

Status of INEQUALITY IN INDIA is it RISING or FALLING?



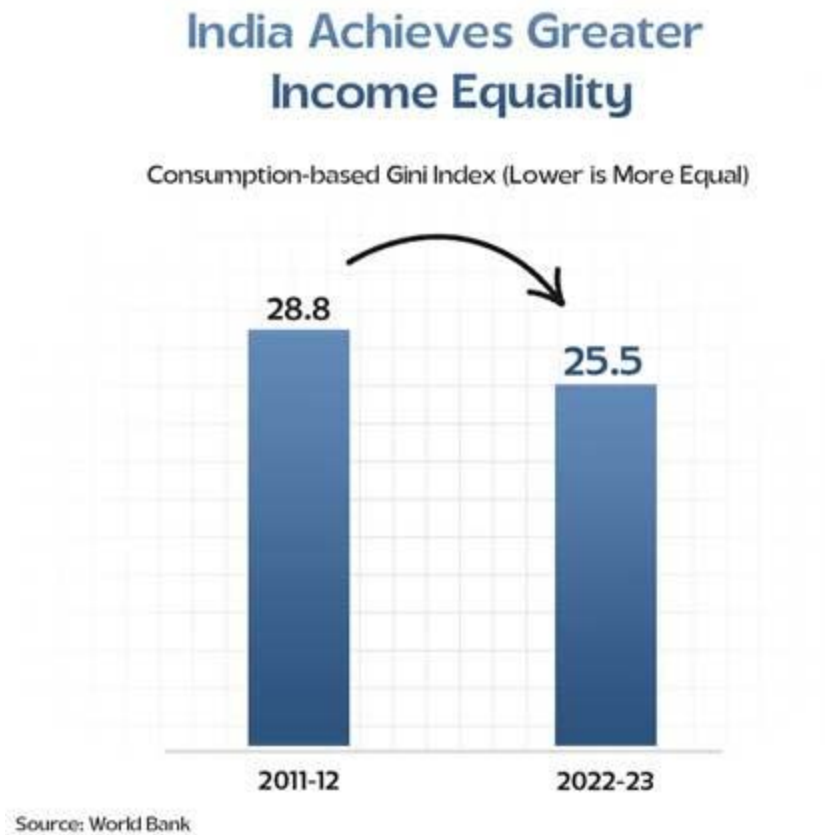
“We must work together to ensure the equitable distribution of wealth, opportunity and power in our society.”

— Nelson Mandela.



Context:

- According to the **World Bank**, **India's Gini Index** stands at **25.5**, making it the **fourth most equal country** in the world, after the **Slovak Republic, Slovenia and Belarus**.
- India is not only the **world's fourth largest economy** but it is also one of the **most equal societies** today.
- This is a remarkable achievement for a **country of its size and diversity**.
- It reflects how **India's economic progress** is being shared more evenly across its **population**.



1. Enlist key findings of recent World Bank report?

- According to the latest **World Bank data**, **India's Gini Index** stands at **25.5**.
- This places India among the **most equal countries in the world** in relative terms.
- **India's score** is much **lower than China's 35.7** and **far lower than the United States**, which stands at **41.8**.
- It is also **more equal than every G7 and G20 country**, many of which are considered advanced economies.
- **India falls** into the “**moderately low**” **inequality category**, which includes **Gini scores between 25 and 30**, and is only a fraction away from joining the “**low inequality**” group, which includes countries like the **Slovak Republic** with a score of **24.1**, **Slovenia** at **24.3**, and **Belarus** at **24.4**.

- Apart from these three, **India has a better score** than all of the other **167 countries** for which the **World Bank** has released data.
- Globally, just **30 countries** fall into the “**moderately low**” **inequality** category, including several **European countries** with strong welfare systems.
- These include **Iceland, Norway, Finland, and Belgium**.
- It also features growing economies like **Poland** and **wealthy nations like the United Arab Emirates**.
- India’s journey towards a more equal society is reflected in its **Gini Index over the years**.
- The index was measured at **28.8 in 2011**, and **reached 25.5 in 2022**.
- This steady shift shows that India has made **consistent progress in combining economic growth with social equity**.



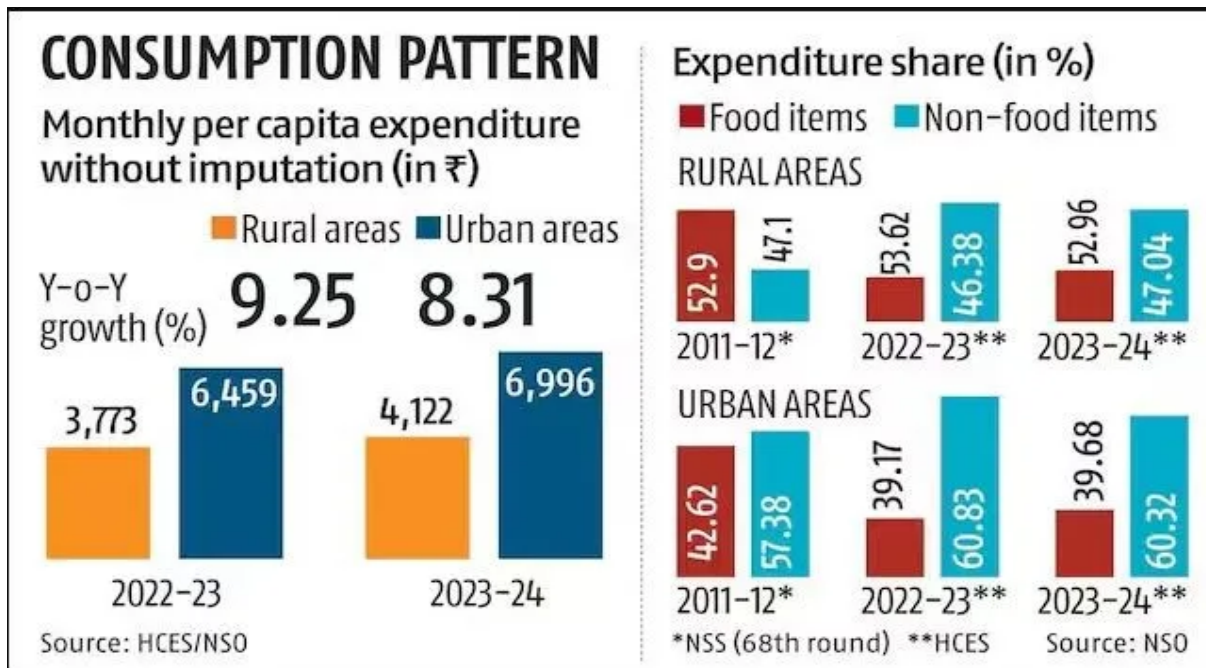
2. What is the basis of the World Bank report?

- **Inequality** is an important concern for the **political economy** of a **democracy**.
- However, the **Indian inequality** debate is often characterised by the selective use of data to make **exaggerated claims** that **fuel** misperceptions rather than result in a better understanding.
- The **World Bank report** claims that India has almost eradicated **extreme poverty**.
- It claims the **country** has **significantly reduced consumption inequality** since **2011-12**, in terms of consumption patterns of the population.
- In terms of the **Gini coefficient**, a measure of inequality, the report (without separating the consumption and income inequality-based estimates) has placed India among the top four least unequal countries.
- The **World Bank's** claims about the Indian inequality are based on the official **Household Consumption Expenditure Survey (HCES)** data for **2022-2023**.

