gainfully employed in the work force, care provisioning would be more equally borne by both men and women with the state intervening and taking responsibility for institutional support systems made available to workers across all labour situations.

A newer approach to this issue as recently discussed in India, has been through an analysis of the domestic taxation system on the parameters of gender discrimination, described in the box below.

### Box 9: Propagating gender discrimination through taxation system in India

As per the 66<sup>th</sup> round of the National Sample Survey Organisation (NSSO), “Most women around the world, and in India, work. However, they are not considered as workers.” The value of unpaid household work performed by women throughout India is upwards of USD 612.8 billion<sup>105</sup> per year, depending on the economic value assigned to the tasks women perform daily. Currently, close to 44 per cent of women in both urban and rural India are unpaid family workers compared to about 14 per cent<sup>106</sup> of men. This immediately puts a question mark on the current taxation and other financial policies, where there is no consideration given to such cases of labour. The gender aspect of the Hindu Undivided Family (HUF) under the Hindu law also reflects that women are not recognised as independent owners of assets, whereas the large proportion of women who are actually contributing to the economy are subjected more to indirect taxes and are denied any benefits. Within the law's sub clause, it mentions that the *karta* (or the male head of the family) files income tax returns for both men and women in the family, emphasising the unequal structure of the law.

Thus, social norms in India ensure that working women do not get a politically, financially or statistically equal status as men. For women who are contributing to the economy unremunerated i.e. via the domestic sphere, Professor Jayati Ghosh argues for creating “expenditure strategies that can reduce unpaid labour.” and that “[the] purpose of the taxation policies should be to reduce unpaid work rather than recognise it and celebrate.”

Thus, the emphasis should be on providing additional institutional support which enables women to take up paid labour, rather than the executive undertaking the complex task of assigning monetary value to myriad roles played by women. Further, this process itself is likely to be unsatisfactory, given the systemic exclusion and inadequate representation of women's voices within the governing system.

Source: SAAPE, 2013<sup>107</sup>

Achieving gender equality requires a larger socio-economic transformation beyond mere policy prescriptions. However, pro-women legislations and policies can pave the way towards such eventual transformation. Such legislations need to eliminate biases both within the formal and informal structures of society. Policies must be strictly implemented to stop violence against women, sexual harassment – both in the public and the private spheres, to stop child marriage, to educate more and more women while making education gender sensitive, to give proper value to women's work, to get women into political power and to empower women in all walks of life.



A Nepali woman crushing stones to support her family in the western part of Nepal. Photo: Som Rai

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**INSECURE WORKERS,  
PRECARIOUS WORK**

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## INSECURE WORKERS, PRECARIOUS WORK

The high economic growth regime has accelerated informal or unorganised employment, significantly affecting labour market regimes in the region. Apart from widening income inequality, it causes social, health and other hazards due to the precarious job environment. We also witness, at the same time, a huge migration of the workforce from the agricultural to the industrial and service sectors. These latter sectors have undergone the processes of flexibilization and thrive on the extensive use of precarious forms of employment. This implies uncertain, unstable, and insecure employment practices as the de facto 'norms' of the industry and the labour regime. Moreover, there are small groups of workers who have had some benefits, relative security, and even access to collective bargaining. However, this small formal sector is undergoing rapid informalisation at the same time that the informal sector is persisting and expanding. In this situation, the experience of the growing working class is now mostly one of the loss of any opportunity for a more secure and predictable life. Precarious work strategies seek to limit the already delimited capacity for collective bargaining as the demands for flexibilisation are often a means for weakening the existing unions and limiting the capacity for collective action by workers.

### Box 10: Brute force employed to stop workers forming unions.

Aleya Akter, the General Secretary of the Bangladesh Garment and Industrial Workers' Federation (BGIWF), employed at Lufa Garments, responded:

I was severely beaten when I tried to bring together workers to make them understand why it's necessary to form a union. I was beaten on three separate occasions from 2006 to 2007, once inside the factory conference hall, once in a meeting room in the presence of the police, who just observed and did nothing, and once in front of the factory.

Shobita Byapari, a 28 years old sewing machine operator was asked, "What do you think stands in the way of progress for Bangladeshi garment workers?" She answered, "Police, thugs."

Ritu Khan, a 40 years old helper, was asked the same question, and she responded, "Police, thugs, the supervisor, the line chief. These are the biggest problems."

Source: <https://prospect.org/><sup>108</sup>

The growth of precarious work is considered to be one of the fundamental drivers of economic inequality in South Asian countries. Individual and productive features of workers determine the extent of inequality. If inequality increases sharply, it adversely affects the social and economic dynamics that ultimately weakens social cohesion. Wages are a major determinant of household income. It is thus not surprising that the long-term trend towards greater wage inequality is seen to be a primary cause of higher inequality in total household incomes. In many countries, the conspicuous rise in income inequality matches with the decline in labour income share. The reduction of wage inequality and working poverty in many countries in recent years is a result of establishing or strengthening minimum wages.

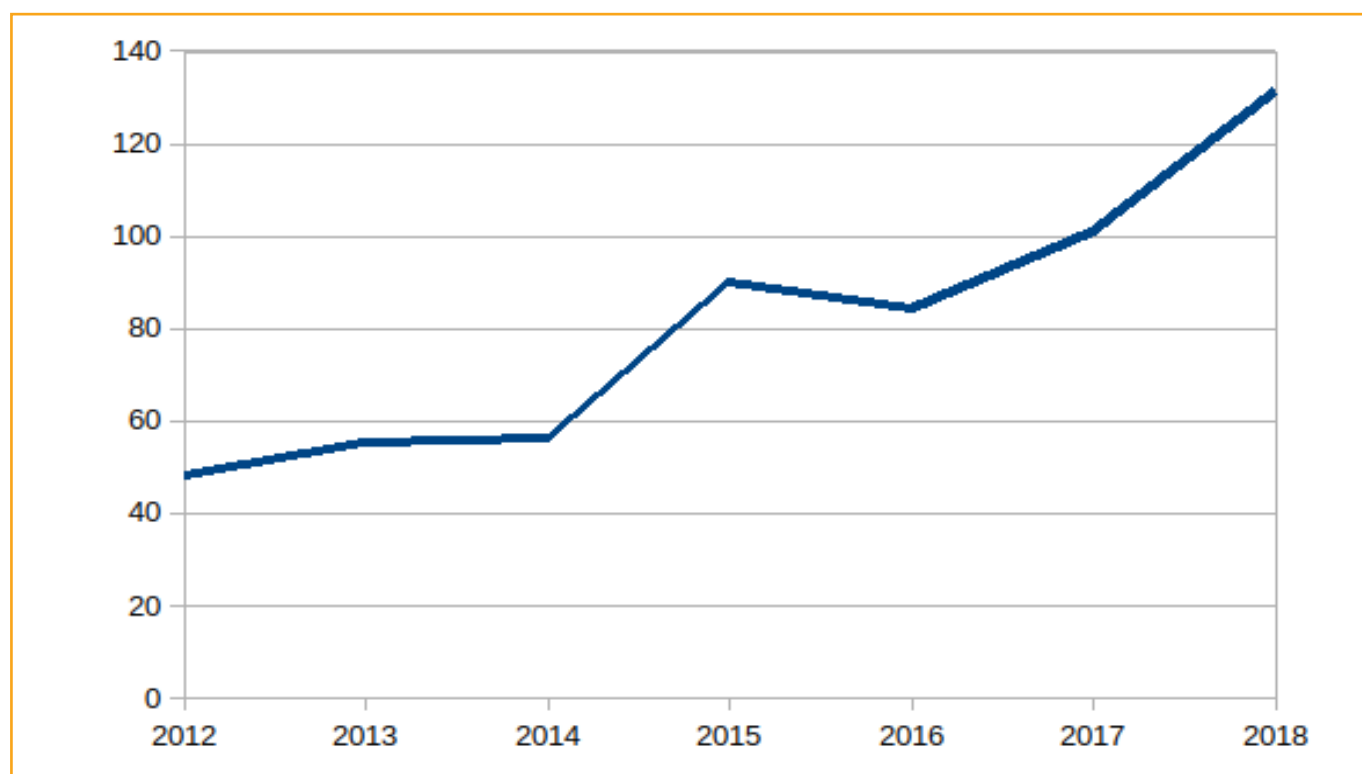
Likewise, working poverty appears rampant in the region and this high incidence of informality continues to undermine the prospects of further reducing working poverty. In fact, informality affects as high as around 90 per cent of all workers in India, Bangladesh and Nepal.

Indeed, it is argued that the "brilliant" economic growth in the region has been and is being achieved at the cost of widespread use of precarious jobs, built on uncertain, unstable, and insecure employment practices previously experienced in the informal economies of these countries. In addition, employment in the so-called modern or formal sector in these countries is hardly growing. This implies that a small minority or a relatively limited number of workers have access to some benefits, relative security and even collective bargaining. However, even this



small formal sector is undergoing rapid casualisation and informalisation at the same time that the informal sector is persisting and expanding.

**Figure 9: Growth of Billionaires in South Asia**



Source: [www.forbes.com](http://www.forbes.com)<sup>109</sup>

While the number of South Asian billionaires rises at an untrammelled pace the vast majority of workers are consigned into low-paid jobs with scant or no social protection. Workers, especially women and belonging to so-called lower castes, other minorities and disadvantaged groups are compelled to be involved in precarious employment in the informal sector. The salience of vulnerable and precarious employment (see table below) in total employment is projected to remain roughly unchanged for the foreseeable future. It will continue to affect roughly 72 per cent of workers in South Asia and likely to be more pervasive among women at 8 percentage points higher than those of men.<sup>110</sup>

**Table 9: Vulnerable Employment in South Asia**

	2017	2018	2019
Unemployment, 2017–19 (millions)	29.5	29.7	30.2
Vulnerable employment rate, 2007–19 (percentages)	72.1	72.0	71.9
Vulnerable employment, 2017–19 (millions)	498.7	505.7	512.6

Source: ILO, 2018<sup>111</sup>

Ruthless treatment of workers in manufacturing and construction industries further reveals the lack of humanity, an intrinsic element of capitalism in a neoliberal regime. The state has abandoned its regulatory role and allowed capital to maximise profit by intensifying the exploitation of labour.

Increasing visibility of women in the formal sectors is accompanied by growing empowerment in terms of livelihood choices and social mobility, as well as increasing marginalisation in terms of wages and labour conditions. This is explicitly observed in the garment industry in South Asia especially in Bangladesh, India, Pakistan and Sri Lanka. In a predominant conservative society with a patriarchal mind-set, the shift of women in millions from the rural informal sector to the modern industrial sector is in itself a change in society. They live independently in city slums, interact with banks, directly handle financial transactions for their day-to-day needs, use modern gadgets

like cell phones and so forth. However, experiences reveal that they are being subjected to the most inhumane conditions for bare livelihoods. The garments industry, which employs over three-fourths of the workers, gives a vivid example of their plight.

The Readymade garment (RMG) industry in Bangladesh recorded a phenomenal growth in less than three decades, mainly due to its competitive labour costs. Lower investment in safety measures also made its exports competitive but this success has cost the lives of thousands of workers who died at the workplace in a decade. Successive governments had been lenient to the errant apparel factory owners for non-compliance in terms of minimum safety standards. The neglect faced by workers at the workplace often gets worsened despite the criticism it draws at home and abroad. Frequent factory accidents overshadow the sector's 'shining achievements'.

Close to 81 per cent of all employed persons in India make a living by working in the informal sector, with only 6.5 per cent in the formal sector and 0.8 per cent in the household sector. Regionally, informalisation of labour is the highest in India and Nepal (90.7 per cent), with Bangladesh (48.9 per cent), Sri Lanka (60.6 per cent) and Pakistan (77.6 per cent) doing much better on this front.<sup>112</sup>

The box below is the representative case that shows the vulnerability of informal sector workers in South Asian countries.

### **Box 11: Vulnerability of informal sector workers**

36-year-old Brijmohan Tiwari lost his job at an automobile parts factory in the national capital following Prime Minister Narendra Modi's stunning announcement on November 8, 2016 to demonetise 86 per cent of India's currency notes. In the new year (2017), Tiwari started presenting himself at a chowk in West Delhi where labourers gather in the hope of finding daily wage work, mainly as manual labourers on construction projects. He has not been able to find another factory job so far.

*Source: [www.scroll.in](http://www.scroll.in)<sup>113</sup>*

In West Bengal, India, a 150-year-old tea industry is considered one of the economic pillars of the region employing around a million workers. Recently, a batch of speciality first flush Darjeeling tea has fetched an astronomical sum of USD 2871.<sup>114</sup> However, workers remain absolutely poor with regular outbreaks of starvation and deaths in the plantations. Not only are their wages lowest in the organised sector, it also falls much short of the unorganised sector workers covered by minimum wages. For instance, the agricultural workers receive USD 4 as minimum daily wage per day while the tea garden workers even after the recent "hike" are subjected to work at USD 2.35 per day. Furthermore, a vast majority is engaged as daily rated workers and work on a 'no work no pay basis'. Despite the legal provisions to govern the living conditions of workers, such laws are frequently violated at will and the state seems indifferent. The peak bargaining that takes place every three years has been traditionally used for suppressing wages rather than increasing it. A study on wage increment between 1987-2011 suggests that on occasions it has failed to beat the inflation for the corresponding period eroding the real wages significantly.

In Afghanistan, according to official figures from the Afghanistan Central Statistic Organisation both current unemployment and underemployment rates are 24 per cent and the youth unemployment rate is 30.7 per cent. According to the same source, currently, 42 per cent of the country's youths (aged 15-24 years) are deprived of education, employment or training. Furthermore, every year, 400,000 people enter the labour force market and thousands of migrants keep returning home. In Afghanistan, unlike many of other countries, the private sector is fragile and the primary source of employment opportunities is the public sectors' bureaucratic positions wherein hiring is mostly based on nepotism and ethnicity rather than on competence and qualifications.

The 2008 labour law of Afghanistan does not specify minimum wage in the private sector. Article 59 of the labour law notes that "The minimum wage cannot be less than the amount fixed by the Government" (which is AFN 5000 approximately USD 66 at the current exchange rates) per month. This amount is far less than the subsistence level for an Afghan family with an average of 7.7<sup>115</sup> members. The government, despite the constant appeals of Afghanistan's labour union and civil society, has not yet succeeded in revising the minimum wage level based on the current prices. Employers ruthlessly exploit the workers and force them to work for longer hours every day for even lesser than the minimum wage. According to a report by *tolo news*, workers in Kabul's industrial parks have been complaining that they are paid 200 AFN (USD 2.6) as a daily wage despite working for more than 12 hours a day.

