



[Summary]

Economic Inequality

Subject:	Business Economics
Course:	B. A. (Hons.), 6 th Semester, Undergraduate
Paper No. & Title:	Paper – 641 Elective PaperE2 – Economic Growth and Policy
Unit No. & Title:	Unit – 3 Human Capital-Education, Intellectual Capital & Poverty
Lecture No. & Title:	Lecture – 4 Economic Inequality

Summary

In this session we have seen the various criteria for measuring inequality and the various measures of inequality.

The concept of economic inequality pertains to the unequal distribution of economic goods among different percentile groups of population. Causes of inequality may be rooted in history or in mismanagement by administrative authorities, or owing to government indifference or owing to lower economic growth, or owing to demographic profile of different groups of population and so on. Some extent of inequality exists in all countries and among countries also. However, the inequality which prevails in the less developed and the developing countries leaves many people deprived of basic necessities and hence they also remain absolutely poor. There are vast inequalities in these countries even below the poverty line.

Inequalities have negative externalities. When some people get less than others and the society cannot provide a fair explanation for the existence of such differences, the poor owing to poverty may turn to anti-social, illegal or unauthorised activities.

Economic inequality and poverty drag down the rate of economic growth and development of nations. Hence, it is important to measure inequality, evaluate its causes and find solutions to reduce economic inequality.