

Status of Inequality In India- Explained Pointwise

Recently, the World Inequality Lab has released the **World Inequality Report 2026**, according to which the income & wealth inequality in India is one of the highest in the world. The report combines data from **national income accounts, wealth aggregates, tax tabulations, rich lists, and surveys on income, consumption, and wealth** to arrive at the results.

What are the main takeaways of the report?

1. Extreme concentration of income and wealth:

- a. The top 10% of adults worldwide receive about half of all income (around 53%) while the bottom 50% receive only about 8%, showing a very skewed income distribution.
- b. Wealth is even more concentrated: the top 10% own roughly three-quarters of global wealth, the bottom half hold only about 2%, and the top 0.001% (fewer than 60,000 ultra-rich) now own three times more wealth than the entire bottom 50% of adults.

2. Gender inequality and unpaid work:

- a. Globally, women capture just over one-quarter of total labour income, a share that has barely improved since 1990, reflecting persistent structural and cultural barriers.
- b. Excluding unpaid work, women earn about 61% of men's hourly income; when unpaid domestic and care work is counted, they effectively earn only about 32% per working hour, despite working more hours on average than men.

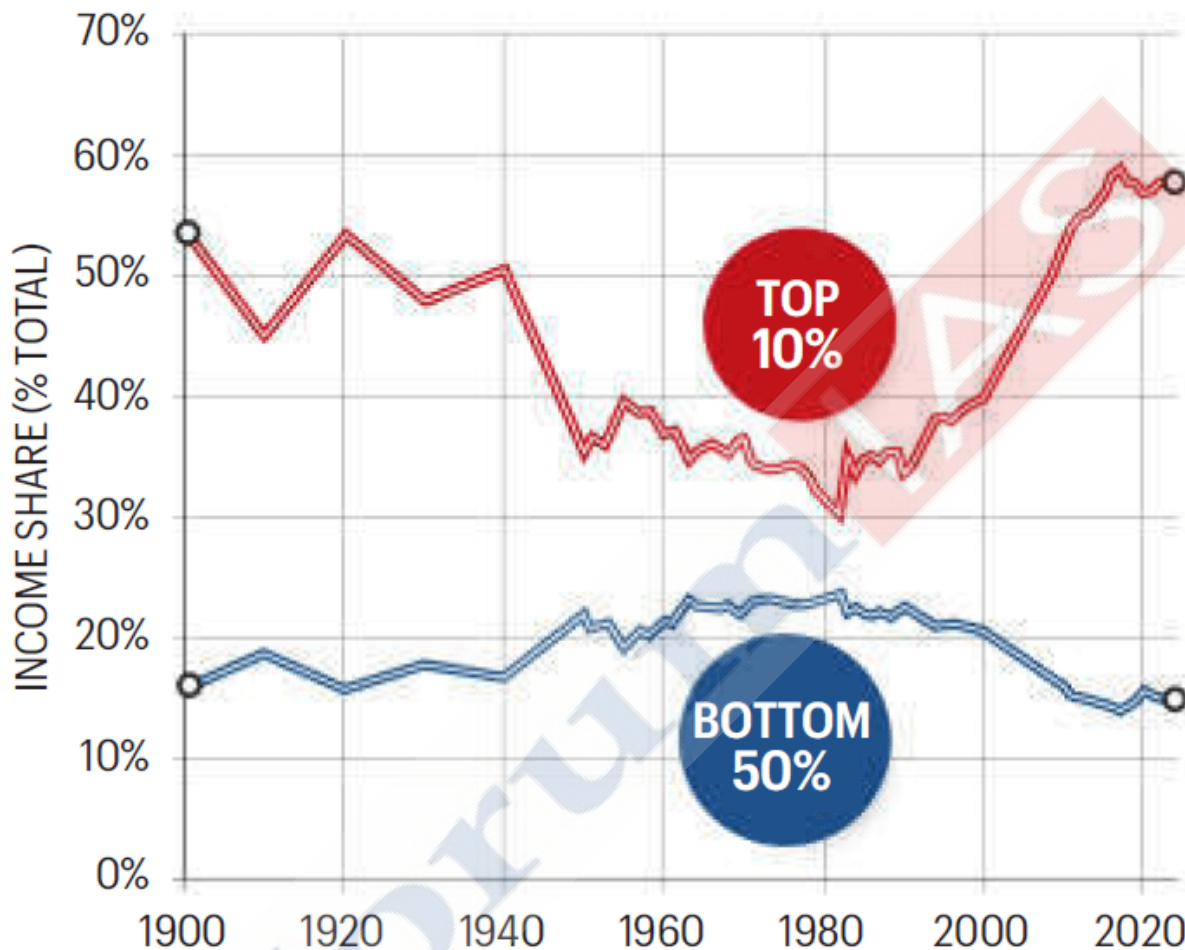
3. Global financial asymmetries and climate inequality:

- a. The report argues the global financial system systematically favours rich countries: roughly 1% of world GDP flows net from poorer to richer countries each year via excess returns and interest-rate differentials, an amount several times larger than total aid flows.
- b. Climate responsibility is also highly unequal: the poorest half of the global population accounts for only 3% of carbon emission associated with private capital ownership, while the top 10% account for 77% of emissions. The wealthiest 1% account 41% of private capital ownership emissions, almost double the amount of the entire bottom 90% combined.

4. India-specific highlights:

- a. India is flagged as one of the countries with the highest levels of income and wealth inequality, with the top 10% capturing about 58% of national income, while the bottom 50% receive only 15%. Wealth inequality is even greater in India, with the richest 10% holding 65% of total wealth & the top 1% holding about 40%.
- b. The female labour force participation remains very low at 15.7%, showing no improvement over the past decade.
- c. The report notes India's relative decline in the global income distribution, low female labour-force participation, and rising ultra-wealth concentration as key structural concerns needing corrective policy action.

● Income shares in India: 1900-2024



INTERPRETATION: THE TOP 10% INCOME SHARE IS EQUAL TO 58% IN 2024. INCOME IS MEASURED AFTER THE OPERATION OF PENSIONS AND UNEMPLOYMENT INSURANCE SYSTEMS AND BEFORE INCOME TAX. | **SOURCES AND SERIES:** WIR2026.WID.WORLD/METHODOLOGY.

Source: The Indian Express

● Inequality outlook – India

	INCOME		WEALTH	
Group	Avg. Income (PPP €)	Share of total (%)	Avg. Wealth (PPP €)	Share of total (%)
Full pop.	6,224	100%	28,141	100%
Bottom 50%	940	15%	1,801	6.4%
Middle 40%	4,247	27.3%	20,120	28.6%
Top 10%	35,901	57.7%	182,913	65%
Top 1%	140,649	22.6%	1,128,435	40.1%

INTERPRETATION: COUNTRY HAS A TRANSPARENCY INDEX OF 4/20. ALL VALUES ARE ESTIMATED AT PER CAPITA (FULL POPULATION) LEVEL. SOURCES AND SERIES: WIR2026.WID.WORLD/METHODOLOGY.

Source: The Indian Express

What are the implications of rising inequality in India?

1. **Economic:** Reduced social mobility, slower economic growth, and an increase in poverty are all effects of inequality. When a small number of individuals control a sizable percentage of the money and resources, it may be challenging for others to access the tools and opportunities necessary to raise their economic standing.
2. **Social:** Transgender, SC/ST, OBC, Specially-Abled, Tribals and Religious minority groups frequently experience a sense of marginalisation as a result of social inequality.
3. **Public Health:** Public healthcare suffers when there is significant economic disparity. Living in poverty or having limited access to healthcare increases the likelihood of having poor health outcomes.
4. **Higher Vulnerabilities to Extreme Events:** Poor people have little to no savings or wealth which makes it very difficult for them to survive in extreme situations like Pandemic, Disasters etc.
5. **Hampers progress of Future Generations:** Lack of access to income and wealth hampers the ability of the poor to access the levers, like education, that enable upward mobility. Children born in poor families remain perpetually trapped in poverty.
6. **Undermines Dignity:** People with less resources have to work day and night without any day off, unlike the affluent section. They starve for food, clothing and other basic things, which undermines their right to a dignified life under Article 21.
7. **High Crime Rates-** Inequitable distribution of wealth leads to lower social trust and higher crime rates.

