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An Analysis of Inequality within BRICS Countries; with Special Reference to India

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Abstract

This article explores the theoretical background and establishes a clear thesis that inequality hinders human development, particularly in India. Comparing India to other BRICS countries (South Africa and Brazil) provides different approaches to addressing inequality. Statistical tools like, the Gini coefficient and IHDI were used to analyze data to support the arguments that inequality levels have adverse impact on human development. The study offers concrete suggestions for India, such as increased spending on education and health, and labor policies that prioritize the welfare of the workforce.

Keywords: inequality, human development, BRICS countries, inequality adjusted human development index, Gini co-efficient.

Introduction

Human Development Index (HDI) measure quality of life through three indicators health, education and income. This measure has been well appreciated all over the world as it pointed to the possibility of thinking about more significant things regarding human life than just the market value of commodities bought and sold. However, the HDI captures only part of what human development entails. It does not reflect on inequalities, poverty, human security, empowerment, etc. The Inequality-adjusted Human Development Index (IHDI) instigated by UNDP in 2010, adjusts the Human Development Index (HDI) for inequality in the distribution of each dimension across the population. The IHDI value equals the HDI value when there is no inequality across people but falls below the HDI value as inequality rises. In this sense the IHDI measures the level of human development when inequality is accounted for. Emerging economies such as Brazil, Russia, India, China, and South Africa (BRICS countries) have an extremely high levels of inequality. Finding their human development after discounting for inequality seems to be an interesting area of discussion. India stands out as a poor and very unequal country, with an affluent elite (World Inequality Report 2021). This paper is an attempt to examine the various dimensions of Inequality Adjusted Human Development Index of BRICS countries with special reference to India.

Theoretical Background

Traditional schools of thought like neo classical, supply side economics and many more state that inequality fuels economic growth. Hence ‘’inequality is a choice’’’, chosen for achieving growth and growth itself will take care of inequality in later years. The investors, savers, and innovators were considered as growth agents, so tax cut and pro corporate policies were deliberately adopted to boost production. Developing countries believed in ‘’rising tide hypothesis’ ’that is rising tide will lifts all boats. The benefits of the wealthy will ‘’trickle down’’ to everyone else. (Stiglitz, 2012)

Simon Kuznets found an inverted U-shaped curve of inequality, justifying extremely high inequality as a natural consequence of economic growth and eventually inequality will fall when income grows beyond a certain point. So emerging economies have taken inequality for granted and have been taken a hands-off approach towards inequality. Thus ‘’growth’’ discussions bypassed ‘’inequality’’ from topic of discussion from the global and national level institutions. (Stiglitz, 2012)

Reagan –Thatcher revolution was the starting point of dizzying rise in inequality within countries and among countries that continues this day. When state control was loosed in countries like India and China, to allow private sector led growth, the same ideology trotted out to justify not to worry about inequality, with the consequence that India is now among the most unequal countries in the world. (World Inequality Report 2021)

However, trickledown theory has no empirical evidence in the recent years. This is evident from the fact that more than a decade after the US recession, the economy was still not back to health. The benefits gone to handful of wealthy, did not invested much to spur state economic growth. State revenue decreased consequently, education budget and health budget has been curtailed significantly as well. The rising tide has lifted only large yachts and smaller boats have been left dashed on rocks. Several studies find that excessive inequalities tend to leads to weaker economic performance. International Monetary Fund (IMF) report 2015, says that when rich get richer, the benefits does not trickle down. The increasing income share of the poor and bottom 40 % actually increases growth. The report finds that when 1% increase in wealth for bottom 20 % low-income earners yield 0.38 % growth in GDP and an increase in income of top 20% results in 0.08 decrease in GDP. Greater the share of income of the bottom 40 %, greater will be the growth rate (Banerjee and Duflo, 2003).

Review of literature

“Although GNP growth is necessary to meet all the essential human objectives, countries differ in the way that they translate growth into human development ‘’ (HDR, 2004) UNDP defines Human development as “a process of enlarging people’s choices”. Human development puts people at the center of development—people are agents of change. It measures quality of life like lower mortality, better health, more school education, and standard of living.

The HDI was created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. The HDI can also be used to question national policy choices, asking how two countries with the same level of GNI per capita can end up with different human development outcomes. These contrasts can stimulate debate about government policy priorities (Suryanarayana et al, 2021).