### Box 12: Wage disparities in Afghanistan

Ramazan Bashardost, a member of Afghanistan parliament, said to *Jomhor news* “the constitution of Afghanistan obligates the government for the preservation and maintenance of social justice. However, the salary of the President being 75 times, that of the CEO and Vice Presidents 42 times and the Members of the Parliament 30 times higher than the salaries of teachers and civil service employees<sup>116</sup> is not social justice”.

Source: [www.jomhoronews.com](http://www.jomhoronews.com)<sup>117</sup>

The massive pay and skill gaps, nepotism and relation-based appointments, position buying practices, unemployment, brain drain and out-migration and considerable irregularities in the labour market are believed to be the primary contributing factors to the surging unemployment and consequently rising poverty and inequality in Afghanistan.

### Box 13: Miserable condition of workers that push them to extreme inequality

Fatima, 60, works in a grimy, reeking basement cleaning sheep wool from 7:00 am to 4:00 pm each day. She separates brown, white and black fibres, known as *karakul*, with hands that are covered in wounds and scratches. As she works, she covers her nose and mouth with her scarf to block out the dust and odour from the wool, as well as the noxious fumes of the chemical agents she uses to clean it.

At her age, Fatima continued, she needed some rest. But she could not afford to retire, even though she only earned two dollars a day. She complains that wages are too low considering the miserable conditions she has to endure. “I can’t talk to my boss about my wages,” Fatima said. “If I do, I will get fired. And then I will go hungry.”

Herat’s *karakul* industry employs up to 400 women who must endure poor conditions, long hour work and low wages. Officials say that factory owners are exploiting their overwhelmingly female workforce, while employers argue that they are providing work to needy women at a time of rampant unemployment in Afghanistan.

Source: [www.iwpr.net](http://www.iwpr.net)<sup>118</sup>

A study pointed out that among 63.7 million total employments in Bangladesh in 2017, 36.6 million were in a vulnerable employment condition.<sup>119</sup> Informality also remains pervasive in the non-agricultural sectors such as construction, wholesale and retail trades, and accommodation and food service industries. Currently, more than 65 per cent of the population is composed of working age and though Bangladesh’s economy has been doing well for the last several years, the job growth is the slowest in two decades.<sup>120</sup>

**Table 10: Unemployment Rate in Bangladesh**

Unemployment rate (%)			
	Male	Female	Total
	3.0	6.8	4.2
Unemployment rate aged 15 or older, by literacy, area and sex			
Sector	Male	Female	Total
Literacy	3.8	8.6	5.2
Illiteracy	1.3	3.8	2.1
Total	3.0	6.8	4.2

Source: Bangladesh Bureau of Statistics, Labour Force Survey (2015-16)

According to the Bangladesh Bureau of Statistics, Labour Force Survey, the country could add only 1.4 million jobs between 2013 and 2015-16 fiscal year, and 4 million jobs were added between 2010 and 2013. According to a latest projection by ILO, the unemployment rate in Bangladesh will remain static at 4.4 per cent in 2018 and 2019. It estimated that the unemployed people in Bangladesh in 2018 would increase to around 3.0 million from 2.9 million in 2017.<sup>121</sup>

The challenge of unemployment is particularly acute among the youths; despite gains in educational attainment (the percentage of youth completing secondary education increased from 9 per cent in 1990 to 35 per cent in 2010). More troubling is the fact that unemployment increases with educational attainment. For instance, in 2010, the unemployment rate was 14 per cent among youths with secondary education, rising to 25 per cent with a postgraduate degree. And despite the considerable progress with respect to female engagement and empowerment, the gender gap in employment rates in 2010 was still a disappointing 32 percentage points. In 2010 –the employment rate of men was 90 per cent, while it was 58 per cent in terms of women. Moreover, this gap has been further widened in the recent years.<sup>122</sup>

**Table 11: Distribution of Underemployed Persons by Broad Economic Sectors**

Agriculture	Service	Industry
64	25	11
Total= 100%		

Source: Bangladesh Bureau of Statistics, Labour Force Survey (2015-16)

Nearly two-third of the underemployed (less than 40 hours) people were engaged in agriculture (64.0 per cent), while one-fourth worked in service sector (25.0 per cent) and the rest 11.0 per cent were engaged in the industrial sector.

**Table 12: Underemployment Rates in Bangladesh**

Underemployment rate (%)	1995-96	1999-2000	2005-06	2010		
				Male	Female	Total
Total	17.6	16.6	24.5	14.40	34.15	20.31
Rural	-	17.8	27.8	16.66	36.64	22.67
Urban	-	12.2	13.9	6.86	25.62	12.40

Source: Bangladesh Bureau of Statistics, Labour Force Survey (various years)

The rate of underemployment increased from 16.6 per cent in 1999–2000 to 20.3 per cent in 2010. In other words, more than one-fifth of the labour force works for a limited number of hours. Moreover, there is a huge – although decreasing – gap between male and female underemployment rates – at 14.4 and 34.5 per cent respectively in 2010. Moreover, the rate of underemployment is generally higher in rural areas than urban ones due to its prevalence in the agricultural sector.<sup>123</sup>

The richest person in Nepal earns more than 5000 (5157.13) times in a year than a poor Nepalese. It takes more than 14 years for a poor Nepali to earn the same amount what a rich Nepali earns in a day.

In Nepal, more than 500,000 people enter the labour force each year. However, because of scarce employment opportunities, 80 per cent of this labour force goes abroad as they do not find any decent employment in Nepal. Among the remaining 20 per cent, 96 per cent are employed in the informal sector.

**Box 14: Fate of Nepali migrant workers**

When Rajendra Lama set off for a job in Qatar to build its World Cup airport, he was following a well-trodden path, taken by hundreds of Nepalis every day.

The way his journey ended was all too common as well: this summer his wife Manju got a message that he died of a heart attack, one of the scores of South Asian migrant workers who perished helping the tiny Gulf nation transform itself for the football championship.

Rajendra was just 29 years old.

Source: [www.bbc.com](http://www.bbc.com)<sup>124</sup>

According to Nepal Labour Force Survey 2008, 68.2 per cent of Nepali workers toiled 40 hours and more.

**Table 13: Working Time and Wages in Nepal**

Indicators	1998/99	2008
Average hours per week in the main job (15 years and more)	39.4	38.7
Male	42.6	43.1
Female	36.6	34.8
Percentage of employed individuals aged 15 years and above by hours worked		
0 hours	2.0	0.6
1-19 hours	8.1	11.2
20-39 hours	17.3	19.9
40 hours and above	72.6	68.2
Average monthly earning (USD) cash and kind combined of paid employees (15 years and more)		
Male	22	53
Female	13	32

Source: Nepal Labour Force Survey, 2008

In Nepal, the minimum monthly salary of employees in enterprises is NPR 8,455 (about USD 75), plus a dearness allowance of NPR 4,995 (about USD 44), which sums to NPR 13, 450 (about USD 120) per month (Nepal Labour Act, 2018). However, the wage is still very low, and it does not meet the recurring cost of the household. Consequently, it pushes the worker further into extreme poverty and insecurity. Though the government has fixed the minimum wages, most of the employers have not implemented the provision into practice yet taking advantage of the poor monitoring and negligence of the government institutions. This is due to the preponderance of a very high informal sector where minimum wages and other provisions like Social Security Fund are very hard to enforce and monitor.

According to a 2017 report by IMF,<sup>125</sup> Pakistan's informal sector was estimated to be large. It contributes an estimated 30-50 per cent of the total GDP, and is far above the South Asian average, employing roughly 60 per cent of the population. 72.6 per cent of non-agriculture workers are employed in the informal sector.<sup>126</sup> The long-term impact of a large informal sector is that it constrains economic growth and limits the ability to create high-quality jobs for workers. The state has, over the years, attempted to improve the social-security nets through the programmes such as the Benazir Income Support Programme, with an array of small programmes which are geared towards poverty alleviation and subsidies to various sectors. This, however, only adds up to around 0.54 per cent of the national GDP.

For the last two years, the Ministry of Finance of the Government of Pakistan has not issued any data or comment on the questions about the informal sector.<sup>127</sup> This is an issue to be worried because the lack of affiliation to major social-safety programmes and high-level of self-employment are seen as the further evidence that the informal economy is large in size. Moreover, the larger impact of informal economy means workers generally have limited social protection and rights in the informal sector which is mostly unregulated, and generally employs contract labour. Despite some improvements, Pakistan is significantly behind in providing social-safety nets. The attempt to reign in the vast economy, and provide alternative high quality jobs is central to addressing the questions regarding taxation, redistribution and inequality.<sup>128</sup>

In Pakistan, the privatisation regime was instituted in the post-dictatorship era of the 1990s – especially in 1991, when Nawaz Sharif first came to power, and throughout the dictatorship of Pervez Musharraf. According to Hafiz Pasha's report on growth and inequality, the focus of privatisation has been on state-owned institutions such as Pakistan International Airlines, Railways, Pakistan Steel Mill, Water and Power Development Authority, and other institutions which have been regarded as a burden on the government's finances. These initiatives to privatise have been considered as crucial by the IMF, which, in 2013, signed a USD 6.6 billion loan with the Pakistan government in which privatisation was seen as seminal to meet the structural reform criteria.<sup>129</sup>

In December 2015, the Pakistan government issued a presidential decree taking back a 1956 law that barred the government from selling the PIA. However, following the strike by the workers' union in which two people died, the government was forced to take back its plans to privatise the PIA.<sup>130</sup> A new deadline was negotiated with the IMF, and the political climate stopped the government from being able to sell-off the PIA. The government was unable to carry out its plans and agreement with the IMF to privatise the Steel Mills, Faisalabad Electric Supply Company, and others as political instability in the country steadily grew.<sup>131</sup> The public confidence in the national carrier dropped as a string of scandals emerged from within the airlines. The Steel Mills was brought to a close, and was suffering a daily loss of USD 11.23 million, and employees and pensioners were not receiving their salaries. This led the National Accountability Bureau to start an inquiry against bureaucrats and management associated to the continued decline of the Steel Mills.

The privatisation regime has, since 1991, seen that around 169 state-owned enterprises have been privatised. The successive governments have carried out privatisation under the pretext of encouraging FDI. This has had a pernicious impact on labour which is increasingly becoming contract-based and faces continual decline of basic work rights. A large state that once employed a sizable portion of the population and offered its employees job protection, affordable housing and public services, guaranteed health services and pension, appears to have abdicated its responsibility to provide jobs for the people, and has, instead, taken to encourage young people to take loans in order to start their own businesses. Incubation centres, entrepreneurial think tanks and IT-driven initiatives in Lahore have been trying to get young people to provide themselves jobs and create more jobs in the process. Yet the IT-entrepreneurial dream does not seem to be paying off dividends at this point, since educational standards for a vast majority of the population remain abysmally low.

There has been an attempt to avoid speaking about the perils of the informal economy and how it has worked in taking away a basic social-security net for the poor. The IMF and Pakistan government have supported cash-transfer programmes to help provide some social-safety protections (Benazir Income Support Programme) in the current economic environment. Yet, even guaranteed social security nets such as Employees Old-Age Benefits Institution (EOBI) were marred with corruption scandals throughout the PML-N's government. Various studies have estimated that only 5 per cent of Pakistan's labour force is registered with the EOBI.

The economic liberalisation programme of Sri Lanka, since 1977 has vastly changed the nature and structure of employment in the country. The reforms changed the economic orientation from import-substitution-oriented industrial policy towards an export-oriented one.

Immediately after the liberalisation efforts, the first free trade zone (FTZ) in Sri Lanka was set up in 1978 in Katunayake, near Colombo. Since then, it has been replicated in many more parts of the country. These zones try to shape production in a manner to attract FDI and expand exports. The enterprises in the FTZs enjoy free trade conditions and far less regulations from the statutory authorities. In the beginning, attempts were made even to have quasi-exemption from labour laws but resistance by trade unions forced the government to grant the workers in these zones the same legal protection enjoyed by workers outside. However, enforcement is a real issue and in spite of the presence of unions, labour organising is *de facto* restricted in the zone.

Mostly employing young female workers, the industrial activity here is marked by light manufacturing such as garment factories and other export products. Many of the workers are rural migrants. Roughly 250,000 workers are estimated to be working in 14 FTZs spread throughout Sri Lanka (Free Trade Zones and General Services Employees Union, 2010). In these zones, around 80 per cent of the workers are women. However, the working and living conditions inside the FTZs are pathetically miserable. Working hours for the majority of garment workers are from about 7:00 am to 4:00 pm whereas any kind of tardiness is punished by wage cuts. Quota targets are set for each individual worker, and the inability to meet such production targets often results in various punishments, including working overtime without pay and being subjected to humiliating practices. An example of these humiliating practices is placing a black flag on the individual's work table, which requires the worker to stand in front of others. The use of bathroom breaks during work hours is strictly controlled and medical facilities are either minimal or non-existent. This is problematic because there are laws that have been rescinded by governments in order to promote export production. For example, in 1982, the Sri Lankan government withdrew from ILO convention No. 89 which prohibited night work for women employees because they wanted women to work night shifts. Specifically, night work became an option in which women had to choose to be a part of. However, in reality, women do not have the option to decide whether to work a night shift or not due to their



Women workers involved in a seafood processing job. Photo: Ajay Bhargav, [www.pexels.com](http://www.pexels.com)

subordinate position. They do not have the power to refuse to work when asked by the management. A previous report revealed that while the concessions, incentives and infrastructure for the investors improve every year, the infrastructure provided for the workers remain at a very low level. In the Katunayake Free Trade Zone where more than 60,000 workers are present, neither the government nor the companies have made any effort to provide hostel facilities. As a result, workers have to live in greatly unprotected structures that are situated at the back of private homes. There are instances where these workers have been sexually abused, not only while walking along the roads, but also within these boarding houses.

In the so-called hostels where they have to cook, sleep and perform all other activities they have become victims of many diseases. A research conducted by the Women's Centre regarding the Katunayake Free Trade Zone workers revealed the following results: 57 per cent of the respondents of the research have colds, 45 per cent with fever, 19 per cent with eye diseases, 23 per cent with stomach ailments, 4 per cent with diarrhoea, 63 per cent with aches in arms and legs, 40 per cent with tiredness, 14 per cent with depression, 71 per cent with headaches, 20 per cent with skin diseases, 26 per cent with weight loss, 40 per cent with back aches, 38 per cent with chest pains, 33 per cent with sleepiness, and 26 per cent with breathing difficulties.