Counting the spending | The All-India Households' Consumer Expenditure Survey will be conducted between July 2022 and June 2023

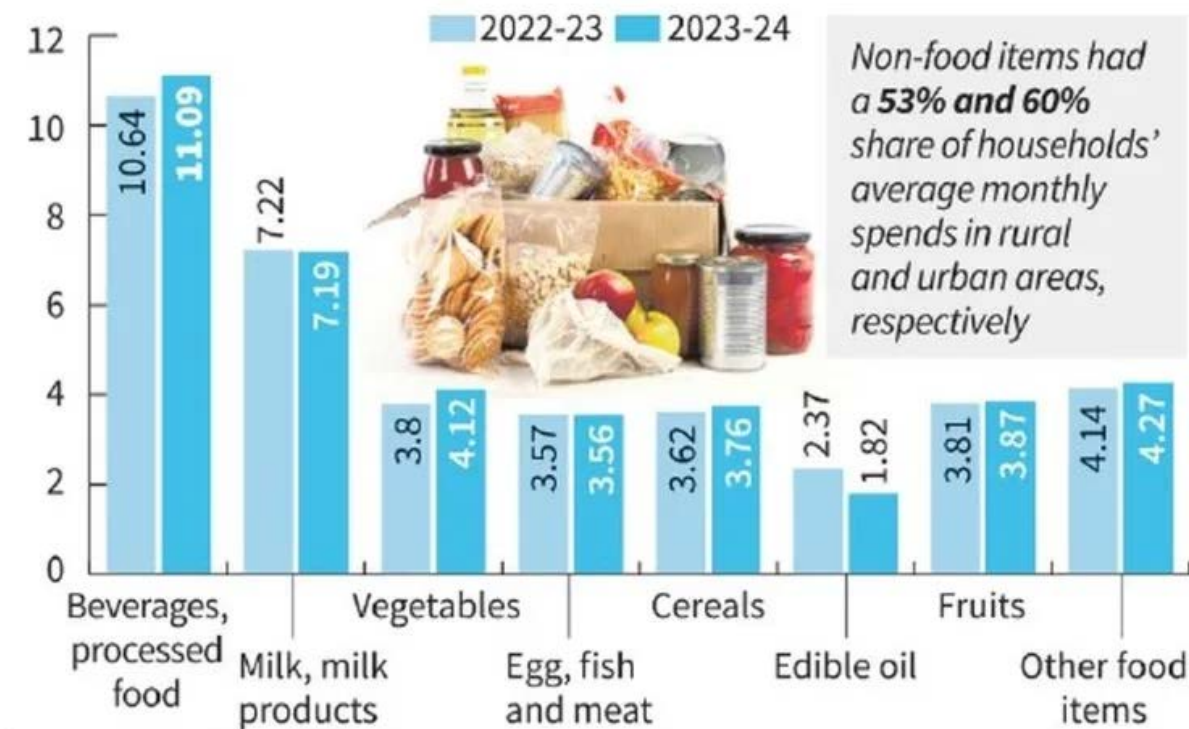
<p>What is it? Usually carried out every five years, the survey helps assess poverty levels and consumption patterns across the country, and rebase GDP calculations</p>	<p>What's the big deal? The last survey whose findings were made public was conducted in 2011-12</p> <p>Why this long pause? A survey was conducted in 2017-18 too, but its results were not released owing to 'quality' concerns. It reportedly reflected the first drop in monthly per capita household spending since 1972-73, with a rise in poverty incidence</p>	
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- This data is collected using the **modified mixed reference period (MMRP)** method, which employs the state-of-the-art statistical technique.



- The **World Bank** finds that during **2011-12** and **2022-23**, India registered a major decline in consumption inequality in this period, the **consumption-based Gini coefficient dropped from 28.8 to 25.5**.

Data from the Household Expenditure Consumption Survey show share of food items in average monthly per capita expenditure (urban)



- Critics of the report argue that the **World Bank has underestimated the inequality**, as the HCES data does not capture consumption by the rich.
- It is a valid critique, **but India is not an exception.**
- This limitation applies to **all survey data in all countries** and, in itself, does not question the **broad ranking of countries.**
- Even if we discount the **precision of the World Bank's inequality estimates**, a significant improvement in India's international ranking is a fact.
- We should **not confuse consumption inequality with income inequality.**
- The decrease in **India's consumption inequality** is substantial and indisputable.
- To address the data issue, let us assume that **the problem of missing elite consumption is more pronounced in India** — say, the HCES rounds do not capture consumption by the **top 5% families at all.**
- In that case, going by the consumption expenditure data, it is irrefutable that the consumption inequality has decreased between 2011-12 and 2022-23 for the remaining 95% of the population covered in HCES data.
- The **HCES data show that the country's consumption basket is healthier today than ever.**
- Between **2012 and 2023**, the per capita availability of milk and eggs has increased by **45% and 63%, respectively.**
- The **availability of fruits, vegetables and protein products has increased.**
- The share of cereals in the **food bill, as well as calorie intake, has decreased**, while that of **healthier products has increased**, for all strata.

- All this **improves the diet for the 95%**, rather than the richest groups, whose consumption already matches the best in the world.
- The **dietary intake improvements are most striking for the bottom 20% of households in rural and urban areas**, even if we ignore the free food and cash transfers received by these groups.
- The **share of rural households** consuming fresh fruits (to a different frequency) has **increased from 63.8% in 2011-12 to 90% in 2023**.
- The **2022-23 and 2023-24** rounds of consumption data irrefutably demonstrate that **extreme poverty has been almost eradicated**.
- Whether we use the **Rangarajan, Tendulkar**, or the multi-dimensional poverty index of **NITI Aayog**, **poverty has declined significantly**.
- Based on the International Poverty Line of \$3 between 2011 and 2023, **India has pulled around 27 crore people out of extreme poverty**.
- Independently, the nightlight data show a significant increase in ownership rates of pucca homes and paved roads in rural areas over the last 10 years, owing to the **Pradhan Mantri Gramin Awas Yojana and Pradhan Mantri Gram Sadak Yojana**.
- Among the **poorest 20% of households**, more than 40% own a vehicle today, compared to just 6% in 2011-12.

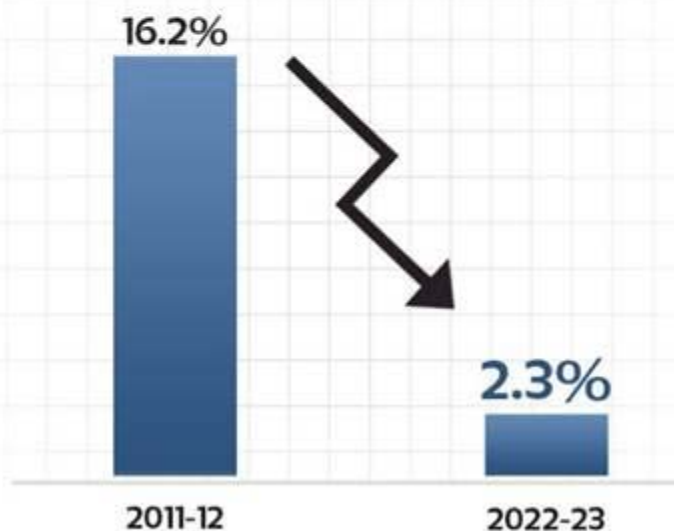
3. What insights has the latest World Bank report provided on poverty in India?

- **India's** strong standing on the **Gini Index** is not a **coincidence**.
- It is closely linked to the **country's sustained success** in reducing poverty across both **rural and urban regions**.
- The **Spring 2025 Poverty and Equity Brief** by the World Bank highlights this achievement as one of the **most significant in recent years**.

- According to the report, **171 million Indians** have been lifted out of **extreme poverty over the past decade**.
- The share of people living on **less than 2.15 US dollars a day**, which was the global threshold for extreme poverty till **June 2025**, fell sharply from **16.2 percent in 2011-12 to just 2.3 percent in 2022-23**.
- **Under the World Bank's revised extreme poverty threshold of \$3.00 per day**, the **2022-23 poverty rate** would be adjusted to **5.3 percent**.