But distributional inequalities in income, education, and longevity are significant concerns for human development and well-being; and that they are not adequately addressed in the HDI in its present form. The Inequality-adjusted HDI (IHDI) was introduced by the UNDP in 2010 to measure human development by accommodating inequality. IHDI is the HDI adjusted for inequalities in the distribution of achievements in each of the three dimensions of the HDI (health, education and income) (Alkire and Foster, 2010).

One implication for using IHDI is that most Latin American countries, a region known to have the most severe income distribution problem, fall in rank when inequality is factored into development. That is, if we conceptualize development without inequality by using the HDI in its present form, the Latin American countries do relatively well; that evaluation shifts significantly when inequality is counted in via the IHDI. Another implication is that inequality is shown to be a problem not just in income, where it is arguably

most severe, but in education and health, where inequalities are perhaps seen as more troubling. The IHDI framework allows for addressing all of these inequalities, and they can be weighted according to the aims of the exercise. Finally, to incorporate distributional concerns via the IHDI is to promote a "rhetoric of inequality" within discussions of human development. Just as the Human Development Index has managed to shift discussions beyond talk of the Gross National or Domestic Product, the Inequality-Adjusted HDI should inject distributional concerns more explicitly into policy-making discourse in the contexts in which the Human Development Reports are widely used: UN agencies, non-governmental organizations (NGOs), and government agencies. (Hicks A, 1997)

Both the HDI and IHDI would be the same when the distribution of achievement across people in society is equal. IHDI would fall short of HDI with increase in inequality. It is this shortfall, which provides a measure of the loss in potential human development due to inequality. An estimate of the loss can be computed as a percentage of the HDI. Given the policy emphasis on globalization and inclusive growth, the proposed methodology presents HDI and IHDI with reference to international goalposts (Suryanarayana et al, 2021).

Among economists, it is commonly suggested that there is a trade-off between growth and equity: increasing inequality is seen as a necessary concomitant – if not an actual contributor – to economic growth, and efforts to curb inequality are seen as likely to retard the pace of growth and thereby impede the effort to reduce poverty (Weisskopf, 2011).

A group of emerging economies, Brazil, Russian Federation, India, China and South Africa, was formed in 2006. The BRICS members are known for their substantial influence on regional affairs. BRICS has significance as one of the main driving forces of global economic development. The rampant inequality is the main issue of these economies. Brazil and South Africa have been putting earnest effort to reduce all sorts of inequalities. There are several schools of thought and theories that consider ''inequality is a choice '' But ''taking responsibility for the outcome of one's actions'' is also imperative rather than blaming exogenous factors (Palma, 2016).

Traditional Kuznets' "Inverted-U" hypothesis justify high levels of inequality as 'inevitable' for middle-income countries and that 'inevitable' inequality are bound to get better on their own accord as income per capita increases. So, it makes more sense (and it is much more efficient) to have a hands-off attitude towards inequality (Palma, 2016).

There are numerous traditional concepts and theories that suggest that inequality will incentivize growth for example, 'a rising tide lifts all boats': economic growth would bring increasing wealth and higher living standards to all sections of society through ''trickle down'' process. Even though, this version of old-fashioned 'trickle down economics' did not follow from the post-war evidence, many emerging countries justify inequality as a price for their economic growth. Contrary to the rising-tide hypothesis, the rising tide has only lifted the large yachts, and many of the smaller boats have been left dashed on the rocks. This is partly because the extraordinary growth in top incomes has been going along with an economic slowdown. (Stiglitz, 2012)

High levels of inequality have produced political instability, social separation, lack of hope, etc., which shows a hopeless scenario, in many countries. But it should not be forgotten that some countries have been able to reverse this situation. Inequality in income distribution can be measured with the Gini index, however, the Income-related inequity measures fail to capture the most critical aspects of the inequity, related to the standard of living over long periods of time. An unequal society does not function efficiently. Inequality has negative effects on the national production, in economic stability and efficiency and in

growth. There are different ways in which inequality produces instability. 1) It reduces public investments: it is the result of the income imbalance, since the richer people do not need public goods such as education or health. 2) Produces massive distortions to the economy: for example, rent seeking causes invest heavily in lobbying and advertising, rather than investing in human capital 3) Effects on worker morale: low wages, mistreatment, along with anxiety and worry about debts, end up affecting worker productivity. (Stiglitz, 2012)

