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**Sabaijor Complex, Near Jamunajor Pul, Castair Town
Deoghar, Mob:-9162500508**



From the margins to the centre

Global South

The 17th BRICS Summit in Rio de Janeiro, which saw members navigating different relationships with both the U.S. and Russia as well as global conflicts, offered a striking reflection of both the promise and the challenges facing the idea of South-South cooperation in the world today

Srinivasan Ramani

The idea of the Global South, historically referred to the grouping of countries primarily in Asia, Africa and Latin America that shared a history of colonialism and ongoing struggles against global inequalities. They sought to transform a historically Western-dominated world order through 'South-South cooperation' – a set of practices and organising concepts that these nations aim to use to achieve development through mutual assistance and increased solidarity among themselves.

This aspiration has roots in landmark initiatives such as the Bandung Conference of 1955 and the Non-Aligned Movement (NAM), which sought to foster economic and cultural cooperation while promoting human rights and establishing a New International Economic Order (NIEO).

The Global South has never been monolithic. Its diversity – vastly different histories, economies and political systems – has been both a potential source of strength and a cause of internal divisions that complicate efforts to form united positions on global issues.

However, the BRICS grouping has emerged as a more solidified possibility, representing a formalised attempt to advance many of the Global South's aims, even if it doesn't entirely embody its full aspirations or overcome all its inherent contradictions.

The recent BRICS summit held in Rio de Janeiro exemplified this challenge, with members navigating different relationships with both the U.S. and Russia, particularly regarding the ongoing conflict in Ukraine, where most BRICS members have sought a middle ground in contrast to Western positions.

Institutional voice

BRICS began as an economic acronym coined by Goldman Sachs economist Jim O'Neill in 2001. It has now evolved into a substantial intergovernmental organisation comprising 35% of the



global economy and almost half of the world's population – surpassing the G7's 30% economic share as of 2024.

The bloc's primary objectives centre on fostering economic, political, and social cooperation among members while increasing their collective influence in international governance. This includes advocating for greater representation in global bodies, coordinating policy, and reducing reliance on the U.S. dollar. Initiatives such as the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) were designed to offer alternatives to Western-dominated financial institutions such as the World Bank and the International Monetary Fund.

The Rio summit demonstrated both the potential and limitations of this approach. The declaration's strong language on Gaza and Iran reflected genuine consensus on critical geopolitical issues as opposed to the West's view, while India's successful inclusion of condemnation of the Palagan terror attack showcased the bloc's capacity to address diverse security concerns. The summit also endorsed expanded roles for India and Brazil in the UN Security Council, advancing a longstanding demand for

greater Global South representation.

Significantly, the summit introduced a new 'partner countries' category, extending associate status to nations including Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Thailand, Uganda, and Uzbekistan. This institutional innovation suggests BRICS is evolving beyond its original membership structure to accommodate broader Global South participation.

Priorities and realities

The Global South's diversity becomes particularly apparent when examining BRICS members' different regional contexts and priorities. Brazil's focus on environmental issues and sustainable development reflects its role as a guardian of the Amazon rainforest, while also serving its agribusiness interests. India's emphasis on technology and services reflects its emergence as a global IT powerhouse.

China's Belt and Road Initiative represents perhaps the most ambitious attempt at South-South cooperation, yet it has also generated concerns about debt dependency among recipient countries. Russia's inclusion in BRICS, despite its geographical

location largely in the Global North,

reflects how the grouping wants to transcend simple geographical boundaries for shared interests in challenging Western hegemony.

Intra-BRICS trade has grown at a faster pace than that of G7 countries, demonstrating tangible shifts in global economic activity. Trade between Brazil and China increased fiftyfold in 20 years, and China-India trade rose 28 times in the same period. The NDB has begun providing alternative funding for sustainable development and infrastructure projects, addressing perceived gaps left by traditional financial institutions.

Yet, the path to challenging Western economic dominance faces significant obstacles. The U.S. dollar remains entrenched as the world's principal reserve currency, used in the vast majority of global trade transactions. While BRICS advocates for lesser dependence on the dollar, creating a workable alternative currency system faces enormous technical and political hurdles.

A critical examination of BRICS reveals inherent contradictions that mirror broader challenges in South-South cooperation. While the rhetoric emphasises solidarity and

mutual benefit, the pursuit of national interests by individual members can overshadow collective goals.