It was mentioned that the reason for these diseases were 43 per cent lack of sleep, 37 per cent long working hours, 16 per cent working in shifts, 45 per cent being separated from the family, 55 per cent lack of free time, 30 per cent not receiving suitable nutrition, 50 per cent poor living conditions, 25 per cent lack of privacy, 22 per cent supervisors and their power impact, and 38 per cent irregular meal times.<sup>132</sup>

Another case of extremely precarious work and ruthless exploitation is in the Sri Lankan plantation sector. Initially brought from India two centuries ago to work in Sri Lanka's plantations like slaves, the exploitation of this sector's workers continues to date. The independent Sri Lankan state perpetuated and entrenched this discrimination by rendering them stateless and disenfranchised. Even though some measures of correction have been undertaken, the effects are inter-generational and severe. This poverty-stricken community continues to be an invisible entity, allowed to be exploited by private and State owned companies, at will, with little benefits transferred to them. Since the privatisation of these plantations in 1992, informalisation has further increased. There is a recruitment of old workers and workers on a part-time basis who are paid low, with no collective bargaining power and

no formal employment security. Gender based discrimination and exploitation are rampant in the plantations. These workers are among the poorest in the country and, more importantly, do not have access to land, health, education, adequate housing, drinking water and sanitation compared to the rest of the workers in the country. While there has also been a decline in plantation work, harsh conditions of poverty are forcing people to find other forms of, similar or more severe, informalised work such as domestic work within the country or overseas. To this end, the lack of any initiative on behalf of the state to address the entrenched poverty and deprivation further entraps these workers in informality and precariousness. Paid a paltry USD 4.14 for full day's work, these workers toil to death. According to one report "It is 6.30 am in Sri Lanka's Hill Country, and the sun has just risen to reveal the distant peaks of the Knuckle Mountain Range. Men and women file out of a tumbledown Hindu temple nestled on a quiet hillside. They tread along the stony paths in flip-flops or bare feet up into the slopes above. Once they reach the elevated tea fields, the temple goes fan out: the men clutching curved *kokaththa* knives go one way to manage plant overgrowth; the women head for the harvest-ready plants with long leaf-picking sticks. Under a high-altitude sun and immersed in the bucolic landscape, tea cultivators toil into the mid-afternoon breaking only for intermittent rain showers. Surrounded by bloodthirsty leeches and poisonous snakes, tea cultivation is bruising work that demands painstaking attention; the pickers choose only the greenest leaves from each bud by hand, and the trimmers maintain all the plants' shapes by the eye. Finally, once the minimum tea leaf quotas are met, the women carry the day's pickings, collected in large sacks, back down the hillside to be weighed before they are transported to a nearby processing factory up at the top of the valley."<sup>133</sup>

In order to ensure dignity of labour and reduce income inequalities, the ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998 must be implemented across the region *sans* exception. This declaration lays specific guidelines about the core labour standards consisting of five standards, laid out in eight conventions namely freedom of association and effective recognition of the right to collective bargaining (Convention No. 87 & No. 98), elimination of all forms of forced and compulsory labour (Convention No. 29 & No. 105), effective abolition of child labour (Convention No. 138 & No. 182) and elimination of discrimination in respect of employment and occupation (Convention No. 100 & No. 111). Governments across the region must ensure minimum wages for the entire workforce, universal social security coverage, elimination of informal labour, and reductions in military spending to fund comprehensive welfare and social security systems.



Three workers collecting sand from the river bed for their livelihood in India.  
Photo: Ajay Bhargav, [www.pexel.com](http://www.pexel.com)



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# TAXES AND INEQUALITY

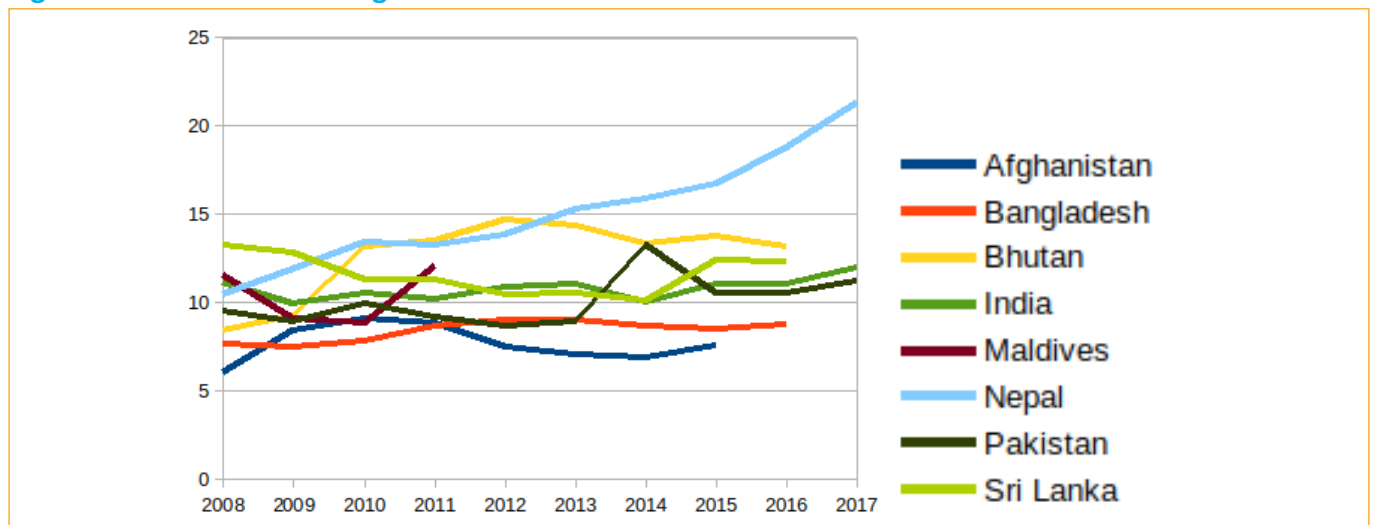
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## TAXES AND INEQUALITY

Taxation policies are vital in reducing inequality. Firstly, a progressive taxation policy ensures that post-tax income distribution is less unequal and secondly, taxes are vital for raising revenues to finance public expenditure on social securities like health, education, housing, etc. which contribute to enhance social equity.

In spite of leaping growth in the number of millionaires and high Gross Domestic Product (GDP), tax collections remain abysmally low in most of the South Asian countries except in Nepal, which has shown a steady growth.

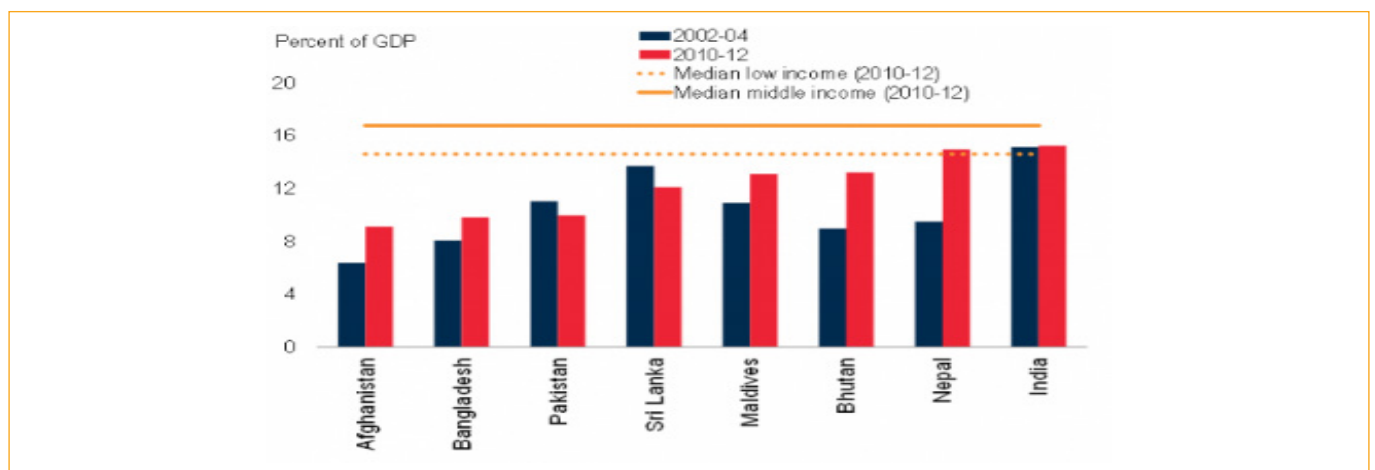
Figure 10: Tax as a Percentage of GDP in South Asian Countries



Source: [data.worldbank.org](http://data.worldbank.org)<sup>134</sup>

The tax-to-GDP ratio of the region also remains terribly low compared to most other parts of the world. South Asia is marked by high poverty rates and inequality, which requires qualitatively developed and redistributive public spending. But, it is impaired at the onset, because the revenue trends indicate that most states would be less likely to be able to redistribute income through effective public policies.

Figure 11: Comparison of Tax to GDP of South Asian Countries



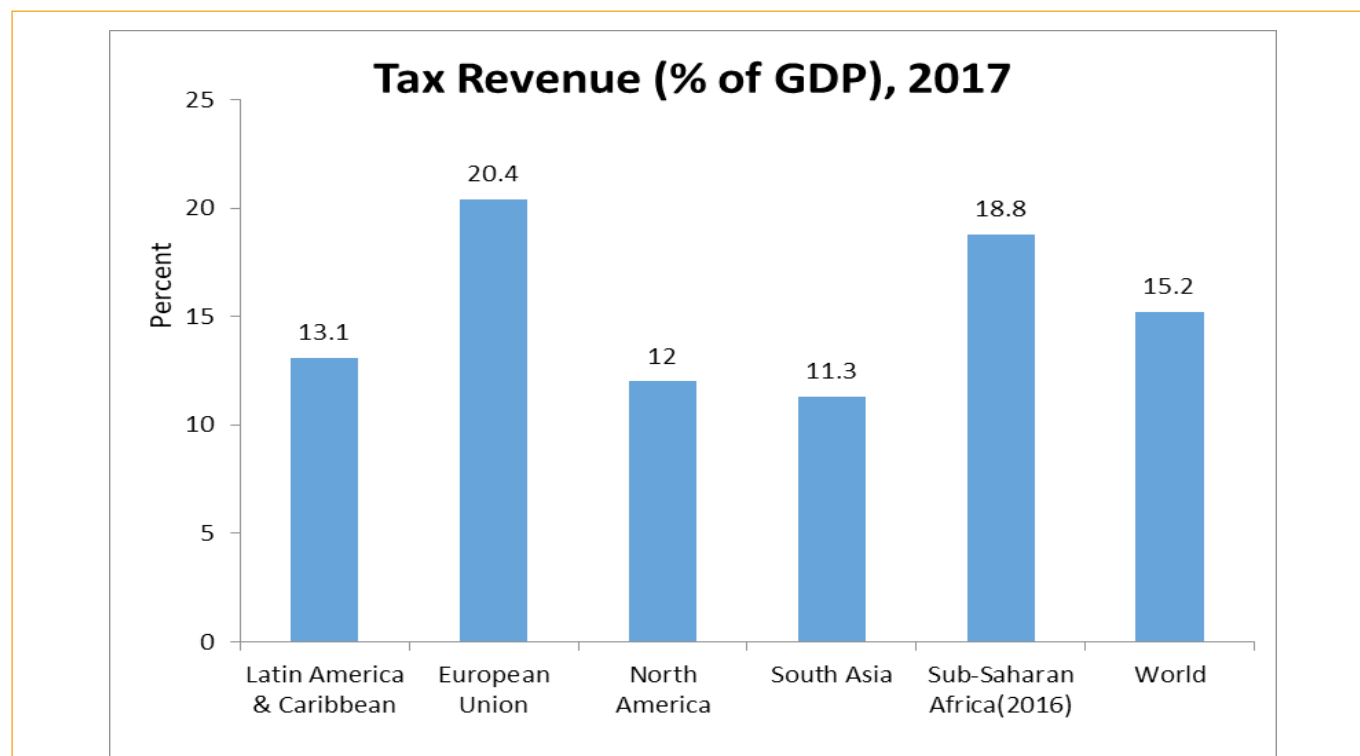
Source: [www.weforum.org](http://www.weforum.org)<sup>135</sup>

The above figure shows that not only are overall tax-to-GDP ratio low in South Asia, but it also falls short of the median of middle income countries and a couple of the highest ratios of the region barely touch the median of low income countries.

South Asia's tax-to-GDP ratio is lowest (11.3 per cent) among the geographic regions as of 2017, even lower than the Sub-Saharan Africa (18.8 per cent). The

low tax revenues cause low public spending, which undermines the quality of services and exacerbates infrastructure gaps and low spending on social protection programmes.

**Figure 12: Tax as a Percentage of GDP in Different Geographic Regions**



Source: [data.worldbank.org](http://data.worldbank.org)<sup>136</sup>

According to the Finance Minister of India, the number of people showing more than INR 5 million (USD 69985) income was only 172 thousand while between 2012-2017, 12.5 million cars were sold and the number of Indian citizens who flew abroad, either for business or tourism, was 20 million in the year 2015.<sup>137</sup> This certainly indicates that the direct tax collection figures are not proportionate with the income and consumption. He also mentioned that India's tax-to-GDP ratio was very low, and the proportion of direct tax to indirect tax was not optimal from the point of view of social justice.

**Box 15: Some facts about tax in different regions of the world**

- India's tax-to-GDP ratio increased from 10.4 per cent in 1965 to 16.6 per cent in 2015-16, the corresponding tax-to-GDP ratio of OECD countries increased from 21 per cent in 1965 to 33 per cent in 2015.
- Even compared to OECD nations with lower GDP (Korea, Turkey, Mexico, Chile, Portugal, Greece, Slovenia and Poland), it is still lower at 16.6 per cent versus the average of 24 per cent of these nations.
- Among the G-20 Countries, India had the third lowest tax-base, just above Mexico and Indonesia.
- A high tax-to-GDP ratio is also a common feature of the countries with high level of social security measures such as Belgium, Denmark etc.
- The level of tax compliance in most advanced countries is very high, as high as 90 per cent.<sup>138</sup>

In Pakistan, the subject of tax revenue continues to be a matter of disgrace for the government as there has been only a minor increase in the tax-to-GDP ratio – 9 per cent (in 2014) to 11.1 per cent in (2018)<sup>139</sup>. Despite a broad tax amnesty scheme announced two years ago, the government saw that very few actually take advantage of it. As matters stand, the country's elite have bargained for themselves a regime of informality and unaccountability that remains unchallenged.

Bangladesh is also vulnerable to tax evasion and avoidance activities of individual taxpayers and corporations resulting in a tax-to-GDP ratio of only around 10 per cent. More than 200 MNCs in Bangladesh are allegedly evading the due taxes and ultimately the country is losing a huge amount of revenue because of this evasion. The country loses USD 2 billion every year because of the tax evasion and profit shifting by MNCs. MNCs in Bangladesh evade taxes through the abuse of transfer pricing or mispricing in different ways including capital flight, transfer of dividend and profit to its permanent establishment including under and over-invoicing in transactions of goods and services within their associated enterprise.