India's Extreme Poverty Fell Sharply

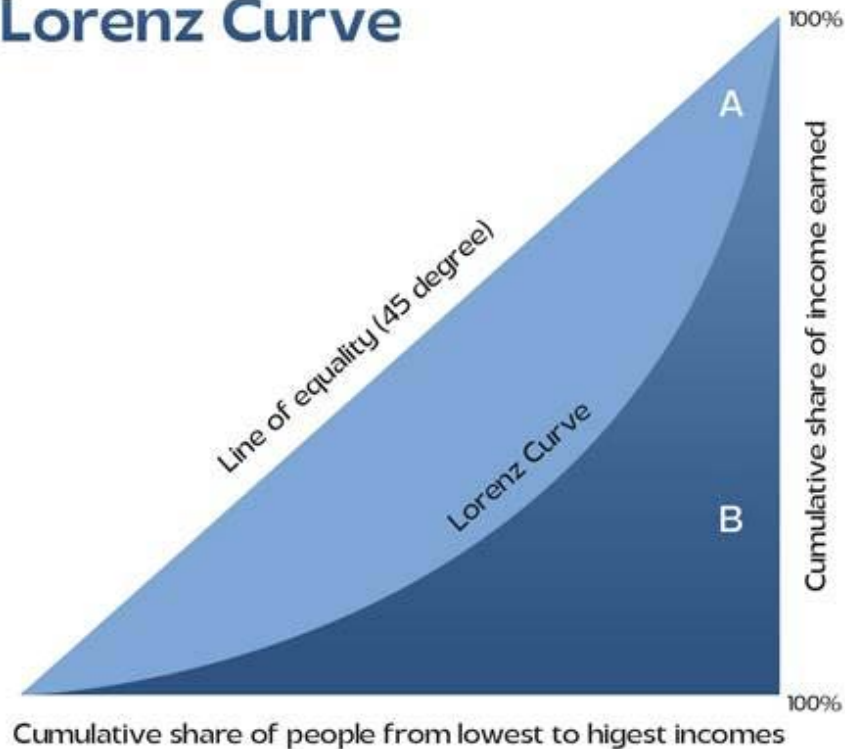
(Share of population living on less than \$2.15 per day)



Source: World Bank

4. What is the Gini Coefficient?

A Typical Lorenz Curve



- The **Gini Index** is a simple yet powerful way to **understand how equally income, wealth or consumption is distributed across households or individuals in a country.**
- It ranges in value from **0 to 100.**
- A score of **0 means perfect equality.**
- A score of **100 means one person has all the income, wealth or consumption** and others have none, hence **absolute inequality.**
- The **higher the Gini Index the more unequal** the country.
- Graphically **Gini Index can be explained by the Lorenz curve.**
- A Lorenz curve plots the **cumulative percentages of total income** received against the **cumulative number of recipients**, starting with the poorest individual or household.

- A perfectly **equal distribution** will be shown by a **diagonal line**, while the actual distribution will be shown by the **Lorenz curve**.
- The **Gini index** measures the **area between the Lorenz curve** and a **hypothetical line of absolute equality**, or the gap between the two, expressed as a percentage of the **maximum area under the line**.
- The **bigger the gap**, the **more unequal the income**.
- This gives **one clear number** to show how fairly income is spread.

5. Mention various problems with Gini Index?

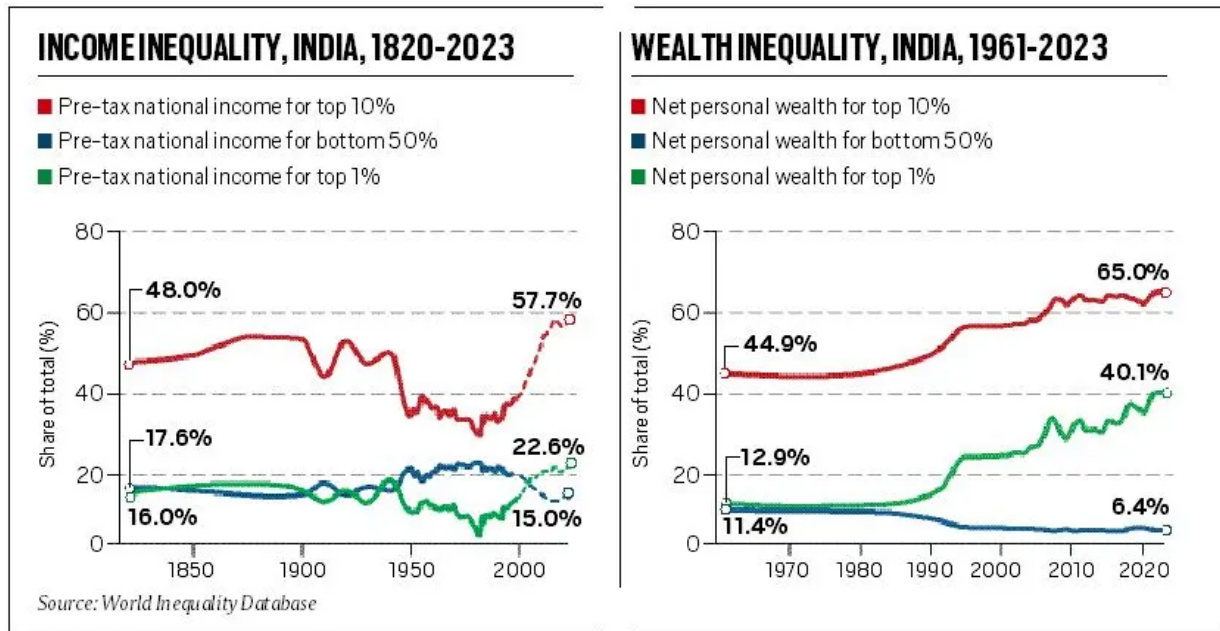
- The **Gini Index** too does not capture all aspects of the inequality picture.
- This is because it is **not ‘sensitive’ to changes at the extremes** of a population, but is overly sensitive to changes in the middle.
- This has to do with the way the **Gini Index is calculated** — and experts have been urging for **close to 50 years** now that other measures should be considered.
- One option is the **Palma Ratio**, named after a **Chilean economist** who suggested looking at the shares of income (or wealth) at the extremes — the **bottom 50% and the top 10%, for instance**.
- When such comparisons are calculated with the use of income tax data (apart from survey data), the emerging picture is grim: **it shows income inequality is now worse than in the colonial period, and the top 1% earn far more than the bottom 50%.**

6. What is Inequality?



- **Inequality** means the **differences in chances, resources, and results** among people or groups in **social, economic, or political situations**.
- **Inequality** is widely persisting in Indian society.
- Some sections of the society have **greater access to resources like education, health, economic opportunities, etc., as compared to others**.
- The **unequal access** to these social resources is called inequality.
- It can show up in many ways, like **income gaps, wealth differences, social issues, and gender disparities**.
- Main reasons for **inequality include unfair resource distribution, discrimination, limited access to education, healthcare, and jobs, and social systems** that maintain and worsen these gaps.
- Inequality can **seriously harm individuals and society, causing social problems, lower economic productivity, and slowing down overall progress**.

7. Mention about the key trends of income and wealth inequality in India?



8. What is consumption inequality?

- In economics, the **consumption distribution** or **consumption inequality** is an alternative to the **income distribution** or **wealth distribution** for judging economic inequality, **comparing levels of consumption or spending rather than income or wealth.**
- This is an important measure of inequality as the **basic utility of wealth or income is expenditure.**
- People experience the **inequality directly in consumption**, rather than **income or wealth.**

Consumption Inequality Down in a Decade

Share of top 10% households declines 4% in urban and 1.9% in rural areas, finds govt survey

Our Bureau

New Delhi: Consumption inequality declined over the last decade, with the share of the top 10% households in consumption falling 1.9% in rural areas and 4% in urban areas, showed results of the Household Consumption Expenditure Survey (HCES) released on Friday.

The share of all other categories rose during the period, the results released by the government indicated, with the maximum jump coming from the middle income households.

Data released by the government found that the Gini coefficient – a measure of inequality – declined between 2011-12 and 2022-23.