Economic inequality involves relative deprivation – where one stands in relation to others in one's society. The arguments for limiting economic inequality are of four broad kinds: moral, political, economic and social. To ensure that all citizens are respected and treated as fundamentally equal: But how one is treated depends a great deal on one's economic status and resources, to promote equality of opportunity. It needs to have a political system in which citizens have reasonably equal opportunity to influence governmental decision-making and therefore have reason to accept the legitimacy of governmental power. Greater economic equality can promote greater economic efficiency by contributing to the achievement in improving the allocation and development of human resources: To reduce social tensions and political instability, to reduce popular opposition needed for economic reforms, to foster cooperation as a basis for low-cost solutions to "coordination failures": To improve health throughout the population: To promote a better quality of life by reducing competitive consumerism. So, a focus on spurring economic growth, to the exclusion of reducing economic inequality, is ill-advised. Poverty reduction without inequality reduction can contribute little or nothing to the achievement of most of the other goals of inequality (Weisskopf, 2011).

According to Chancel and Piketty benchmark estimates, the top 1% income share is at its highest level (22%) since the inception of the Income Tax during the British Raj, in 1922. Top income shares and top income levels were sharply reduced in the 1950s to the 1970s at a time when strong market regulations and high fiscal progressivity are implemented. During this period, bottom 50% and middle 40% incomes grew faster than average. The trend reverted in the mid-1980s with the development of pro-business policies. Over the 1951-1980 period, the bottom 50% group captured 28% of total growth and incomes of this group grew faster than the average, while the top 0.1% incomes decreased. Over the 1980-2015 period, the situation was reversed; the top 0.1% of earners captured a higher share of total growth than the bottom 50% (12% vs. 11%), while the top 1% received a higher share of total growth than the middle 40% (29% vs. 23%). These findings suggest that much can be done to promote more inclusive growth in India (Chancel and Piketty, 2017)

The most promising policies that limit the economic gains of the rich are those that tax their income and (especially) wealth progressively, that reduce corporate welfare", that break up monopolistic market positions, and that shift ownership away from absentee asset-owners (especially of land). The most promising policies that expand the economic gains of the poor and the marginalized are those that improve their health, that increase their access to good-quality education institutions, that improve their access to credit markets, that promote higher employment, and that shift asset ownership to actual producers (especially cultivators). The recent experience of Brazil demonstrates how rapid economic growth can indeed be combined with reduction of economic inequality. From 1950, when data on economic inequality began to become available, and up to the early 1990s, Brazil and South Africa were the most unequal of the major countries of the world. Like India, both Brazil and South Africa stepped up their integration into the international capitalist economy in the 1990s, and over the past two decades these countries have all achieved fairly rapid rates of economic growth. Unlike in India and South Africa, however, there is

evidence of a significant decline in the degree of economic inequality in Brazil since the early 1990s. This decline can be explained in considerable part by policy changes introduced by the successive administrations of Brazilian presidents Fernando Cardoso (1995-2003) and Lula Da Silva (2003-11) (Weisskopf, 2011).

The Gini index is as an indicator of overall income inequality, especially because (from a statistical point of view) the Gini is more responsive to changes in the middle of the distribution. That is Gini ratio reflects distributional changes where changes are least likely to occur. As a result, the overall geometry of inequality as shown by the Gini may well distort the nature of income disparities across countries. A new inequality index- Palma ratio simply indicates the ratio of the income share of the top 10% over that of the bottom 40%. The obvious advantage of this inequality-indicator is that it measures inequality where inequality exists; it is also simple, intuitive, transparent and particularly useful for policy purposes. Suppose that there is no overall growth, but have an increase in the bottom share, and an even greater increase in the top share. Palma goes up. The middle class share declines. So, inequality increased although the poor are now better off. (Palma 2016).

In the rural areas of India there is a clear hierarchy of social groups when it comes to basic economic inequality Ravallion (2000) calculated decile shares of consumption in India from 1983 to 1997. He found that over this period the share of the poorest two deciles remained quite flat, the share of the middle deciles fluctuated around a slight downward trend, and the share of the richest two deciles showed a clear upward trend; within the 1990s the upward trend of the latter was even more marked. These findings were corroborated by Topalova (2008), who concluded that "all measures point to a significant increase in overall inequality in the 1990s, particularly in urban areas" and that "in the 1990s, the top of the population enjoyed a substantially larger share of the gains from economic growth compared to the previous decade". Even before the disequalising trend that began in the early 1990s, the degree of consumption inequality in India was substantial: in the late 1980s, when the all-India Gini coefficient was upwards of 30%, the top 1% of consumers are estimated to have consumed on average about 25 times as much as the bottom 1%. (Weisskopf, 2011).