Besides, Western powers have not remained passive observers of BRICS' growth. Donald Trump, responding to the bloc's criticism of unilateral tariffs and military strikes on Iran, threatened that any country "aligning itself with" what he termed "the Anti-American policies of BRICS" would face an additional 10% tariff. This marked an escalation from his earlier threats of 100% tariffs if BRICS countries attempted to replace the U.S. dollar as a reserve currency.

Moreover, Western institutions have shown capacity to adapt and co-opt rising powers. The emergence of the G20 can be seen as a response designed to give emerging economies a seat at the table, even if decision-making remains largely influenced by dominant Western powers.

As India prepares to assume BRICS leadership next year with its theme of 'Building Resilience and Innovation for Cooperation and Sustainability', the bloc stands at a crossroads. As the world's largest democracy and a major economy with complex relationships with both China and the U.S., India may be uniquely positioned to bridge internal divisions within BRICS.

However, ongoing border tensions with China and India's growing strategic partnership with the U.S. through initiatives such as the Quad complicate its role as a unifying force.

BRICS undoubtedly represents the most viable institutional expression of Global South aspirations, offering developing nations unprecedented collective economic leverage and political voice in global affairs. However, its current trajectory risks becoming merely another arena for great power competition rather than genuine transformation. The bloc's ultimate promise lies not in replacing Western hegemony with a new form of elite-driven multipolarity, but in evolving into a platform that prioritises the developmental needs and democratic aspirations of the Global South's peoples.

THE GIST

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How is Mizoram handling the refugee crisis?

Who are the Chins? What led to the fresh inflow? What ties does the dominant Mizo community of Mizoram share with the Chins of Myanmar, the Bawms of Bangladesh, and the Kuki-Zos of Manipur? How are foreigners identified in the State?

Rahul Karmakar

The story so far:

Mizoram has been grappling with a refugee crisis since the February 2021 military coup in Myanmar. After months of lull beyond the State's borders, some 4,000 refugees crossed over from Myanmar in the first week of July following a fratricidal battle between two rival armed groups. Mizoram is now caught between pushing back the refugees who are ethnically related to the State's dominant Mizos and letting them stay despite limited resources and a tepid response from the Centre.

What triggered the fresh inflow of people?

Within a week from July 3, some 4,000 from Myanmar's Chin State crossed into Mizoram's Champhai district. This was after a fierce gunfight between two anti-junta armed groups, the Chin National Defence Force (CNDP) and the Chinland Defence Force-Hualngoram (CDF-H). The two groups are part of the People's Defence Force aligned with the pro-democracy National Unity Government of Myanmar, which has seized control of large swathes of the Chin State from the junta over the last few months. They are said to have turned against each other to control areas in the region deemed strategic for

Mizoram houses more than 40,000 shelter-seekers from Bangladesh, Myanmar and Manipur

trade with India. Indian intelligence officials said the CNDP prevailed over the CDF-H and captured its camps. While the sounds of gunshots have ceased across the Tiau river, which marks a segment of the 510-km border between the two countries, the refugees have not mustered the courage to return to Khawmawi, the village facing Mizoram's Zokhawthar. Champhai district authorities recorded 3,980 Myanmar nationals in Zokhawthar, a major border trade village, and Saikhumphai on July 6.

When did Mizoram's refugee crisis begin?

Present-day Mizoram has been used to Myanmar nationals moving in and out of the State even before the Free Movement Regime (FMR) between the two countries came into existence in 1968, allowing residents along their 1,643-km-long border to travel up to 40 km inside. The limit was reduced to 16 km from the border in 2004, and additional regulations were enforced in 2016. The Centre announced the suspension of the FMR in February 2024, but there has been no official notification or bilateral agreement in this regard, apart from the Ministry of Home Affairs bringing in a fresh protocol in December 2024 to limit the free movement to 10 km. The regulations had little impact on the ground until the February 2021 military coup in Myanmar drove thousands into Mizoram. The State's government, civil society groups, and villagers provided food, shelter, and security to the refugees on humanitarian grounds, although the Ministry of Home Affairs asked the northeastern States bordering Myanmar not to let the refugees in. The refugee crisis deepened when some 2,000 Bawm people sought refuge after fleeing persecution in Bangladesh's Chittagong Hill Tracts in 2022, and thousands of Kuki-Zo people displaced by the ethnic clash in Manipur crossed over. Mizoram houses more than 40,000 shelter-seekers from Bangladesh, Myanmar and Manipur.

