Article

Income Inequality and Intergenerational Mobility in India

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Abstract

The rise in income inequality coupled with an increase in GDP per capita is attributed to the degree of intergenerational income mobility (IGIM). The main purpose of this article is to examine the relationship between income inequality and IGIM in India. Using the unit-level records of National Sample Survey data, the present study attempts to examine relative and absolute income mobility by way of segregating generations into social groups and income classes. The originality of the article lies in assessing the IGIM using different approaches, which will contribute to the existing literature. We conclude that the country has low-income mobility and high inequality which is no longer associated with a particular social group in India. Moreover, the relationship between income inequality and intergenerational mobility is both negative and positive.

JEL Codes: D63, J62, R13

Keywords

Income inequality, intergenerational income mobility, social groups, inclusive growth

I. Introduction

In the economics literature, there have been a plethora of empirical studies examining the intergenerational mobility between parents and their children’s economic status (Atkinson, 1980; Chetty et al., 2014; Chu & Lin, 2020; Hnatkowska et al., 2013; Mishra, 2018; Ray, 2014; Sato & Yoshida, 2008; Solon, 1992; Zimmerman, 1992). Intergenerational mobility refers to variation in economic status between two different generations of a family. Presumably, one of the earliest attempts to propose a theoretical framework for intergenerational earning mobility dates back to John Dewey in 1889. In his classic paper titled ‘Galton’s Statistical Methods’, Dewey put it (pp: 333): ‘[U]pon the average, children of parents who are exceptional, or who deviate from the mean, will themselves deviate from the mean only one-third of their parents’ deviation’. Since then, many attempts have been carried out by social scientists to capture the degree to which economic status is transmitted from parents to their children, more precisely,

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from one generation to the next. From a policy perspective, the topic of intergenerational earning mobility has received tremendous scholarly attention mainly due to two reasons. First, from a policy perspective, the transfer of economic status from one generation to the next not only violates the fundamental norms of equal opportunity but also leads to persistent inequality in society. Second, both developed and developing countries have initiated a series of affirmative action plans. A high degree of intergenerational mobility tends to pose a severe challenge to government welfare programmes, which aim to uplift the socially and economically weaker sections of society.

The pioneering model proposed by Becker and Tomes (1979) provides a theoretical framework for intergenerational earning mobility. The model considers two different generations of a family, consisting of father and child. The following equation depicts the relationship between the permanent income of children and their parents: \( Y_{\text{child}} = \phi Y_{\text{father}} + \theta A_{\text{child}} \). In this equation, \( Y \) represents permanent income and \( A \) denotes personal ability (Núñez & Miranda, 2011). Parameter \( \phi \) reflects the positive effects of a father’s income on his child’s income. Similarly, \( \theta \) is a parameter, capturing the effects of unobservable characteristics such as social relations and family values possessed by parents on child’s economic status. Therefore, the permanent income of the children is determined by the father’s permanent income and the child’s ability. The model explicates that the permanent income of the father has a positive impact on the permanent income earned by the child. Since the publication of Becker and Tomes’s seminal paper, a considerable amount of empirical research has investigated the nature of intergenerational mobility in both developed and developing countries (Atkinson, 1980; Asher et al., 2021; Chetty et al., 2014; Hnatkovska et al., 2013; Mishra, 2018; Mohammed, 2019; Ray, 2014; Solon, 1992; Zimmerman, 1992).

There are two specific reasons for undertaking this research in the context of India. First, in line with an improvement in the economic performance of the economy, Indian society has undergone a large transformation over the last five decades. It is worth noting that poverty reduction and the emergence of the middle class are two direct outcomes of economic resurgence. More clearly, these two changes resulted from the impressive economic performance of the country after the new economic reforms in 1991. The impressive economic performance is quite manifest in the GDP per capita (Figure 1). With the improvement in economic performance, there has been a sharp rise in income inequality (Figure 2), which is a major cause for concern. Evidence suggests that the share of the top 10% income group in the national income has increased and the share of the middle 40% and bottom 50% income groups has declined (Chancel & Piketty, 2017). The rise in income inequality coupled with an increase in GDP per capita is attributed to the degree of intergenerational income mobility (IGIM). The case of India is quite contrary to the evidence drawn from the rest of the world.

