

## The Cold Truth about India's Income Inequality

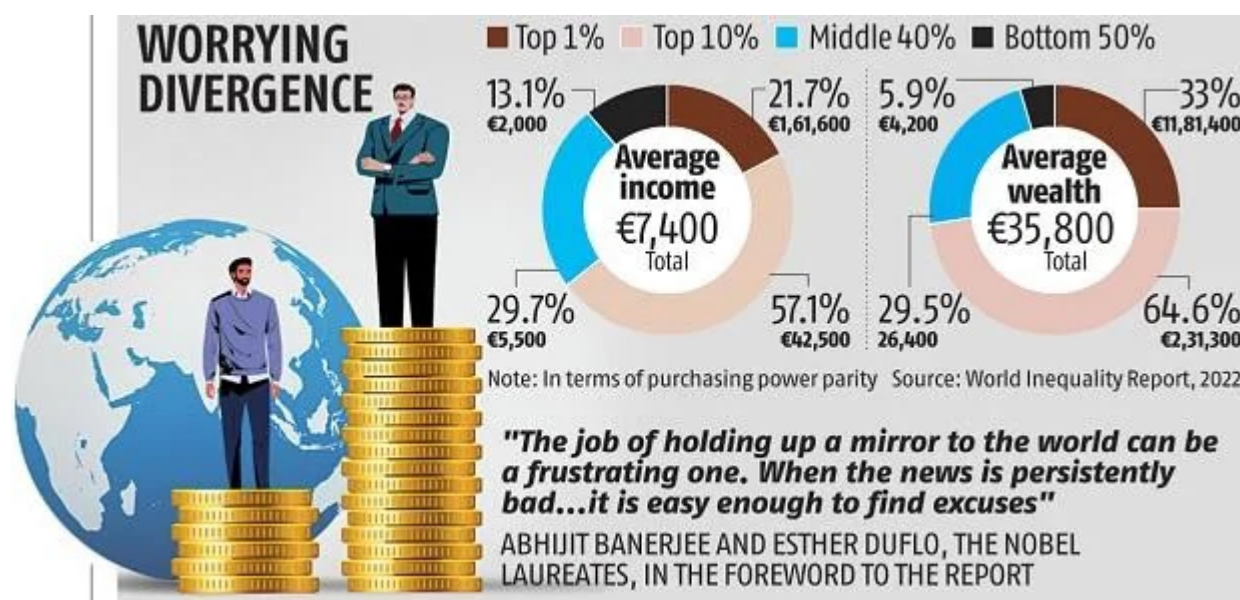
### What is the issue?

The latest edition of the World Inequality Report has confirmed that the world continues to run down the path of inequality.

### What is the status of India's inequality?

- As per the **World Inequality Report**, in global level, the top 1% took 38% of all additional wealth accumulated since the mid-1990s, whereas the bottom 50% captured just 2% of it.
- India's middle class is holding 29.5% of the total national income, compared with the top 10% who own 65%.
- As per the recent **Multi-dimensional Poverty Index prepared by Niti Aayog**, one in every four people in India was multi-dimensionally poor.
- The Nobel laureate economists, Abhijit Banerjee and Esther Duflo said that India is now among the most unequal countries in the world.
- The gap between the top 1% and the bottom 50% is wider for India than the United States, the United Kingdom, China, Russia and France.

To know more about the World Inequality Report 2021, click [here](#)



### What is the pattern of inequality over the years?

- **During Independence-** In the Nehruvian years and after that too, a bid was made to battle the basic absence of social democracy in India, but it remained confined to States and regions.
- The Five Year plans contributed to reducing the share of the top 10% who had 50% of the income under colonial rule to 35%-40% in the early decades after Independence.
- **During economic reforms-** Since the mid-1980s, deregulation and liberalisation policies

have led to the top 1% majorly profiting from economic reforms whereas the growth among low- and middle-income groups has been relatively slow.

- The income of the bottom 50% in India grew at the rate of 2.2% per year between 1951 and 1981, but that the growth rate remained exactly the same over the past 40 years.
- **Post-2014-** India seems to have got into a phase of an even greater reliance on big business and privatisation to fix economics and the latest World Inequality Report concludes that the bottom 50% share has gone down to 13%.

## What flaws can be attributed to this?

- **Moving away from secularisation-**The Union government's now-stated policy to prioritise members of one religion and one language, has severe economic consequences widening the income inequality.
- **Reverse modernisation-** By choosing to reverse the idea of modernisation, linking religion firmly into the public sphere, trying to unmake the modernity, we may be setting ourselves on a narrow path that nations in the world have already arrived at.
- **One size nation-** The quick descent into a one size nation does not fit its much diversity. The state is now fanning systems and principles to further inequalities.
- **Denial of equality-** B.R. Ambedkar had issued a grim warning in 1949 that if we continue to deny social and economic inequality for long, we could blow up the structure of political democracy.

## Reference

1. <https://www.thehindu.com/opinion/lead/the-cold-truth-about-indias-income-inequality/article38050949.ece>