#### **Box 16: Tax Evasion by Companies**

According to Bangladesh Telecommunication Regulatory Authority, the top four mobile phone operators in Bangladesh evaded taxes of about USD 403 million (BDT 31 Billion) by selling new SIM cards in the name of replacement. Grameen Phone evaded USD 203 million of what was due for the sales of new SIM cards, by hiding the true cost and showing SIM card replacements. According to NBR, Grameen Phone sold a total number of 13,458,354 new SIM cards but wrote it as SIM replacements and evaded 35 per cent tax and 15 per cent VAT. Banglalink evaded USD 99 million of taxes in the same way as Grameen Phone. Robi & Airtel evaded USD 89 million taxes by selling new connections in the name of replacements. Generally, tax is applicable on a new connection but, a customer is provided a new SIM without taxes when it is replaced for a lost one. However, Grameen phone, Banglalink, Robi, Airtel provided old one but unused connection to the customers. As a result, the number of customers increased but no tax was required to be paid.

British American Tobacco Bangladesh (BATB) evaded an estimated tax of about USD 250 million. According to the Ministry of Finance, BATB evaded taxes of about USD 250 million by making false price declarations on their two brands i.e. Bristol and Pilot cigarette during 2009 to 2013. BATB even hid their production costs and evaded huge amount of taxes.

*Source : [Daily Bonik Barta, 09/01/2014].*

Nepal's tax reform has been conceived as one of the key instruments in making the Nepalese economy highly liberal, both internally and externally. Today, the highest income tax rate to the individuals, corporate sector and banking and financial institutions is 15, 25 and 30 per cent respectively with various rebates, concession and tax holiday facilities to the manufacturing and other few service providing industries depending on their nature, location and origin of investment. Another feature of tax system is a sharp reduction in the tariff rates and narrowing down of slabs, massively, to make external trade highly liberal.

Though Nepal's tax-to-GDP ratio is one of the highest among South Asian countries, there are, however, serious flaws in the overall tax policy design, direction of reforms and system of tax governance and its practices from, among others, revenue generation as well as equity perspectives.<sup>140</sup>

### Box 17: The Supreme Court of Nepal orders Ncell, Axiata to pay over NPR 61 billion capital gains tax

In a landmark judgment, the Supreme Court of Nepal on 6 February 2019 directed the Ncell and Axiata companies to pay capital gains tax amounting to over NPR 61 billion to the government. A five-member large full bench has issued a mandamus order to the defendants—Ncell and Axiata—to pay the huge tax they avoided paying when Ncell shares changed hands three years ago.

Issuing the mandamus order in response to a writ petition filed by civil society members, the bench directed the two private sector telecommunications service provider companies to cough up the tax.

Malaysian company Axiata had bought Reynolds Holdings, which held a majority share in Ncell, from TeliaSonera for USD 1.03 billion. Reynolds Holdings had appreciated to over NPR 105 billion in April 2015. It was a wholly-owned subsidiary of TeliaSonera and believed to be registered in the tax haven of Saint Kitts and Nevis.

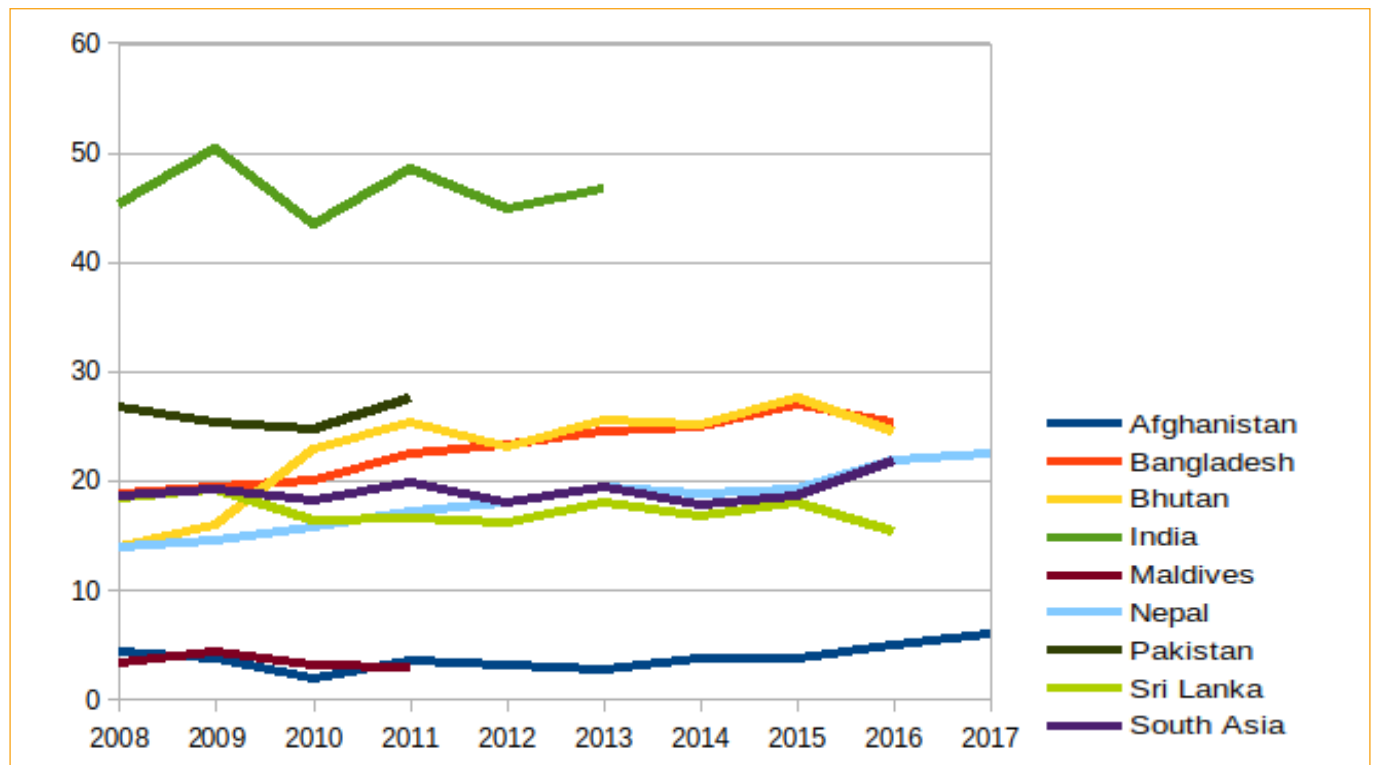
The civil society members claimed in their writ petition that taxes had been evaded while transferring the management from TeliaSonera to Axiata.

The apex court, meanwhile, annulled the writ petitions filed on behalf of Ncell and Reynolds Holdings, claiming that they did not have any further liability to pay capital gains tax.

Source: <https://myrepublica.nagariknetwork.com><sup>141</sup>

Interestingly, Sri Lanka's tax revenue has decreased with increasing per capita income. In 1990, the government revenue was 21 per cent of GDP. At the turn of the century, the tax-to-GDP ratio fell to 16.8 per cent of GDP and by 2015 it fell further to 13 per cent of GDP. In 2016, though there was an increase in the revenue to 14.3 per cent of GDP, it is still much lower than other middle income countries with Sri Lanka's per capita income that collects around 20 per cent of GDP as revenue.<sup>142</sup>

Figure 13: Taxes on Income, Profits and Capital Gains (% of revenue)



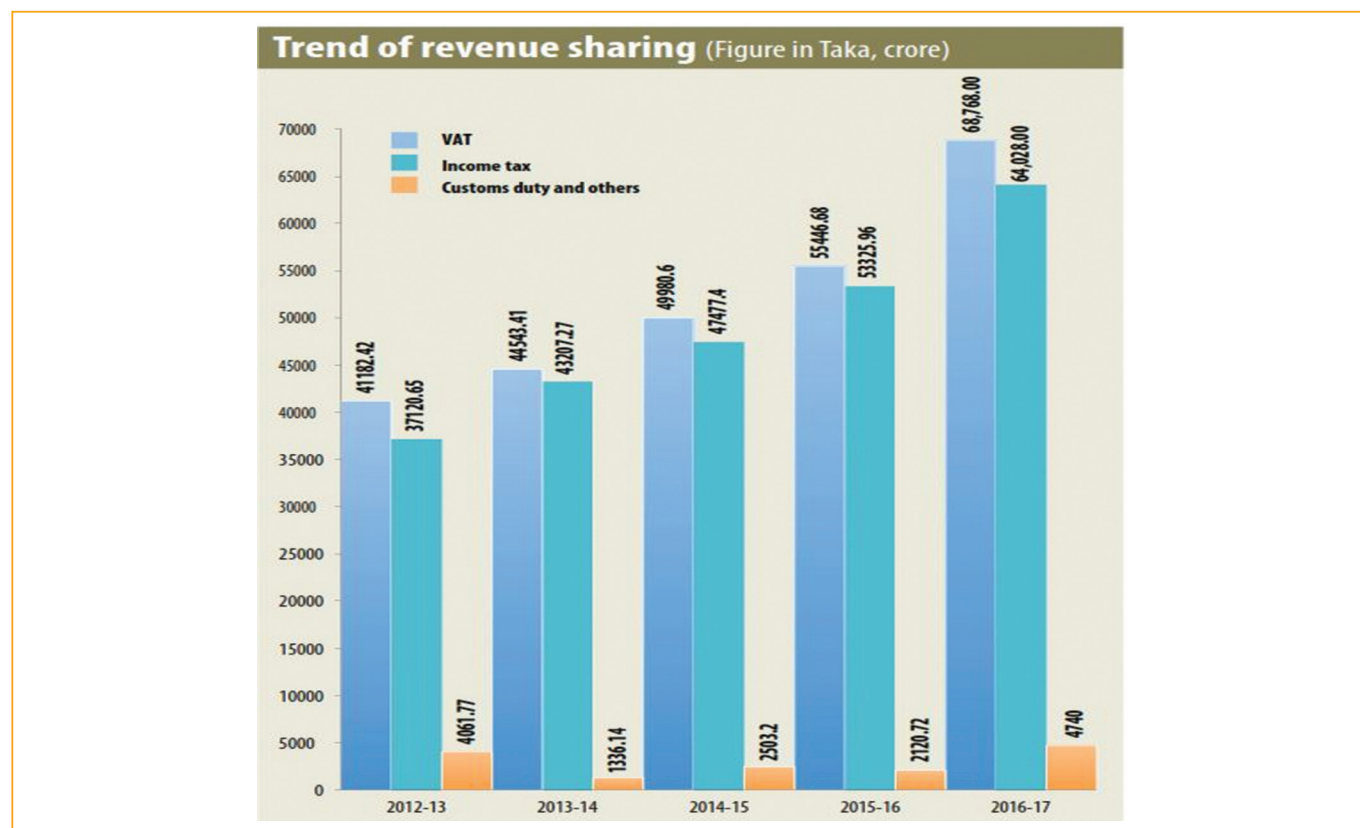
Source: [data.worldbank.org](http://data.worldbank.org)<sup>143</sup>

The above data makes it evident that the South Asian region is a dire case relying overwhelmingly on indirect taxes. This has catastrophic consequences for the poor, unlike the developed countries, which rely overwhelmingly on direct taxes on income and wealth.

Dependence on indirect taxes is nowhere more starkly than Pakistan where the ratio of direct taxes collection is very low (at 11.21 per cent) while indirect taxation generates 88.79 per cent of the country's revenues. Indirect taxes hurt the purchasing power of lower income groups which represent the major portion of Pakistan's population. On the other hand, the wealth of Pakistan's elite class remains largely undocumented and untaxed. According to one report, the poorest of the poor pay 80 per cent of taxes collected in Pakistan while the rich, whose total contribution to overall tax revenue does not exceed 5 per cent, enjoy special rights or privileges of exemption and a concessionary regime under the country's unethical tax structure. The poor pay a huge amount of indirect taxes on utilities, petrol and mobile communication which come to 80 per cent of the country's total tax revenue. The 36 million mobile-phone users, for example, paid USD 4.6 billion in 2015-2016 to the government's kitty and a vast majority of them were not even in the taxable income brackets. The system does not differentiate between taxpayers' higher or lower scales of earning and the same indirect taxes apply to both the haves and the have-nots on utilities, goods and services.<sup>144</sup> Quoting Oxfam's report titled *Reward Work, Not Wealth*, economist Dr Kaiser Bengali highlighted that in Pakistan, for export of every USD 100, Pakistan's elite imported goods worth USD 215, while the poor paid for the difference and subsidized the lifestyles of the wealthy because of the high rate of indirect taxes. The richest 10 per cent of Pakistanis, he said, paid only 12 per cent of their income in taxes while the poorest 10 per cent ended up paying 16 per cent of their income in taxes<sup>145</sup>. Only 22 individuals in the country have wealth and reserves worth billions. The rest spend their lives in hunger and poverty.<sup>146</sup>

The Bangladesh national budget for 2017-2018 states the welfare of all classes of people, particularly the lower middle class and the poor as an objective. However, the rise in indirect tax and the imposition of new ones have increased the prices of essential items. Particularly, the imposition of 15 per cent VAT and supplementary duty on imports have escalated the prices of the goods consumed by the lower middle class and the poor. According to economist AB Mirza Azizul Islam, former financial adviser to the caretaker government, "The tax-to-GDP ratio is very low in Bangladesh. Although the country's overall revenue collection is increasing, it should be driven by income tax, which has not taken the lead yet. There is scope for increasing the amount of income tax. For this, the tax net needs to be expanded. The country's economy is expanding and the growth has reached the rural areas. Many rural businesses are now taxable and they need to be brought into the tax net."<sup>147</sup> The following chart explains how the indirect taxes far outweighs the direct taxes and how this trend is growing.