How is the State dealing with the situation?

The dominant Mizo community of Mizoram shares ethnic and familial ties with the Chins of Myanmar, the Bawms of Bangladesh, and the

Kuki-Zos of Manipur. All belong to the greater Zo ethnic group. In 2024, Chief Minister Lalduhoma told the Centre that ethnic affiliations and humanitarian reasons prevent his government from pushing the refugees back to where they came from. Influential organisations such as the Young Mizo Association (YMA), church bodies, and resourceful individuals have been contributing in cash and kind to take care of the basic needs of the refugees, Myanmar government officials and politicians among them. Initially reluctant, the Centre provided ₹8 crore as assistance to provide relief for the refugees. However, some villagers began to feel the pressure of handling waves of refugees. In March, the Farkawn village council in Champhai district issued an order asking all Myanmar refugees to stop trading by March 31 and desist from moving out of their designated camps. Civil society groups issued similar diktats in Melthum, a village in Aizawl district, and Lawngtlai town later. In a departure from the hospitality extended since 2021, the refugees were threatened with eviction if they did not comply with the order. Almost simultaneously, Aizawl-based activist V.L. Thlamuanpuia wrote to Home Minister Amit Shah, underlining the churning in the State over the refugee issue. He stated that the uncontrolled movement of Myanmar refugees was threatening national security, changing the demography, and draining local resources.

How is the government responding?

India is neither a signatory to the 1951 Refugee Convention nor does it have a specific national law on refugees, and it usually deals with them under laws related to foreigners. The country, however, has a history of hosting refugees from neighbouring countries and often works with the United Nations to determine refugee status. New Delhi has been talking tough on the refugee problem along the India-Myanmar border. Of late, the Mizoram government has been showing signs of feeling the pressure of influx from the civil war-torn Myanmar. In March, the Chief Minister said the FMR was one of the factors responsible for a rise in smuggling activities in the State. A month later, he said some refugees were taking advantage of the crisis in Myanmar to repeatedly cross the border by violating Indian laws. His government has also prodded the Centre to obtain presidential assent for the Mizoram (Maintenance of Household Registers) Bill, that seeks to identify foreigners in the State.



Displaced lives: Children from Myanmar who have taken refuge in Zokhawthar, Champhai in Mizoram. SPECIAL ARRANGEMENT



Why is Trump taking aim at BRICS?

What is the grouping's position on creating a BRICS common currency?
What about India's stance?

Suhasini Haldar

The story so far:

US. President Donald Trump's threat to impose 10% tariffs on members of the BRICS grouping that held a summit in Rio de Janeiro this week is the latest in a series of similar threats.

Why is BRICS in Mr. Trump's cross-hairs?
Even before he was sworn in as U.S. President for the second time, Donald Trump had made it clear that he saw the BRICS grouping as "anti-American" and a threat to the dollar that he needed to neutralise. On November 30 last year, Mr. Trump said the U.S. would require BRICS members to commit that they would not create a new BRICS common currency, "nor back any other currency to replace the mighty U.S. dollar", threatening 100% tariffs on them. It's a threat he has repeated several times since. Mr. Trump's irritation appears to stem from BRICS declarations in South Africa in 2023 and Russia in 2024, where members, that now also include Egypt, Ethiopia, Indonesia, Iran and the UAE, discussed a BRICS Cross-Border Payments Initiative, that aims to facilitate trade and investment within BRICS countries using local currencies and other mechanisms. The initiative built momentum due to the problems Western sanctions on Russia have meant for trading partners in the Global South.

What has the U.S. threatened to do?
Last Sunday, just as BRICS leaders gathered in Rio for the 17th BRICS summit, Mr. Trump said in a social media post that any country aligning with BRICS would face a 10% added tariff. The penalty was "just for that one thing" of being a member, Mr. Trump said later. It is unclear why the tariff rate was dropped to a tenth from the original threat of 100%, and even whether Mr. Trump will go through with the BRICS tariffs along with other reciprocal tariffs planned for August 1. But there seems little doubt that Mr. Trump wants BRICS de-fanged. "You can tell the (U.S.) President is (upset) every time he looks at the BRICS de-dollarisation effort...and Rio didn't help," said Steve Bannon, Trump's former White House chief strategist, according to *Politico* magazine. In addition, the Trump administration has slapped 50% tariffs on Brazil, after accusing President Lula da Silva of a "witch hunt" against former Brazil President Jair Bolsonaro who faces charges on attempted coup. It has also imposed 20% tariffs on South Africa, after accusing it of unequal trade, as well as expressing concerns over the treatment of Afrikaners (White South Africans). Republican Senators close to Mr. Trump also plan to bring a bill called the Sanctioning Russia Act of 2025 that seeks to place 500% tariffs on imports of oil and sanctioned Russian products, which would hurt Russia, as well as India and China, its two biggest importers.

