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A CRITICAL STUDY ON INEQUALITY AND ECONOMIC GROWTH: A CONCEPTUAL AND THEORETICAL FRAMEWORK

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ABSTRACT
In recent decades, the intricate relationship between inequality and economic growth has garnered significant attention from economists, policymakers, and researchers. This abstract presents a conceptual and theoretical framework that delves into the multifaceted dynamics linking inequality and economic growth. The framework seeks to illuminate the mechanisms through which varying levels of inequality can either impede or facilitate sustainable economic growth. The paper begins by elucidating the multidimensional nature of inequality, spanning from income and wealth disparities to educational and healthcare access. It underscores the intricate interplay between economic, social, and political factors that collectively influence the trajectory of a nation's economy. With a foundation in this nuanced understanding of inequality, the framework then outlines various channels through which inequality could impact economic growth.
Keywords: - Economic, Economy, Political, Social, Growth.

I. INTRODUCTION
Rich and poor, capitalist and communist, and mixed economies have all paid homage to the god of economic expansion. In today's society, "Growthmanship" has become the norm. If a country's economic growth rates high or low on a global scorecard, the government there might benefit or suffer. But if that progress isn't reflected in people's daily lives, it's meaningless. Only a select few have benefited from the economy's recent expansion, namely the top 20% of earners. It's worth a billion dollars to figure out the causes and consequences of inequality. Economists and policymakers have always been interested in studying the causes and effects of inequality shifts. In addition, Atkinson said that "Inequality is what economics should be all about." Some of the most influential thinkers of the last two centuries in economics and philosophy spoke out forcefully against the unfairness of widespread economic disparity. But by almost all measures, inequality has worsened considerably since then, both globally and in most nations individually during the last two or three decades. Therefore, there is a need for more open discussion regarding the problems and root causes of inequality in today's society. Otherwise, future generations would look back on our modern society and wonder what kind of barbaric people we were to put up with it. It's been suggested that the same factors that boost GDP also degrade

the condition of the poor in absolute terms and increase economic concentration. Therefore, for the sake of the growth and development of our universe, our nation, and our society, we must be more vocal about the dangers of inequality. This chapter will explain the numerous ideas and connections between inequality, development, and convergence.

II. DO WE REALLY WANT TO LEVEL OFF THE INEQUALITIES?

An unequal relationship is one in which one person, group, or social class dominates over another. Inequality is an ugly term since it is linked to a variety of uncomfortable social and economic issues. It always seems to imply going against some kind of parity.

People in an economy vary from one another in numerous ways that affect their income, and these differences contribute to income disparity. Human capital (in terms of both education and health), location within a nation, access to and ownership of material resources, individual talent, and sheer good fortune all contribute to a society's diversity. The major rationale for inequality is the hierarchical and tier-based structure of modern society. The level of accountability increases with each successive pyramid. Each tier of responsibility calls for a corresponding tier of competence. It seems sense to suggest that individuals should be compensated more as they take on more responsibilities. However, we still don't know how much more we should be compensated by generalizing from that statement. It all depends on the person's ideological upbringing. As a result, every culture will have its own deep roots in history and philosophy.

Philosophically, most individuals do not want equality. They just want things to improve for them. As a result, eliminating inequality by making the well-off feel worse off won't bring about true equality. And if all the disparities in wealth and status were eliminated, it's hard to imagine how the world would work. Most people, in a general sense, are willing to accept inequality as a fact of life. However, the issue of how much disparity is tolerable naturally emerges. However, the renowned philosopher Rousseau disagrees. He claims that "almost all inequality that exists today owes its strength and growth to the development of the human mind and becomes at last permanent and legitimate by the establishment of property and laws" (There is barely any inequality in the condition of nature).

Inequality is increasingly widely recognized as a pressing issue that affects people of all walks of life, not just academics. Class, ethnicity, gender, and the sex pay gap all exist, and so do income disparities. individuals take two opposing approaches to the problem of inequality: either they attempt to explain the causes of existing disparities or they claim that the differences between individuals are purely artificial and not intrinsic to the world as it is. We can't go far if we ignore the realities while discussing income and wealth disparities. Each case has its own unique set of circumstances. They are not easily accessible to the average person using merely common sense. Experts in numerous fields of social science have compiled a corpus of work on various elements of inequality.

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There are a variety of ways in which economic disparity harms society. increasing political instability, slower economic development, and increasing poverty are all linked to greater inequality. Inequality may pose a risk to long-term development stability. There is a huge social cost to such development disparities, which may cause economic disruption, social friction, and political instability. Other causes and effects of inequality include a widening gap between the wealthy and the poor, the fabrication of unreal desires, a dampening of economic activity, a rise in criminality and violence, an uptick in suicides and other forms of self-harm, and a general decline in confidence and competence.

III. CONSTITUTIONAL REMEDIES AGAINST INEQUALITY

The Hindure form movement of Brahmo Smaj, Ramakrishna Mission, and Arya Smaj, which promote the equality of social groups in God's eyes, has been prominent since the early nineteenth century, reflecting the growing importance of the value of equality and the movement against inequality.

As part of the promise made to the Indian people during their fight for independence, it was promised that disadvantaged groups would be given supplementary educational, economic, and cultural advancement opportunities in order to help them catch up to more privileged groups. A turning point in India's march toward greater inequality occurred with the passage of its constitution in 1950.