The reduction of inequality requires a deliberate effort to limit the flow of economic gains to the relatively rich and to expand the flow of economic gains to the relatively poor. If such an effort is to be carried out on a large scale, it will have to be undertaken by governmental authorities with the power to implement policies that significantly affect the distribution of economic resources. Some policy measures taken to reduce economic inequality may impose costs in terms of reduced economic efficiency and dynamism. The policies that are least likely to have such adverse effects on economic growth are Progressive Taxation of Individual Income, Progressive Taxation of Individual Wealth, Taxation of Business Profits, Expropriation of Productive Assets from the Wealthy, Antitrust Action to Reduce Monopoly Power, Limitation of the Inter-regional Movement of Capital, Expanding Economic Gains of the Poor which consists of Cash or In-kind Transfers to the Poor, Improved and/or Subsidized Access of the Poor to Credit Markets, Transfers of Expropriated Physical Assets to the Poor. The most promising policies that expand the economic gains of the poor and the marginalized are those that improve their health, that increase their access to good-quality education institutions, that improve their access to credit markets, that promote higher employment, and that shift asset ownership to actual producers (especially cultivators). The most promising policies that limit the economic gains of the rich are those that tax their income and (especially) wealth progressively, that reduce economic inequality (World Social Report 2020)

Objective of the study

The objective of this study is to examine the inequality adjusted human development status of BRICS countries with special reference to India.

Methods and Data

This study is based on secondary data extracted from UNDP's Human Development Report 2019, for the BRICS countries. A comparison of IHDI values of these countries is made to reflect inequalities and the distributive effects of these economies. The loss of human development due to inequalities is also examined. The co efficient of human inequality is analyzed for all countries which is a simple average of inequalities in health, education and income. The Gini ratio and Palma ratio were compared among these countries, to reflect on shared prosperity among the bottom 40 % of the population in a sustainable manner. The Inequality-adjusted Human Development Index (IHDI) adjusts the Human Development Index (HDI) for inequality in the distribution of each dimension across the population. It is based on a distribution-sensitive class of composite indices proposed by Foster, Lopez-Calva and Szekely (2005), which draws on the Atkinson (1970) family of inequality measures. It is computed as a geometric mean of inequality adjusted dimensional indices.

The IHDI accounts for inequalities in HDI dimensions by "discounting" each dimension's average value according to its level of inequality. The IHDI value equals the HDI value when there is no inequality across people but falls below the HDI value as inequality rises. In this sense the IHDI measures the level of human development when inequality is accounted for.

Calculating Human Development Index

Human Development Index

Dimensions	Long and healthy life	Knowledge	A decent standard of living
Indicators	Life expectancy at birth	Expected years of schooling Mean years of schooling	GNI per capita (PPP$)
Dimension Index	Life expectancy index	Education index	GNI index
Human Development Index			

Calculating Inequality Adjusted Human Development Index

Dimensions	Long and healthy life	Knowledge	A decent standard of living
Indicators	Life expectancy at birth	Expected years of schooling Mean years of schooling	GNI per capita (PPP$)
Dimension Index	Life expectancy index	Education index	GNI index
Inequality Adjusted Index	Inequality Adjusted Life Expectancy Index	Inequality Adjusted Education Index	Inequality Adjusted GNI Index

Inequality Adjusted Human Development Index

Step 1. Creating the dimension indices

Minimum and maximum values (goalposts) are set in order to transform the indicators expressed in different units into indices between 0 and1

Dimension	Indicator	Minimum	Maximum
Health	Life expectancy (years)	20	85
Education	Expected years of schooling (years)	0	18
	Mean years of schooling (years)	0	15
Standard of living	GNI per capita (2017 PPP$)	100	75,000

Having defined the minimum and maximum values, the dimension indices are calculated as:

$$\text{Dimension Index} = \frac{\text{actual value} - \text{minimum value}}{\text{Maximum value} - \text{minimum value}}. \quad (1)$$

For the education dimension, equation 1 is first applied to each of the two indicators, and then the arithmetic mean of the two resulting indices is taken. Using the arithmetic mean of the two education indices allows perfect substitutability between expected years of schooling and mean years of schooling, which seems to be right given that many developing countries have low school attainment among adults but are very eager to achieve universal primary and secondary school enrolment among school-age children.

Because each dimension index is a proxy for capabilities in the corresponding dimension, the transformation function from income to capabilities is likely to be concave (Anand and Sen 2000)—that is, each additional dollar of income has a smaller effect on expanding capabilities. Thus for income the natural logarithm of the actual, minimum and maxi- mum values is used.