As noted by Corak (2013), children benefit from the parents’ earnings in Scandinavia countries, but parents’ income or social status does not determine the child’s future income or job. However, a recent study presents evidence for occupational immobility, indicating that the occupation of the children is mainly determined by the occupation of their parents (Reddy, 2015).

Second, India is very diverse, be it economically, or socially or culturally. The country comprises several social groups, and these groups are broadly subsumed under Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Class (OBC), and General caste. Despite a noticeable difference across these social groups, a critical question that has been explored partially is that whether the inter-group difference has been diverging or converging. Drawing upon existing empirical studies in India, we find that the results are inconclusive. Notwithstanding low economic mobility in India, Hnatkovska et al. (2013) indicated that the gap between the most disadvantaged social groups (ST/SCs) and general (non-ST/SCs) in the country has narrowed. More clearly, in comparison to the wages of parents, the elasticity of wages for children has declined from 88% to 45% and from 76% to 58% for ST/SCs and
non-ST/SCs, respectively. The results indicate that children who belong to ST/SC are more likely to improve their relative position in income distribution than non-ST/SC children. However, Li et al. (2019) suggested that ST/SCs are unlikely to move out of poverty because they are trapped in a vicious cycle of poverty.

Against this background, our main aim in this article is to examine the level of IGIM among different social groups in India. We also examine the relationship between inequality and intergenerational mobility in this article. The situation of immobility of income arises when the growth of income is concentrated in the hands of a few. The persistence of income immobility is likely to accelerate the level of inequality by disregarding the equality of opportunities. Therefore, low social mobility is both a cause and a consequence of rising inequalities and hurts social cohesion and inclusive growth (Corak, 2016). As mentioned earlier, measuring intergenerational mobility in the Indian context is a tedious task because
of the lack of reliable panel data. In this article, using two approaches, namely relative income mobility and absolute income mobility, we measure IGIM. We attempt to answer two important questions. First, how much of a son’s income is determined by his parent’s income? Second, what is the ability of an individual to earn more than his parents at the same age?

II. Data Source and Methodology

Data Source

In this article, we use the unit level records of the Employment and Unemployment Survey (EUS) conducted by the National Sample Survey (NSS) of India. The 43rd (1987–1988), 61st (2004–2005) and 68th (2011–2012) rounds of EUS are used. The EUS provides the primary source of data for various characteristics of the labour market and non-labour markets at the state and national levels. It follows a stratified multi-stage sample design and includes a sample of approximately 100,000 households covering almost all geographic regions of the country. To the best of our knowledge, the EUS is one of the largest sample surveys in India at the individual and household levels. As mentioned by Hnatkovska et al. (2013), Ray (2014), Mishra (2018), Mohammed (2019), an examination of intergenerational mobility in the Indian context is fraught with several challenges including the unavailability of panel data. As mentioned earlier, we followed two distinct approaches, namely relative and absolute income mobility, to estimate IGIM. While in the first approach, a sample of co-resident households is used to estimate the relative income mobility, in the second approach, we measure the absolute mobility between two different generations using independent samples. The 61st round of EUS is used to measure the Gini coefficient based on monthly per capita expenditure (MPCE).

We followed these two approaches to capture intergenerational mobility due to two specific reasons. First, as per the concepts and definitions of NSS, the term household is generally confined to a group of members ‘normally’ living together and sharing food prepared in a common kitchen. If parents and their children are residing separately, the NSS does not include information about parents in the household listing of children. In this article, we focus on male members because married women in India typically live with their husbands or father-in-law. The survey does not provide information on their parents.

