Rising Inequality

What is the issue?

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- Indian Prime Minister leads the “largest ever” Indian contingent to the World Economic Forum 2018 in Swiss Alps town of Davos.
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- With 'rising global inequality' being an important agenda in the meet, it is imperative to reflect on the inequality scenario in India.
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How (in)equal is India?

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- Credit Suisse Global Wealth data for India in 2017 highlights that 73% of the increase in wealth in India went to the top 1%.
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- India now has around 100 billionaires, the number having gone up from nine in 2000.
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- Notably, 37% of India’s billionaires have inherited wealth.
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- There are only 4 women billionaires and 3 of them inherited family wealth.
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- India is currently shining for its top 1% and arguably also for its top 10%.
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- It needs to spread this to the middle 40% and most of all to its bottom 50%.
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- Notably, these bottom proportions comprise largely of the Dalits, Muslims, tribals, and women, making it a social inequality as well.
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How serious is inequality?

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- Global inequality is rising to unprecedented levels, at rates not seen during the last 100 years.
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- It is worrying because it makes economic growth unsustainable, corrodes politics and undermines democracy.
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- 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.
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- In this context, this year’s agenda for WEF includes “sustainable and inclusive economic development”.
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- Indian Prime Minister's keynote address at the forum is on “Creating a Shared Future in A Fractured World”.
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- To make it meaningful, India should devise means for sharing the wealth of its top 1% with its underprivileged bottom sections.
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What should the government do?

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- **Jobs** - The government should formulate measures to promote inclusive growth.
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- 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.
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- Some of the ways for achieving this include:
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i. promoting labour-intensive sectors to create more jobs
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ii. increasing investment in agriculture
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iii. implementing fully the social protection schemes
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- **Tax**- Government must take stringent measures against tax evasion and avoidance.
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- The super-rich could be taxed by re-introducing inheritance tax and increasing the wealth tax.
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- Corporate tax breaks could be reduced and eventually done away with.
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- **Data** - Lack of availability data has allowed inequality to creep up to such high levels in India, going unnoticed by the policymakers.
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- It thus calls for the government to collect and make available, regular and high quality data on income and wealth.
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Source: The Indian Express

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