HDI = (I health * I education * I income) 1/3

This Report keeps the same cutoff points on the HDI for grouping countries that were introduced in the 2014 Report

Very high human development	0.800 and above
High human development	0.700–0.799
Medium human development	0.550–0.699
Low human development	Below 0.550

INEQUALITY ADJUSTED HUMAN DEVELOPMENT

The Inequality-adjusted Human Development Index (IHDI) adjusts the Human Development Index (HDI) for inequality in the distribution of each dimension across the population. It is based on a distribution-sensitive class of composite indices proposed by Foster, Lopez-Calva and Szekely (2005), which draws on the Atkinson (1970) family of inequality measures. It is computed as a geometric mean of in- equality-adjusted dimensional indices.

The IHDI accounts for inequalities in HDI dimensions by "discounting" each dimension's average value according to its level of inequality. The IHDI value equals the HDI value when there is no inequality across people but falls below the HDI value as inequality rises. In this sense the IHDI measures the level of human development when inequality is accounted for.

Steps to calculate inequality adjusted human development index

Step 1.

The inequality measure is A= 1-g/m

G= geometric mean

M=arithmetic mean

$A= 1 - \frac{\sqrt[n]{x1.....xn}}{AM}$

Where x1…..Xn denote the distribution in the dimension of interest. Ax is obtained for each variable.

Step 2: adjusting the dimension indices for inequality

I* health= (1-A health)I health

I*edu= (1-A edu) Iedu

I*income=(1-A income)I income

The inequality adjusted components show inequalities in the health education and income dimension.

Step 3

IHDI= $(I^*H.\ I^*E.\ I^*income)^{\frac{1}{3}}$

= (1-A health) (1-A edu) (1-A income) 1/3.HDI

The loss in HDI value due to inequality is

Loss=1-((1-A health) (1-A edu) (1-A income) 1/3.HDI)

An unweighted average of inequalities in health, education and income is denoted as the coefficient of human inequality. It averages these inequalities using the arithmetic mean

Co efficient of human inequality = A health + A education +A income

3

The co- efficient of human inequality is a measure of human inequality. When inequalities in all dimensions are of a similar magnitude, the coefficient of human inequality and the loss in HDI value differ negligibly. When inequalities differ in magnitude, the loss in HDI value tends to be higher than the coefficient of human inequality.

This session analyses the impact of inequality on health, education and income dimension of human development of BRICS countries.

Table 1. Human Development Index (HDI) 2019

HDI Rank	Country	Value
84	Brazil	0.765
52	Russian Federation	0.824

131	India	0.645
85	China	0.761
114	South Africa	0.709

Source: UNDP, 2019.

Table 1 shows the Human Development Index values of the BRICS countries and their respective HDI rank. Russian federation has 'very high human development '. Brazil China and South Africa have ''high human development''. India has ''medium human development'' with least position among the BRICS. India ranks 131 positions among the 189 countries in HDI.

Table 2		Inequality-adjusted HDI (IHDI)		
HDI rank	Country	Value	Overall loss (%)	Difference from HDI rank
		2019	2019	2019
84	Brazil	0.570	25.5	-20
52	Russian Federation	0.740	10.2	2
131	India	0.475	26.4	-1
85	China	0.639	16.0	2
114	South Africa	0.468	34.0	-18

Source: UNDP, 2019

Table 2 shows the Inequality Adjusted HDI of BRICS countries. The value of IHDI is derived by discounting inequalities in each dimension. The loss of human development due to inequality is found by 1- the ratio of IHDI and HDI multiplied by 100. The overall loss of human development in percentage is greater for South Africa followed by India. The last column shows difference in the IHDI rank and HDI rank.

Table 3		Coefficient of human inequality
HDI rank	Country	2019
84	Brazil	24.4
52	Russian Federation	10.0
131	India	25.7
85	China	15.7
114	South Africa	31.2