**Figure 14: Trend of Revenue Sharing in Bangladesh**



Source: <https://www.dhakatribune.com><sup>148</sup>

In Nepal, the share of income tax grew from 4.7 per cent in 1975 to 15.9 per cent in 2007 before reaching 24.3 per cent in 2016. On the whole, despite changes in the tax structure, the share of indirect tax is still very high. The share of high indirect tax at 69.8 per cent for the year 2017 makes the tax system both regressive and vulnerable. Despite some attempts to minimize a higher tax incidence, VAT remains more regressive as revealed by a study based on Nepal Rastra Bank, the central bank of Nepal, household survey data of 2008. The survey showed that despite exclusion of the essential goods from the VAT net, the consumption share of VAT imposed agricultural commodities by the lowest quintile group stands at above 36 per cent. Assuming this as a consumed share amidst VAT rate of 13 per cent, the consumption level of the lowest income group comes out to be 4.7 per cent. Considering the combined effects including those of VAT imposed on non-agricultural commodities, the total tax incidence faced by the lowest quintile group is derived to be about 7 per cent out of the total consumption basket.<sup>149</sup>

Following IMF pressures, the Sri Lankan government in 2016 reintroduced an increase in VAT it had previously withdrawn in response to huge mass opposition. The 4 per cent increase in the tax, from 11 per cent to 15 per cent,<sup>150</sup> has seriously impacted numerous consumer items and services severely affecting the living standards of workers, the poor and the sections of the lower middle class. According to the Inland Revenue Department, income taxes amounted to 37 per cent of the total tax income of the government, and indirect taxes on goods and services amounted to 44 per cent in 2016. Income tax collection has been reduced by 7 per cent whilst indirect taxes have grown by a colossal, 33 per cent, since 2015. The bitter truth is that the poorest 20 per cent pay as much as 13 per cent of their income and the poorest 10 per cent pay as much as 23 per cent of their income in the form of indirect taxes. The richest 10 per cent pay less than 1 per cent as indirect taxes, a negligible sum in direct taxes. Thus, the poorer you are, the heavier the (indirect) tax burden.<sup>151</sup>

The following table shows an overall reduction of direct taxes by 7 per cent alongside a 33 per cent increase in indirect taxes in Sri Lanka.

**Table 14: Total Tax Collection in Sri Lanka**

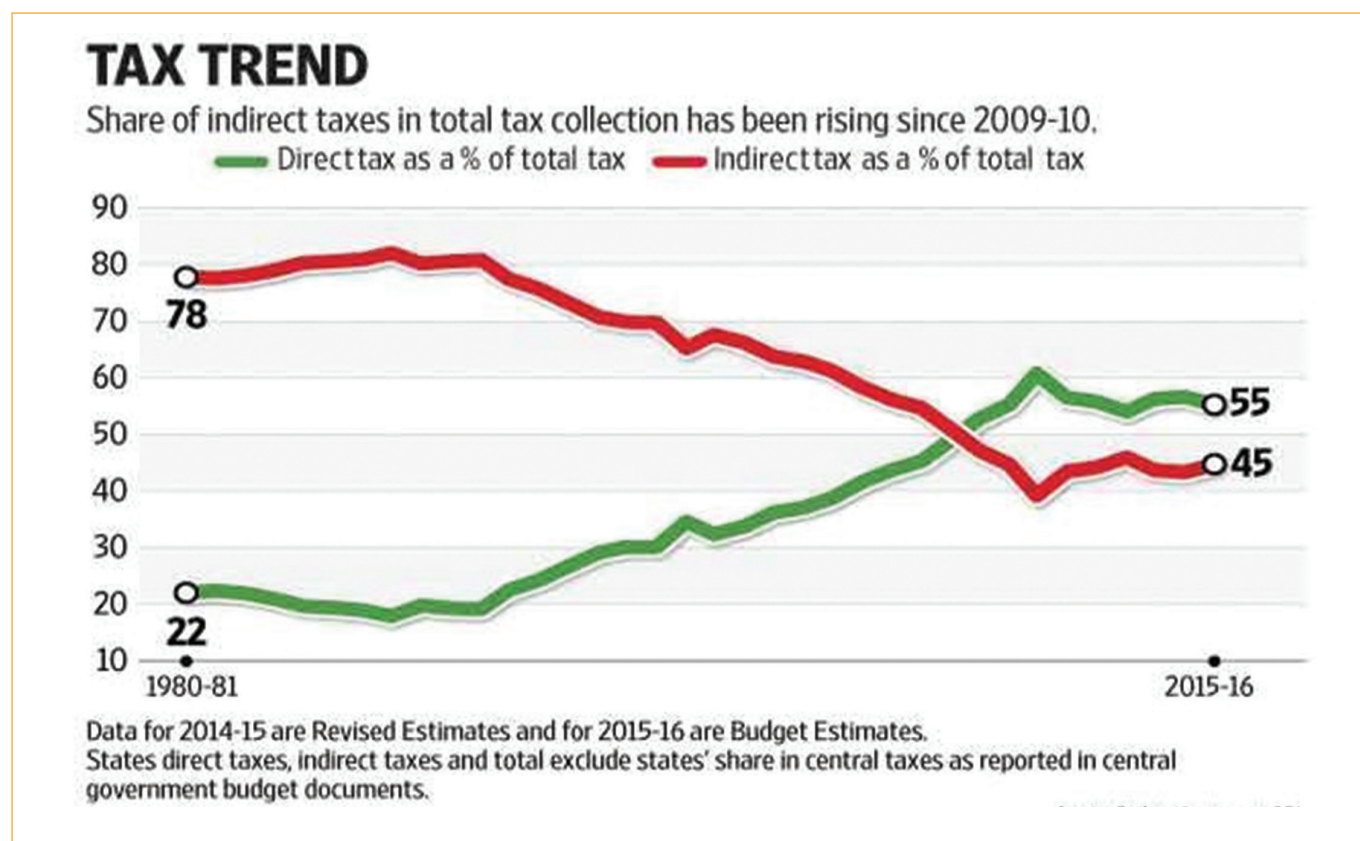
2015-2016 Tax Collection

Tax Type	2015		2016		Growth %
	Rs Bn	%	Rs Bn	%	
<b>Income Tax</b>					
Corporate	155.9		144.1		
Non-corporate	100.6		94.3		
<b>Total Income Tax</b>	<b>256.4</b>	<b>46%</b>	<b>238.4</b>	<b>37%</b>	<b>-7%</b>
<b>Indirect Tax</b>					
Manufacturing sector	28.9		35.4		
Non-manufacturing sector	101.6		132.7		
On imports	83.7		115.3		
<b>Total Goods &amp; Services Taxes</b>	<b>214.2</b>	<b>38%</b>	<b>283.5</b>	<b>44%</b>	<b>+32%</b>
Other indirect taxes	89.8	16%	119.7	19%	+33%
<b>Total Tax Collection</b>	<b>560.4</b>	<b>100%</b>	<b>641.5</b>	<b>100%</b>	<b>+14%</b>

Source : <http://www.sundaytimes.lk><sup>152</sup>

In India, the share of indirect tax as a percentage of total tax collection has been rising since 2009-10, instead of going to the other direction.

**Figure 15: Share of Direct and Indirect Taxes in Total Tax Collection in India**



Source: <https://www.livemint.com><sup>153</sup>

According to a study based on the Statement of Revenue Impact of Tax Incentives under the Central Tax System for five years between 2010-11 and 2014-15, the effective tax rate for a company making a profit up to INR 1 crore (USD 1,37,970) was 29.37 per cent; while the corporate tax rate was 22.88 per cent for those with profits greater than INR 500 crore (USD 68.985 million) in 2014-15.<sup>154</sup> This implied that the companies making smaller profits had to pay a higher rate of taxes than the companies earning five hundred times more profit. Further, 52,911 companies made profits in 2014-15 and had effective tax rates of 0 or, in some cases, less than 0. This happened because the government incentives led to large declines in the effective tax rates for financial-leasing, sugar, cement, steel, mining contractors, power and energy, consultancy and paper companies. In addition, the companies also used an accounting trick called 'accelerated depreciation' that allows for greater deduction in the price of an asset during its earlier years to reduce their effective tax rates. Further, public companies paid higher effective tax rates (25.03 per cent) than private companies (23.36 per cent) in 2014-15. While effective tax rates rose between 2012-2013 and 2014-2015, many exemptions remain, especially for larger companies. For instance, corporates have a statutory tax rate of 33.84 per cent, which they must pay on profits. However, the effective tax rate in 2014-2015 was 24.67 per cent. Although this rate is slightly higher than the tax rate imposed in 2013-2014 (23.22 per cent), incentives to companies still cost the government billions of dollars. The government provided INR 65,067 crores (USD 8.98 billion) to the corporate sector in the form of tax breaks or exemptions in 2014-2015 and is expected to forego INR 68,710 crores (USD 9.48 billion) in 2015-16. Compare this with the money set aside for agriculture and farmers' welfare, INR 35,984 crore (USD 4.95 billion) and for Mahatma Gandhi National Rural Employment Guarantee Scheme, INR 38,500 crore (USD 5.3 billion).<sup>155</sup>

The trend is still not reversed and India's most profitable companies paid 23.9 per cent tax on an average on their profits for financial year 2016-17, about 10.7 per cent lower than the statutory rate of 34.6 per cent, helped by a wide range of concessions and incentives.<sup>156</sup>



Currently, India barely relies on property taxes, with a property tax to GDP ratio of 0.2 per cent. For other developing countries, though data varies greatly, the rough estimate is 0.7 per cent. By comparison, the average property tax-to-GDP ratio for OECD countries is almost 2 per cent.<sup>157</sup>

Over and above the incentives to capital in India, the country's tax system is soft on the wealthy and harsh on the general population. The wealthiest class of people get off with far lesser levies than they ought to. In spite of having lower corporate taxes, the elite are hawkishly pitching for lowering it further while the same pro-market policy-makers often slam redistributive policies as mere doles for freeloaders. The erstwhile governor of the Reserve Bank of India, once, famously said "No one wants to go after the rich and well-connected wrong-doer, which means they get away with even more. If we are to have strong sustainable growth, this culture of impunity should be stopped."

The inequalities in taxes are further exacerbated with wilful default of loans by corporates and evasion of taxes. Indeed, the public sector banks in India are burdened with huge unrecovered and unrecoverable loans from corporations that endanger the very viability of the country's banking sector. Worse still, the names of such defaulters are not disclosed by the government. According to one estimate, the amount owed by corporate defaulters (or net non-performing assets) to Indian banks was INR 4.44 trillion (USD 61.26 billion). If all of these were to be brought for resolution, given the recovery record of banks under the new insolvency code, the banks could end up failing to recover more than INR 3 trillion (USD 41.39 billion). The dichotomy is further revealed when we compare these figures with around 300,000 cases of farmer's suicide around the country in the last 23 years due to heavy debt. While millions of farmers are lamenting in want of debt relief with severe agrarian distress forcing them to commit suicides, the industry and the capitalists are provided systematic leeway to run away with the money of the Public Sector Undertaking (PSU) banks, loaned to them from the money deposited by millions of ordinary people in these banks.

The South Asian countries are competing with each other on tax exemptions to capital of the rich and the powerful. In doing so, they have triggered a race to the bottom denying the states' vital resources for the well-being of the population. The two regional super-powers, India and Pakistan, feature in the list of the top 10 countries losing a large amount of tax revenue.<sup>158</sup> While India loses around USD 41.2 billion in taxes annually, Pakistan tops the list forgoing around USD 10.4 billion, equivalent to 3.5 per cent of its GDP.<sup>159</sup> Consequently, most South Asian governments have been spending significantly less in social sectors than developing countries in other regions. These countries are also consistent under-performers in achieving the Sustainable Development Goals (SDGs)

South Asian states ought to make immediate efforts to revisit their tax regime and make it progressive in order to increase the tax-to-GDP ratio, to mobilise tax revenue through progressive direct taxes and to reduce the burden of indirect taxes. Tax incentives, tax exemptions and tax holidays must be immediately rationalised ending any forms of back door subsidies to the rich under the pretext of attracting investments. Such measures drain the public exchequer of tax revenue and result in increased inequality. Governments must also publish the status of capital flight and tax evasion by individuals and corporate entities in the form of a White Paper on a regular basis. Policies are required to be framed to ensure strong legal provisions and implementation of the existing laws to disqualify tax evaders from the electoral process and in any public position.

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# **INEQUALITY AND ACCESS TO BASIC SERVICES**

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## INEQUALITY AND ACCESS TO BASIC SERVICES

The rates of access to infrastructure such as sanitation, electricity, telecom, and transport in the South Asian region are closer to those of Sub-Saharan Africa, with the exception of water, where the region is comparable to East Asia and the Pacific and Latin America and the Caribbean.<sup>160</sup> However, despite ambitious projections of development and the collective elite euphoria around economic growth, the envy of many a struggling European economy, elegant buildings and growth of big businesses do not reflect the reality of basic health conditions across the region. There is hardly any city across South Asia that has 24/7 access to water.

Low life expectancy and high rates of malnutrition coupled with remarkable infant mortality, and incidence of tuberculosis and HIV/AIDS pose a significant health challenge in South Asia. These are coupled with other health related problems *viz.* low maternal health, poor sanitation, inadequate access to healthcare services and widespread malaria. In spite of these problems, the health expenditure in South Asia as a percentage of GDP is terribly low at 3.5 per cent while a global average stands at 10.02 per cent.<sup>161</sup>

The domain of healthcare, in the region, faces many challenges. There is an urgent need to address its public health problems. While the provisions of universal health care are supposed to be a priority for the countries in this region, it is far from the desired levels yet.

Similarly, poor educational opportunities come as a big development challenge that South Asian countries face. Only around half of primary-school-aged children receive some type of education within the minimum learning standards framework. However, even those fortunate ones make very little individual progress under the dismal public education system. A study<sup>162</sup> by the World Bank to assess the standards of South Asian educational systems in terms of student learning revealed that quality of education is quite poor in the region. The students suffer from low learning levels which trap many of them in poverty and prevents from any upward mobility based on their educational skills.

### ACCESS TO WATER AND SANITATION

The 2017 report on the progress on drinking water, sanitation and hygiene by WHO and UNICEF points to a stark reality about the situation of drinking water in South Asia.

#### Proportion of population using improved water supplies

For an overwhelming majority of South Asians, access to safely managed water is a distant dream. People suffer not only because of lack of water but also because of contamination of water and there is a close inter-relationship between these two problems. As the following table indicates, access to this basic means of life is at times a challenge for a bulk of the population. The progress achieved in this field in the last one decade and a half (between 2000 and 2015) is not that much encouraging.