Methodology

The relative income mobility is measured using the unit-level records of the 68th round of EUS. Our analysis is confined to only those households if the working person and his father are living together. The age of the son is restricted between 16 and 45 years. We also ensured that both father and son are not currently enrolled in any educational institution and reported their wages. The proxy for income is the wages of individuals. Following the selection criteria, we get a sample of 10,364 observations, which we consider as the ‘working sample’ for co-resident households. To test whether sample selection is not biased, we compared the major socioeconomic features of the co-resident sample with sons who were living separately from their fathers (non-co-resident sons). The results are reported in Table 1. In practice, non-co-resident sons are the households with only one adult male who is of working age. We found 48,390 records for non-co-resident households. A comparison of co-resident sons and non-co-residents sons does not show significant differences in terms of the social group, rural–urban dichotomy, years of education and consumption expenditure.
In addition, we found that the average age of sons is 24 and fathers is 52 for the co-resident sample. The mean years of education in the sons’ generation is 9.93 years, while it is only 6.42 years in the father’s generation. A close examination of the occupational structure of these two generations indicates that the sons’ generation is held by skilled and semi-skilled occupations, while the father’s generation is mostly in the farming occupation. Concerning income, there is a significant difference in the age of the father and son. Since the main objective is to provide comparable estimates of income mobility in India across social groups, selection bias, if any, would affect all groups; therefore, the inferences drawn will be robust.

For analysis, the income of fathers and sons is classified into four groups, as per the distribution criteria of Björklund and Jäntti (1997): poor, lower middle, upper middle and well-to-do family. The poor are defined as those earning less than 50% of the average income. While the income of the lower middle is confined to 50% of the average to the average, the earnings of the upper middle class range from 1.0 to 1.5 times the average. Those who are earning more than 150% above average are classified under the well-to-do family. The above classification was used to compute the cross-table of the father and child quintile groups, providing its probability distribution. It shows how the current generation performs among their peers as compared to their father’s position.

**Absolute Wage Income Mobility**

This is a cohort study for individuals born during 1972–1977, comparing the weighted average income of these individuals with the weighted average income of their fathers when both were between 35 and 40 years of age. We have named both the groups as ‘father’ and ‘son’ groups because the working sample criterion are placed in such a way that it tries to capture the weighted average income of two successive generations. We took samples of the father and son groups from two independent samples and compared the weighted average income of father and son at the state level, which was further segregated into the social group level; therefore, in this, we did not need data on the pair of father and son. Also, the segregation of the state-level data into social groups—STs, SCs and non-ST/SCs—enabled comparisons between these groups across states and within a state. STs and SCs are among the most disadvantaged groups in India, while non-ST/SCs are considered to be economically better off than ST/SCs. The selection of the working sample from two independent samples allowed us to use MPCE as a proxy for income in this approach. It was considered more appropriate than wages because it is closer to the utility concept and is also considered a better estimator for inequality (Becker & Mulligan, 1997).

We selected father and son data from 43rd and 68th rounds of EUS, respectively. From the 43rd round (1987–1988), we selected individuals who were between 35 and 40 years of age and also had a son