“Comparison of the Gini coefficient from HCES: 2022-23 to those from 2011-12 shows a decline, from 0.283 to 0.266 for the rural sector and from 0.363 to 0.314 for the urban sector,” the report said.

The survey report found that while the share of consumption has remained the same for the poorest households in rural areas — at 1.8% between 2011-12 and 2022-

What the Survey Shows

Consumption of poorest 10% household largely remains same in rural households

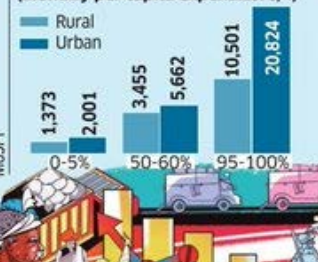
Share of richest 10% declines

Top 5% earn 7.6 times more in rural and 10.4 times more in urban areas

(share in total consumption)

	Rural households		Urban households	
	2011-12	2022-23	2011-12	2022-23
0-10%	4.1	4.2	3	3.5
10-20%	5.5	5.6	4.3	4.9
20-30%	6.3	6.5	5.2	5.8
30-40%	7.1	7.3	6.2	6.7
40-50%	7.9	8.2	7.2	7.7
50-60%	8.9	9.2	8.3	8.8
60-70%	10	10.3	9.7	10.1
70-80%	11.5	11.8	11.6	11.9
80-90%	14	14.2	14.8	14.8
90-100%	24.6	22.7	29.7	25.7

(Monthly per capita expenditure, ₹)



23 — it went up to 1.5% in urban areas from 1.3% earlier.

Meanwhile, the share of middle 40-70% of households went up by 0.9 percentage point during the period in rural areas and 1.4 percentage points for urban spaces. The share of the top 10% still remains high at 22.7% in rural areas, whereas it is 25.7% in urban areas.

The richest 5% of rural households spend ₹10,501 per month on consumption, whereas the lowest 5% earn ₹1,373 on average. The in-

equality is much higher in urban areas, with richest urban households (top 5%) earning 10.5 times more, at ₹20,824, than poorest 5% households.

DECLINING CEREAL CONSUMPTION

The monthly per capita cereal consumption has declined to 1.6 kg for rural and 1.3 kg for urban households in a decade, detailed results of the survey showed.

Per capita cereal consumption in rural households was down to 9.6

kg in 2022-23 from 11.23 kg in 2011-12. Urban households consumed even less at 8.05 kg in 2022-23 compared with 9.32 earlier.

The decline in consumption follows a shift in spending from food to non-food items and a rise in share of processed food in the basket.

As cereal consumption share more than halved in rural areas to 4.89% from 10.69% over a decade ago, the share of processed food and beverages went up to 9.62% from 7.9% earlier.

9. What are various problems associated with the recent report?

- The **inequality** figures detailed by the **World Bank** are not of **income or wealth, but of consumption.**
- This is problematic for **several reasons.**

Reasons	Description
Inequality in consumption will always be lower than inequality in wealth or income.	<ul style="list-style-type: none"> • A poorer household will spend a majority of its income on the necessities of life, and will have very little savings. • If its income doubles, consumption spending will not double, since the household will now be able to save some amount of its income and its consumption levels will not rise in the same proportion as their incomes.

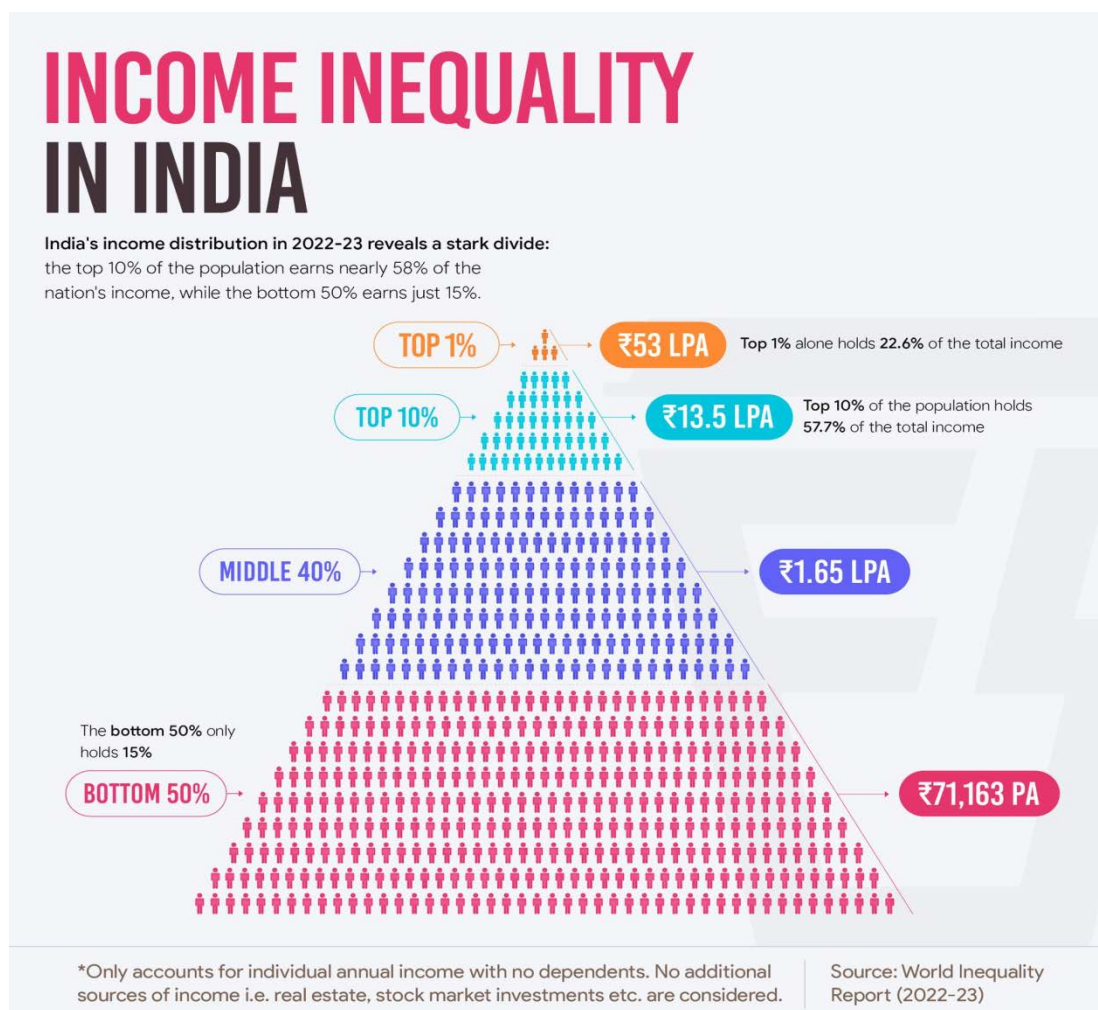
	<ul style="list-style-type: none"> • Consumption inequality will always be less than income or wealth inequality.
There are certain problems with the use of databases for the calculation of inequality.	<ul style="list-style-type: none"> • There are certain problems with the use of databases for the calculation of inequality. • Data on consumption spending comes from the Household Consumption Expenditure Surveys (HCES) of 2011-12 and 2022-23. • These surveys may provide accurate information on low levels of expenditure, but are unable to capture extremely high incomes, thus providing an under-estimation of inequality.
Methodological changes	<ul style="list-style-type: none"> • There have been significant methodological changes between the two surveys that render them incompatible, and do not allow for a comparison of inequality levels over time.

10. Is a reduction in consumption inequality on expected lines?

- The story over the past few decades is **one of rising incomes and inequality, and not a reduction**.
- In fact, a **reduction in consumption inequality** is **not unexpected** in such a scenario.
- As incomes rise, assuming that there is **no fall in real incomes of the poor** (an outcome which some authors such as **Utsa Patnaik** assert has actually happened), the consumption of the **poor would rise in a greater proportion than middle and upper classes**, who would be able to save much more out of their rising incomes.