**Table 15: Access to Safe Drinking Water in South Asian Countries**

Country	Year	Safely managed	Accessible on premises	Accessible when needed	Free from contamination
Afghanistan	2000	14	-	-	-
	2015	40	-	-	-
Bangladesh	2000	56	64	-	56
	2015	56	77	-	56
Bhutan	2000	27	67	-	27
	2015	34	87	-	34
India	2000	-	38	75	-
	2015	-	57	80	-
Nepal	2000	24	43	74	24
	2015	27	61	81	27
Maldives	2000	-	86	65	-
	2015	-	95	75	-
Pakistan	2000	38	83	-	38
	2015	36	77	-	36
Sri Lanka	2000	-	58	73	-
	2015	-	77	89	-

Source: WHO and UNICEF, 2017<sup>163</sup>

While access to safe drinking water in South Asian countries is critical for people's health, especially, to cut down water-borne diseases, an estimated large number of people are obligated to use contaminated water. In South Asia, access to improved water has increased from 73 per cent to 93 per cent since 1990. However, over 134 million people still do not have any access to improved drinking water. It is currently estimated that between 68 to 84 per cent sources of water have been contaminated.<sup>164</sup>

In India, between 2012-2017, water-borne diseases such as cholera, diarrhoea, typhoid and viral hepatitis caused 10,738 deaths. The country registered 69.14 million cases– or as many people as in UK – of four water-borne diseases over the last five years to 2017.<sup>165</sup> Because of lack of easy access to safe drinking water for many people, India loses as many as 73 million working days due to water-borne diseases, according to a 2016 report by the National Water Development Agency.<sup>166</sup>

#### **Box 18: Extreme deprivation of public goods for the poor**

In Kathputli Colony, water trickles into the sprawling slum through a collection of thin pipes and hoses. They snake across potholed roads lined by open sewers, through narrow alleys where children in ragged clothes beg amid the stench of faeces and urine carrying an illegal water supply to the people who live there. Not far away, water soaks the sprawling green lawns of beautiful bungalows, where corporate elites practice putting on well-watered golf greens all to the constant sound of ticking sprinklers. It is not uncommon for urban settlements like Kathputli to crop up right beside the golf courses, some of them legal, others on usurped land.

Source: [www.pri.org](http://www.pri.org)<sup>167</sup>

Women share a disproportionate responsibility in fetching water across the South Asian region. Their duties include collecting clean and uncontaminated water for domestic uses like cooking and cleaning. Additionally, they have to collect water for sanitation and other uses including for the maintenance of livestock. This consumes a great part of their time and comes at a cost to their health. It is estimated that, every day women need to make six trips fetching water, often walking 10-12 kilometres on an average, carrying up to fifteen litres each trip. As they load jars or buckets on their heads to carry water, the pressure creates various physical disorders like back, feet and posture problems. The heat magnifies their enervation and this arduous task is over and above other domestic chores creating a life of an informally bonded-labourer. Many a young girl are forced to drop out of education in order to help their mothers and other ladies in the household performing similar duties.

Except in Sri Lanka, only a handful of people are privileged to access proper latrine facilities. The following table

explains severe unavailability of proper sanitation facilities including septic tanks and sewer connections. The situation is abysmal as in many cases nine out of ten people are deprived of proper sanitation facilities.

**Table 16: Proportion of Population using Improved Sanitation Facilities (excluding shared)**

Country	Year	Latrines and other	Septic tanks	Sewer connections
Afghanistan	2000	17	6	2
	2015	30	7	3
Bangladesh	2000	16	7	2
	2015	34	9	3
Bhutan	2000	13	14	4
	2015	40	45	5
India	2000	4	13	5
	2015	12	23	9
Nepal	2000	9	8	2
	2015	9	33	5
Maldives	2000	9	38	31
	2015	13	29	54
Pakistan	2000	0	14	17
	2015	8	27	23
Sri Lanka	2000	78	5	2
	2015	87	5	2

Source: WHO and UNICEF, 2017<sup>168</sup>

The majority of the world's open defecators live in South Asia. The proportion of people practising open defecation fell from 65 per cent to 34 per cent with India, Bangladesh, Nepal and Pakistan achieving more than a 30 per cent reduction in open defecation. However, despite the great progress, 610 million people in South Asia still practise open defecation (over 60 per cent of the global burden).

Poor drinking water and inadequate sanitation facilities in schools, as well as inappropriate hygiene behaviours among children contribute to the reduction of quality of education in primary and secondary schools all across the South Asian region. This, together with poor menstrual hygiene management among young girls in school, is one of the causes of school absenteeism and dropouts.

Inadequate conditions of drinking water and sanitation facilities and inappropriate hygiene practices among children under the age of five and their caregivers also reduce the quality of early childhood development in many countries of the region.

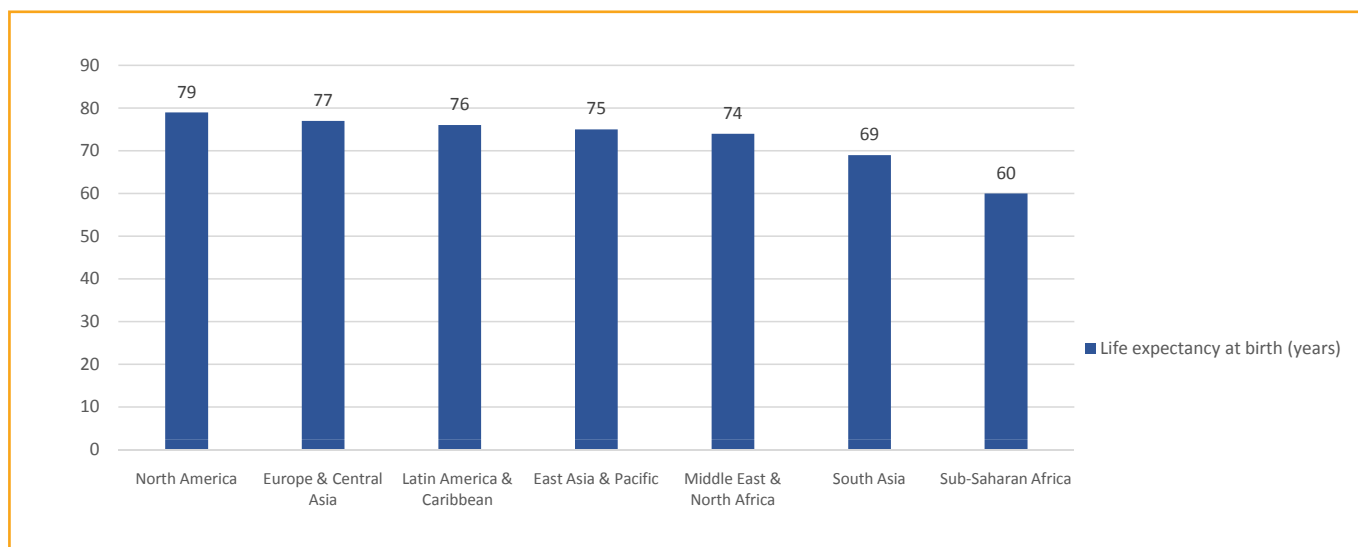
Poor conditions of drinking water and sanitation services in health care facilities and inappropriate hygiene practices among health personnel and patients reduce the quality of healthcare representing some of the causes of high new-born and mothers' mortality and morbidity rates in several countries in the region.

## ACCESS TO HEALTH SERVICES

South Asia faces some of the world's worst socio-economic inequalities which contribute to one of the worst gaps in access to healthcare. With a few exceptions, we witness a dysfunctional public health system plaguing patients all across the region. The bulk of the population are at the mercy of the overstretched and underfunded public health system. According to the Organization for Economic Cooperation and Development (OECD), the Indian government only invests about 1 per cent of the GDP in public healthcare. Efforts to double national healthcare expenditures fell short in the past. The region lags behind in many basic health indicators, viz. average life expectancy, child mortality, child malnutrition, high mortality rates compared with the global average. Five of eight South Asian countries (India, Nepal, Bangladesh, Pakistan, and Afghanistan) have appallingly low health standards that can be compared only with Sub-Saharan Africa.

If we compare other regions of Asia, the life expectancy in South Asia appears to be the lowest as per the data available in 2016.

**Figure 16: Life Expectancy at Birth across the Regions**

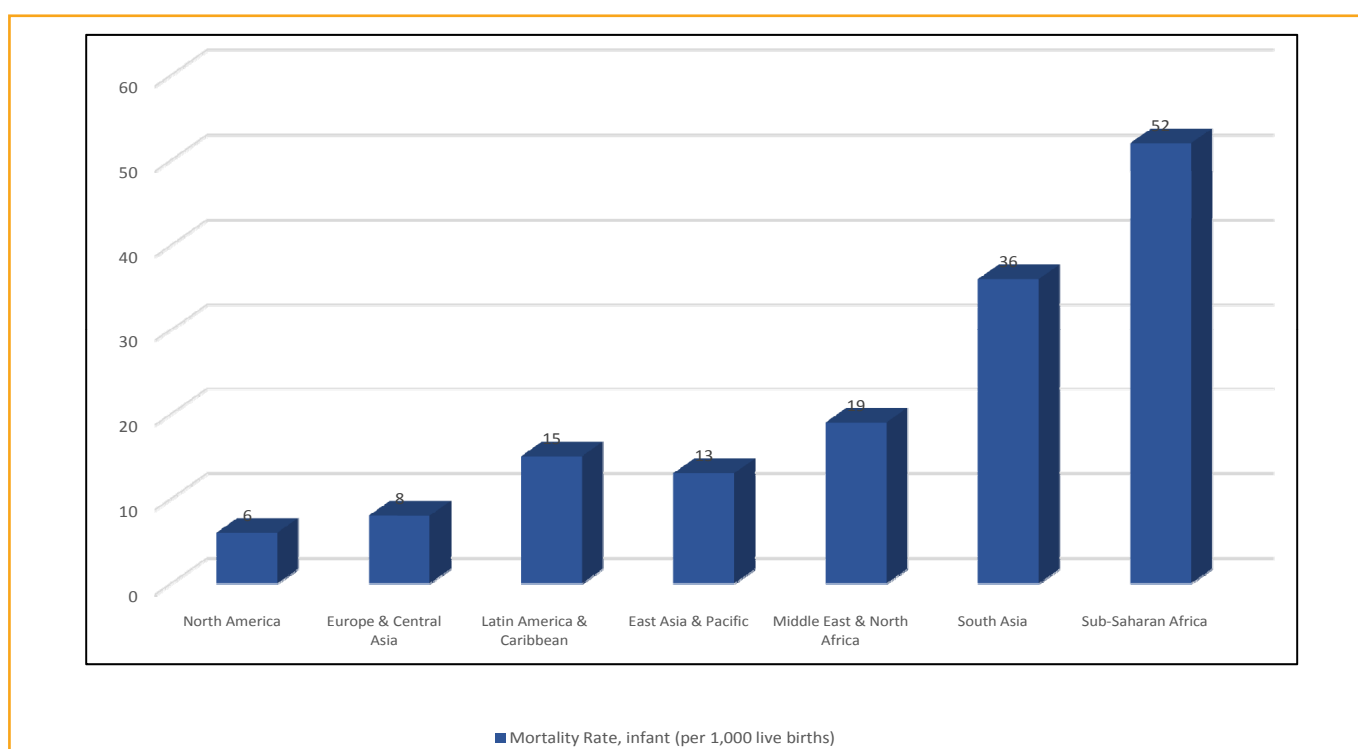


Source: [data.worldbank.org](http://data.worldbank.org)<sup>169</sup>

The average life expectancy of North America is nearly 80 years, whereas the life expectancy in South Asia is below 70 years followed by Sub Saharan Africa whose life expectancy is just 60 years.

The infant mortality rates of 2017 also points out towards a dismal state of affairs.

**Figure 17: Infant Mortality Rates across the Regions**



Source: [data.worldbank.org](http://data.worldbank.org)<sup>170</sup>

The quality of the primary care is often too poor. Total government expenditure on healthcare in the region in 2015 was in the range of 0.4-2 per cent of GDP, which is among the lowest globally. With low investment in healthcare, the infrastructure of primary health centres is often poor, with inadequate supply of drugs and equipment and stark shortages of health staff.<sup>171</sup> Since there is a paucity of public expenditure in healthcare, the region lacks adequate doctors, nurses and midwives especially, in rural and sub-urban areas. The proportion of birth attended by skilled health personnel is very low in Afghanistan (50 per cent), Bangladesh (50 per cent), Pakistan (55 per cent) and Nepal (58 per cent).<sup>172</sup> While the WHO recommends a minimum of 2.28 healthcare

professionals (doctors, nurses, and mid-wives) for every 1000 people,<sup>173</sup> the data from some of the South Asian countries reveal an acute deficit.

**Table 17: Density of Health Workers (per 1000 population) in South Asian Countries (data from 2007-2016)**

Country	Physicians	Nurses and mid-wives
Bangladesh	0.5	0.3
India	0.8	2.1
Nepal	0.6	2.0
Pakistan	1.0	0.5

Source: World Health Organization, 2018<sup>174</sup>

Meanwhile, the region has witnessed rampant privatisation of the healthcare system in the last three decades. It is no wonder that private health expenditure (PHE) accounts for about two thirds of the total health expenditure (THE) in the region, similar to the trends in low and low middle income countries but much higher than the global average (42.4 per cent).<sup>175</sup> The population is compelled to make one of the largest out of pocket expenses for healthcare. The table below makes it clear that with the exception of Bhutan, all other countries in South Asia have a very high private spending on healthcare.

**Table 18: Total Health Spending and Private Health Spending in South Asian Countries**

Countries	Health spending as % of GDP	Private spending on health as % of all spending
Afghanistan	7.6	88.3
Bangladesh	3.5	66.4
Bhutan	5.2	13.2
India	4.1	70.8
Maldives	6.3	39.5
Nepal	5.5	66.8
Pakistan	2.2	61.5
Sri Lanka	2.9	55.3

Source : <https://www.ijpediatrics.com><sup>176</sup>

The increasing share of 'for profit' health care is witnessed across societies. This commercialisation and also, corporatisation of health care systems are driving out a large section of the population from affordable healthcare facilities. The cut back on public expenditure in the social sectors created increased space for the private sector. Parallel to this, government policies were altered to encourage the growth of the pharmaceutical and medical equipment industries. Large pharmaceutical majors, both domestic and multinational, influenced multilateral institutions and global policy regimes as well as national policies. Privatisation in highly unequal societies in South Asia has marginalised access to decent health care especially to the lower middle class and the poor, which constitute 30-60 per cent of the total population. Box 19 and Box 20 below show the seriousness of the deprivation of health facilities to the poor people.

#### **Box 19: Children die without diagnosing the disease**

Many children from Pakistan's interior Balochistan, die from rare diseases like thalassaemia, because there is no one around to diagnose them. Razzaque Siapad, who hails from a village in Kharan district, did not know that his children had died of thalassaemia. "We thought that they were killed by djinns, and we recently found out that they were suffering from a disease — thalassaemia."<sup>177</sup>

### Box 20: Children die in masses just for not having basic equipment at hospital

In August 2017, more than 400 children died at a hospital in Gorakhpur in the northern state of Uttar Pradesh, India's largest province. Home to about 200 million people, it sits at the bottom in the health rankings of India's 36 provinces. Deaths were due to a variety of reasons, including shortage of oxygen after a private supplier cut the supply over unpaid bills. In the same month 49 children died allegedly due to oxygen and medicine shortages in another government-run hospital in Uttar Pradesh.