### Table 1. Comparison of Co-resident Sons and Sons Living on Their Own.

| Variable               | Mean (Co-residents) | Mean (Non-co-residents) | Diff.  | Chi/t-test |
|------------------------|---------------------|-------------------------|--------|------------|
| Age                    | 25.91               | 35.83                   | -9.92  | 26.12      |
| Years of education     | 9.94                | 8.84                    | 1.1    | 32.45      |
| Log MPCE               | 7.14                | 7.26                    | -0.12  | 29.32      |
| Rural population: %    | 69.72               | 57.87                   | –      | 4.40       |
| ST/SC population: %    | 27.24               | 35.83                   | –      | 0.88       |
between 10 and 15 years of age so that in the 1987–1988 year a male child of 10 to 15 years of age would attain the age of 35 to 40 in the 2011–2012 year (68th round). The age of 35 to 40 years was considered appropriate because at this age a person’s income remains subject to minimal lifecycle bias (Grawe, 2004; Haider & Solon, 2006). Only one son is selected randomly if a father has more than one son. This process allowed us to filter the equal number of records of fathers and sons from two independent samples to estimate absolute income mobility at the state level, where both fathers and sons are of the same age and belong to the generations before (1987–1988) and after (2011–2012) liberalization and structural reforms, respectively. It was important to keep an equal number of records as we were comparing the weighted average income between generations. The selection leaves us with a working sample of 7,286 observations from the seven states of the country. The seven states were selected based on high, medium and low per capita GDP as according to constant 2011–2012 prices by the Central Statistical Organization. The states selected are Kerala, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal.

Furthermore, the socioeconomic characteristics of the data in Table 2 show that except for a moderate difference in the number of ST/SC in Kerala, the population of ST/SC and rural areas are similar for both samples of the data. As per census records, the migration of people is mostly within the state except in the state of Kerala. However, given its better health, literacy and low poverty in the state, we considered its inclusion important.

Subsequently, to compare the real average income of father and son from the two rounds, the old-year MPCE from the year 1987 to 1988 was converted to the new-year prices for 2011–2012. For this, we apply the state level Consumer Price Index for Agricultural Labours for rural areas and Consumer Price Index for Industrial Workers for urban areas and then linking factors were used to equate the base year. It is worth noting that index numbers between 1987–1988 and 2011–2012 were available with two base years, that is, with 1987–1988 and 1960–1961, and we converted the index number with the base year 1987–1988 to 1960–1961 base year as linking factors are used to convert the index number with the new base year into the index number with the old base year:

\[
\text{MPCE}_{1987-1988} \text{ at } 2011-2012 \text{ prices } = \text{Actual MPCE}_{1987-1988} \times \frac{\text{Index number for } 2011-2012}{\text{Index number for } 1987-1988}.
\]

We assigned weights to calculate the weighted average income of STs, SCs and non-ST/SCs within each state. Our objective is to compare these values at the state level to record the difference in the mean income of people in the same social group between two generations. Upward mobility is confirmed, if the weighted average income is higher than that of the father’s generation (say 10% or more).

Following the setting of absolute income mobility, the next step is to compute the Gini coefficient for STs, SCs and non-ST/SCs in seven states of the country using the 61st round (2004–2005) of the EUS from NSS data; the Gini coefficient was calculated. It should be noted that MPCE is used as a proxy for income to calculate income inequality. The Gini coefficient ranges from 0 to 1, where 0 denotes perfect equality, that is, each income quintile has the same income, and 1 denotes perfect inequality where the top income quintile generates all incomes. It was calculated using the following formula:

\[
\text{Gini coefficient} = \frac{\text{Area between perfect equality Lorenz and actual Lorenz}}{\text{Area under perfect equality Lorenz}},
\]
Table 2. Summary Statistics of Father and Son in the Independent Samples.