- The higher incomes of **upper classes** would allow for greater levels of **saving**, which can then be **transformed** into greater levels of **wealth**.
- Consumption inequality can reduce even when **income inequality** and **wealth inequality** rise; all these outcomes **characterise** the **Indian economy today**.
- What is of significance is the **extreme concentration of incomes and wealth** that have accompanied growth in India today, making it one of the most **unequal economies** in the world, **an outcome that has consequences for future growth prospects** of the economy.

11. What are the levels of income and wealth inequality?



- The low Gini mentioned by the World Bank, therefore, relates to consumption inequality, and cannot be compared to levels of income inequality worldwide.
- Calculating the actual level of income and wealth inequality in India is extremely difficult, since official surveys tend to miss out on extremely high levels of income and wealth.
- Researchers at the World Inequality Database (WID), led by Thomas Piketty, have analysed several sources of data, including national-level surveys, tax records, and published lists of the extremely rich in India, estimating more accurate indicators of inequality.
- These estimates provide a more sobering look at the state of inequality in India.
- The Gini coefficient for pre-tax income for India in 2022-23 is 0.61; out of 218 economies considered in the WID, there are 170 economies with a lower level of inequality, making India one of the most unequal economies in the world.
- The picture is not much better when considering wealth inequality.
- India's Gini coefficient for wealth inequality is 0.75, implying that wealth is far more concentrated than income or consumption.
- Even though wealth Gini is high, other countries have far greater wealth concentrations; there are 67 countries with a lower wealth Gini than India.

Table 1: Gini coefficients for income and wealth in India

Year	Gini Pre-tax income	Gini wealth	Year	Gini Pre-tax income	Gini wealth
2000	0.47	0.7	2012	0.6	0.74
2001	0.48	0.71	2013	0.6	0.74
2002	0.49	0.71	2014	0.61	0.74
2003	0.5	0.71	2015	0.61	0.75
2004	0.51	0.71	2016	0.62	0.75
2005	0.52	0.71	2017	0.63	0.75
2006	0.53	0.73	2018	0.62	0.74
2007	0.55	0.74	2019	0.61	0.74
2008	0.56	0.74	2020	0.6	0.73
2009	0.57	0.73	2021	0.6	0.75
2010	0.58	0.74	2022	0.61	0.75
2011	0.59	0.75	2023	0.61	0.75


1 The low Gini coefficient mentioned by the World Bank relates to consumption inequality, and cannot be compared to levels of income and wealth inequality worldwide


2 Researchers at the World Inequality Database have analysed several sources of data, including national-level surveys, tax records, and published lists of the extremely rich in India, estimating more accurate indicators of inequality


- As shown in the figures in Table 1, the **Gini coefficient for income has shown a significant rise, from 0.47 in 2000 to 0.61 in 2023.**
- **Wealth inequality** has risen in a **lower proportion**, only because levels of wealth inequality have been **so high to begin with.**
- The Gini for wealth inequality rose from **0.7 in 2000 to 0.75 in 2023.**
- Either way, the picture of **low and falling inequality** as outlined by the **World Bank** does not characterise the current reality of India.
- The use of the **Gini understates** the sheer concentration of wealth occurring in India today.
- The **Gini coefficient is an aggregate measure**, and takes into account the entire range of observations.
- It does not provide information on the **relative share of wealth or income held by a fraction of the population.**

- When considering wealth concentration of the **top 1%**, India emerges as one of the **most unequal economies in the world**.
- According to data from the **WID**, in **2022-23**, the **top 1% of adults in India controlled almost 40% of net personal wealth**.
- There are only four economies with a higher level of wealth concentration — **Uruguay, Eswatini (Swaziland), Russia and South Africa**.

12. Mention about types of Inequality?

Types	Description
Gender Inequality	<ul style="list-style-type: none"> • When men and women are not treated as equals, it is called gender inequality. • Gender discrimination exists in all aspects, such as politics, education, health, etc. • Female foeticide, infanticide, dowry, domestic violence, and sexual harassment are still prevalent in some sections of society.  <ul style="list-style-type: none"> • Women's participation in higher education, decision making, leadership roles, the management role is less than men's. • Gender disparity is the major hurdle in the overall growth of the country.

	<ul style="list-style-type: none"> An increase in women's participation in the workforce increases the growth and overall wellbeing of the country. <div data-bbox="485 367 1404 1060"> <h3>GENDER INEQUALITY INDEX (GII)</h3> <p>GII of the United Nations Development Programme (UNDP) measures gender disparity in three aspects</p> <ul style="list-style-type: none"> Reproductive Health Empowerment Economic Status  </div>
Social inequality	<ul style="list-style-type: none"> There is an acute practice of social discrimination and exclusion in India. Indian society is divided into various castes. During the early Vedic period, people were free to choose their occupation irrespective of their caste, but later things changed, and each caste was associated with an occupation, and persons born into a particular caste had no choice but to choose the occupation belonging to their caste.

	 <ul style="list-style-type: none"> • Each caste is placed in the hierarchy as per their social status. • Brahmin (priest) was placed at the top of the hierarchy, Kshatriya (warrior) was placed after Brahmins, vaishya (trader) was after Kshatriyas, and at last Shudras (servant). • In modern times, caste and occupation have become less rigid. • People can choose occupations as per their choice nowadays, but the caste system is still present. • For example, the upper caste Hindus denied the entry of lower castes into the temples.
<p>Income Inequality</p>	<ul style="list-style-type: none"> • This is the most common type of inequality, showing differences in earnings among people or households over a certain period. • It reveals how factors like education, job type, and location can create large gaps in income.

WEALTH INEQUALITY IN INDIA

A STORY THROUGH THE FACTS

1

AS A SHARE OF NATIONAL WEALTH

The top 10% of the Indian population holds 77.4% of the total national wealth.

Just the top 1% holds 51.53% of the national wealth

2

COMPARED TO THE UNION BUDGET

The total wealth of Indian billionaires is higher than the total Union Budget of India for the fiscal year 2018-19 which was at INR 24422 billion

3

THE WEALTH OF THE BOTTOM

The bottom 60%, the majority of the population, own merely 4.8% of the national wealth.

Wealth of the top 9 billionaires = bottom 50% of the population

4

PERCENTAGE CHANGE

In the last 12 months, the wealth of the top 1% increased by 39% whereas wealth of bottom 50% increased a dismal 3%

5

WHAT THAT LOOKS LIKE IN REAL LIFE

Mukesh Ambani, is 19th on the Forbes 2018 billionaire list and is the richest Indian alive. His residence in Mumbai, a towering 570-foot, 27 storey building, is worth \$1bn and is the most expensive private house in the world.

Pratima, who lives in a slum in Patna, eastern India, lost both her twins due to delays and scarce resources in her nearest clinic.

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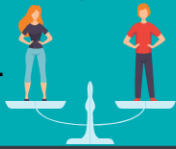
Wealth Inequality	<ul style="list-style-type: none"> While income is about money earned over time, wealth refers to all the assets a person or household owns at a specific time. Wealth inequality looks at how these assets, such as real estate, investments, and savings, are distributed.
Lifetime Inequality	<ul style="list-style-type: none"> This idea explores how a person's income can change throughout their life due to factors like career growth, economic changes, and personal situations.
Inequality of Opportunity	<ul style="list-style-type: none"> This type focuses on how different factors—like family background, gender, race, and economic status—impact a person's chances for success and advancement in society.

13. What are the causes of Inequality in India?

INEQUALITY IN INDIAN SOCIETY: CAUSES AND REPERCUSSIONS


GENDER INEQUALITY

When men and women are not treated as equals, it is called gender Inequality. Gender discrimination exists in all the aspects, such as political, education, health, etc.




SOCIAL INEQUALITY

There is an acute practice of social discrimination and exclusion in India. Indian society is divided into various castes.