Are Mr. Trump's concerns valid?
Mr. Trump's concerns about de-dollarisation have been denied by practically every BRICS member. The South African Ministry of Foreign Affairs issued a detailed statement explaining why the BRICS attempt to use national currencies within the grouping is not the same as replacing the dollar as the global standard. While anti-U.S. rhetoric of some BRICS leaders has been harsh, the wording of the BRICS Rio declaration 2025 issued this week does not directly challenge the U.S. or the dollar. In the operative Paragraph 50, the leaders said they resolved to task ministers of finance and central bank governors, "to continue the discussion on the BRICS Cross-Border Payments Initiative, and acknowledge the progress made by the BRICS Payment Task Force (BPTF) in identifying possible pathways to support the continuation of discussions on the potential for greater interoperability of BRICS payment systems." Paragraph 11 expressed "serious concerns" over the rise of unilateral tariff and non-tariff measures, but didn't name the U.S.

Where does India stand?
The Modi government, hopeful of clinching a Free Trade Agreement with the U.S., has strenuously objected to Mr. Trump's categorisation of the BRICS as "anti-American". In a parliamentary response on December 2, 2024, the MeS (Finance) Panelaj Chaudhary made it clear that the U.S. allegations referred to a report prepared by Russia during its chairmanship of BRICS, where it had spoken of "possible alternatives relating to cross-border payments, and 'leveraging existing technology to find an alternative currency'". He added that the report was only "taken note of" by other BRICS members, not adopted. In March 2025, External Affairs Minister S. Jaishankar was more categorical, saying there is no Indian policy to replace the dollar. He conceded, however, that BRICS members had differences, and there was no unified position of the grouping on the issue.



What is the state of inequality in India?

Why is calculating the actual level of income and wealth inequality in India extremely difficult? What are the methods? Does the picture of low and falling inequality as outlined by the World Bank characterise the current reality of India? Where is wealth concentrated in India?

Rahul Menon

The story so far:

A recent report by the World Bank has generated significant debate with regard to the true picture of inequality in the Indian economy. The report outlined a number of salutary outcomes; not only had extreme poverty reduced drastically, inequality had reduced too. The Gini coefficient – a measure of inequality that ranges from 0 to 1, with 1 indicating extreme inequality – had fallen from 0.288 in 2011-12 to 0.255 in 2022-23, making India an economy with one of the lowest levels of inequality in the world.

What followed?

This finding was highlighted by the government as a vindication of its growth policies and economic management. However, as plenty of commentators have pointed out, the facts highlighted by the World Bank do not provide a true picture of inequality in the country. While inequality in consumption may be low – which is in itself a contested fact – income and wealth inequality in India are extremely high and have increased over time, making India one of the most unequal economies in the world.

What is consumption inequality?

The inequality figures detailed by the World Bank are not of income or wealth, but of consumption. This is problematic for several reasons. First, inequality in consumption will always be lower than inequality in wealth or income. A poorer household will spend a majority of its income on the necessities of life, and will have very little savings. If its income

In India today, growth is accompanied by extreme concentration of incomes and wealth

doubles, consumption spending will not double, since the household will now be able to save some amount of its income; its consumption levels will not rise in the same proportion as their incomes. Thus, consumption inequality will always be less than income or wealth inequality.

Second, there are certain problems with the use of databases for the calculation of inequality. Data on consumption spending comes from the Household Consumption Expenditure Surveys (HCES) of 2011-12 and 2022-23. These surveys may provide accurate information on low levels of expenditure, but are unable to capture extremely high incomes, thus providing an under-estimation of inequality. Furthermore, there have been significant methodological changes between the two surveys that render them incompatible, and do not allow for a comparison of inequality levels over time. This has been pointed out not just by several researchers, but the official release of the HCES for 2022-23 also cautions against simple comparisons.