| State       | Variable                | Father |       | Son  |       |
|-------------|-------------------------|--------|-------|------|-------|
|             |                         | Mean   | SD    | Mean | SD    |
| Kerala      | Age                     | 38.15  | 1.82  | 37.56| 1.78  |
|             | % of the rural population| 75     | –     | 75   | –     |
|             | % of ST/SC               | 13.54  | –     | 9.38 | –     |
|             | Years of education       | 9.57   | 4.05  | 9.16 | 2.85  |
|             | Log MPCE                 | 6.7    | 0.9   | 7.46 | 0.57  |
| Maharashtra | Age                     | 37.87  | 2.09  | 37.49| 2.05  |
|             | % of the rural population| 54.3   | –     | 54.03| –     |
|             | % of ST/SC               | 23.7   | –     | 21.4 | –     |
|             | Years of education       | 7.11   | 4.5   | 8.96 | 3.81  |
|             | Log MPCE                 | 5.16   | 0.59  | 7.35 | 0.6   |
| Odisha      | Age                     | 37.73  | 2.03  | 37.42| 2     |
|             | % of the rural population| 72.99  | –     | 72.99| –     |
|             | % of ST/SC               | 35.77  | –     | 37.96| –     |
|             | Years of education       | 6.2    | 5.99  | 8.42 | 4.48  |
|             | Log MPCE                 | 6.19   | 0.716 | 6.85 | 0.52  |
| Rajasthan   | Age                     | 37.88  | 2.12  | 37.52| 2.14  |
|             | % of the rural population| 64.36  | –     | 64.36| –     |
|             | % of ST/SC               | 29.5   | –     | 27.7 | –     |
|             | Years of education       | 5.13   | 4.91  | 7.64 | 5.04  |
|             | Log MPCE                 | 5.15   | 0.68  | 7.21 | 0.5   |
| Tamil Nadu  | Age                     | 38.09  | 1.92  | 37.7 | 1.87  |
|             | % of the rural population| 52.8   | –     | 52.8 | –     |
|             | % of ST/SC               | 21.2   | –     | 21.4 | –     |
|             | Years of education       | 6.42   | 4.54  | 9.19 | 4.29  |
|             | Log MPCE                 | 5.1    | 0.71  | 7.33 | 0.55  |
| Uttar Pradesh| Age                  | 38     | 2.15  | 37.29| 2.07  |
|             | % of the rural population| 67.5   | –     | 66.7 | –     |
|             | % of ST/SC               | 23.16  | –     | 20.47| –     |
|             | Years of education       | 5.84   | 5.82  | 7.56 | 5.22  |
|             | Log MPCE                 | 6.32   | 0.802 | 6.94 | 0.531 |

(Table 2 continued)
The Indian Economic Journal 71(3)

where the area under perfect equality Lorenz is equal to 1/2 (side × side), and the area under the actual Lorenz curve is equal to the Bar Width$^1$ × Bar Height.$^2$ The average Gini coefficient for the states was verified by the estimates of the Planning Commission, Government of India. Below 0.30, it is assumed that there is low-income inequality, and above there is high-income inequality.

III. Results

Relative Intergenerational Income Mobility

Panel A in Table 3 shows that the proportion of the lower middle class is highest in both father and son generations. However, panel B shows that a son from the lower middle class is more likely to be in the lower middle class. Further, the higher middle class is more likely to be in the lower or higher middle, while sons from well-to-do backgrounds are more likely to be in the lower middle or well-to-do class. In addition, the probability of being poor if the father is poor is 73%, while the probability of being rich if the father is rich is 39%. Therefore, it can be suggested that there is lower mobility in co-resident households.

Concerning social groups in India, panel A in Table 3 reports the highest percentage of poor as well as well-to-do fathers and sons among STs. Notably, STs are the most backward class in India which comprises the highest number of poor and individuals belonging to well-to-do classes across both generations. Also, the highest percentage of well-to-do sons among STs coincides with the proportion of well-to-do sons among non-ST/SCs (Others). The conditional probability in panel B is that STs are most likely to be poor from a poor father, which is 81.9%, while non-ST/SCs are more likely to be rich from a rich father, which is 42.3%. In addition, the chances for ST/SCs to improve from the lower middle background to an upper middle are lesser than non-ST/SCs.