What are the challenges in addressing inequality?

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1. **High level of informalization of economy:** A significant portion of India's workforce is engaged in the informal sector, which typically lacks job security, social protections, and access to formal financial services. Workers in the informal sector often face exploitative working conditions and lower wages compared to their counterparts in the formal sector.
2. **Low Female Labour Force Participation Rate:** Lack of Education, Early Marriage, household responsibilities etc. force women to opt out of jobs which reduces their income and increases income inequalities.
3. **Poor Coverage of Schemes:** There is poor coverage of health and education schemes, which increases the out-of-Pocket expenditure of poor people and exacerbates income and wealth inequalities.
4. **Global Uncertainties:** COVID-19, Russia-Ukraine conflict, Tariffs imposed by USA etc have pushed the inflation levels in the country, thereby increasing income and wealth inequality in India.
5. **Skewed Economic Growth Patterns:** High growth rates have primarily benefited certain sectors and regions, leading to a concentration of wealth and opportunities among a relatively small portion of the population.

What steps have been taken by the government to reduce inequality in India?

JAM Trinity	It focuses on mobile numbers, Aadhaar Card and post office accounts as alternative financial delivery mechanisms to ensure that benefits reach the poor households seamlessly.
Ayushman Bharat	It focuses on providing care through Health Wellness Centres (AB-HWC) covering child and maternal health services, non-communicable diseases, and free drugs and diagnostic services.
Samagra Shiksha Abhiyan	It is an Integrated Scheme for School Education. This programme subsumes the three erstwhile Centrally Sponsored Schemes of Sarva Shiksha Abhiyan (SSA) , Rashtriya Madhyamik Shiksha Abhiyan (RMSA) and Teacher Education (TE) .
MGNREGA	It guarantees 100 days of work a year to every rural household with an aim to enhance the livelihood security of people.

What Should be the Way Forward?

1. **Employment generation:** Promote employment generation in labor-intensive sectors (like manufacturing, construction, and services) and support micro, small, and medium enterprises (MSMEs) to absorb a large workforce, especially from rural and marginalized backgrounds.
2. **Social security:** Ensure fair minimum wages and robust social security to all workers – formal and informal – enjoy basic living standards and protection from economic shocks.

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3. **Super Tax or Wealth Tax:** Implementing a super tax on Indian billionaires and multimillionaires, restructuring the tax schedule to include both income and wealth, and finance major investments in education, health and other public infrastructure, could be effective measures to reduce inequality in India.
4. **Raising minimum wage rate:** The government should raise the minimum wage rate especially in the unorganized sector wherein people get very less social security benefits like gig workers and gig economy.
5. **Higher investment in Education and Health:** The government of India must invest 6% of GDP in Education and 2.5% of GDP in Health to ensure equitable development and reduce inequalities in the country.
6. **Access to public services & infrastructure:** Ensure quality universal access to public services and infrastructure—clean water, sanitation, affordable housing (e.g., PMAY)—to reduce urban-rural, regional, and social divides.
7. **Reduce exclusion error in schemes:** There should be greater focus on digitization and JAM usage in order to reduce inclusion and exclusion errors in schemes.
8. **Need for Institutional & Structural Reforms:**
 - a. Enforce constitutional provisions for equality and anti-discrimination, and support independent bodies protecting the rights of minorities, women, and other vulnerable groups.
 - b. Strengthen local democracy and decentralization to empower communities and tailor development policies to local needs.
 - c. Land reforms and asset-building (like easier access to home ownership) help in wealth creation for working families, particularly the poor and marginalized.

Conclusion: Tackling inequality requires rural revitalization, better education and skills, gender parity in labour, and more formal jobs. Equity in income and opportunity is vital for resilient, inclusive growth.

Read More- [The Indian Express](#)
UPSC Syllabus- GS 3- Inclusive Growth In India