Source : [www.forbes.com](http://www.forbes.com)<sup>178</sup>

It was mostly a race to the bottom by South Asian countries, despite improvements here and there, as they were ranked in the latest Global Burden of Disease Study 2018 published by the Lancet. The scores were 71 for Sri Lanka and 72 for the Maldives. Among richer Southeast Asian and East Asian nations, by comparison, Japan, Singapore and South Korea were ranked in the top 25. Bangladesh and Bhutan scored 133 and 134, respectively. It went downhill from there. India was ranked at 145, Nepal at 149 and Pakistan, worst of all, at 154, just above a couple of dozen sub-Saharan African countries, small island states, Laos and Haiti, the poorest nation in the Americas. Afghanistan, an ungovernable nation trapped in unending civil war, fell near the bottom with a rank of 191.<sup>179</sup>

The largest number of chronically malnourished population in the world inhabit the South Asian region. The historically under-privileged masses in rural and tribal areas and, also in urban slums bear a disproportionate share of such malnutrition. It is also evident on growing children resulting in stunting and other deficiencies. For example, half of the preschool children in Bangladesh are malnourished.<sup>180</sup> South Asia represents relatively greater portion of the total number of stunted children, for instance, India alone accommodate 61 million stunted children.<sup>181</sup> India, Pakistan and Bangladesh represent the highest child malnutrition in the world that hampers their economic growth by disconcerting a considerable number of people in the region. Available data suggest that 84 per cent of pregnant women in India are affected by vitamin D deficiency.<sup>182</sup> Over 50 million children under five in the world are affected by wasting. Roughly half of them live in South Asia and one-quarter in sub-Saharan Africa.<sup>183</sup> South Asian countries like India and Sri Lanka have a prevalence of above 15 per cent (very high category).

**Table 19: Child Health in South Asia**

Country	Under weight (<5 years)		Mortality rate (<5 years)		Wasted	Stunted
	Rank	2009-13	Rank	2012	2011	2011
Bangladesh	126	36.8	74	4.1	15.7	41.4
Bhutan	77	12.8	77	4.5		
India	120	30.7	85	5.6	20.0	47.9
Nepal	116	29.1	76	4.2	11.2	40.5
Pakistan	122	31.6	107	8.6	14.8	43.0
Sri Lanka	105	21.6	21	1.0	11.8	19.2

Source: [https://mpr.ub.uni-muenchen.de/72868/3/MPRA\\_paper\\_72868.pdf](https://mpr.ub.uni-muenchen.de/72868/3/MPRA_paper_72868.pdf)

All South Asian countries are in the bottom half of GHI 2018 with Afghanistan at the 111<sup>th</sup> place out of 119 qualifying countries.

**Table 20: Global Hunger Index 2018**

Country	Rank	Score	Level
Afghanistan	111	34.3	Serious
Bangladesh	86	26.1	Serious
India	103	31.1	Serious
Nepal	72	21.2	Serious
Pakistan	106	32.6	Serious
Sri Lanka	67	17.9	Moderate

Source: <https://www.globalhungerindex.org/results/>



The South Asian region is home to most number of undernourished people in the world. In spite of a slight drop in numbers the figures are quite alarming.

**Table 21: Undernourished Population in South Asia**

Year	Number of undernourished (in million)
2005	339.8
2010	293.1
2012	299.6
2014	289.4
2016	278.1
2017	227.2

Source: FAO, IFAD, UNICEF, WFP and WHO, 2018<sup>184</sup>

Given the rate of reduction, it will take another 40 years to achieve a hunger free South Asia. However, this precarious balance can always tilt negatively due to natural calamities, wars and conflicts, climate change, etc. and, of course, adverse policy measures. All such occurrences are also endemic to the region. It is noted that women are more likely to be affected by severe food insecurity than men. For South Asia, achieving SDG target 2.2 has become a mere mirage which aims “by 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under five years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.”

## ACCESS TO EDUCATION

The Universal Declaration of Human Rights in 1948 recognises education as a basic human right. International law, while addressing the question about the right to education, puts emphasis on the need to provide equitable access to quality education to all without discrimination, including and especially the marginalised and vulnerable population groups.

Ideally, an education system that responds with sensitivity to the people’s aspirations for optimisation of socio-cultural and knowledge-related diversity by securing civil liberties and democratic rights, as guaranteed by various international covenants and the constitutions of the countries, does not only develop a nation but also ensures reduction of inequalities. According to UNICEF, education is a basic human right and a basis for the realisation of all other rights. It is vital for development and well-being of individuals and societies as a whole.<sup>185</sup>

### Box 21: South Asia has a history of formal education since 700 BC.

The South Asian region had the world’s first university, -Takshila- established in 700 BC. Likewise, another university at Nalanda, established in the 4<sup>th</sup> century BC, was one of the world’s greatest centres of learning. It is estimated that in its heyday, in the 7<sup>th</sup> century AD, Nalanda University is estimated to have had some 10,000 students and 2,000 teachers.<sup>186</sup>

Unfortunately, South Asia is still saddled with structural barriers to education. Various reports admit the dismal state of affairs as far as education is concerned in the region. In this region, 11.3 million primary school-aged children and 20.6 million lower secondary-school-aged children are out-of-school. Millions of children complete primary education without mastering the foundational skills of basic numeracy and literacy.<sup>187</sup> In South Asia, only 69 per cent of children have access to early childhood education and only a quarter of young people leave school with the secondary skills they need.<sup>188</sup> Scholars and educationists have long argued that mere literacy rates do not capture the quality aspect of education viz. cognitive, social and moral skills. However, even for basic literacy numbers (for population of 15 years of age), South Asia lags behind all other regions except Sub-Saharan Africa, in spite of literacy rate rising from 60.84 per cent in 2004 to 71 per cent in 2016. More than 70 per cent of Rohingya children are out of school. Over 327,000 refugee children are deprived of education around the city of Cox’s Bazaar, where they arrived after leaving their homes because of threat to murder and sexual assaults.<sup>189</sup> An estimated 3.7 million children are out-of-school in Afghanistan; 60 per cent of them are girls.<sup>190</sup>

### Box 22: Education remains dream for thousands of girls from poor families in South Asia

Thirteen-year-old Sushila Badi, hailing from Radi area in Aathbiskot Municipality-9 of Rukum West, Nepal has not been to a school for formal education yet. Her friends, however, are now in the fifth and the sixth grades. Sushila also wants to go to school but her willingness to pursue education has been dashed due to weak financial condition of her household. She shared that she could not go to school as there was no source of income in her house after the demise of her father some years ago.

Likewise, ten-year-old Sarita Badi of Radi also has a similar story. She too is deprived of any educational opportunity. Poor economic condition is the impediment that keeps her from formal education. Like Sushila and Sarita, as many as 34 girls of 15 Badi households are being deprived of school education. It has been learnt that some Badi families have sent their sons to schools but compelled their daughters to work at home and outside.

Sushila expressed that they too are eager to go to school like other girls, referring to those who have received the opportunity of school education. However, she is not certain whether their dreams will ever come true.

Source: [www.thehimalayantimes.com](http://www.thehimalayantimes.com)<sup>191</sup>

Average Human Development Index (HDI) levels have risen significantly since 1990 – 22 per cent globally and 51 per cent in least developed countries – reflecting that on average people live longer, are more educated and have greater income than in the past.<sup>192</sup> However, the same UNDP report points out massive differences around the world in people’s well-being especially in education, healthcare and many other key aspects. In Sub-Saharan Africa, there are on average 39 primary school pupils per teacher, followed by South Asia with 35 pupils per teacher. But in OECD countries, East Asia and the Pacific, and Europe and Central Asia, there is an average of one teacher for every 16-18 primary school pupils.<sup>193</sup>

The following figures indicate that South Asia lags far behind its peers like Eastern and South-Eastern Asia and Central Asia when it comes to out of school rates and dropouts. If we look at the global picture, South Asia is slightly better than Sub-Saharan Africa.

**Table 22: Out-of-school Rates and Numbers (%) by SDG Region, 2016**

Region	Out-of-school children of primary school age	Out-of-school adolescents of lower secondary school age	Out-of-school youth of upper secondary school age	Out-of-school children, adolescents and youth of primary, lower secondary and upper secondary age
Southern Asia	5.6	17.2	48.4	22.4
Eastern and South-Eastern Asia	4.2	9.0	19.3	9.0
Central Asia	3.3	5.8	18.5	7.6

Source: [uis.unesco.org](http://uis.unesco.org)<sup>194</sup>

Though these figures give an initial idea about the state of learning in the region, it would not be wrong to assume that education is not a priority for most of the South Asian governments. The governments are busy in masking the ground realities by showcasing certain indicators only access, enrolment and completion rates. Reports point out that education systems remain plagued by a lack of adequate measurement of learning outcomes. Poor quality of education in South Asia, as reflected in low learning levels, traps many of its young people in poverty and prevents faster economic growth and more broadly, shared prosperity.<sup>195</sup> For example, in Bangladesh only 1 in 12 performance indicators, set by the government, targets learning. The evaluation of the Education for All initiative in Nepal revealed an absence of mechanisms to monitor classroom environments and progress in learning levels. Other countries in the region including Afghanistan, Sri Lanka and Bhutan have reported low levels of learning despite relative increase in literacy rates. The Maldives, despite an impressive literacy rate of 98 per cent, faces challenges in terms of educational quality. According to a UNICEF report, untrained teachers, regional inequality in teaching standards, emphasis on rote-learning and gender-bias in curricula are some of the problems that this almost universally literate country faces.<sup>196</sup>

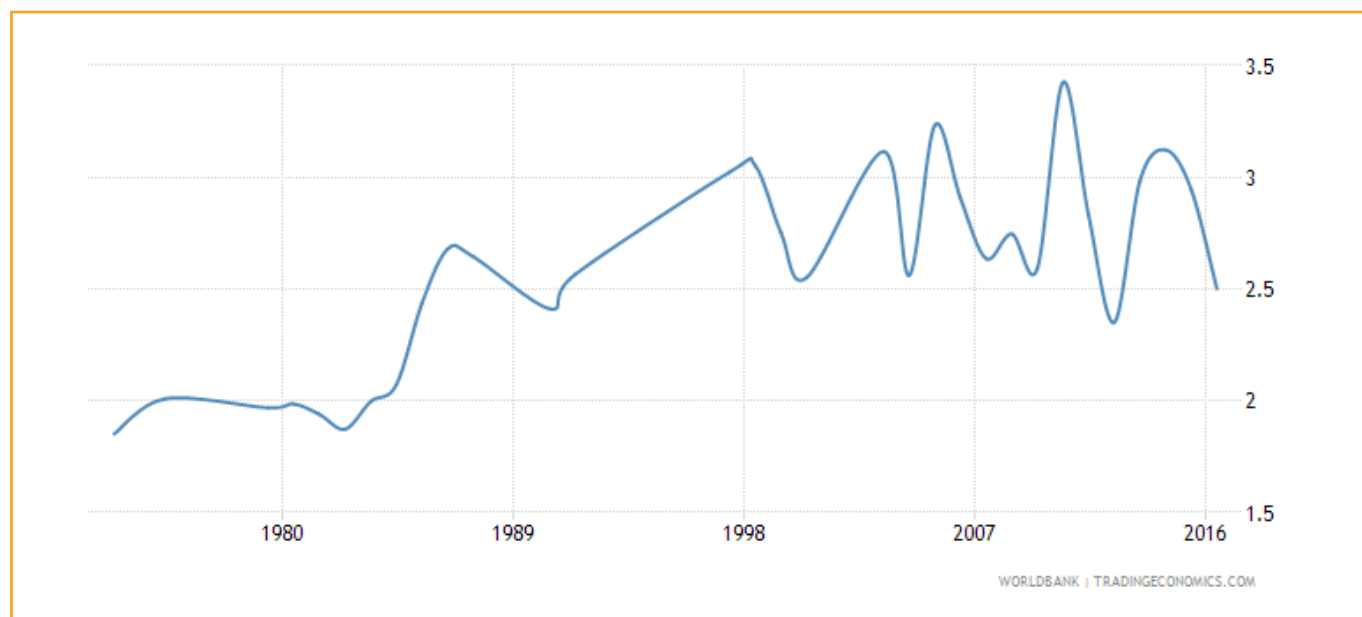
The indigenous groups, *Dalits* and Muslims continue to be victimised as the education system pushes them to the bottom of the pyramid, denying future opportunities. Likewise, women are trapped in the hostile environments and repeatedly thrown back into the webs of poverty, vulnerability, and exclusion.<sup>197</sup>

The World Bank report was most concerned with the disappointing outcomes, as measured by student learning, of South Asia's education systems, which it said in part reflected coping with the large influx of children who were first-generation school-goers. Much of what South Asian students are taught is "procedural" or rote based. Students are poorly prepared in practical competencies such as measurement, problem-solving, and writing meaningful and grammatically correct sentences. One quarter to one third of the students, who graduate from primary schools, lack basic numeracy and literacy skills that would enable them to further their education.<sup>198</sup>

At the same time, there has been a gradual withdrawal of public funding in education. While private education facilities are not new, what is lately pernicious is the widespread penetration by private capital and wholesale commercialisation of all aspects of education – policy-making, provision of schools, colleges and other institutions to the marketisation of out-of-school activities and private tutoring. These interests are often setting the agenda for recasting education as a sector for profit making in which students and parents are 'increasingly conceptualised as a consumer, and education as a consumer good'.<sup>199</sup>

The collusion of private education capital with the state managers and policy makers has resulted in lower and lower public expenditure in education, with the states almost abdicating their responsibilities. South Asia has one of the lowest public expenditures in education in the world and it is falling further down as the following chart explains.

**Figure 18: South Asia - Public Spending on Education, total (% of GDP)<sup>200</sup>**



Source : [www.tradingeconomics.com](http://www.tradingeconomics.com)

The lack of public spending on education has adverse impacts on quality education. Private educational institutions have been expanded in the face of this demand which has further entrenched segregation and discrimination in education systems. Private school enrolment has consistently increased in all levels of education. Globally, enrolment in private pre-primary institutions increased from 29.1 per cent in 2000 to 41.5 per cent in 2016. Similarly, enrolment in private primary schools increased from 10.1 per cent to 17.1 per cent, and it increased from 19.2 per cent to 26.3 per cent in private secondary schools during the same period.

