

India's past policies of extremely high tax & estate duty did not achieve desired goals. - Shows the way gov. should redistribute wealth to all sections

India has become the most unequal country in terms of Income as per India inequality report. This violates the constitutional mandate of Article 39
CBJCO

Poor tax policies

India in order to reduce inequalities from the time of independence levied variety of taxes such as the wealth tax, gift tax and estate tax.

These taxes acted in a regressive way and led to concealment of income. Indians ~~have~~ ^{are} hugely a part of oppress confidential and banking papers which accept tax evaded money.

At this juncture ~~we~~ reducing inequality through wealth redistribution holds water and governments are after it.

Ways for the government.

① Robustness effect - The effect stresses on the concept of Pareto optimality.

The high-net-worth individuals and companies can be taxed at an extra percentage.

② Housing: High density affordable housing on a rent basis can be constructed to the poor in cities or suburbs.

③ Labour rights - empowering trade unions which can bring bargaining.

power to the labourer.

④ Taxing the rich during economic expansion and subsidising the poor during recession can greatly bring equality.

Benefits

* The propensity to spend is high among the lower income group. So, reducing inequality will always keep the demand high.

* The purchasing power of middle class will go high as they have more disposable income.

Measures required must ensure that there are no inflationary pressures and the subsidising does not occur at cost of unemployment and growth.