

Rising Inequality

What is the issue?

\n\n

\n

- Indian Prime Minister leads the “largest ever” Indian contingent to the World Economic Forum 2018 in Swiss Alps town of Davos.

\n

- With 'rising global inequality' being an important agenda in the meet, it is imperative to reflect on the inequality scenario in India.

\n

\n\n

How (in)equal is India?

\n\n

\n

- Credit Suisse Global Wealth data for India in 2017 highlights that 73% of the increase in wealth in India went to the top 1%.

\n

- India now has around 100 billionaires, the number having gone up from nine in 2000.

\n

- Notably, 37% of India's billionaires have inherited wealth.

\n

- There are only 4 women billionaires and 3 of them inherited family wealth.

\n

- India is currently shining for its top 1% and arguably also for its top 10%.

\n

- It needs to spread this to the middle 40% and most of all to its bottom 50%.

\n

- Notably, these bottom proportions comprise largely of the Dalits, Muslims, tribals, and women, making it a social inequality as well.

\n

\n\n

How serious is inequality?

\n\n

- \n
- Global inequality is rising to unprecedented levels, at rates not seen during the last 100 years.
- \n
- It is worrying because it makes economic growth unsustainable, corrodes politics and undermines democracy.
- \n
- It is also leading to a breakdown of the social contract, as people end up in violence, crime and corruption as ways to get rich.
- \n
- In this context, this year's agenda for WEF includes "sustainable and inclusive economic development".
- \n
- Indian Prime Minister's keynote address at the forum is on "Creating a Shared Future in A Fractured World".
- \n
- To make it meaningful, India should devise means for sharing the wealth of its top 1% with its underprivileged bottom sections.
- \n

\n\n

What should the government do?

\n\n

- \n
- **Jobs** - The government should formulate measures to promote inclusive growth.
- \n
- It must be ensured that the income of the bottom 40% grow faster than that of the top 10%, to narrow the current income gap.
- \n
- Some of the ways for achieving this include:
- \n

\n\n

- \n
- i. promoting labour-intensive sectors to create more jobs
- \n
- ii. increasing investment in agriculture
- \n
- iii. implementing fully the social protection schemes
- \n

\n\n

\n

- **Tax**- Government must take stringent measures against tax evasion and avoidance.
\n
- The super-rich could be taxed by re-introducing inheritance tax and increasing the wealth tax.
\n
- Corporate tax breaks could be reduced and eventually done away with.
\n
- **Data** - Lack of availability data has allowed inequality to creep up to such high levels in India, going unnoticed by the policymakers.
\n
- It thus calls for the government to collect and make available, regular and high quality data on income and wealth.
\n

\n\n

\n\n

Source: The Indian Express

\n