ECONOMIC INEQUALITY

Unequal distribution of income, wealth, property, and opportunities between different groups or individuals are indicators of economic inequality. Due to economic inequality, the gap between the rich and the poor continues to widen generation after generation.



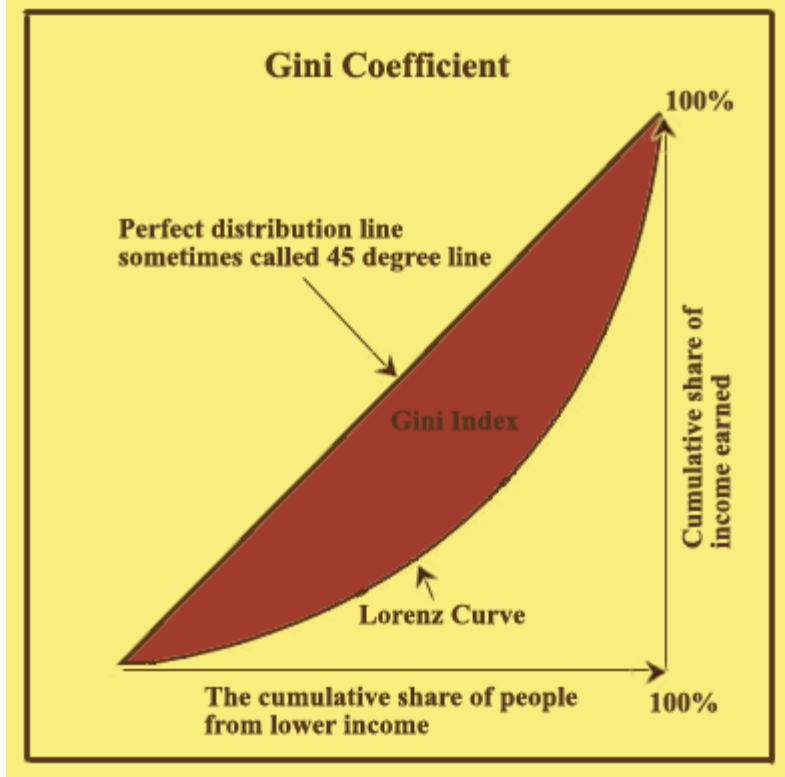
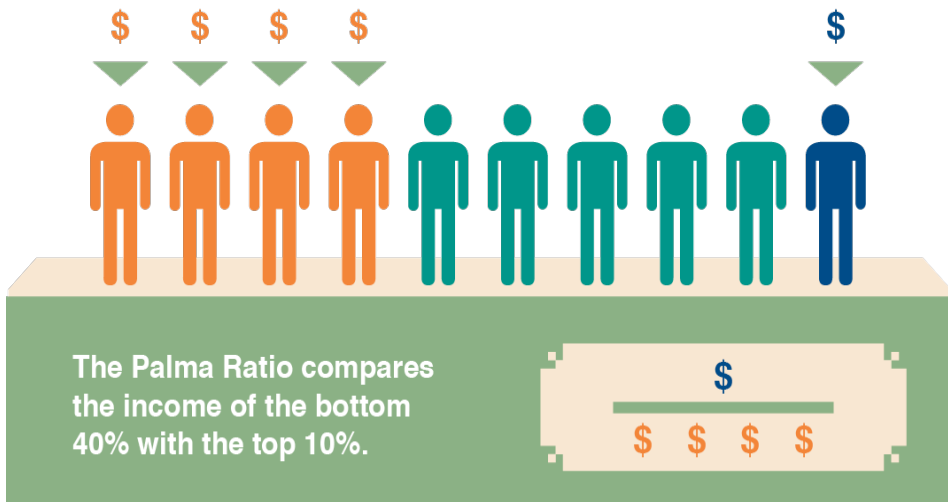
Causes	Description
Historical Factors	<ul style="list-style-type: none"> • Inequality often stems from past events like colonization, slavery, and unfair laws that have created lasting disparities.
Economic Systems	<ul style="list-style-type: none"> • Capitalism, which emphasizes profit and private ownership, can increase the income gap between the wealthy and the poor.
Globalization	<ul style="list-style-type: none"> • Although globalization has led to economic growth, it often benefits rich companies and individuals more than disadvantaged communities and workers.
Technological Advancements	<ul style="list-style-type: none"> • The rise of technology has created new inequalities, as some people gain from these advancements while others struggle due to lack of access or skills.
Education Disparities	<ul style="list-style-type: none"> • Limited access to quality education keeps inequality alive by restricting social mobility and reinforcing existing social classes.
Discrimination and Prejudice	<ul style="list-style-type: none"> • Systemic bias based on race, gender, sexual orientation, and other factors can lead to unequal treatment for marginalized groups.
Government Policies	<ul style="list-style-type: none"> • Unfair policies regarding taxes, social services, and labor rights can widen the gap between the rich and the poor.
Environmental Factors	<ul style="list-style-type: none"> • Climate change and environmental harm hit vulnerable communities hardest, worsening existing inequalities and creating new economic challenges.

Cultural Norms and Stereotypes	<ul style="list-style-type: none"> • Strong cultural beliefs and stereotypes can maintain inequality by restricting opportunities and reinforcing biases against certain groups.
Global Power Dynamics	<ul style="list-style-type: none"> • The concentration of wealth and power in a few nations and corporations can lead to unfair trade practices and resource exploitation, contributing to global inequality.

14. Enlist ways to measure Inequality in India?

- Understanding **income inequality** is important for grasping how wealth is **shared in society and spotting differences**.
- Here are some key methods to **measure income inequality**:

Methods	Description
Gini Coefficient	<ul style="list-style-type: none"> • This is a common tool for measuring income inequality, ranging from 0 (complete equality) to 1 (complete inequality). • It helps compare income distribution between different groups or over time.

	 <p>Gini Coefficient</p> <p>Perfect distribution line sometimes called 45 degree line</p> <p>Gini Index</p> <p>Lorenz Curve</p> <p>Cumulative share of income earned</p> <p>The cumulative share of people from lower income</p>
<p>Palma Ratio</p>	<ul style="list-style-type: none"> Created by economist Gabriel Palma, this ratio looks at the income share of the top 10% compared to the bottom 40%. It is especially useful for analyzing inequality in middle-income nations.  <p>The Palma Ratio compares the income of the bottom 40% with the top 10%.</p>

Top Income Shares	<ul style="list-style-type: none"> Looking at the income of the highest earners can show how much wealth is concentrated at the top. This helps identify trends in wealth accumulation among the elite.
Relative Measures	<ul style="list-style-type: none"> Tools like the 20/20 ratio (comparing the income of the richest 20% to the poorest 20%) or percentile ratios give a clearer picture of income distribution across various social groups.
Absolute Measures	<ul style="list-style-type: none"> These include the actual income gap between the rich and poor or the poverty gap ratio, which highlight the real differences in income within a population.

15. Is India's current income inequality worse than the British rule?



- **India's rich and poor divide is getting deeper than ever.**
- **Hardik Joshi, a financial analyst**, says it's even worse now than during British colonial times.
- He **shared strong words about this rising inequality** and called for urgent action **to fix the system.**
- This stark division indicates that **nearly half of the population is struggling with minimal resources**, in contrast to a small elite that enjoys **significant wealth.**



Hardik Joshi • 3rd+
ICR Analyst - GCSS Team @ Franklin Templeton | CFA Level 1 ca...
2d •

[+ Follow](#) ...

Income inequality in India is now worse than it was under British colonial rule.

Let's see some data...

- ★ The top 1% hold 40.1% of India's wealth.
- ★ The bottom 50% own just 6.4%.
- ★ The top 10% earn over 57.7% of national income.

Half the country owns barely 6.4% of the wealth.

Meanwhile, a tiny elite controls 40.1%.