In India, the primary goal of economic policy is to hasten the country's economic growth while maintaining a fair and equitable society. The goal is to guarantee that the increase in national or per capita income benefits all people without widening existing income and quality of life gaps. Social, economic, and political justice should be provided for all the people, as stated in the preamble to the established guiding principle of state policy. In a similar spirit, Article 38 stipulates that it is the state's responsibility to provide a social order in which social, economic, and political fairness permeates all aspects of national life. Equal protection under the law was also assured under Article 16.

Though not legally binding, the Directive Principles are nonetheless considered essential for running the nation. According to them, the state's policies should be geared toward ensuring that the community's material resources are distributed and controlled in a way that benefits all members of society, and that the distribution of wealth and the means of production are not unduly concentrated in the hands of a few. These principles call on the state to ensure that everyone has access to basic necessities including food, shelter, medical care, and unemployment benefits. A society in which the economically weak are not exploited by the economically strong and in which income and wealth disparities have been reduced to a minimum manageable extent is envisioned by India's directive principles as outlined in the country's constitution.

According to Sivaramayya, the constitution contains many, conflicting conceptions of equality, including those of the egalitarian, the meritarian, and the proportional varieties. The first tenet is to help everyone, regardless of their

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circumstances or qualifications. The second rule is relevant in situations when power and resources are limited. The third and final premise is used for members of the disadvantaged group who cannot compete on an even playing field.

IV. INEQUALITY AND ECONOMIC GROWTH: A THEORETICAL FRAMEWORK

The Kuznets hypothesis, proposed by Kuznets (1955) in his presidential speech to the American Economic Association, formerly dominated the early literature on the development of income disparity. Kuznets compiled information from three advanced economies (the United States, Germany, and the United Kingdom). This theory proposes that low-income nations have more uniform income distributions. Income inequality widens in these nations as their economies develop. After these nations experience a certain amount of economic development and collective wealth, sometimes known as the "trickle-down effect," this inequality decline is likely to be halted and reversed again. Therefore, it is hypothesized that nations with intermediate stages of economic development have a more unequal distribution of income than do countries that are either fully industrialized or pre-industrial.

It turns out that the theoretical connection between economic expansion and income equality is more nuanced than first thought. Theoretical models of economic growth should be examined to see whether they include a discussion of growth's impact on income distribution. Within the context of equilibrium growth, the connection between expansion and redistribution has been examined in the so-called Cambridge models developed by Kaldor (1956) and Pasinetti (1974). The propensity to save by both workers and capitalists is a key variable in these models. Both Kaldor and Pasinetti maintained that employees' tendency to save was irrelevant. However, there is a negative correlation between rising prosperity and more income parity between workers and business owners. The actual benefits flowing to the different economic groups do not stay constant in the process of income redistribution, which is an essential component of both the Cambridge growth models and the neoclassical growth models. This holds true for neo-classical models as well as the Cambridge models. The only time growth and distribution are related is when the economy is deviating from its steady state path. Assuming the economy follows a constant steady-state path, the rate of income growth is fixed by the exogenously provided rate of population increase, while the factor shares and real returns to factors remain unchanged and the income distribution remains unchanged.

V. GROWTH-PROMOTING AND -INHIBITING INEQUALITIES BOTH EXIST

In the first scenario, inequality hinders growth.

It is widely accepted that the distribution of a country's national income has a significant impact on, and is impacted by, the elements that determine the rate of economic growth in that country. Thus, the variables that affect per capita income over time are indirectly affected by the degree to which income equality or inequality prevails.

Case II: Inequality is good for Growth

Inequalities that reflect and reinforce market-based incentives necessary to promote innovation, entrepreneurship, and development are considered to be good inequalities. By squeezing the labor-market returns to education and other types of investment, for instance, a control regime may maintain low inequality. Increases in inequality brought about by reforms in such a system may help the poor seize new economic opportunities and therefore alleviate poverty more quickly.

VI. CONCLUSION

We may state that increasing income and wealth concentration contributed to the rapid expansion of the Indian economy. The elimination of poverty, illiteracy, and opportunity disparity were all publicly stated goals of our social planners in the years after economic independence. Both rural and urban parts of our economy have experienced high rates of poverty, although to varying degrees, and this has been reflected in the social, geographical, occupational, ethnic, and other characteristics of poverty. Up until the early 1970s, we relied on the "Trickle down Hypothesis" to justify a strategy of growth-mediated development policies, which held that improvements in the economy would trickle down to people of all backgrounds and socioeconomic statuses. Surprisingly, however, the percentage of individuals living below the poverty line remained far over 50% until the mid-1970s, after which it began a gradual but steady decline. India has implemented economic changes since 1991 in response to the country's disillusionment with the trickle-down concept. Reforms in the areas of trade, investment, and finance are ongoing, and they have resulted in an ever-increasing dependence on market fundamentalism and a diminishing role for the public sector. While self-employment grew rapidly from 1993–1994 to 2004–2005, wage employment remained relatively unchanged over the post–reform era. Intriguingly, the government has been pursuing the policy of growth cum public action -led development strategy with its primary focus on the participatory development process vis-à-vis the inclusive growth ever since the 1990s, and this emphasis has been carried forward to the 12th five year plan (2012-2017) as its principal objective of faster sustainable inclusive growth.

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