Our findings are quite consistent with the results drawn from the existing literature. We find that it coincides with the findings of Li et al. (2019) and Ray (2014). However, if we observe the findings of Hnatkovska et al. (2013), it shows a substantial decline in wage elasticity for children in relation to their parents’ wages, particularly for ST/SCs, which shows the convergence between the rates of mobility for ST/SCs and non-ST/SCs. This is in contrast to our findings of lack of mobility for STs, which mostly comprise the poor section. The difference in results may be due to different sample selections, as Hnatkovska et al. (2013) also recorded the grandfather in the father’s generation, whereas we only placed the father in the parent generation. Also, they kept ST/SCs in the same group, from which the status of STs cannot be predicted. Further, Ray (2014) suggested improvement in the immobility for SCs and not

(Table 2 continued)

| State       | Variable              | Father |        | Son  |        |
|-------------|-----------------------|--------|--------|------|--------|
|             | Mean  | SD    | Mean  | SD   |       |
| West Bengal | Age   | 37.67 | 2.01   | 37.62| 1.9    |
|             | % of the rural population | 62.55 | –      | 62.55| –      |
|             | % of ST/SC              | 28.5  | –      | 29   | –      |
|             | Years of education      | 5.88  | 4.55   | 8.66 | 4.96   |
|             | Log MPCE                | 5.07  | 4.55   | 7.16 | 0.58   |

where the area under perfect equality Lorenz is equal to 1/2 (side × side), and the area under the actual Lorenz curve is equal to the Bar Width$^1$ × Bar Height.$^2$ The average Gini coefficient for the states was verified by the estimates of the Planning Commission, Government of India. Below 0.30, it is assumed that there is low-income inequality, and above there is high-income inequality.
### Table 3. Mobility Matrices.

| Father’s Income Class | Son’s Income Class | Poor | Lower middle | Higher middle | Well-to-do |
|-----------------------|--------------------|------|--------------|---------------|------------|
| **Panel A. Unconditional bivariate probabilities** |                     |      |              |               |            |
| All Social Groups     |                     |      |              |               |            |
| Poor                  | 0.220              | 0.067| 0.009        | 0.004         |            |
| Lower middle          | 0.093              | 0.273| 0.023        | 0.009         |            |
| Higher middle         | 0.015              | 0.042| 0.030        | 0.004         |            |
| Well-to-do            | 0.037              | 0.065| 0.028        | 0.082         |            |
| Scheduled Tribes      |                     |      |              |               |            |
| Poor                  | 0.281              | 0.055| 0.005        | 0.002         |            |
| Lower middle          | 0.072              | 0.214| 0.007        | 0.005         |            |
| Higher middle         | 0.012              | 0.043| 0.026        | 0.002         |            |
| Well-to-do            | 0.064              | 0.076| 0.029        | 0.107         |            |
| Scheduled Castes      |                     |      |              |               |            |
| Poor                  | 0.229              | 0.071| 0.008        | –             |            |
| Lower middle          | 0.091              | 0.330| 0.015        | 0.008         |            |
| Higher middle         | 0.018              | 0.043| 0.036        | 0.003         |            |
| Well-to-do            | 0.036              | 0.052| 0.020        | 0.039         |            |
| Others                |                     |      |              |               |            |
| Poor                  | 0.205              | 0.067| 0.01         | 0.006         |            |
| Lower middle          | 0.097              | 0.261| 0.029        | 0.01          |            |
| Higher middle         | 0.015              | 0.041| 0.028        | 0.004         |            |
| Well-to-do            | 0.032              | 0.069| 0.032        | 0.096         |            |
| **Panel B. Son’s probability conditional on father’s income** |                     |      |              |               |            |
| All Social Groups     |                     |      |              |               |            |
| Poor                  | 0.733              | 0.223| 0.030        | 0.013         |            |
| Lower middle          | 0.234              | 0.686| 0.058        | 0.023         |            |
| Higher middle         | 0.166              | 0.466| 0.333        | 0.044         |            |
| Well-to-do            | 0.175              | 0.307| 0.132        | 0.387         |            |
| Scheduled Tribes      |                     |      |              |               |            |
| Poor                  | 0.819              | 0.16 | 0.015        | 0.006         |            |
| Lower middle          | 0.242              | 0.718| 0.023        | 0.017         |            |

(Table 3 continued)
STs between the period 1993 and 2009. Therefore, it can be suggested that mobility has improved for SCs, although the same trend is not observed for STs.