What are the levels of income and wealth inequality?

The low Gini mentioned by the World Bank, therefore, relates to consumption inequality, and cannot be compared to levels of income inequality worldwide. What is the true level of income inequality?

Calculating the actual level of income and wealth inequality in India is extremely difficult, since official surveys tend to miss out on extremely high levels of income and wealth. However, researchers at the World Inequality Database (WID), led by Thomas Piketty, have analysed several sources of data, including national-level surveys, tax records, and published lists of the extremely rich in India, estimating more accurate indicators of inequality. These estimates provide a more sobering look at the state of inequality in India.

The Gini coefficient for pre-tax income for India in 2022-23 is 0.61; out of 218 economies considered in the WID, there are 170 economies with a lower level of inequality, making India one of the most unequal economies in the world. The picture is not much better when considering wealth inequality. India's Gini coefficient for wealth inequality is 0.75, implying that wealth is far more concentrated than income or consumption. Even though wealth Gini is high, other countries have far greater wealth concentrations; there are 67 countries with a lower wealth Gini than India.

As shown in the figures in Table 1, the Gini coefficient for income has shown a significant

Data on consumption spending comes from the Household Consumption Expenditure Surveys (HCES) of 2011-12 and 2022-23. These surveys may provide accurate information on low levels of expenditure, but are unable to capture extremely high incomes. Furthermore, there have been significant methodological changes between the two surveys

rise, from 0.47 in 2000 to 0.61 in 2023. Wealth inequality has risen in a lower proportion, only because levels of wealth inequality have been so high to begin with. The Gini for wealth inequality rose from 0.7 in 2000 to 0.75 in 2023. Either way, the picture of low and falling inequality as outlined by the World Bank does not characterise the current reality of India.

In fact, the use of the Gini understates the sheer concentration of wealth occurring in India today. The Gini coefficient is an aggregate measure, and takes into account the entire range of observations. It does not provide information on the relative share of wealth or income held by a fraction of the population. When considering wealth concentration of the top 1%, India emerges as one of the most unequal economies in the world. According to data from the WID, in 2022-23, the top 1% of adults in India controlled almost 40% of net personal wealth. There are only four economies with a higher level of wealth concentration – Uruguay, Eswatini (Swaziland), Russia and South Africa.

Is a reduction in consumption inequality on expected lines?

The story over the past few decades is one of rising incomes and inequality, and not a reduction. In fact, a reduction in consumption inequality is not unexpected in such a scenario. As incomes rise, assuming that there is no fall in real incomes of the poor (an outcome which some authors such as Utsa Patnaik assert has actually happened), the consumption of the poor would rise in a greater proportion than middle and upper classes, who would be able to save much more out of their rising incomes. The higher incomes of upper classes would allow for greater levels of saving, which can then be transformed into greater levels of wealth. Consumption inequality can reduce even when income inequality and wealth inequality rise; all these outcomes characterise the Indian economy today. What is of significance is the extreme concentration of incomes and wealth that have accompanied growth in India today, making it one of the most unequal economies in the world, an outcome that has consequences for future growth prospects of the economy.

Rahul Menon is Associate Professor in the Jindal School of Government and Public Policy at O.P. Jindal Global University.

Table 1: Gini coefficients for income and wealth in India

Year	Gini Pre-tax income	Gini wealth	Year	Gini Pre-tax income	Gini wealth
2000	0.47	0.7	2012	0.6	0.74
2001	0.48	0.71	2013	0.6	0.74
2002	0.49	0.71	2014	0.61	0.74
2003	0.5	0.71	2015	0.61	0.75
2004	0.51	0.71	2016	0.62	0.75
2005	0.52	0.71	2017	0.63	0.75
2006	0.53	0.73	2018	0.62	0.74
2007	0.55	0.74	2019	0.61	0.74
2008	0.56	0.74	2020	0.6	0.73
2009	0.57	0.73	2021	0.6	0.75
2010	0.58	0.74	2022	0.61	0.75
2011	0.59	0.75	2023	0.61	0.75

2 Researchers at the World Inequality Database have analysed several sources of data, including national-level surveys, tax records, and published lists of the extremely rich in India, estimating more accurate indicators of inequality

1 The low Gini coefficient mentioned by the World Bank relates to consumption inequality, and cannot be compared to levels of income and wealth inequality worldwide

Godavari-Cauvery interlinking likely on panel agenda

T. Ramakrishnan
CHENNAI

The meeting of the Union Jal Shakti Ministry's Special Committee for Interlinking of Rivers, scheduled for July 15, is likely to witness one more attempt by the Central authorities to persuade Andhra Pradesh and Telangana to arrive at a consensus on the Godavari (Inchampalli)-Cauvery (Grand Anicut) link project. This scheme will benefit Tamil Nadu considerably.