Source: UNDP, 2019

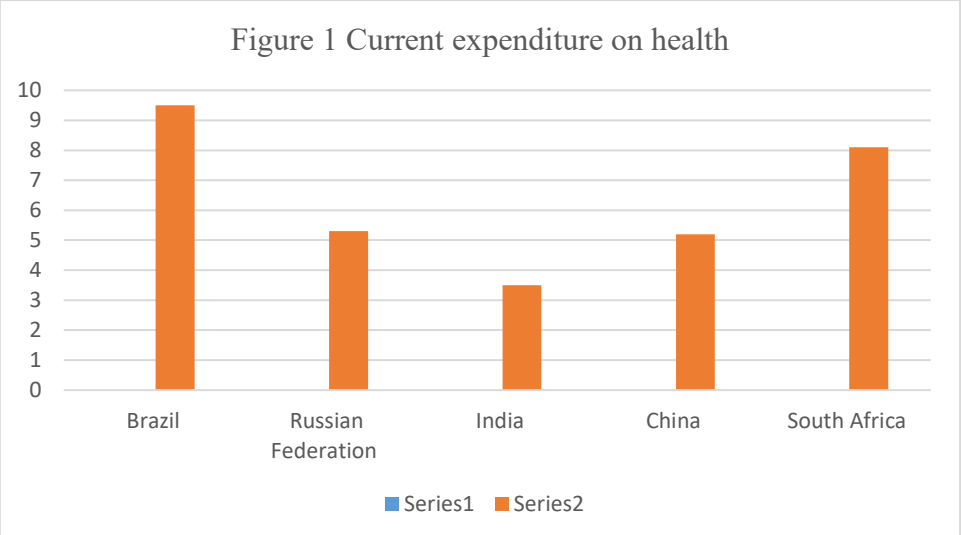
The Coefficient of Human Inequality, introduced in the 2014, HDR as an experimental measure, is a simple average of inequalities in health, education, and income. The average is calculated by an unweighted arithmetic mean of estimated inequalities in these dimensions. The value is highest for South Africa followed by India and Brazil. When all inequalities are of a similar magnitude, the co-efficient of human inequality and the overall loss in HDI differ negligibly, when inequalities differ in magnitude, the loss in HDI tends to be higher than the co efficient of human inequality.

Table 4		Inequality in life expectancy	Inequality-adjusted life expectancy index
		(%)	Value
HDI rank	Country	2015–2020	2019
84	Brazil	10.9	0.766
52	Russian Federation	7.1	0.751
131	India	19.7	0.613
85	China	7.9	0.806
114	South Africa	19.2	0.549

Source: UNDP, 2019

Table 4 illustrate inequality in life expectancy and the corresponding inequality adjusted life expectancy value. Inequality in life expectancy is a proxy variable for health so it reflects inequalities in the health sector. The inequality in life expectancy is highest for India followed by South Africa. The inequality adjusted life expectancy index; South Africa rank bottom followed by India. The reason for inequality in health can be variations in government expenditure on public health as percentage of GDP. The following figure shows candid reason for this inequality.

Figure 1 Current expenditure on health



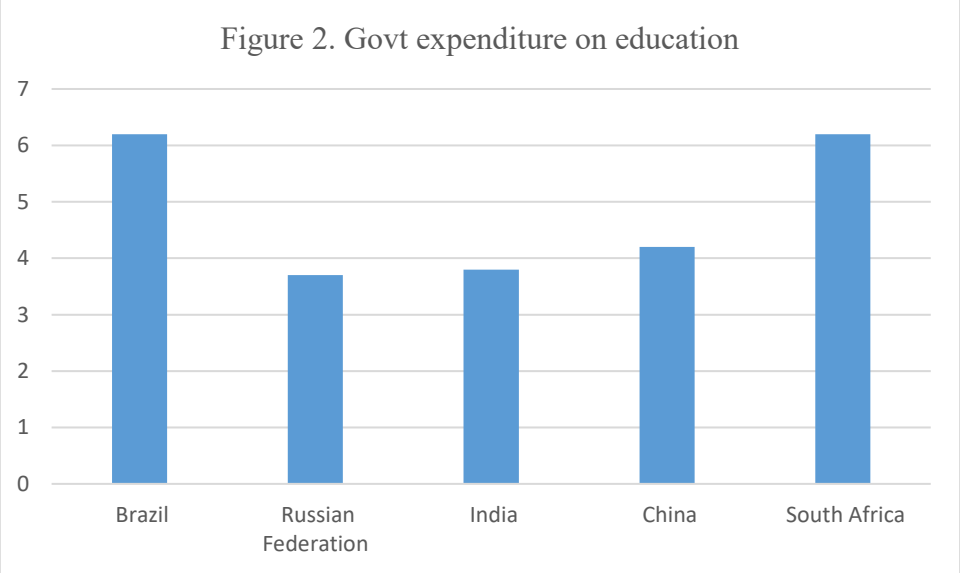
Source: UNDP, 2019

Figure 1 shows the current health expenditure as a percentage of GDP among the countries. India spends least amount for health expenditure whereas Brazil and South Africa are spending 9.5% and 8 % of GDP respectively for the health. India spends 3.5 % of GDP for health.