These numbers aren't abstract. They mean half the country is fighting for crumbs while a tiny fraction lives in unimaginable luxury.

Why is this happening?

Because the system is designed to protect wealth at the top:

- Tax policies that favour the rich.
- Weak labour protections.
- Corporate consolidation that crushes small businesses.
- Real estate and stock market gains that mostly help those who already have capital.
- Political donations and lobbying that ensure reforms never threaten the wealthy.

This is not an accident. It's policy.

And here's the uncomfortable question...

Why isn't anyone doing anything?

Because inequality doesn't hurt those with power it helps them.

16. Enlist measures taken to reduce Inequality in India?

1. Pradhan Mantri Jan Dhan Yojana



2. PM KAUSHAL VIKAS YOJNA

**my
GOV**
मेरी सरकार

Skilling Youth For
AatmaNirbhar Bharat

**Pradhan Mantri
Kaushal Vikas
Yojana**

Launched in 2015, the scheme provides free skill training avenues to the youth

1.28 crore youth trained (April 30, 2021), out of which women constitutes 46 lakh

Over 450 transgenders & 45,000+ Divyangjans trained

Under the placement linked program, more than 56% out of the total certified have been linked to employment (during 2016-19)



Pradhan Mantri Kaushal Vikas Yojana 3.0 (2020-21)
Demand-Driven, District-level Skill Development Scheme

Features of PMKVY 3.0



Cross utilisation of existing infrastructure for establishment of skilling centres



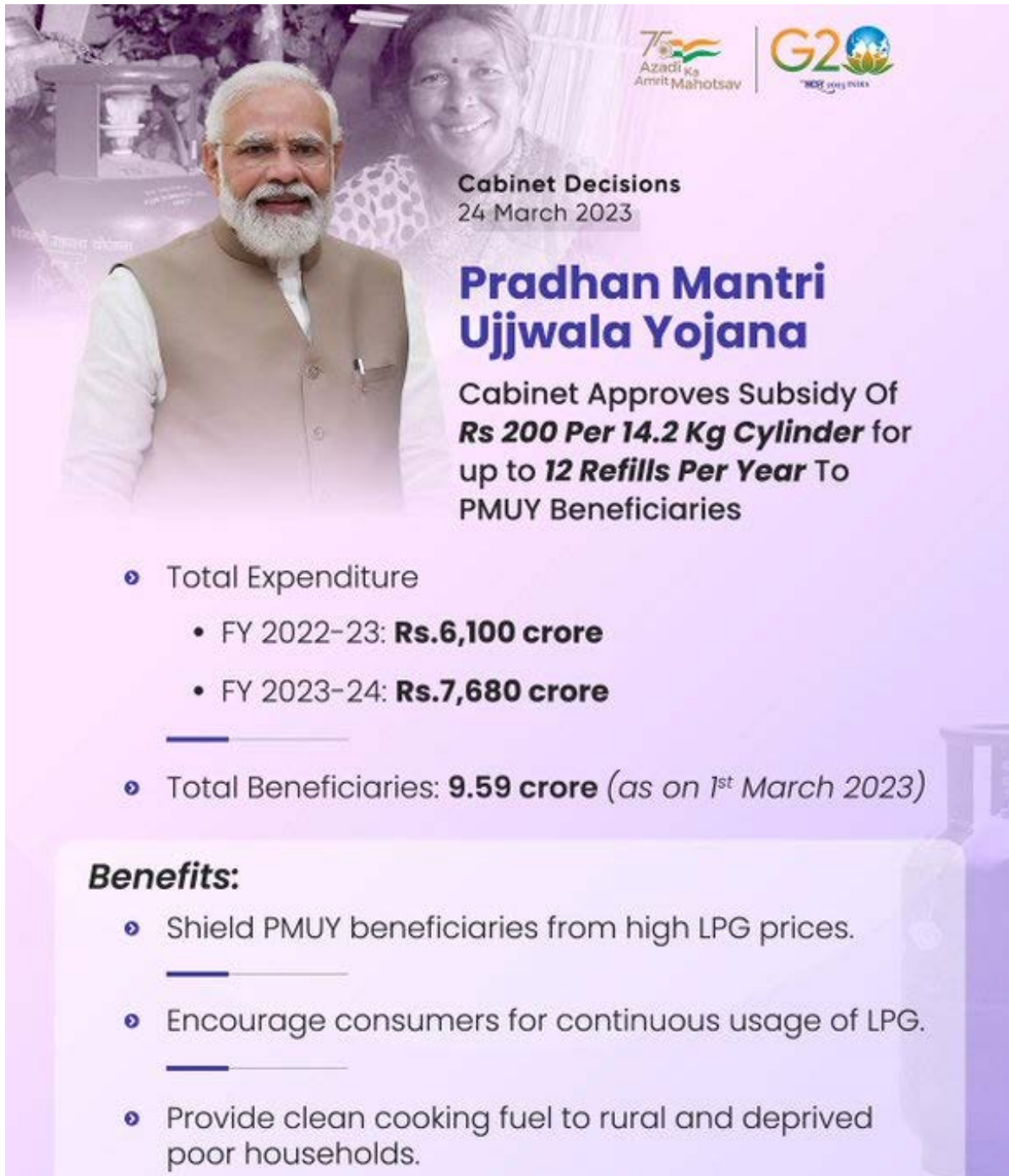
Introduction of significant reforms in the assessment ecosystem



Creation of a pool of certified trainers through direct funding for the Training of Trainers Program (ToT)



3. PM UJJWALA YOJNA



The infographic features a purple background with a portrait of Prime Minister Narendra Modi on the left and a smiling woman on the right. In the top right corner, there are logos for '75 Azadi Ka Amrit Mahotsav' and 'G20 India 2023'. The main title 'Pradhan Mantri Ujjwala Yojana' is in large, bold, blue font. Below it, the text 'Cabinet Approves Subsidy Of Rs 200 Per 14.2 Kg Cylinder for up to 12 Refills Per Year To PMUY Beneficiaries' is displayed. A list of expenditure and beneficiary statistics follows, with a 'Benefits' section at the bottom containing three bullet points. A faint image of an LPG cylinder is visible on the right side of the infographic.

Cabinet Decisions
24 March 2023

Pradhan Mantri Ujjwala Yojana

Cabinet Approves Subsidy Of **Rs 200 Per 14.2 Kg Cylinder** for up to **12 Refills Per Year** To PMUY Beneficiaries


- Total Expenditure
 - FY 2022-23: **Rs.6,100 crore**
 - FY 2023-24: **Rs.7,680 crore**
- Total Beneficiaries: **9.59 crore** (as on 1st March 2023)

Benefits:

- Shield PMUY beneficiaries from high LPG prices.
- Encourage consumers for continuous usage of LPG.
- Provide clean cooking fuel to rural and deprived poor households.




4. PM JANMAN


Government of India

**GOVERNMENT OF INDIA
COMMITTED TO TRIBAL WELFARE**

**Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyaan
(PM-JANMAN)**

The mission focuses on 11 critical basic amenities to improve the lives of Particularly Vulnerable Tribal Groups (PVTG).
Rs. 24,000 crore has been dedicated to this mission over the next three years, implemented through **18 States and 1 UT**.