Differing views of States

The differences between Andhra Pradesh and Telangana pertain to the way in which the two States approach the project. While Andhra Pradesh views the project in an unqualified way, Telangana has been raising objections on several grounds. It says the project can be taken up only after the Krishna Water Disputes Tribunal (KWDT)-II completes adjudication. Though the Tribunal submitted its final verdict in November 2013, the Union government, in October 2023, referred to it a few more issues.

Apart from Tamil Nadu, which has been seeking an early implementation of the link, the other States concerned are Karnataka, Maharashtra, and Chhattisgarh, besides the Union Territory of Puducherry. Union Minister of Jal Shakti C.R. Patil will chair the meeting, which is to be held through video-conference.



The Cauvery Grand Anicut. ANI

Of about 148 thousand million cubic feet (tmc ft) of water to be diverted from the Godavari, Tamil Nadu has been allotted 41 tmcft.

For Chennai city's drinking and industrial purposes, 10.1 tmc ft. has been set apart, according to the Policy Note of the State Water Resources Department for 2025-26.

T.N.'s needs

The State has been urging the National Water Development Agency (NWDA), the nodal agency for interlinking of rivers, to ensure that 200 tmc ft will eventually be provided to the State when the diversion from the Brahmaputra-Mahanadi link takes place.

The aim of the Godavari-Cauvery link is to make use of unutilised water from the Godavari.

There are three components to the project: the Godavari (Inchampalli)-Krishna (Nagarjunasagar) link; Krishna (Nagarjunasagar)-Pennar (Somasila) link; and Pennar (Somasila)-Cauvery (Grand Anicut) link.



India's poor resorting to informal credit, show data

TCA Sharad Raghavan
NEW DELHI

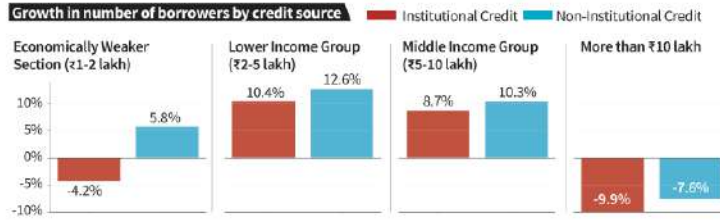
While the financial inclusion programme of the Centre has meant that around 96% of the population has access to a bank account, the latest data and analysis on the sector show that a large number of India's poor and low-income households are increasingly resorting to informal and more expensive sources of borrowing.

In addition, separate data show that the incidence of loan defaults is increasing among microfinance loans. Microfinance loans are a proxy for non-institutional credit as the borrow-

Money matters

Between 2018-19 and 2022-23, the number of borrowers from economically weaker sections approaching informal sources saw faster growth than from formal channels; this trend was also mirrored in the middle income group

Growth in number of borrowers by credit source



SOURCE: PIRAMAL ENTERPRISES

er profiles are largely similar. "What is happening, particularly in the lower end of the pyramid is that, despite the smooth and good progress that we have seen in financial inclusion, progress has been limited

to the liability side of lenders, which is the opening of deposits," Debopam Chaudhuri, chief economist at Piramal Enterprises, explained.

Government data show that by 2021, about 96% of

households had at least one member with a bank account. "But for these same deposit holders, when it came to their access to credit, very little was happening on ground," Mr. Chaudhuri

added. "So these segments would then approach non-institutional lenders." An analysis by Mr. Chaudhuri's team of data from the Centre for Monitoring Indian Economy (CMIE) found that between 2018-19 and 2022-23, the number of those from the economically weaker sections who borrowed from formal channels such as banks and non-banking financial companies contracted by 4.2%.

On the other hand, this segment, which earns ₹1-2 lakh a year, saw a growth of 5.8% in the number of households borrowing from sources including money lender, chit funds or friends.