Table 5		Inequality in education	Inequality-adjusted education index
		(%)	Value
HDI rank	Country	2019	2019
84	Brazil	21.2	0.547
52	Russian Federation	4.2	0.789
131	India	38.7	0.340
85	China	11.7	0.580
114	South Africa	17.3	0.599

Source: UNDP, 2019

In the dimension of education India has highest inequality and the inequality adjusted education index is lowest for India. This shows India's education is extremely unequal. India's education system is spoiled by gross inequalities in access, completion and quality. Class, caste, linguistic background, gender, ethnicity and place of birth all have impact on the educational experience children have in India. These, in turn, contribute to inequalities in knowledge in India's society.



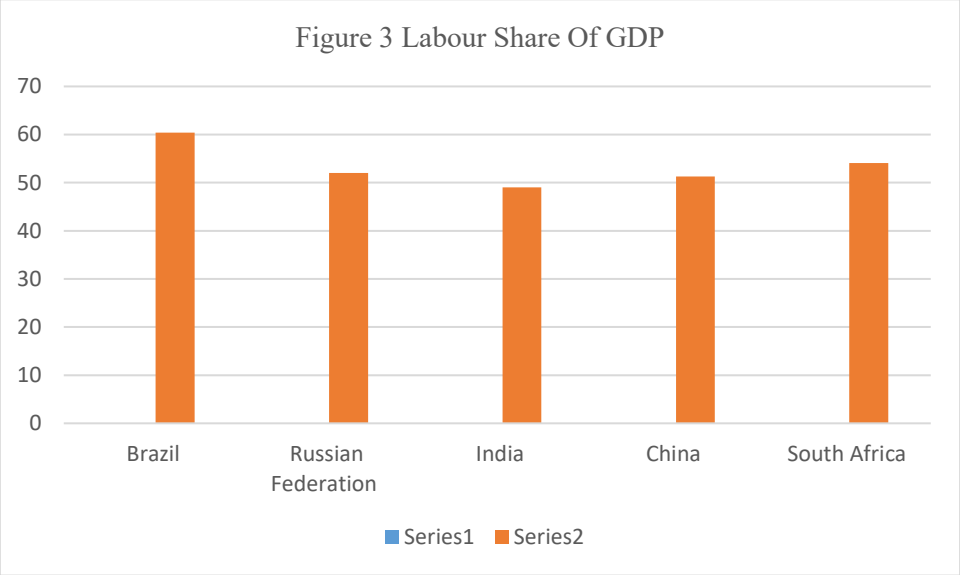
Source: UNDP, 2019

Figure 2 shows the share of government expenditure on education. Russia and India spend 3.7 and 3.8 percent on education. Russia has lowest inequality in education, but India has highest inequality in education still spends lowest for education.

Table 6		Inequality in income	Inequality-adjusted income index
		(%)	Value
HDI rank	Country	2019	2019
84	Brazil	41.0	0.442
52	Russian Federation	18.8	0.683
131	India	18.8	0.515
85	China	27.4	0.557
114	South Africa	57.0	0.312

Source: UNDP,2019

Table 6 shows the income inequality in percentage which is highest for South Africa followed by Brazil. Russia and India have same inequality in income but the inequality adjusted income index vary.



Source: UNDP, 2019

Figure 3 shows the labor share of GDP which comprise wages and other social protection transfers. India labor share is lowest among the countries which calls for policy changes in labour laws. Brazil and South Africa are taking responsibilities of their inequalities. It is found that countries with high labour share of GDP have less income inequality. For example, Croatia has a median wage that is double that of Chile, even though both countries have the same GDP pc(Palma 2016).

		Table 7 Income shares held by (%)			
HDI rank	Country	Poorest 40 percent	Richest 10 percent	Richest 1 percent	Gini coefficient
		2010-2018	2010-2018	2010-2017	2010-2018
84	Brazil	10.4	42.5	28.3	53.9

52	Russian Federation	18.3	29.9	20.2	37.5
131	India	18.8	31.7	21.3	37.8
85	China	17.2	29.3	13.9	38.5
114	South Africa	7.2	50.5	19.2	63.0

Source: UNDP, 2019

The Gini co efficient ratio is highest for South Africa and Brazil where the richest 10 percent holds 50.5 and 42.5 percent of income and the bottom 40 percent holds 7.2 and 10.4 respectively. For India the richest 10 percent holds 31.7 percent and bottom 40 percent holds 18.8 % of income.

