



Mains Practice Question

Q. To what extent has economic liberalization influenced the nature of social stratification in India? Discuss with reference to emerging class structures and consumption patterns. (250 words)

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Approach

- Introduce the answer by highlighting economic liberalization in India
- Give its Influence on Traditional Social Stratification
- Highlight how it has led to emergence of new class structures
- Give how it is influencing changing consumption patterns
- Conclude suitably.

Introduction

Economic liberalization in India, initiated in 1991, has significantly impacted the country's **social fabric**, particularly its social stratification.

- This shift from a largely controlled economy to a more **market-oriented one** has reshaped **class structures and consumption patterns**.

Body

Influence on Traditional Social Stratification :

- **Weakening of Caste-Based Occupations:** Economic liberalization has provided opportunities beyond traditional caste-based occupations.
- **Changing Rural Social Dynamics:** Migration to urban areas for jobs has altered rural social structures.
 - Between 2001 and 2011 census, India's urbanization went up from 27.8% to 31.1%
- **Consumer-Based Identities:** Brand consciousness and consumption patterns increasingly define social status.
 - The rise of "**conspicuous consumption**" among the new middle class

Emergence of New Class Structures:

- **Rise of the Middle Class:** Economic liberalization has led to the **expansion and diversification of the middle class**, rising at 6.3% per year between 1995 and 2021.
 - It now represents **31% of the population** and is expected to be **60% by 2047**.
 - The IT sector boom created a **new subset of affluent urban professionals**.
- **Creation of a "New Rich" Class:** A class of entrepreneurs and business owners emerged, benefiting from **reduced regulations and increased foreign investment**.
 - In 2021, India had 7.96 lakh millionaires.
- **Widening Income Inequality:** While creating new opportunities, liberalization has also **widened the gap between rich and poor**.

- India's richest **1% holds 40% of wealth**. The Gini coefficient for India increased from **0.32 in 1993 to 0.4197 in 2022-23**, indicating growing inequality.
- **Rural-Urban Divide:** Economic reforms have disproportionately benefited urban areas, creating a more **pronounced rural-urban divide**.
 - For instance, in terms of digital economic development, according to the NSSO data, **only 24% of rural Indian households have access to the Internet**, compared to a 66% penetration in cities.

Changing Consumption Patterns:

- **Increased Consumer Spending:** Liberalization has led to higher disposable incomes and increased consumer spending across classes.
 - India Private Consumption Expenditure data averaging **220.318 USD Billion from 1996 to 2024**
- **Shift towards Luxury and Branded Goods:** The emerging middle and upper classes show a preference for luxury and branded products.
 - India's luxury market is forecast to expand to 3.5 times its current size, reaching the **USD 85-90 billion mark by 2030**
- **Adoption of Western Consumption Models:** Increased exposure to global trends has led to the adoption of Western consumption patterns.
 - The India fast food market size is projected to exhibit a growth rate (CAGR) of **9.72% during 2024-2032**.

Conclusion

While **Economic liberalization** has created opportunities for upward mobility and expanded the middle class, it has also widened inequalities and created new social divisions. To ensure that the **benefits of economic growth are more equitably distributed**, it is essential to address the underlying social and economic challenges facing the country

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