*“I want to connect the lives, not the figures.
With this goal, PM-JANMAN has started.”*


नरेंद्र मोदी

BASIC AMENITIES COVERED UNDER PM JANMAN	DOVETAILED SCHEMES OF GOVT. OF INDIA
 Sabko Pucca Ghar Pucca house as per locally preferred design with toilet	 Free Ration Under Pradhan Mantri Garib Kalyan Yojana
 Har Ghar Nai Se Jal Clean Drinking Water/Community Water Supply	 Free LPG connection Under Pradhan Mantri Ujjwala Yojana
 Gaon-Gaon Tak Sadak Strengthening of Road Infrastructure through Road Connectivity for each habitation with population of 100 or more	 Ayushman Bharat Pradhan Mantri Jan Arogya Yojana
 Har Ghar Bijli Electricity under Revamped Distribution Sector Scheme through solar power scheme	 Financial Assistance to pregnant women Through Pradhan Mantri Matru Vandana Yojana
 Shiksha Ke Liye Hostel Improved access to Education - Hostel attached to school, where required	 Nutrition to pregnant & lactating mothers Through Pradhan Mantri Poshan Yojana
 Kaushal Vikas Improved access to Vocational Education / Skilling - adult literacy, if required, through MY Bharat Volunteers	 Institutional Delivery Pradhan Mantri Surakshit Matritva Abhiyaan
 Door Daraz Goan Tak Mobile Medical Unit Improved access to Health Coverage through ANM in multipurpose centre and Mobile Medical Van	 Sickle Cell Anaemia Testing in area where disease is prevalent
 Sabko Poshan Improved access to Nutrition - Anganwadi centre for population up to 100 / Anganwadi services in multi-purpose centre.	 100% Immunisation
 Unnat Aajeevika Through Vandhan Vikas Kendra	 TB Elimination
 Door Daraz Goan Tak Mobile Network through coverage under Universal Services Obligation Fund (USOF)	 Mid Day Meal For school children through PM Poshan
	 PM Jan Dhan Yojana
	 Sukanya Samriddhi Yojana

5. PM JAY





PRADHAN MANTRI JAN AROGYA YOJANA





Prime Minister Narendra Modi launched the Ayushman Scheme - Pradhan Mantri Jan Arogya Yojana. Apex body implementing it would be National Health Agency.


KEY FEATURES


 The scheme is to provide cashless & paperless access to health care services in all empanelled hospitals.


 Over 8,735 hospitals, both public & private, have been empanelled for the scheme. 31 states & union territories have signed MoUs.


 It will cover 10.74 Crore rural & urban individuals as identified in SECC 2011.


 There is no cap on family size or age to avail the scheme.

 All applicants will be able to attain a medical insurance scheme that amounts to 5 lakhs for a financial year.

 States will be able to implement the PM Jan Arogya Yojana in 3 ways - Mixed mode, Insurance Mode & Trust Mode.


 About 85% and 60% beneficiaries have been identified from rural & urban settlements.

 Anti-fraud cells to be established at the national & state level; strong IT tools will be deployed to prevent fraud.



AYUSHMAN BHARAT

PRADHAN MANTRI - JAN AROGYA YOJANA



All senior citizens of the age

70 years and above

irrespective of their socio-economic status would now be eligible for


Free Treatment worth

₹5 Lakh

under the scheme

For more information

14555



6. PM KISAN

INTERIM
BUDGET
2019-20



Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN)

Direct income support of ₹6,000 p.a for farmers, effective 01.12.2018

To benefit 12 cr small and marginal farmer families having cultivable land upto 2 ha

Direct transfer into the bank accounts in three equal instalments

First installment upto 31.03.2019, to be paid this year itself

₹75,000 cr in outlay for 2019-20 and ₹20,000 cr in RE 2018-19



7. PM KISAN SAMPADA YOJNA



PRADHAN MANTRI KISAN SAMPADA YOJANA

AIMS TO:

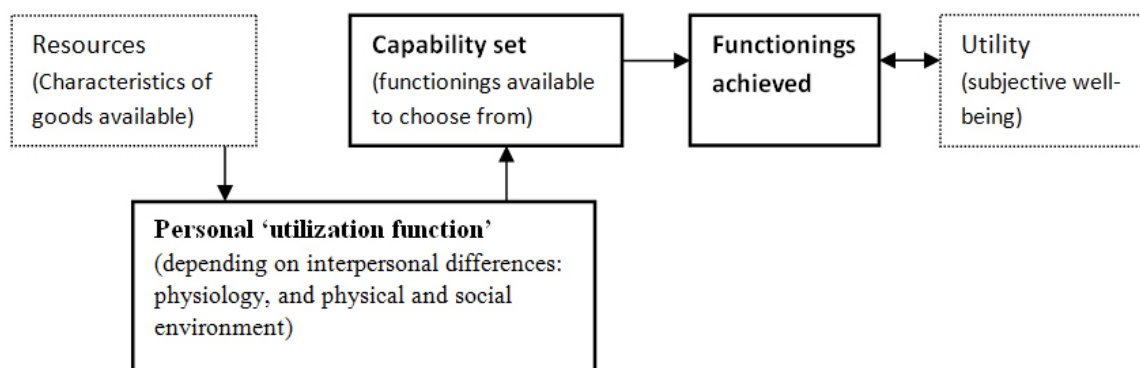
- Create modern infrastructure for an efficient supply chain management from the farms to retail outlets.
- Reduce the time taken for the produce to reach final consumers
- Provide better prices to farmers for their produce
- Create employment opportunities in rural India
- Increase processing level
- Enhance exports of processed foods.

 **M F P I**
MINISTRY OF FOOD PROCESSING INDUSTRIES
GOVERNMENT OF INDIA

17. What is Amartya Sen's Capability Approach for Inclusive Growth in India?

- The **Capability Approach** focuses directly on the **quality of life that individuals** are actually able to achieve.
- This **quality of life** is analyzed in terms of the core concepts of 'functionings' and 'capability'.

Functionings	<ul style="list-style-type: none"> • Functionings are states of ‘being and doing’ such as being well-nourished, having shelter. • They should be distinguished from the commodities employed to achieve them (as ‘bicycling’ is distinguishable from ‘possessing a bike’).
Capability	<ul style="list-style-type: none"> • Capability refers to the set of valuable functionings that a person has effective access to. • A person’s capability represents the effective freedom of an individual to choose between different functioning combinations – between different kinds of life – that he/she has reason to value.



18. What is the relevance of the topic for UPSC CSE?

- **For Prelims:** Inequality, Purchasing Power Parity, Global South, International Monetary Fund, Gini coefficient, World Bank, MGNREGA, Mission Ayushman, Fundamental rights
- **For Mains:** Inequality in India and related issues, Global Inequality, Inclusive Growth

19. Some previous years prelims questions.

Q1. Inclusive growth as enunciated in the Eleventh Five Year Plan does not include one of the following: (2010)

- (a) Reduction of poverty
- (b) Extension of employment opportunities
- (c) Strengthening of capital market
- (d) Reduction of gender inequality

Ans: (c)

Some previous years mains questions.

Q1. Despite comprehensive policies for equity and social justice, underprivileged sections are not yet getting the full benefits of affirmative action envisaged by the Constitution. Comment. (2024-15 Marks)

Q2. COVID-19 pandemic accelerated class inequalities and poverty in India. Comment. (2020-10 Marks)

Some questions from this year and previous years interview transcripts.

Board Sanjay Verma Sir:

- How to bridge the gap of regional inequality?
- How do you see these inequalities in the coming 20 years?

Board Sanjay Verma Sir:

- How to address individual and regional disparities.

Board Dinesh Dasa Sir:

- Do you think inequalities exist in India?
- If yes, why?
- If not, why?

Board Dinesh Dasa Sir:

- What is the Formula of Gini coefficient?
- Tell me any 3 steps to reduce economic inequality?

Board Suman Sharma mam:

- Don't you think ownership of resources is leading to income inequality?
- What is the state doing to bridge these?

Some questions for QUIZ.

Q1. Consider the following indexes:

1. Global Inequality Index
2. Multidimensional Poverty Index
3. Gender Inequality Index
4. Global Hunger Index
5. Corruption Perception Index

How many of the above indexes are released by the United Nations Development Programme?

- (a) Only two
- (b) Only three
- (c) Only four
- (d) All five

Ans: (a)

Some questions for POLL.

Q1. Do you agree with the finding of the World Bank report on equality in India?

- (a) YES
- (b) NO
- (c) Can't say.

Q2. Do you think Government measures are enough for reducing inequality in India?

- (a) YES
- (b) NO
- (c) Can't say.