The study titled *Inequality Adjusted Human Development in BRICS Countries: The Case of India,* examines the human development status when inequality is taken into consideration. The BRICS countries were selected for the study because this group of countries consists of the fastest growing emerging economies of the world. There are numerous traditional concepts and theories that suggest that inequality will incentivize growth for example, 'a rising tide lifts all boats': economic growth would bring increasing wealth and higher living standards to all sections of society through ''trickle down'' process. Many emerging countries believe that economic growth demands or necessarily goes hand in hand with growing inequality Even though, this version of old-fashioned 'trickledown economics' did not follow from the post-war evidence, This is partly because the extraordinary growth in top incomes has been going along with an economic slowdown.(Stiglitz, 2015) .Redistributive policy action with strong commitment is needed for reduction in inequalities in emerging economies , since recent research findings show that reduced inequalities incentivize better performance of economy's growth. But several countries are still trapped in the traditional notion of tradeoff between inequalities and growth.

In HDI index India lag behind all the BRICS countries. When inequalities are taken into account there is loss of human development in all the three dimensions of the index especially the loss is severe in health and education dimension, which is more serious. The current expenditure for health as percentage of GDP and government expenditure for education are low when compared to other BRICS countries. This calls for exigent policy action from the government to curtail inequalities for sustainable growth of national income.

The concept of ''Inequality is a choice'' was prevalent in emerging economies, the choice is made for ensuring speedy growth and therefore checking inequalities was not conceived by the governments of these countries. However, Brazil and South Africa recognized the benefits of reduced inequalities for better performance of the economy and have ''taken the responsibility for changing the outcome of their choice'' by implementing policies for achieving reduced inequalities.

The major findings of the study were India lag behind all the BRICS countries in HDI ranking. While calculating Inequality Adjusted Human Development Index, India's position is second from the last, the last one being South Africa. The loss of human development due to inequality is greater for South Africa followed by India. In the measure of inequality also India follows South Africa. India has the highest inequality in the life expectancy. In health index India rank second from the bottom first being South Africa. While South Africa spends 8.1 % of current expenditure for health India spends 3.5% for health. In education index, inequality is highest for India and it spends meagre proportion of national income for education. However, the value of inequality in income for India is low among BRICS countries, the labour share of GDP is lowest for India, which is an indication that the Indian labour laws and wage policies needs to be more oriented towards welfare of the masses.

The Gini co efficient value, which measure income inequality, India has a low value compared to all other BRICS countries. However, South Africa and Brazil, have higher income share of richest 10% of the population, they have been implanting redistributive policies to handle their inequality. Therefore, these countries are closer to their potential HDI.

For India it is high time to drop the idea that'' inequalities is a choice'' rather it needs to be considered as a threat for sustainable development. Even if it was a choice, the government should take responsibility to change the outcome of its choice. The government needs to allocate higher proportion of funds for health and education as percentage of GDP and also adopt labour policies for the welfare of its huge labour force, which will in turn help in adding national income in a sustainable manner.

Conclusion

BRICS is the acronym coined to associate five major emerging economies: Brazil, Russia, India, China, and South Africa. In Human Development Index, India rank bottom among the BRICS countries. This paper examines a cross section of loss of human development due to inequalities in these countries with special reference to India. The study finds that South Africa, India and Brazil have huge loss of human development due to inequality. However, Brazil and South Africa have set in policies to reduce inequality through which their inequalities in health and education dimension have shown a substantial decline. So, the probability of these countries achieving the potential HDI in the near future is very high. India has a hands-off approach towards inequality in all dimensions. Unless India adopts redistributive policies to achieve reduced inequalities at least in health and education sector, it will undermine human capabilities of its huge masses.

If the HDI helps "to put people back at the center of development," then the IHDI takes more seriously the distributional question, which people? Studies finds that inequalities retard growth. Greater the share of income of the bottom 40 %, greater will be the growth rate (Banerjee and Duflo, 2003). Inequalities in education and health are more bothersome than inequality in income. So, the BRICS countries with huge population, spanning across four continents need to contemplate on reduced inequalities in all dimensions of human development for sustainable development in the future. Inequality in India is more perverse since its society is based on caste, class, gender, linguistic and place of birth where envisioning equality is a challenging task.

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