The increase has been fairly rapid particularly in South Asia where about a third of 6 to 18-year old students attend private schools (Dahal and Nguyen, 2014 as cited in UNESCO, 2015, p. 93).<sup>201</sup>

Pakistan's public expenditure on education, an important indicator of national development, has never reached the level required. It has remained at around 2 per cent of GDP over the past few years; a recent estimate put it at 2.2 per cent of GDP in 2017, compared to 2.3 per cent in 2016 (Pakistan Economic Survey, 2018, p.157). This is far below the target of at least 4 to 6 per cent of GDP recommended by the Education 2030 Framework for Action, and one of the lowest levels as a percentage of GDP in the developing world.<sup>202</sup>

**Table 23: Inequality in Education in South Asian Countries**

Country	Inequality in education	Inequality-adjusted education index
Afghanistan	45.4	0.227
Bangladesh	37.3	0.319
Bhutan	41.7	0.259
India	18.8	0.509
Maldives	40.0	0.336
Nepal	40.9	0.296
Pakistan	40.9	0.296
Sri Lanka	12.8	0.653

Source: Human Development Report, 2018

Most South Asian countries reveal extreme inequality in education in comparison to the rest of the world. Rampant commercialisation of education has excluded the children of poor and marginalized households from opportunity to quality education. The profit mining attitude could be seen at every level of education system whether it be higher education, secondary education or even primary education. Capture in the educational sector has a large impact on inequality because it tends to be more detrimental to the poor than the rich. In Bangladesh, where private tuition system is rampant, primary school students from the wealthiest households pay 2-4 times for extra tuition compared to the poorest students. Poor households also have fewer exit options from the government supported education system and will, therefore, be more affected by declines in access and quality associated with corruption.



Poor living conditions of slum-dwellers in Mumbai, India. Photo: Adam Cohn, IFPRI Flickr

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# **CONCLUSION AND RECOMMENDATIONS**

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## CONCLUSION AND RECOMMENDATIONS

Although a few major issues were chosen to illustrate the expanse and acceleration of inequalities in the region, these are not exclusive, neither as causes nor as symptoms. Various other issues linked to the political exclusion, majoritarianism, authoritarianism, hyper-centralisation of power, exclusive cultural or ethno-nationalism and religious fundamentalism are part of the processes and the outcomes, reinforcing the historical aspects and inter-generational inequalities.

We have already seen that the region suffers from acute inequalities as expressed by various indicators like Gini Coefficient, Quintile and Palma Ratio. Worse still, the trend is towards an increasing inequality instead of bridging the gap. In addition, the extreme form of gender inequalities, affected by patriarchal structures, are exacerbating the inequality gap. The denial of proper remuneration for labour and the extreme devaluation of the dignity of labour with structural imbalances fuel the existing inequalities further. On the one hand, most South Asian people have meagre access to basic services as governments cite the lack of means to achieve it. On the other, we see that the rich and the elite are provided subsidies or lucrative tax exemptions. Apart from revealing the bias of the states in favour of the latter, these policy measures have two implications. First, the state fails to collect the necessary revenue for ensuring basic services and secondly, it allows the powerful to amass abundant wealth through all channels at an ever-increasing speed. How can one explain the meteoric rise of the number of billionaires in the midst of growing vulnerability and distress afflicting an overwhelming majority of the population?

Inequalities are expanded by the democratic deficit in the region and the prevailing neoliberal regime, despite all opprobrium generated by its impacts. Proponents of neoliberalism claim that poverty, unemployment and periodic economic crises exist since markets have been stifled by labour unions, the state, and a multitude of social practices rooted in culture and history. Therefore, such “aberrations” can be overcome by creating “market-friendly” social structures that are self-regulating and can optimally respond to all economic needs, expeditiously utilize all economic resources, and automatically generate full employment for everyone who genuinely wish to work. The implementation of such market-friendly conditions requires clipping trade-unions so that the employers can hire and fire at will; privatisation of state and public-sector enterprises so that their workers fall under the reach of domestic capital; abolition of protectionist measures for both markets and the capital. The international institutions, especially, trade and financial institutions, are self-appointed to oversee this process for the good of the world, and particularly for the good of the poor.

Yet, inequality, poverty and vulnerability remained paronymph of neoliberalism in all its journey. So by channelling the market mechanism rather than by following its dictates, inequality rose in an untrammelled speed since the 1980s. Neoliberal capitalism, according to its advocates, is an embodiment of the famous image of Lady Justice, who weighs the demands from various quarters on a finely tuned moral scale, free of all forms of bias. Rather, as endorsed by the historical tendency towards rising inequality in every sphere of life, its very structure ensures that the state will always be strongly biased towards the holders of wealth and capital.

This elite capture of the state has also created enormous democratic deficits. It has silently executed a transfer of power from the people to authoritarian elites. It is quite clear that inequality and lack of democracy are aided and abetted by the political institutions and interests of the wealthy and patrimonial capitalism.

The struggle between the ordinary people and the elite is expressed in the forms of workers’ struggles, various social movements and other struggles of the grassroots. Peoples’ struggle for better policies is at the same time a rejection of neoliberalism and a quest for a better life. There are demands for universal social security; right to food and food sovereignty; decent and affordable education and health; employment and livelihood; etc. We have seen some victories in the past on the issues of public distribution of essential goods and services including food at low prices, old age pension, pension to single women and disabled people, various cash transfers to the targeted deprived sections of society including women, *Dalits*, minorities and indigenous peoples.

Inequality in the region is not incidental but structural, the outcome of a state system driven by pro-rich and pro-elite legal, regulatory and related institutional setups. This needs to be changed towards people-centric progressive provisions both in the constitution as well as law. Universal access to basic services and genuine equal opportunities for all should form the cornerstone of the process to form an equal society. The state must guarantee access to land, water and other natural resources that are vital to sustain people's livelihood. In order to achieve this, we need deep reforms to overhaul the legal, institutional and structural arrangements. An active and engaged citizenry is the key to generate pressure from below towards such changes in the system. We need to work towards a more progressive democratic system and not an elite capture of the state which is exacerbating inequality by directing state policies away from the people. Besides guaranteeing the universal rights and basic services, it is important that the rights of women and other oppressed communities are ensured. In order to materialise this goal, we need fair and equal representation in political, state, economic and social institutions by abolishing all types of discrimination.

## Ending inequality is possible- some examples

### POVERTY ERADICATION – THE BRAZILIAN WAY

Brazil, a similar economy has long been known for its notorious inequality. Between 2003 and 2009, 21 million people are reportedly to have escaped poverty in the South American country. According to Brazil's National Institute of Applied Economics Research (IPEA), the poverty incidence rate declined from 35.8 to 21.4 per cent. Brazil has also slowly reduced inequality: the Gini index dropped by nine per cent between 2001 and 2009, reaching its lowest level since the 1970s.<sup>203</sup>

Three policies as mentioned below were central to this success:

1. Bolsa Família (Family Scholarships): This program provides financial aid to poor Brazilian families whose monthly income per capita is under R\$150 (USD 47).
2. Educational reform: The education system was expanded with quality improvement. Public expenditure on education increased from 2.7 per cent of GDP in 1980 to 4.5 per cent in the 2000s, with most of the additional funding going towards primary education.
3. Minimum wage: In February 2009, it increased the minimum wages to approximately USD 230, almost twice what it was seven years before. The value of the minimum wage in Brazil is also tied to the value of social security benefits, such as pensions and unemployment benefits, meaning increases in minimum wages also affect other groups, most notably pensioners and the unemployed. The minimum wage contributed to a conspicuous reduction in gender and racial disparities, because it applies to everyone — men, women and the people from all racial backgrounds.

### SHOWING REAL COMMITMENT TO REDUCE INEQUALITY<sup>204</sup>

South Korea's President Moon Jae-in took his office in early 2017, promising to tackle inequality in South Korea. The country's inequality levels are increasing rapidly. Over the past two decades, the income growth of those at the bottom has stagnated while the top 10 per cent have seen their incomes grow by 6 per cent each year, so that they now lay claim to 45 per cent of the national income. South Korea comes second to the bottom of the OECD countries in the CRI Index. To pursue a reduction in inequality and an increase in inclusive growth, President Moon has acted in all three areas measured by the Index. He is committed to dramatically increasing the minimum wage and his first year in his office has delivered, increasing it by 16.4 per cent. He has also increased taxation on the most profitable and largest corporations in South Korea, raising their Corporate Income Tax (CIT) rate from 22 per cent to 25 per cent, which is expected to raise revenues of USD 2.3 billion annually. He has also raised income tax for the highest earners, a move that gained the support of 86 per cent of Koreans. Finally, he has embarked on a programme of expanded welfare spending. South Korea has some of the lowest welfare spending in the OECD. President Moon has increased spending, including provision for a universal child support grant. In an address to the UN General Assembly on 21 September 2017, President Moon stated, "As of now, my administration is pursuing bold measures to change the economic paradigm in order to deal with economic inequalities that stand in the way."

## MGNREGS REDUCED POVERTY, EMPOWERED WOMEN

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) reduced poverty by up to a third and gave a large number of women their first opportunity to earn cash income. Officials from the Ministry of Rural Development (MoRD) and the National Council of Applied Economic Research (NCAER) released a new report, which used data from two rounds of the India Human Development Survey (IHDS) – 2004-5 and 2011-12. The survey was conducted by the NCAER and University of Maryland, involving over 26,000 rural households across the country.

Comparisons between the two survey rounds found that the programme reduced poverty overall by up to 32 per cent and prevented 14 million people from falling into poverty.<sup>205</sup>

States need to take into account the havoc created by unbridled growth of inequalities across the region, more so in a period when the economic growth is also very high. This points towards the lack of redistributive policies and a bias towards social injustice prevailing across the region. The following recommendations might serve to bring into attention what governments and international institutions ought to do.

## RECOMMENDATIONS

Based on the evidence in this report, the South Asian governments should take a number of steps to address the issues of growing inequality in the region. The steps include the following:

### i. Reduce inequality through creating equal opportunity

- All governments in South Asia should develop time bound national plan of action to end extreme forms of social and economic inequality on urgent basis, as the governments have committed to translate this into their national plans (SDG-10), which must be augmented through strong policies and adequate resources allocations.
- Immediate measures are required in order to minimise the ever widening gap of income inequality, urgently within a fixed time frame. Immediate attention must be paid to restrict the income of the top 10 per cent to be no more than the income of the bottom 40 per cent.
- Committing to increase the income of the poor at a faster rate than the rich. All South Asian countries must meet SDG-10 of development agenda 2030 by reducing the inequality gap within and among countries. To reduce inequality, policies should be universal in principle, paying attention to the needs of the disadvantaged and marginalised people.
- Committing to progressive land reform so as to ensure a more equitable distribution of land, especially to the landless and poor farmers.
- Improving participation, transparency and inclusion in policy-making on land and ensuring that reforms happen and that they genuinely represent people involved in agriculture.
- The government of the countries in South Asia have to take immediate policy interventions and programmatic measures aiming at preventing elites from capturing the policy and governance space, and redistributing resources to the people and to protect their lives.
- People's campaigns, grassroots organisations and mass-based organisations in South Asia have to commit themselves to take a firm step on strengthening the struggle for challenging inequality. They have to continue their engagement with governments and people's movements for creating a fair and just economic order at national, regional and global levels.

### ii. Guarantee minimum living wages and labour rights

- Ensure minimum wages to all sections of the working population immediately. The declared minimum wages must be implemented strictly with severe punishments for employers who engage workers below minimum wages. Eliminate bonded labour and poverty pay. The attempt must be a transition towards living wage for the entire working population within a time frame of 10 years.
- Protecting the people's right to freedom of speech and expression, and right to freedom of association in society and in the workplace. Reverse all legislation and actions that have closed space for people. The government must protect the rights of workers to unionize and strike, and rescind all laws that go against these rights.
- Ensuring full employment with at least minimum wages for the workforce. Attempts should be made to formalize the informal sector. End precarious contractual employment with discriminatory wages and benefits. Respect dignity of labour.



### iii. **Ensure basic public services**

- Guaranteeing people's access to basic services including electricity, safe drinking water, sanitation, quality health and education, and affordable housing and transport facilities.
- Ensuring social protection of all. Government should implement social security policies that take care of the needy population. Increase transparency regarding social security systems and rights.
- Scrapping commercialisation and privatisation of essential public services like health and education, and embracing universal services and benefits which ensure that every one's rights are met.

### iv. **Ensure progressive taxation and fiscal justice**

- The governments of South Asian countries must make immediate efforts to revisit their tax regime and make it progressive in order to increase the tax to GDP ratio, to mobilise tax revenue through progressive direct taxes and to reduce the burden of indirect taxes. States must adopt the policies to create a transition towards the desired ratio of direct to indirect tax which is 70:30.
- Overhauling macroeconomic policies that encourage speculative investment and other high profit business activities that do not invest in the real economy.
- The consistent rise in the military and defence expenditures in many South Asian countries contributes to the weakening of democracy, justice and human rights of its citizens. The governments must redirect the budget towards education, health and social protection to guarantee every right of the citizens.
- The concerned governments should rationalise tax incentives, tax exemptions and tax holidays given on the pretext of attracting investments and end such unproductive practices. Such measures drain the public exchequer of tax revenue and result in increased inequality. The governments of South Asian countries should come together, collaborate and promote south-south cooperation aiming to promote peaceful co-existence and united South Asia to fight against the unfair world economic order.
- The governments must publish the status of the capital flight and tax evasion by individuals and corporate entities in the form of a White Paper on a regular basis. Strong legal provisions should be made and the implementation of existing laws should be more effective to disqualify tax evaders from the electoral process and in any public position.

### v. **Ensure gender equality**

- Strictly implement the policies to ensure gender equality and strengthen its enforcement and monitoring. Special efforts must be made to educate girls and improve equity and quality of education at all levels. Recognize unpaid care work and women's contribution to the national economy.
- The South Asian governments should recognise, reduce and redistribute women's unpaid work, especially care work, through valuation and equal distribution of household responsibilities between both men and women.
- The representation of women and working-class people in decision-making and political processes and institutions should be promoted, as they are essential for challenging all the causes of inequalities. The political parties and the governments of South Asian countries should reserve a minimum of 33 per cent of the seats for women's participation at all decision-making levels in the party as well as in the state machinery to create a gender-sensitive environment. This percentage has to rise to 50 as women form half of the world's population and their meaningful presence in equal ratios in the political and decision-making levels is important to reduce inequality.
- Addressing the gender wage gap is crucial to tackle extreme forms of overall inequality in South Asia. Therefore, it is urgent to ensure equal opportunities for women as they earn less than men while doing more work than men do.
- The working class people are strained and distressed with their meagre income. Women workers and their dominant sectors of engagement such as agriculture, domestic work and care work are subjected to low wages and no wages at all. The governments must take pro-active initiatives to ensure appropriate and liveable wages that would lead to a decent life for all occupations, for men and women, and in women dominant labour sectors.

### vi. **Promote peace and harmony in South Asia**

- Implementing the recommendations above demands for peace and harmony between country-to-country and community to community in South Asia. Regional peace and cooperation should be the utmost priority to benefit all the countries in South Asia through trade, investment and cultural exchange.

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