**Income Inequality and Absolute Intergenerational Mobility**

Figure 3 shows the improvement in the average income of the son over the father’s generation in the case of Tamil Nadu, Uttar Pradesh and West Bengal for both ST/SCs and non-ST/SCs, while the level of inequality in Table 4 is also very high in these states. Of all the states, Tamil Nadu shows the highest margin of improvement in income for all social groups. The state of Rajasthan records immobility for non-ST/SCs and high inequality for them. In addition, income mobility for ST/SCs in the state was observed with relatively low inequality for them, indicating a positive relationship between income inequality and income mobility. Furthermore, Maharashtra is in contrast to Rajasthan in that the average income of sons has improved for non-ST/SCs and not for ST/SCs.

With regard to inequality, Maharashtra records a high level of inequality for all social groups, while Rajasthan has a low overall inequality. Kerala reports high-income inequality and immobility for STs and non-ST/SCs, while income mobility and low inequality for SCs. Odisha shows high-income inequality for all social groups and immobility for SCs and mobility for ST and non-ST/SCs. Overall, it is concluded that, except for the state of Tamil Nadu, all other seven states do not show significant improvement even with absolute income between two generations. Thus, there is low-income mobility and high inequality. Also, the improvement or reduction in the absolute income levels for ST/SC in different states of the country is not much different from that for non-ST/SCs. Interestingly, Ray’s (2014) results also record less absolute income mobility between the years 1993 and 2009. Therefore, it can be suggested that the low absolute income rate of mobility is also present in the year 2012.
Table 4. Gini Coefficients.

| States       | Overall | STs  | SCs  | Non-ST/SCs |
|--------------|---------|------|------|------------|
| Kerala       | 0.36    | 0.44 | 0.30 | 0.35       |
| Maharashtra  | 0.36    | 0.34 | 0.36 | 0.39       |
| Odisha       | 0.36    | 0.32 | 0.41 | 0.34       |
| Rajasthan    | 0.29    | 0.28 | 0.28 | 0.32       |
| Tamil Nadu   | 0.37    | 0.40 | 0.33 | 0.38       |
| Uttar Pradesh| 0.33    | 0.36 | 0.29 | 0.34       |
| West Bengal  | 0.33    | 0.33 | 0.31 | 0.36       |
| India        | 0.34    | 0.34 | 0.33 | 0.37       |

Figure 3. Weighted Average Income of Parent and Children or Absolute Income Mobility.
IV. Concluding Remarks

In this article, we have investigated intergenerational mobility in terms of income and inequality across social groups in India by using the 43rd, 61st and 68th rounds of NSS data on EUS. Our results indicate that in India there is low IGIM and high-income inequality, which is also true for all social groups in the country. Further, relative income mobility shows more immobility for ST/SCs than non-ST/SCs. Also, the absolute income mobility between the generations from the pre-reform period and one from after 20 years of reforms does not show much improvement in the real average income levels of two generations from different states. In addition, it shows overall similar improvement and reduction for all social groups in the country. However, it is true that few regions certainly lag behind and still need to focus on reducing the gap between social groups. Therefore, high-income inequality and low intergenerational mobility coupled with high economic growth point towards unequal growth in the country.

With regard to the regional level, the assumption that higher unequal regions always have lower mobility does not hold in the case of India, as there are few states in the country which are having high-income inequality with income mobility. Thus, this finding emphasises the conclusion that inequality and intergenerational mobility are local phenomena that need to be studied at a regional level. In addition, greater mobility in the most unequal regions can be associated with inequality due to the rapid expansion of upper quartiles, which needs to be examined further and also whether income mobility with lower inequality is associated with inclusive growth and development of the region.

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Notes

1. The Bar Width is estimated using the cumulative percentage population difference
2. The Bar Height is measured as the average of the cumulative percentage income

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