



SHAJU JOHN

Land of unequals

India figures among countries with rapidly increasing income inequality, a problem that urgently needs to be addressed through systemic transformations. **By RAMESH CHAKRAPANI**

Income inequality worldwide has been widening at an alarming rate as a result of economic policies that favour the accumulation of private wealth to the detriment of public wealth, according to the World Inequality Report 2018, a collective effort published by the World Inequality Lab which harnesses the work of more than a hundred researchers scattered across the world.

One of the key findings of the report is that since 1980, income inequality has increased rapidly in North America, China, India and Russia and grown moderately in Europe.

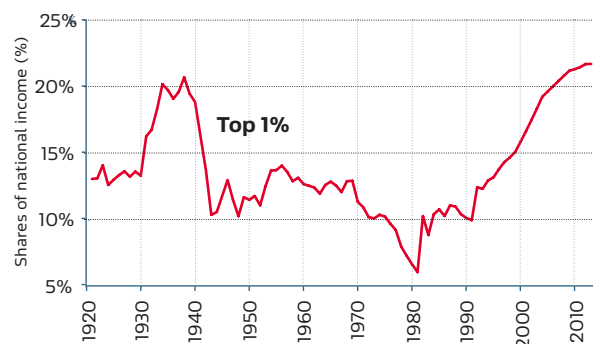
In 2016, the share of total national income accounted for by the top 10 per cent of earners was 37 per cent in Europe, 41 per cent in China, 46 per cent in Russia, 47 per cent in the United States and Canada, and around 55 per cent in sub-Saharan Africa, Brazil,

and India. West Asia was the world's most unequal region according to the report, with an estimated 61 per cent of the national income captured by the top 10 per cent.

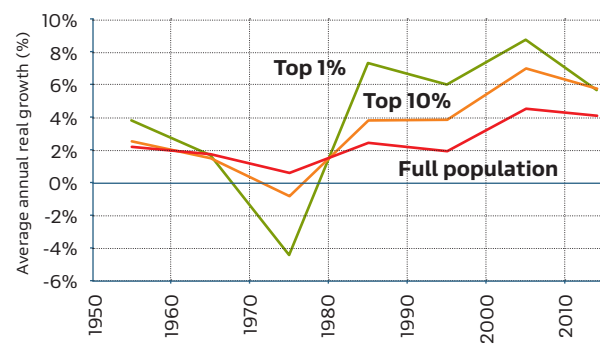
For 2014, India's national income distribution saw the bottom 50 per cent of the adult population, numbering nearly 40 crore, account for just 15 per cent of the total national income, while the top 10 per cent numbering close to eight crore captured 54.2 per cent. The top 1 per cent earned 21.7 per cent, an indication of how skewed the earnings profile of working Indian adults is.

While the average annual income (converted from 2016 purchasing power parity euros) was Rs.1,42,600, it bears to mention that the bottom 50 per cent made only Rs.43,700 a year while the figure for the top 1 per cent was nearly Rs.31 lakh.

Share in income of the top 1% in India, 1922-2014



Income growth in India, 1951-2014



In 2014, share of national income accruing to top 1% of earners was 22%, while share of top 10% was around 56%.

Since 1980s, top 0.1% earners have captured more growth than the bottom 50% combined.

In first 30 years

after Independence, income inequality was widely reduced and incomes of bottom 50% grew faster than national average.

By 2014, national income share of bottom 50% of 390 million adults was two-thirds of top 1%, who totalled 7.8 million.



National income of key Asian economies 2014

Region	Total population	Adult population	GDP	National income	National income per adult	Equivalent per adult monthly income
Asia	4,410	2,994	44	38	12,700	1,060
Japan	126	105	4	3	31,000	2,580
China	1,382	1,067	18	15	14,000	1,170
India	1,327	826	7	6	7,000	580

National income worldwide 2014

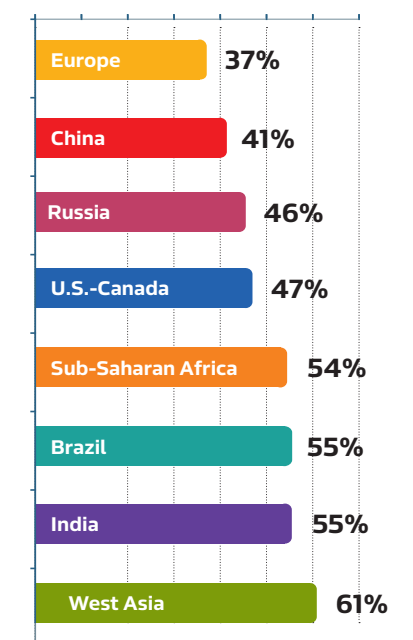
Region	Total population	Adult population	GDP	National income	National income per adult	Equivalent per adult monthly income
World	7,372	4,867	92	78	16,100	1,340
U.S. / Canada	360	263	16	13	50,700	4,230
Australia/NZ	29	21	1	1	38,200	3,180
Europe	747	593	19	16	27,100	2,260
South America	602	398	7	6	15,400	1,280
Africa	1,214	592	4	4	6,600	550

Population in million. GDP and national income in trillion (2016 € PPP)
Equivalent monthly income per adult (2016 € PPP)

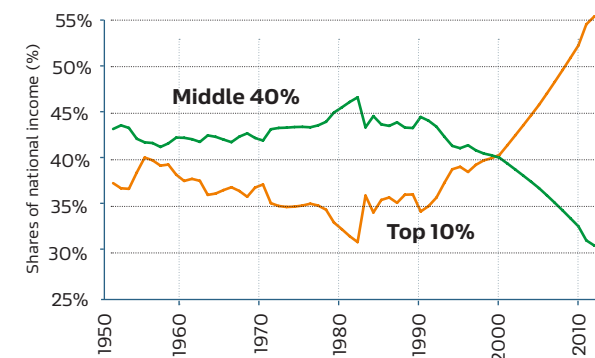
Distribution of national income in India, 2014

Income group	Number of adults	Average annual income (Rs.)	Share of national income (%)
Full Population	79.43 cr	1,42,600	100
Bottom 50%	39.71 cr	43,700	15.3
Middle 40%	31.77 cr	1,08,100	30.5
Top 10%	7.94 cr	7,72,800	54.2
Top 1%	79.43 lakh	30,95,800	21.7
Top 0.1%	7.94 lakh	1,22,75,100	8.6
Top 0.01%	79,400	5,46,71,000	3.8
Top 0.001%	7,900	26,65,47,000	1.9

Income shares of top 10% across the world, 2016



Income shares in India, 1951-2014



Income shares, 1980-2016

