



ECONOMIC GROWTH CENTRE

Division of Economics
School of Humanities & Social Sciences

The Division of Economics and the Economic Growth Centre under Asia One Foundation Lecture Series cordially invite you to a seminar by Professor Pundarik Mukhopadhaya

| | | |
|--------------------|---|--|
| Speaker | : | Pundarik Mukhopadhaya <i>Associate Professor, Department of Economics Macquarie University Sydney, NSW</i> |
| Topic | : | "Two Gini Decompositions and Income Inequality in China: Rural - Urban Disparity" |
| Chairperson | : | Laura Wu <i>Assistant Professor Division of Economics School of Humanities & Social Sciences Nanyang Technological University</i> |
| Date | : | Tuesday, 30th September 2014 |
| Time | : | 11:00 am – 12:00 pm |
| Venue | : | HSS Meeting Room 5 (HSS 05-57) <i>Nanyang Technological University School of Humanities and Social Sciences 14, Nanyang Drive Singapore 637332</i> |

About the Speaker:

Dr Mukhopadhaya holds a PhD in Economics from the University of New South Wales. His research interests are in Applied Welfare Economics, Applied Policy Analysis, Higher Education and Manpower, Trade and Economics of Law. Dr Mukhopadhaya's publications include two books, 15 book chapters, and more than 30 academic papers in international refereed journals on theoretical and empirical economics. These journals include *Research on Economic Inequality*, *Applied Economics*, *Journal of Income Distribution*, *Journal of Asian Economics*, *Asian Economic Journal*, *Economic Record*, *Journal of Contemporary Asia*, *The Developing Economies*, *Journal of the Asia Pacific Economy*, *Netherland Journal of Law*, *International Journal of Educational Development*. His consultancy clientele include UNESCO, the World Bank and the World Health Organisation.

Abstract:

This presentation is prepared from two distinct papers. Using data from the *China Statistical Yearbook*, trends in income inequality for urban and rural China are shown. According to our estimates, the overall Gini for China increased from 1980/81 to 2008. The rural Gini increased at an exponential rate of 1.2 per cent while the urban Gini rose at a rate of 2.7 per cent. In the first part of the presentation, to overcome weaknesses in the existing Gini decomposition methodology, I will demonstrate the method developed by Podder and Mukhopadhaya (2002). In applying the method in rural China, the results show that household operations are the major component of rural disposable income, while the share of wage income is also high. Income from household operations is inequality-reducing, as is the case with transfers. The dominant contributors to inequality are wages and property income. Arguably, the optimal way to reduce inequality is policy-induced increases in transfers and the household operations that help the poor. In the urban sector, wage and salary income have the maximum share in total disposable income. The results show that further increases in the wage share in urban sector will increase total inequality in China. In the second part, to estimate the contribution of rural and urban inequality in total inequality a non-conventional Gini disaggregation method is explained and used. It has been observed that there is substantial income mobility (less segregation) between urban and rural groups.

Keywords:

Income inequality; Gini; Decomposition of inequality index; China, Rural-Urban

JEL Classification: D33, D63, R23, R58

Reservation:

Admission is free. Please reply to Director-EGC, e-mail: d-egc@ntu.edu.sg to confirm your attendance.