

India's Income Inequality Status

What is the issue?

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In India rich are getting richer, and maybe the poor are becoming less poor, but the gap between the two is widening.

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What is the status of income inequality in India?

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- India's income inequality is at its highest level since the Indian Income Tax Act was introduced in 1922.

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- The top one percent of income earners are garnering 22 per cent of total income in India, which is the highest ever.

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- While the period 1951 to 1980 saw the poor narrowing the income gap with the well-to-do, the trend has reversed over the period 1980-2014.

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- The Gini Coefficient for the country is estimated to be close to 0.50, which would be an all-time high.

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How income inequality is measured?

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- Gini Coefficient is a popular statistical measure to gauge the rich-poor income or wealth divide.

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- It measures inequality of a distribution be it of income or wealth within nations or States.

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- Its value varies anywhere from zero to 1; zero indicating perfect equality

and one indicating the perfect inequality.

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- Gini Coefficients can be used to compare income distribution of a country over time as well.

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- An increasing trend indicates that income inequality is rising independent of absolute incomes.

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What does Gini index of India implies?

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- Income Gini for the two years are estimated as 49 and 51, not adjusted by prices, this is an increase of nine Gini points between pre-2004 data and 2011/12.

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- India with a six-point Gini increase between 1990-2010, and for Australia, New Zealand, Japan, Taiwan, Hong Kong, and Indonesia, the average increase observed is around 4-5 Gini points.

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- In India there is an exceptionable increase in crony billionaires it is associated by an exceptionally large increase in income inequality.

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- There is no evidence that income inequality in India increased between 1950 and 2003 the Gini has essentially been constant at around 42.

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- India has a large difference in prices of goods across cities and villages, and across rich and poor states.

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- Evidence on increasing inequality certainly does not come from trends in consumption inequality.

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- India displays a divergence over time, Inter-state inequality has increased between 1960 and 2015.

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Source: Indian Express

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